



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)

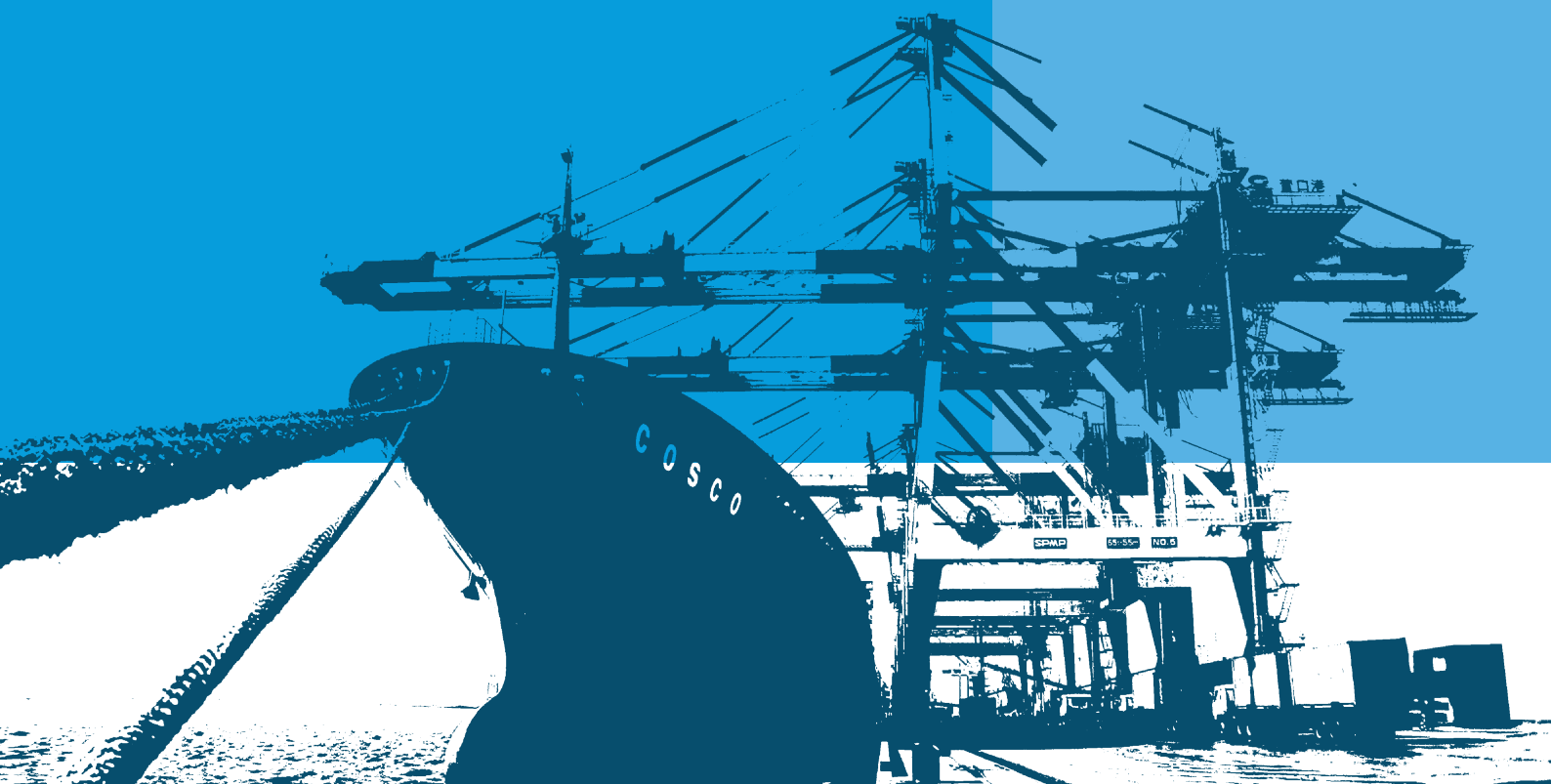
Stock Code 股份代號 : 1199

# COSCO Pacific

Interim Report 2009 中期報告

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## 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 2009. The interim report has been reviewed by the Company's Audit Committee. During the period, the Group's core businesses faced many challenges as a result of substantial decline in global trade. The market competition in terminal, container leasing and container manufacturing industries had become more intense, making business operations even more difficult. Even though the decline in trading activities turned moderate in the second quarter of 2009, it is still difficult to predict when the economy will recover. The Group expects that its core businesses to confront with continuous challenges in the second half of 2009.

The Group's unaudited condensed consolidated interim financial information as set out on pages 3 to 29 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") because CIMC did not engage its auditor to perform a review. Accordingly, the independent review report has been qualified in this respect.

The Group's shares 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 3(a) and 3(b) respectively to the unaudited condensed consolidated interim financial information.

# Unaudited Condensed Consolidated Balance Sheet

As at 30th June 2009

	Note	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,666,817	1,627,590
Investment properties		3,614	1,679
Leasehold land and land use rights		60,705	60,660
Intangible assets		4,756	4,688
Jointly controlled entities		668,550	642,149
Loans to jointly controlled entities		87,250	123,904
Associates		698,145	708,508
Loans to associates		30,663	23,835
Available-for-sale financial assets		303,000	323,000
Finance lease receivables		1,544	2,000
Deferred income tax assets		1,251	1,204
Derivative financial instruments	5	16,135	24,215
Other non-current assets	6	75,679	–
		<b>3,618,109</b>	<b>3,543,432</b>
<b>Current assets</b>			
Inventories		4,107	5,376
Trade and other receivables	7	304,115	232,265
Current income tax recoverable		1,015	975
Available-for-sale financial assets		20,581	2,119
Restricted bank deposits	8	–	77,435
Cash and cash equivalents	8	418,126	351,606
		<b>747,944</b>	<b>669,776</b>
<b>Total assets</b>		<b>4,366,053</b>	<b>4,213,208</b>

## Unaudited Condensed Consolidated Balance Sheet (Continued)

As at 30th June 2009

	Note	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	9	28,792	28,792
Reserves		2,539,216	2,492,047
Proposed final dividend		–	31,026
Interim dividend declared		41,802	–
		<b>2,609,810</b>	2,551,865
<b>Minority interests</b>		<b>112,562</b>	94,438
<b>Total equity</b>		<b>2,722,372</b>	2,646,303
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		16,145	12,776
Long term borrowings	10	1,351,942	1,356,955
Other long term liabilities		1,789	2,922
		<b>1,369,876</b>	1,372,653
<b>Current liabilities</b>			
Trade and other payables	11	157,582	123,531
Current income tax liabilities		3,319	3,341
Current portion of long term borrowings	10	71,188	56,406
Short term bank loans	10	41,716	10,974
		<b>273,805</b>	194,252
<b>Total liabilities</b>		<b>1,643,681</b>	1,566,905
<b>Total equity and liabilities</b>		<b>4,366,053</b>	4,213,208
<b>Net current assets</b>		<b>474,139</b>	475,524
<b>Total assets less current liabilities</b>		<b>4,092,248</b>	4,018,956

The accompanying notes on pages 9 to 29 are an integral part of these unaudited condensed consolidated interim financial information.

# Unaudited Condensed Consolidated Income Statement

For the six months ended 30th June 2009

	Note	Six months ended 30th June	
		2009 US\$'000	2008 US\$'000
Revenue		159,028	162,065
Cost of sales		(86,019)	(77,676)
<b>Gross profit</b>		<b>73,009</b>	84,389
Investment income		12,925	13,081
Administrative expenses		(28,480)	(24,970)
Other operating income		6,262	17,756
Other operating expenses		(6,164)	(2,709)
<b>Operating profit</b>	12	<b>57,552</b>	87,547
Finance income	13	3,136	2,280
Finance costs	13	(22,997)	(24,778)
Operating profit after finance income and costs		37,691	65,049
Share of profits less losses of			
— jointly controlled entities		42,634	59,723
— associates		27,898	37,822
Profit on disposal of a jointly controlled entity	14	5,516	—
<b>Profit before income tax</b>		<b>113,739</b>	162,594
Income tax expenses	15	(7,608)	(5,983)
<b>Profit for the period</b>		<b>106,131</b>	156,611
Profit attributable to:			
Equity holders of the Company		104,509	153,152
Minority interests		1,622	3,459
		<b>106,131</b>	156,611
Interim dividend	16	41,802	78,890
Earnings per share for profit attributable to equity holders of the Company			
— basic	17	<b>US4.66 cents</b>	US6.82 cents
— diluted	17	<b>US4.66 cents</b>	US6.81 cents

The accompanying notes on pages 9 to 29 are an integral part of these unaudited condensed consolidated interim financial information.

# Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June 2009

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
<b>Profit for the period</b>	<b>106,131</b>	156,611
<b>Other comprehensive income</b>		
Exchange differences arising on translation of financial statements of foreign subsidiaries, jointly controlled entities and associates	<b>5,146</b>	86,333
Net fair value loss on available-for-sale financial assets	<b>(7,093)</b>	(37,968)
Release of reserve upon disposal of an available-for-sale financial asset	<b>(85)</b>	(2,044)
Fair value adjustment upon transfer from property, plant and equipment to investment properties	<b>294</b>	–
Share of reserves of jointly controlled entities and associates		
— revaluation reserve	<b>(13,609)</b>	(10,584)
— hedging reserve	<b>(326)</b>	345
— other reserves	<b>233</b>	(26,049)
<b>Other comprehensive (loss)/income for the period</b>	<b>(15,440)</b>	10,033
<b>Total comprehensive income for the period</b>	<b>90,691</b>	166,644
Total comprehensive income attributable to:		
Equity holders of the Company	<b>88,971</b>	158,594
Minority interests	<b>1,720</b>	8,050
	<b>90,691</b>	166,644

The accompanying notes on pages 9 to 29 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 2009

	Capital and reserves attributable to the equity holders of the Company US\$'000	Minority interests US\$'000	Total US\$'000
<b>Total equity at 1st January 2009</b>	<b>2,551,865</b>	<b>94,438</b>	<b>2,646,303</b>
Total comprehensive income for the period	88,971	1,720	90,691
Capital contribution from a minority shareholder of a subsidiary	–	21,461	21,461
Dividends paid to			
— equity holders of the Company	(31,026)	–	(31,026)
— minority shareholders of subsidiaries	–	(5,057)	(5,057)
	<b>57,945</b>	<b>18,124</b>	<b>76,069</b>
<b>Total equity at 30th June 2009</b>	<b>2,609,810</b>	<b>112,562</b>	<b>2,722,372</b>
<b>Total equity at 1st January 2008</b>	2,712,393	62,266	2,774,659
Total comprehensive income for the period	158,594	8,050	166,644
Issue of shares on exercise of share options	207	–	207
Acquisition of a business	–	9,980	9,980
Dividends paid to			
— equity holders of the Company	(139,686)	–	(139,686)
— minority shareholders of subsidiaries	–	(4,310)	(4,310)
	19,115	13,720	32,835
<b>Total equity at 30th June 2008</b>	<b>2,731,508</b>	<b>75,986</b>	<b>2,807,494</b>

The accompanying notes on pages 9 to 29 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 2009

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
Net cash generated from operating activities	<b>86,165</b>	131,000
Net cash used in investing activities	<b>(56,579)</b>	(551,311)
Net cash generated from financing activities	<b>37,418</b>	223,778
Net increase/(decrease) in cash and cash equivalents	<b>67,004</b>	(196,533)
Cash and cash equivalents at 1st January	<b>351,606</b>	386,867
Effect of foreign exchange rate changes	<b>(484)</b>	559
Cash and cash equivalents at 30th June	<b>418,126</b>	190,893
Analysis of balances of cash and cash equivalents:		
Time deposits	<b>200,692</b>	85,683
Bank balances and cash	<b>217,434</b>	105,210
	<b>418,126</b>	190,893

The accompanying notes on pages 9 to 29 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, container manufacturing, logistics, and their related businesses. The Company is a limited liability company incorporated in Bermuda and its registered office is Clarendon House, Church Street, Hamilton, HM 11, 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 2009 (the “Unaudited Condensed Consolidated Interim Financial Information”) has been approved for issue by the Board on 27th August 2009.

## 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 2008 (the “2008 Annual Financial Statements”), which have been 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 2008 Annual Financial Statements, except that the Group has adopted the following new and revised standards and amendments to existing standards (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 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 2 Amendment	Share-based Payment Vesting Conditions and Cancellations
HKFRS 7 Amendment	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

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

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

#### Adoption of new HKFRSs (Continued)

##### Improvements to existing standards

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 16 Amendment	Property, Plant and Equipment
HKAS 19 Amendment	Employee Benefits
HKAS 23 Amendment	Borrowing Costs
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKAS 28 Amendment	Investments in Associates
HKAS 31 Amendment	Interests in Joint Ventures
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement
HKAS 40 Amendment	Investment Property

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 except for certain revised presentation and disclosures in the Unaudited Condensed Consolidated Interim Financial Information.

The HKICPA has issued certain new and revised standards, interpretations and amendments which are not yet effective for the year ending 31st December 2009 and not early adopted by the Group. The Group will apply these standards, interpretations and amendments as and when they become effective. The Group has already commenced an assessment of the related impact to the Group and is not yet in a position to state whether any substantial changes to Group's significant accounting policies and presentation of the financial information will be resulted.

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

### 3. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management. The following operating segments were identified in accordance with the Group's businesses:

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

The performance of the operating segments were assessed based on their segment profit/(loss) attributable to equity holders of the Company and segment assets, which is measured in a manner consistent with that in the Unaudited Condensed Consolidated Interim Financial Information.

Additions to non-current assets comprise additions to property, plant and equipment, leasehold land and land use rights, intangible assets, investments in jointly controlled entities and associates, and other non-current assets.

#### Segment assets

	Container terminal and related businesses	Container leasing, management, sale and related businesses	Container manufacturing and related businesses	Logistics and related businesses	Segment total	Corporate	Elimination of inter-segment loans	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>At 30th June 2009</b>								
Segment assets	1,770,289	1,478,354	562,376	249,666	4,060,685	351,084	(45,716)	4,366,053
Segment assets include:								
Jointly controlled entities	418,884	–	–	249,666	668,550	–	–	668,550
Associates (note a)	135,769	–	562,376	–	698,145	–	–	698,145
Available-for-sale financial assets	323,581	–	–	–	323,581	–	–	323,581
<b>At 31st December 2008</b>								
Segment assets	1,610,103	1,474,658	585,928	225,793	3,896,482	391,794	(75,068)	4,213,208
Segment assets include:								
Jointly controlled entities	406,572	–	9,784	225,793	642,149	–	–	642,149
Associates (note a)	132,364	–	576,144	–	708,508	–	–	708,508
Available-for-sale financial assets	323,000	–	–	–	323,000	2,119	–	325,119

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

## 3. SEGMENT INFORMATION (Continued)

### Segment revenue, results and other information

	Container terminal and related businesses US\$'000	Container leasing, management, sale and related businesses US\$'000	Container manufacturing and related businesses US\$'000	Logistics and related businesses US\$'000	Segment total US\$'000	Corporate US\$'000	Elimination of inter-segment finance (income)/ costs US\$'000	Total US\$'000
<b>Six months ended 30th June 2009</b>								
Revenue — external sales	44,623	114,405	–	–	159,028	–	–	159,028
Segment profit/(loss) attributable to equity holders of the Company	44,662	37,049	29,322	17,020	128,053	(23,544)	–	104,509
Segment profit/(loss) attributable to equity holders of the Company includes:								
Finance income	286	79	–	–	365	6,596	(3,825)	3,136
Finance costs	(6,637)	(6,756)	–	–	(13,393)	(13,429)	3,825	(22,997)
Share of profits less losses of								
— jointly controlled entities	25,614	–	–	17,020	42,634	–	–	42,634
— associates (note b)	4,092	–	23,806	–	27,898	–	–	27,898
Profit on disposal of a jointly controlled entity	–	–	5,516	–	5,516	–	–	5,516
Income tax expenses	(170)	(183)	–	–	(353)	(7,255)	–	(7,608)
Depreciation and amortisation	(8,176)	(39,667)	–	–	(47,843)	(230)	–	(48,073)
Provision for impairment of property, plant and equipment	–	(3,040)	–	–	(3,040)	–	–	(3,040)
Other non-cash expenses	(2)	(455)	–	–	(457)	(409)	–	(866)
Additions to non-current assets	(138,143)	(47,259)	–	–	(185,402)	(9)	–	(185,411)
<b>Six months ended 30th June 2008</b>								
Revenue — external sales	40,700	121,365	–	–	162,065	–	–	162,065
Segment profit/(loss) attributable to equity holders of the Company	69,593	52,691	29,126	16,229	167,639	(14,487)	–	153,152
Segment profit/(loss) attributable to equity holders of the Company includes:								
Finance income	175	512	–	–	687	2,854	(1,261)	2,280
Finance costs	(4,577)	(12,101)	–	–	(16,678)	(9,361)	1,261	(24,778)
Share of profits less losses of								
— jointly controlled entities	43,494	–	–	16,229	59,723	–	–	59,723
— associates (note b)	8,696	–	29,126	–	37,822	–	–	37,822
Income tax expenses	(310)	(818)	–	–	(1,128)	(4,855)	–	(5,983)
Depreciation and amortisation	(6,412)	(39,078)	–	–	(45,490)	(258)	–	(45,748)
Provision for impairment of property, plant and equipment	–	(23)	–	–	(23)	–	–	(23)
Other non-cash expenses	(5)	(47)	–	–	(52)	(187)	–	(239)
Additions to non-current assets	(157,603)	(304,452)	(259,360)	–	(721,415)	(263)	–	(721,678)

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

## 3. SEGMENT INFORMATION (Continued)

Notes:

- (a) As at 30th June 2009, the Group's share of the unaudited net assets of CIMC, a listed associate of the Group, amounted to US\$562,376,000 (31st December 2008: US\$576,144,000).
- (b) For the six months ended 30th June 2009, the Group's share of unaudited profit (net of income tax expenses) of CIMC amounted to US\$23,806,000 (2008: US\$29,126,000).
- (c) Geographical information

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 geographical information on revenue of these related businesses.

The Group's non-current assets are primarily dominated by its containers and generator sets. 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 the geographical information of these non-current assets.

The activities of the container terminal and related businesses as conducted by certain subsidiaries of the Group are predominantly carried out in Mainland China, Hong Kong and Greece.

The activities of the Group's jointly controlled entities and associates are predominantly carried out in the following geographical areas:

<b>Business segments</b>	<b>Geographical areas</b>
Container terminal and related businesses	Mainland China, Hong Kong, Singapore, Belgium and Egypt
Container manufacturing and related businesses	Mainland China
Logistics and related businesses	Mainland China, Hong Kong, Dubai and New York

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

### 4. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June 2009, the Group acquired property, plant and equipment of US\$97,140,000 (2008: US\$418,087,000) and disposed of property, plant and equipment and transferred to inventories with a total net book value of US\$7,767,000 (2008: US\$34,376,000).

### 5. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Interest rate swap contracts — fair value hedges (note)	<b>16,135</b>	24,215

Note:

The notional principal amount of the related interest rate swap contracts amounted to US\$200,000,000 (2008: US\$200,000,000) which were committed with the interest rates ranging from 1.05% to 1.16% (2008: 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).

### 6. OTHER NON-CURRENT ASSETS

Included in other non-current assets was the upfront concession fee of Euro 50,000,000 incurred in respect of the concession agreement with Piraeus Port Authority S.A. ("PPA") for the concession of Pier 2 and 3 of the Piraeus Port in Greece for a term of 35 years ("Concession"). The Concession would commence on 1st October 2009.

The total consideration payable to PPA over the 35-year term of the Concession was estimated to be approximately Euro 831,000,000 in present value terms and the capital commitments amounted to approximately Euro 236,000,000 in present value terms.

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

### 7. TRADE AND OTHER RECEIVABLES

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Trade receivables (note a)		
— third parties	34,691	32,719
— fellow subsidiaries (notes b and c)	30,604	26,367
— jointly controlled entities (note b)	978	450
— related companies (note b)	364	227
	<b>66,637</b>	59,763
Less: provision for impairment	<b>(390)</b>	(417)
	<b>66,247</b>	59,346
Other receivables, deposits and prepayments	<b>90,275</b>	78,414
Rent receivable collected on behalf of owners of managed containers (note d)	<b>37,905</b>	39,525
Current portion of finance lease receivables	<b>927</b>	943
Amounts due from (note b)		
— fellow subsidiaries	<b>90</b>	165
— jointly controlled entities (note e)	<b>93,591</b>	53,544
— associates (note e)	<b>9,609</b>	323
— investee companies (note e)	<b>3,528</b>	–
— related companies	<b>5</b>	5
— minority shareholders of subsidiaries	<b>1,938</b>	–
	<b>304,115</b>	232,265

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 2009 US\$'000	As at 31st December 2008 US\$'000
Within 30 days	21,612	24,762
31-60 days	23,831	23,412
61-90 days	16,322	6,832
Over 90 days	4,482	4,340
	<b>66,247</b>	59,346

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



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

### 7. TRADE AND OTHER RECEIVABLES (Continued)

- (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\$27,506,000 (31st December 2008: US\$24,218,000). During the six months ended 30th June 2009, the container leasing income from COSCON and the other fellow subsidiaries amounted to US\$67,131,000 (2008: US\$67,571,000) and US\$6,000 (2008: US\$ Nil) respectively.
- (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 and interest receivable from the jointly controlled entities, associates and investee companies.

### 8. CASH AND CASH EQUIVALENTS

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Total time deposits, bank balances and cash (note)	418,126	429,041
Restricted bank deposits included in current assets	–	(77,435)
	<b>418,126</b>	351,606
Representing:		
Time deposits	200,692	161,684
Bank balances and cash	217,434	189,922
	<b>418,126</b>	351,606

Note:

As at 30th June 2009, cash and cash equivalents of US\$118,662,000 (31st December 2008: US\$68,331,000) 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.

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

### 9. SHARE CAPITAL

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Authorised:		
3,000,000,000 (31st December 2008: 3,000,000,000) ordinary shares of HK\$0.10 each	<b>38,462</b>	38,462
Issued and fully paid:		
2,245,029,298 (31st December 2008: 2,245,029,298) ordinary shares of HK\$0.10 each	<b>28,792</b>	28,792

Note:

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 30th June 2009
		Outstanding as at 1st January 2009	Exercised during the period	Transfer (to)/from other categories during the period	Lapsed during the period	
Directors	9.54	800,000	–	–	–	800,000
	13.75	5,250,000	–	–	–	5,250,000
	19.30	2,300,000	–	–	–	2,300,000
Continuous contract employees	9.54	1,611,000	–	–	(4,000)	1,607,000
	13.75	14,072,000	–	–	(250,000)	13,822,000
	19.30	14,580,000	–	(10,000)	(320,000)	14,250,000
Others	9.54	50,000	–	–	–	50,000
	13.75	4,120,000	–	–	–	4,120,000
	19.30	–	–	10,000	–	10,000
		42,783,000	–	–	(574,000)	42,209,000

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

### 10. BORROWINGS

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Long term borrowings — unsecured	1,423,130	1,413,361
Amounts due within one year included under current liabilities	(71,188)	(56,406)
	<b>1,351,942</b>	1,356,955
Short term bank loans — unsecured	<b>41,716</b>	10,974

Notes:

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

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Wholly repayable within five years		
— Bank loans	1,000,302	588,258
— Notes	313,928	321,391
	<b>1,314,230</b>	909,649
Not wholly repayable within five years		
— Bank loans	108,900	503,712
	<b>1,423,130</b>	1,413,361

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

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Bank loans		
Within one year	71,188	56,406
Between one and two years	97,214	89,595
Between two and five years	862,540	760,354
Over five years	78,260	185,615
	<b>1,109,202</b>	1,091,970
Notes		
Between two and five years	313,928	321,391
	<b>1,423,130</b>	1,413,361

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 a fixed interest yield of 5.96% per annum and were issued at a price of 99.367 per cent of their principal amount with a fixed 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 Limited.

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

### 11. TRADE AND OTHER PAYABLES

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Trade payables (note a)		
— third parties	13,061	9,029
— fellow subsidiaries (note b)	156	140
— jointly controlled entities (notes b and c)	–	2
— subsidiaries of an associate (notes b and c)	11,649	60
— related companies (note b)	14	1
— minority shareholders of subsidiaries (note b)	1,260	1,089
	<b>26,140</b>	10,321
Other payables and accruals	49,952	49,555
Payable to owners of managed containers (note d)	35,203	39,897
Current portion of other long term liabilities	2,267	2,267
Dividend payable	31,029	34
Amounts due to (note b)		
— fellow subsidiaries	78	3
— jointly controlled entities	–	8
— subsidiaries of an associate	7	–
— related companies	2	–
— minority shareholders of subsidiaries	12,904	21,446
	<b>157,582</b>	123,531

Notes:

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

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Within 30 days	13,423	4,920
31-60 days	6,260	745
61-90 days	356	296
Over 90 days	6,101	4,360
	<b>26,140</b>	10,321

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

### 11. TRADE AND OTHER PAYABLES (Continued)

- (b) The amounts due to fellow subsidiaries, jointly controlled entities, subsidiaries of an associate, related companies and minority shareholders of subsidiaries 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.
- (c) The balances 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)(viii)).
- (d) The balance represented the rental income of the managed containers collected, net of the direct operating expenses of the managed containers paid by the Group on behalf of third parties and the management fee income entitled by the Group.

### 12. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
<b>Crediting</b>		
Dividend income from		
— a listed investment	—	132
— unlisted investments	12,889	12,924
Rental income from investment properties	36	25
Profit on disposal of an available-for-sale financial asset	85	1,959
Profit on disposal of property, plant and equipment	330	763
Write back of provision for impairment of trade receivables, net	42	1,658
<b>Charging</b>		
Depreciation and amortisation	48,073	45,748
Provision for impairment of property, plant and equipment	3,040	23

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

### 13. FINANCE INCOME AND COSTS

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
<b>Finance income</b>		
Interest income on		
— bank balances and deposits	544	1,604
— loans to a jointly controlled entity and associates	2,592	676
	<b>3,136</b>	2,280
<b>Finance costs</b>		
Interest expenses on		
— bank loans	(15,294)	(15,775)
— notes wholly repayable within five years	(8,157)	—
— notes not wholly repayable within five years	—	(9,313)
Fair value loss on derivative financial instruments	(8,080)	(174)
Fair value adjustment of notes attributable to interest rate risk	7,639	426
	(441)	252
Amortised amount of		
— discount on issue of notes	(90)	(96)
— transaction costs on bank loans and notes	(86)	(91)
	(24,068)	(25,023)
Less: amount capitalised in construction in progress	1,617	291
	(22,451)	(24,732)
Other incidental borrowing costs and charges	(546)	(46)
	(22,997)	(24,778)
Net finance costs	(19,861)	(22,498)

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

### 14. PROFIT ON DISPOSAL OF A JOINTLY CONTROLLED ENTITY

A wholly owned subsidiary of the Group entered into a sale and purchase agreement to dispose of its entire 20% shareholding interest in Shanghai CIMC Reefer Containers Co.,Ltd ("Shanghai CIMC Reefer"), a then jointly controlled entity, at a consideration of US\$16,400,000 to CIMC, an associate. The transaction was completed in January 2009 and resulted in a profit of US\$5,516,000.

### 15. INCOME TAX EXPENSES

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
Current income tax		
— China mainland taxation	3,933	348
— Overseas taxation	353	(407)
	4,286	(59)
Deferred income tax charge	3,322	6,042
	7,608	5,983

The Group's shares of income tax expenses of jointly controlled entities and associates of US\$8,671,000 (2008: US\$9,610,000) and US\$7,558,000 (2008: US\$4,142,000) are included in the Group's shares of profits less losses of jointly controlled entities and associates respectively.

No Hong Kong profits tax has been provided as the Group does not have estimated assessable profit for the period (2008: US\$Nil).

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 2009, deferred income tax liabilities of US\$3,120,000 (31st December 2008: US\$3,132,000) have not been established for the withholding taxation that would be payable on the unremitted earnings of certain subsidiaries totalling US\$10,399,000 (31st December 2008: US\$10,440,000) 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.

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

### 16. INTERIM DIVIDEND

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
Interim dividend, declared, of US1.862 cents (2008: US3.514 cents) per ordinary share	<b>41,802</b>	78,890

Notes:

- (a) At a meeting held on 8th April 2009, the directors recommended the payment of a final dividend of HK10.7 cents (equivalent to US1.382 cents) per ordinary share for the year ended 31st December 2008 with a scrip dividend alternative. The dividend was paid on 20th July 2009 and had been reflected as an appropriation of retained profits in year 2009.
- (b) At a meeting held on 27th August 2009, the directors declared an interim cash dividend of HK14.4 cents (equivalent to US1.862 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 2009.

### 17. EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30th June	
	2009	2008
Profit attributable to equity holders of the Company	<b>US\$104,509,000</b>	US\$153,152,000
Weighted average number of ordinary shares in issue during the period	<b>2,245,029,298</b>	2,244,984,584
Basic earnings per share	<b>US4.66 cents</b>	US6.82 cents



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

### 17. EARNINGS PER SHARE (Continued)

#### (b) Diluted

The outstanding share options granted by the Company did not have any dilutive effect on the earnings per share for the six months ended 30th June 2009, and the diluted earnings per share is equal to the basic earnings per share for the six months ended 30th June 2009.

In 2008, diluted earnings per share was calculated based on the profit attributable to 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
Profit attributable to equity holders of the Company	US\$153,152,000
Weighted average number of ordinary shares in issue during the period	2,244,984,584
Adjustments for assumed issuance of shares on exercise of share options during the period	3,222,696
Weighted average number of ordinary shares for diluted earnings per share	2,248,207,280
Diluted earnings per share	US\$6.81 cents

### 18. FINANCIAL GUARANTEE CONTRACTS

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Bank guarantee to an associate	<b>34,600</b>	37,057

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.

The fair value of the guarantee contracts is not material and has not been recognised.

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

### 19. CAPITAL COMMITMENTS

Other than those disclosed in note 6, the Group had the following significant capital commitments at 30th June 2009:

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Authorised but not contracted for:		
— Containers	17,719	89,545
— Computer system under development	1,282	749
— Other property, plant and equipment	437,991	464,142
	<b>456,992</b>	554,436
Contracted but not provided for:		
— Investments (note)	578,793	585,225
— Containers	—	6,388
— Other property, plant and equipment	53,813	83,714
	<b>632,606</b>	675,327
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	28,358	17,031
Contracted but not provided for	17,496	8,108
	<b>45,854</b>	25,139

Note:

The capital commitments in respect of investments of the Group as at 30th June 2009 are as follows:

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Investments in:		
— Qingdao Qianwan Container Terminal Co., Ltd.	64,997	64,997
— Antwerp Gateway NV	69,036	75,490
— Dalian Port Container Terminal Co., Ltd.	42,741	42,724
— COSCO Ports (Nansha) Limited	177,925	177,854
— Tianjin Port Euroasia International Terminal Co., Ltd.	102,753	102,713
— Others	58,087	58,218
	<b>515,539</b>	521,996
Terminal projects in:		
— Shanghai Yangshan Port Phase II	58,549	58,526
— Others	4,705	4,703
	<b>63,254</b>	63,229
	<b>578,793</b>	585,225

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

### 20. RELATED PARTY TRANSACTIONS

The Group is controlled by China COSCO which owns 50.96% of the Company's shares as at 30th June 2009. 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.

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	
	2009 US\$'000	2008 US\$'000
Container rental income from (note i)		
— fellow subsidiaries	67,137	67,571
— other state-owned enterprises	162	157
Compensation for loss of containers from a fellow subsidiary (note ii)	516	628
Handling, storage and transportation income from (note iii)		
— fellow subsidiaries	1,928	2,528
— a jointly controlled entity	514	740
Management fee and service fee income from (note iv)		
— jointly controlled entities	1,938	1,840
— associates	53	153
— an investee company	26	54
Container terminal handling and storage income received from fellow subsidiaries and an associate of the parent company (note v)	3,817	4,431
Logistics services fee to a minority shareholder of a subsidiary (note vi)	(509)	(1,602)
Electricity expense and supply of fuel from a minority shareholder of a subsidiary (note vii)	(537)	(776)
Purchase of containers from (note viii)		
— subsidiaries of CIMC	(19,854)	(99,431)
— jointly controlled entities	—	(37,353)
Proceeds on disposal of a jointly controlled entity to CIMC (note 14)	16,400	—

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

## 20. RELATED PARTY TRANSACTIONS (Continued)

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

Notes:

- (i) The Group has conducted container leasing business with COSCON, other fellow subsidiaries 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) During the period, the Group had compensation received and receivable of US\$516,000 (2008: US\$628,000) from COSCON for the loss of containers under operating leases, resulting in a profit of US\$90,000 (2008: US\$106,000).
- (iii) The handling, storage and transportation income received from fellow subsidiaries and a jointly controlled entity of the Group were conducted at terms as set out in the agreements entered into between the Group and these fellow subsidiaries and the jointly controlled entity.
- (iv) 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 US\$2,580,000) (2008: HK\$20,000,000 (equivalent to US\$2,566,000)) per annum.

Other management fee and service fee income charged to jointly controlled entities, associates and an investee company were agreed between the Group and the respective parties in concern.

- (v) The container terminal handling and storage income received from fellow subsidiaries and an associate of COSCO in relation to the cargoes shipped from/to Zhangjiagang, Yangzhou and Quanzhou ports were conducted by the Group by reference to rates as set out by the Ministry of Communications of the PRC.
- (vi) The logistics service fee paid to a minority shareholder of a subsidiary was charged at rates as mutually agreed.
- (vii) Electricity expense and supply of fuel from a minority shareholder of a subsidiary were charged at rates as mutually agreed.
- (viii) The purchases of containers from 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.

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

### 20. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Balances with state-owned banks

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Bank deposits balances		
— in China mainland	118,662	68,345
— outside China mainland	271,365	228,703
Long term bank loans		
— in China mainland	198,465	169,053
— outside China mainland	436,837	436,700
Short term bank loans		
— in China mainland	41,716	10,974

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

#### (c) Balances with other state-owned enterprises

	As at 30th June 2009 US\$'000	As at 31st December 2008 US\$'000
Other payable to state-owned enterprises	6,715	5,760

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

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

### 20. RELATED PARTY TRANSACTIONS (Continued)

#### (d) Key management compensation

	Six months ended 30th June	
	2009 US\$'000	2008 US\$'000
Salaries, bonuses and other allowances	1,848	1,714
Contribution to retirement benefit schemes	4	3
	<b>1,852</b>	<b>1,717</b>

Key management includes directors of the Company and five (2008: four) senior management members of the Group.

### 21. EVENT AFTER THE BALANCE SHEET DATE

On 27th August 2009, COSCO Pacific Logistics Company Limited ("CP Logistics"), a wholly owned subsidiary of the Company, entered into an equity transfer agreement with China COSCO, pursuant to which CP Logistics conditionally agreed to sell and China COSCO conditionally agreed to purchase CP Logistics' entire 49% equity interest in COSCO Logistics Co., Ltd. ("COSCO Logistics"), a jointly controlled entity of the Group, at a cash consideration of RMB2,000,000,000. Apart from the aforesaid cash consideration, CP Logistics is entitled to receive a special distribution of an additional cash amount equivalent to 273/365 (representing the first nine months of 2009) of 49% of 90% of the audited consolidated net profit after tax and minority interest of COSCO Logistics for the year ending 31st December 2009 as shown in the audited consolidated accounts of COSCO Logistics for the year ending 31st December 2009 prepared in accordance with the accounting standards in the PRC (the "Special Distribution"), payment of which shall be made by COSCO Logistics on or before 30th June 2010, and coordinated by China COSCO. The disposal constituted a major disposal and connected transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the completion will be subject to the approval by the independent shareholders of the Company. The estimated pre-tax gain, which had not taken into account the Special Distribution and after direct expenses, would be approximately US\$102,500,000.

# 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 29, which comprises the condensed consolidated balance sheet of COSCO Pacific Limited (the "Company") and its subsidiaries (collectively the "Group") as at 30th June 2009 and the related condensed consolidated statements of income, comprehensive 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 a review. Had either a review been conducted by its auditor or we been able to perform alternative review procedures on the underlying 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, 27th August 2009

## INTERIM DIVIDEND

The directors have declared an interim cash dividend of HK14.4 cents (corresponding period of 2008: HK27.4 cents) per share for the six months ended 30th June 2009. The interim cash dividend will be payable on 22nd September 2009 to shareholders whose names appear on the register of members of the Company on 15th September 2009.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 10th September 2009 to Tuesday, 15th September 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim cash dividend, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 9th September 2009.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### Overall analysis of results

Being affected by the global environment, the container terminal and the container leasing, management and sale businesses were seriously struck in the first half of 2009. The profit attributable to equity holders was US\$104,509,000 (corresponding period of 2008: US\$153,152,000), a 31.8% decrease over the same period of last year.

For the container terminal business, the Group's container terminal throughput was 20,207,025 TEUs in the first half of 2009 (corresponding period of 2008: 22,088,046 TEUs), representing a 8.5% decrease over the same period of last year. In addition, with the certification and commencement of new terminals' berths, depreciation and finance costs were increased. Hence, profit contribution from the container terminal business dropped 35.8% to US\$44,662,000 (corresponding period of 2008: US\$69,593,000).

During the period, profit contribution from the container leasing, management and sale businesses amounted to US\$37,049,000 (corresponding period of 2008: US\$52,691,000), a decrease of 29.7% over the same period of last year. As at 30th June 2009, the total container fleet amounted to 1,605,963 TEUs (30th June 2008: 1,632,356 TEUs), in which 745,185 TEUs (30th June 2008: 866,448 TEUs) were owned containers, 118,094 TEUs (30th June 2008: Nil) were sale-and-leaseback containers and 742,684 TEUs (30th June 2008: 765,908 TEUs) were managed containers.

Profit from the container manufacturing business increased slightly by 0.7% to US\$29,322,000 in the first half of 2009 (corresponding period of 2008: US\$29,126,000), including the profit of US\$23,806,000 (corresponding period of 2008: US\$29,126,000) attributable to CIMC and profit of US\$5,516,000 (corresponding period of 2008: Nil) generated from the disposal of 20% equity interest in Shanghai CIMC Reefer.

Profit from the logistics business was US\$17,020,000 (corresponding period of 2008: US\$16,229,000), a 4.9% rise over the same period of last year.



## Financial Analysis

### Revenue

Revenue of the Group in the first half of 2009 was US\$159,028,000 (corresponding period of 2008: US\$162,065,000), a 1.9% slight decrease over the same period of last year. The revenue was mainly attributable to the container leasing, management and sale businesses, totalling US\$114,405,000 (corresponding period of 2008: US\$121,365,000), dropped 5.7% over the same period of last year, which primarily included container leasing income and revenue from disposal of returned containers. For revenue from container leasing, as the fleet capacity of owned containers and sale-and-leaseback containers amounted to 745,185 TEUs and 118,094 TEUs respectively as at 30th June 2009 (30th June 2008: 866,448 TEUs and Nil respectively). During the period, revenue from container leasing amounted to US\$99,098,000 (corresponding period of 2008: US\$93,439,000), representing a 6.1% rise over the same period of last year. On the other hand, since the number of returned containers, which are available for sale, sold during the period significantly dropped to 10,124 TEUs (corresponding period of 2008: 20,072 TEUs), it resulted in the revenue from disposal of returned containers during the period decreased to US\$10,596,000 (corresponding period of 2008: US\$22,252,000).

For the container terminal operations and related business with controlling stakes, revenue from terminals with controlling stakes amounted to US\$41,986,000 during the period (corresponding period of 2008: US\$37,338,000), represented an increase of 12.4% over the same period of last year. The increase was mainly contributed by Jinjiang Pacific Ports Development Co., Ltd. ("Jinjiang Pacific Terminal") and Quan Zhou Pacific Container Terminal Co., Ltd. ("Quan Zhou Pacific Terminal"). Having commenced its operation in April 2008, Jinjiang Pacific Terminal achieved a throughput of 129,770 TEUs and 780,274 tons of break-bulk cargo in the first half of 2009 (corresponding period of 2008: 63,367 TEUs and 371,491 tons of break-bulk cargo) and recorded a revenue of US\$8,190,000 (corresponding period of 2008: US\$3,016,000). Besides, the throughput of Quan Zhou Pacific Terminal during the period was 439,734 TEUs (corresponding period of 2008: 469,881 TEUs) and 593,967 tons of break-bulk cargo (corresponding period of 2008: 352,894 tons). The increase in break-bulk cargo throughput resulted in a rise in revenue to US\$16,587,000 (corresponding period of 2008: US\$15,067,000), representing an increase of 10.1%. Zhangjiagang Win Hanverky Container Terminal Co., Ltd. recorded a 20.0% drop in throughput to 301,513 TEUs (corresponding period of 2008: 377,091 TEUs) and a 18.9% drop in revenue over the same period of last year to US\$7,959,000 (corresponding period of 2008: US\$9,818,000). Throughput of Yangzhou Yuanyang International Ports Co., Ltd. amounted to 93,973 TEUs and 5,647,634 tons of break-bulk cargo (corresponding period of 2008: 127,285 TEUs and 5,843,630 tons of break-bulk cargo) with a revenue of US\$9,250,000 (corresponding period of 2008: US\$9,437,000), a slight decrease of 2.0% over the same period of last year.

### Cost of sales

Cost of sales mainly comprised depreciation charge of owned containers, net carrying amount of returned containers disposed, container rental expense for the sale-and-leaseback business and operating expenses of terminal companies. Cost of sales in the first half of 2009 was US\$86,019,000 (corresponding period of 2008: US\$77,676,000), an increase of 10.7% over the same period of last year. In July 2008, the Group leased back the containers which had been transferred to CBA USD Investments Pty Limited, and therefore incurred a container rental expense of US\$6,193,000 (corresponding period of 2008: Nil). In addition, depreciation charge for containers increased to US\$38,550,000 during the period (corresponding period of 2008: US\$38,012,000). The number of returned containers disposed of decreased to 10,124 TEUs (corresponding period of 2008: 20,072 TEUs) and the net carrying amount of disposed returned containers fell to US\$9,320,000 (corresponding period of 2008: US\$18,120,000). The commencement of operation of Jinjiang Pacific Terminal in April 2008 led to a rise of the total operating expenses in terminal subsidiaries to US\$25,227,000 during the period (corresponding period of 2008: US\$18,223,000).

## Investment income

Investment income, comprising mainly dividends income, was US\$12,925,000 (corresponding period of 2008: US\$13,081,000), a decrease of 1.2% over the same period of last year. Among that, Yantian International Container Terminals Co., Ltd. declared its 2009 interim dividend of US\$9,363,000 during the period (corresponding period of 2008: declared its 2008 interim dividend of US\$9,297,000). Tianjin Five Continents International Container Terminal Co., Ltd. and Dalian Port Container Co., Ltd. declared its 2008 dividends of US\$2,033,000 and US\$1,493,000 respectively (corresponding period of 2008: declared its 2007 dividend of US\$2,267,000 and US\$1,360,000 respectively).

## Administrative expenses

During the period, administrative expenses was US\$28,480,000 (corresponding period of 2008: US\$24,970,000), a rise of 14.1% over the same period of last year. The increase was mainly due to the newly-built Xiamen Ocean Gate Container Terminal Co., Ltd., Piraeus Container Terminal S.A. ("Piraeus Terminal") and those of Jinjiang Pacific Terminal being consolidated since April 2008.

## Net other operating income

Net other operating income in the first half of 2009 was US\$98,000 (corresponding period of 2008: US\$15,047,000), a drop of 99.3% over the same period of last year. The drop was mainly attributable to the significant decrease in the amount incurred from the Group's other operating income items during the period over the same period of last year. Among which, container repair insurance income decreased to US\$413,000 (corresponding period of 2008: US\$4,150,000), the net provision for impairment of trade receivables written back decreased to US\$42,000 (corresponding period of 2008: US\$1,658,000) and the profits of US\$85,000 incurred by the disposal of equity interest in China Shipping Container Lines Company Limited during the period (corresponding period of 2008: US\$1,959,000). In addition, profit before tax of US\$302,000 and a one-off management income of US\$1,110,000 were generated from the disposal of 13,509 TEUs of containers (the Group had provided after sale management service thereafter) which recognised in the first half of 2008. Such income was not recorded in 2009. Besides, the provision for impairment of containers of US\$3,040,000 (corresponding period of 2008: US\$23,000) recognised in the period resulted in a substantial drop of the overall net operating income in the period.

## Finance costs

Finance costs in the first half of 2009 was US\$22,997,000 (corresponding period of 2008: US\$24,778,000), a decrease of 7.2% as compared with the same period of last year. Finance costs include interest expenses, the amortisation of transaction costs over bank loans and notes. The decrease in finance costs was mainly attributable to the decrease in London Interbank Offer Rate ("LIBOR"), which caused a decrease in interest expenses. During the period, average cost of borrowing, including the amortisation of transaction costs over bank loans and notes, was an average 6-month LIBOR plus 146 basis points, similar to that of the same period of 2008. Average borrowings for the period increased to US\$1,450,237,000 (corresponding period of 2008: US\$1,097,045,000), an increase of 32.2% as compared with the same period of last year. Increase in average borrowings partly offset the impact on the decrease in LIBOR.

## Share of profits less losses of jointly controlled entities and associates

Affected by the financial tsunami, net share of profit contribution from jointly controlled entities during the current period amounted to US\$42,634,000 (corresponding period of 2008: US\$59,723,000), representing a decrease of 28.6% as compared to the same period of last year. The throughput of COSCO-PSA Terminal Private Limited ("COSCO-PSA Terminal") experienced a substantial drop of 46.5% to 362,379 TEUs (corresponding period of 2008: 677,308 TEUs) during the period, and recorded a loss of US\$1,772,000 (corresponding period of 2008: a profit of US\$3,221,000) in the first half of 2009. In addition, new berths of Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal") gradually commenced operations in 2008, resulting in a subsequent increase in depreciation, amortisation and finance costs. Meanwhile, throughput decreased 18.0% to 884,220 TEUs (corresponding period of 2008: 1,078,564 TEUs) in the period as compared to the same period of 2008, resulting in a loss of US\$6,476,000 (corresponding period of 2008: a loss of US\$1,727,000) in Guangzhou South China Oceangate Terminal during the first half of 2009. During the period, throughput of COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT Terminal") and Shanghai Pudong International Container Terminals Limited ("Shanghai Pudong Terminal") were 657,451 TEUs and 1,125,924 TEUs respectively (corresponding period of 2008: 883,700 TEUs and 1,314,428 TEUs respectively), representing a decrease of 25.6% and 14.3% respectively over the same period of last year. Profit of US\$8,863,000 and US\$10,235,000 (corresponding period of 2008: US\$12,975,000 and US\$12,682,000) were recorded respectively, representing a drop of 31.7% and 19.3% respectively over the same period of last year. Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal") recorded a slight growth of 2.6% in its throughput to 4,427,379 TEUs (corresponding period of 2008: 4,315,000 TEUs) during the period. However, due to the initial loss recorded in Qingdao New Qianwan Container Terminal Co., Ltd., which was consolidated into the performance of Qingdao Container Terminal in the period, the overall profit decreased to US\$12,353,000 (corresponding period of 2008: US\$13,938,000), representing a 11.4% fall over the same period of last year. For the logistics business, COSCO Logistics Co., Ltd. ("COSCO Logistics") recorded a profit of US\$17,020,000 (corresponding period of 2008: US\$16,229,000), representing a rise of 4.9% over the same period of last year.

During the first half of 2009, share of net profit from associates amounted to US\$27,898,000 (corresponding period of 2008: US\$37,822,000), a 26.2% decrease as compared to the same period of last year. Among which, throughput of Antwerp Gateway NV ("Antwerp Terminal") dropped 48.3% to 297,045 TEUs during the period (corresponding period of 2008: 574,087 TEUs) with a loss of US\$1,543,000 (corresponding period of 2008: a profit of US\$701,000). Financial tsunami and industry competition caused some of the routes of Antwerp Terminal moved out in the first quarter, resulting in a significant drop of its throughput during the period and a loss was recorded. During the period, the throughput of Suez Canal Container Terminal S.A.E. ("Suez Canal Terminal") amounted to 1,249,102 TEUs (corresponding period of 2008: 1,099,428 TEUs) with a profit of US\$4,654,000 (corresponding period of 2008: US\$4,333,000), representing a rise of 7.4%. On the other hand, profits were generated from the disposal of its shares in China Merchants Bank in the period, it offset the operational loss resulted from the suspension in production in certain dry cargo containers plants of CIMC since the fourth quarter of 2008, which had not resumed production as at 30th June 2009. Profits of CIMC dropped to US\$23,806,000 (corresponding period of 2008: US\$29,126,000), represented a decrease of 18.3%.

## Profit on disposal of a jointly controlled entity

In order to concentrate on the development of our core businesses such as the terminal and the container leasing businesses, the Group completed the disposal of the 20% equity interests in Shanghai CIMC Reefer in the first half of 2009, which generated a profit of US\$5,516,000. No such profit was recorded in the corresponding period of 2008.

## Income tax expenses

During the period, income tax expenses amounted to US\$7,608,000 (corresponding period of 2008: US\$5,983,000), represented an increase of 27.2% over the same period of last year, among which US\$6,956,000 (corresponding period of 2008: US\$4,830,000) represented a provision for dividend withholding tax that applied to certain PRC investments of the Group under the tax reform in the Mainland China.

## Financial Position

### Cash flow

During the period, net cash from operating activities amounted to US\$86,165,000 (corresponding period of 2008: US\$131,000,000). The Group drew bank loans of US\$86,042,000 (corresponding period of 2008: US\$449,247,000) and repaid loans of US\$38,481,000 (corresponding period of 2008: US\$57,629,000) in the first half of the year. Total cash outflow for investments of the Group during the period amounted to US\$29,663,000, mainly comprising US\$13,560,000 used in Nanjing Port Longtan Container Co., Ltd., US\$9,363,000 in Yantian International Container Terminals (Phase III) Limited ("Yantian Terminal Phase III") by reinvestment of dividend income and US\$6,740,000 in Antwerp Terminal. During the same period of last year, the total cash outflow for investments 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 Phase III by reinvestment of dividend income, US\$6,868,000 in Dalian Automobile Terminal Co., Ltd. and US\$1,739,000 in Antwerp Terminal. During the period, an amount of US\$163,242,000 (corresponding period of 2008: US\$328,382,000) was paid in cash for the payment of upfront concession fee for Piraeus Port, expansion of existing terminals' berths and purchase of property, plant and equipment, of which US\$31,183,000 (corresponding period of 2008: US\$247,775,000) was for the purchase of new containers.

### Financing and credit facilities

In response to the global economic downturn and the decrease in the container shipping volume, the Group has stringently controlled its pace of capital investments during the period, including the investments in terminals and the acquisition of containers. As at 30th June 2009, total bank loans amounted to US\$1,464,846,000 (31st December 2008: US\$1,424,335,000).

As at 30th June 2009, cash balances and available banking facilities amounted to US\$418,126,000 and US\$348,900,000 respectively (31st December 2008: US\$429,041,000 and US\$40,236,000 respectively).

### Assets and liabilities

As at 30th June 2009, the Group's total assets amounted to US\$4,366,053,000 (31st December 2008: US\$4,213,208,000) and total liabilities amounted to US\$1,643,681,000 (31st December 2008: US\$1,566,905,000). Net assets were US\$2,722,372,000 (31st December 2008: US\$2,646,303,000). Net asset value per share was US\$1.21 (31st December 2008: US\$1.18), representing a 2.5% increase from the end of last year.

The cash balances of the Group amounted to US\$418,126,000 as at 30th June 2009 (31st December 2008: US\$429,041,000). Total outstanding borrowings amounted to US\$1,464,846,000 (31st December 2008: US\$1,424,335,000). Total net debt-to-equity ratio was 38.4% (31st December 2008: 37.6%). The interest coverage was 5.9 times, while it was 7.6 times in the corresponding period of last year. No asset was pledged by the Group to banks and financing institutions (31st December 2008: Nil).

## Debt analysis

	As at 30th June 2009		As at 31st December 2008	
	US\$	(%)	US\$	(%)
<b>By repayment term</b>				
Within the first year	112,904,000	7.7	67,380,000	4.7
Within the second year	97,214,000	6.6	89,595,000	6.3
Within the third year	171,202,000	11.7	142,688,000	10.0
Within the fourth year	412,136,000	28.1	285,758,000	20.1
Within the fifth year and after	671,390,000	45.9	838,914,000	58.9
	<b>1,464,846,000*</b>	<b>100.0</b>	1,424,335,000*	100.0
<b>By category</b>				
Secured borrowings	–	–	–	–
Unsecured borrowings	1,464,846,000	100.0	1,424,335,000	100.0
	<b>1,464,846,000*</b>	<b>100.0</b>	1,424,335,000*	100.0
<b>By denominated currency</b>				
US dollar borrowings	1,229,041,000	83.9	1,248,685,000	87.7
RMB borrowings	235,805,000	16.1	175,650,000	12.3
	<b>1,464,846,000*</b>	<b>100.0</b>	1,424,335,000*	100.0

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

## Contingent liabilities

As at 30th June 2009, the Group provided guarantees on a loan facility granted to an associate of US\$34,600,000 (31st December 2008: US\$37,057,000).

## 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 2009, outstanding interest rates swap contracts comprised notional principals of contracts amounting to US\$200,000,000 (31st December 2008: 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 2009, after adjustment of the fixed rate borrowings for the interest rates swap contracts, 6.8% (31st December 2008: 7.0%) of the Group's total borrowings were in fixed rate. The Group continued to monitor and regulate its fixed and floating rates debt portfolio from time to time in light of the market conditions, with a view to minimising its potential interest rates exposure.

## Event after the Balance Sheet Date

On 27th August 2009, CP Logistics, a wholly owned subsidiary of the Company, entered into an equity transfer agreement with China COSCO, pursuant to which CP Logistics conditionally agreed to sell and China COSCO conditionally agreed to purchase CP Logistics' entire 49% equity interest in COSCO Logistics, a jointly controlled entity of the Group. Please refer to the announcement of the Company published on the same date on the designated website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.coscopac.com.hk](http://www.coscopac.com.hk) for details.

## Business Review

In the first half of 2009, the real economies and international trade were substantially affected by the global financial crisis, resulting in a contraction in global economy and world trade volume. Following the implementation of numerous economic revitalization programs by governments across the globe, signs of improvement from economic recession began to emerge in major developed countries in the second quarter of 2009.

Bolstered by a series of economic stimulus programs, the macro-economy of China remained relatively stable, achieving 7.1% growth in GDP in the first half of the year. However, economic contractions in Europe and the United States weighed on China's trade performance, its import and export trade declined 23.5% year-on-year in the first half of the year while the global container transportation also fell. The market competition in the global shipping and China port industry became more intense, making business operations even more difficult.

COSCO Pacific's terminal, container leasing and container manufacturing businesses had, to a certain extent, inevitably affected by the challenging market environment. In response to falling operating income and operating profit, COSCO Pacific made timely adjustments in its strategies, and pace of its expansion plans. It also substantially reduced its capital expenditure and exercised stringent cost control. During the period, the total container throughput handled by its terminals reached 20,207,025 TEUs, representing a 8.5% decline over the same period of last year. As at 30th June 2009, the container fleet size decreased slightly by 1.6% to 1,605,963 TEUs over the same period of last year.

## Terminals

### Market review

As a result of the decreases in the total value of exports and imports by 21.8% and 25.4% respectively, the container throughput of China during the first half year of 2009 decreased by 11.0% to about 55,966,000 TEUs as compared with the same period of last year. Among the Top 10 China container ports, only four of them recorded growth over the same period of last year. Shenzhen Port and Shanghai Port, both engaged mainly in the export trade towards Europe and the United States, recorded relatively significant declines over the same period of last year.

## Top 10 China container ports throughput in the first half of 2009

Port	Throughput (TEUs)	y-o-y change (%)
Shanghai	11,662,200	-15.6
Shenzhen	8,039,500	-21.1
Qingdao	5,099,900	+2.0
Guangzhou	5,098,500	-14.5
Ningbo	4,656,400	-11.0
Tianjin	4,160,900	+1.9
Xiamen	2,121,700	-14.0
Dalian	2,098,500	-1.4
Lianyungang	1,341,800	+0.4
Yingkou	1,209,500	+20.0

Source: The website of China Ports Association Container Branch

### Business review

In the first two quarters of 2009, COSCO Pacific recorded a decline of 8.0% (corresponding period of 2008: +22.2%) and 9.0% (corresponding period of 2008: +23.1%) in the container throughput for the first and second quarter respectively. During the first half of the year, the total throughput decreased by 8.5% (corresponding period of 2008: +22.7%) with a total throughput reaching 20,207,025 TEUs (corresponding period of 2008: 22,088,046 TEUs). The terminal companies in China handled a total of 18,298,499 TEUs (corresponding period of 2008: 19,737,223 TEUs), a drop of 7.3% over the same period of last year (corresponding period of 2008: +14.5%), which was less than the drop of 11.0% year-on-year in China container throughput, mainly due to the outperformance of the terminal companies in Bohai Rim and Southeast Coast over those in other port regions. The two terminal companies in Southeast Coast, in which the Group owns controlling stakes drove up the total break-bulk cargo throughput by 6.9% to 7,021,875 tons over the same period of last year (corresponding period of 2008: 6,568,015 tons).

### Regional breakdown of container throughput

	1H 2009 (TEUs)	y-o-y change (%)	% of total (%)	% of total y-o-y change (pp)
Bohai Rim	8,493,867	+1.1	42.1	+4.1
Yangtze River Delta	3,902,197	-14.7	19.3	-1.4
Pearl River Delta and Southeast Coast	5,902,435	-12.7	29.2	-1.4
China	18,298,499	-7.3	90.6	+1.3
Overseas	1,908,526	-18.8	9.4	-1.3
<b>Total throughput</b>	<b>20,207,025</b>	<b>-8.5</b>	<b>100.0</b>	<b>-</b>

## Throughput of terminal companies

Terminal companies	1H 2009 (TEUs)	1H 2008 (TEUs)	y-o-y (%)
<b>Bohai Rim</b>	<b>8,493,867</b>	8,400,703	<b>+1.1</b>
Qingdao Qianwan Container Terminal Co., Ltd.	<b>4,427,379</b>	4,315,000	<b>+2.6</b>
Qingdao Cosport International Container Terminals Co., Ltd.	<b>588,495</b>	572,260	<b>+2.8</b>
Dalian Port Container Co., Ltd.	<b>1,314,773</b>	1,272,752	<b>+3.3</b>
Dalian Port Container Terminal Co., Ltd.	<b>697,356</b>	794,296	<b>-12.2</b>
Tianjin Five Continents International Container Terminal Co., Ltd.	<b>943,717</b>	962,681	<b>-2.0</b>
Yingkou Container Terminals Company Limited	<b>522,147</b>	483,714	<b>+7.9</b>
<b>Yangtze River Delta</b>	<b>3,902,197</b>	4,576,107	<b>-14.7</b>
Shanghai Pudong International Container Terminals Limited	<b>1,125,924</b>	1,314,428	<b>-14.3</b>
Shanghai Container Terminals Limited	<b>1,430,306</b>	1,848,826	<b>-22.6</b>
Ningbo Yuan Dong Terminals Limited	<b>494,794</b>	394,914	<b>+25.3</b>
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	<b>301,513</b>	377,091	<b>-20.0</b>
Yangzhou Yuanyang International Ports Co., Ltd.	<b>93,973</b>	127,285	<b>-26.2</b>
Nanjing Port Longtan Container Co., Ltd.	<b>455,687</b>	513,563	<b>-11.3</b>
<b>Pearl River Delta &amp; Southeast Coast</b>	<b>5,902,435</b>	6,760,413	<b>-12.7</b>
COSCO-HIT Terminals (Hong Kong) Limited	<b>657,451</b>	883,700	<b>-25.6</b>
Yantian International Container Terminals Co., Ltd.	<b>3,791,260</b>	4,264,901	<b>-11.1</b>
Guangzhou South China Oceangate Container Terminal Company Limited	<b>884,220</b>	1,078,564	<b>-18.0</b>
Quan Zhou Pacific Container Terminal Co., Ltd.	<b>439,734</b>	469,881	<b>-6.4</b>
Jinjiang Pacific Ports Development Co., Ltd.	<b>129,770</b>	63,367	<b>+104.8</b>
<b>Overseas</b>	<b>1,908,526</b>	2,350,823	<b>-18.8</b>
COSCO-PSA Terminal Private Limited	<b>362,379</b>	677,308	<b>-46.5</b>
Antwerp Gateway NV	<b>297,045</b>	574,087	<b>-48.3</b>
Suez Canal Container Terminal S.A.E.	<b>1,249,102</b>	1,099,428	<b>+13.6</b>
<b>Total container throughput</b>	<b>20,207,025</b>	22,088,046	<b>-8.5</b>
<b>Total break-bulk cargo throughput (tons)</b>	<b>7,021,875</b>	6,568,015	<b>+6.9</b>

During the first half of 2009, the throughput in Bohai Rim rose by 1.1% over the same period of last year (corresponding period of 2008: +8.2%) to 8,493,867 TEUs (corresponding period of 2008: 8,400,703 TEUs), accounting for 42.1% of the total throughput. As a result of successful affiliation of new routes, the throughput of Qingdao Qianwan Terminal bucked the trend with an increase of 2.6% (corresponding period of 2008: +7.2%).



The throughput in Yangtze River Delta decreased by 14.7% over the same period of last year (corresponding period of 2008: +17.9%) to 3,902,197 TEUs (corresponding period of 2008: 4,576,107 TEUs), accounting for 19.3% of the total throughput. Ningbo Yuan Dong Terminal stood out among other terminals in the region with an increase of 25.3% year-on-year. The container throughput of Shanghai Pudong Terminal decreased by 10.3% in the first quarter, representing a better performance over Shanghai Port of -15.1%. However, the container throughput decreased in April owing to route adjustment by the shipping companies. As a result, the container throughput in Shanghai Pudong Terminal decreased further to -14.3% year-on-year (corresponding period of 2008: -3.1%) during the first half of 2009, similar to that of Shanghai Port.

The total throughput in Pearl River Delta and Southeast Coast reached 5,902,435 TEUs (corresponding period of 2008: 6,760,413 TEUs), a decrease of 12.7% year-on-year (corresponding period of 2008: +21.0%), accounting for 29.2% of the total throughput. Jinjiang Pacific Terminal, which commenced operation in April 2008, drove the container throughput and break-bulk cargo throughput in Southeast Coast to rise by 6.8% (corresponding period of 2008: +38.5%) and 89.7% (corresponding period of 2008: +71.7%) respectively over the same period of last year, reaching 569,504 TEUs (corresponding period of 2008: 533,248 TEUs) and 1,374,241 tons (corresponding period of 2008: 724,385 tons) respectively. During the period, the increase in marble and granite imports handled by Quan Zhou Pacific Terminal and the steady increase in break-bulk cargo throughput handled by Jinjiang Pacific Terminal boosted the total break-bulk cargo throughput of the Group and Southeast Coast. The throughput in Pearl River Delta reached 5,332,931 TEUs (corresponding period of 2008: 6,227,165 TEUs), a decrease of 14.4% year-on-year (corresponding period of 2008: +19.7%). The container throughput of COSCO-HIT Terminal declined by 25.6% year-on-year (corresponding period of 2008: -2.5%) due to exports to Europe and the United States accounted for a higher proportion of containers handled. The container throughput of Yantian Terminal decreased by 11.1% over the same period of last year (corresponding period of 2008: +2.4%), representing a significantly better performance over Shenzhen Port of -21.1%. Its market share in Shenzhen Port increased to 46.9% (corresponding period of 2008: 41.9%).

The throughput of overseas terminals reached 1,908,526 TEUs (corresponding period of 2008: 2,350,823 TEUs), a year-on-year drop of 18.8% (corresponding period of 2008: +206.7%), accounting for 9.4% of the total throughput. Container throughput of COSCO-PSA Terminal and Antwerp Terminal exhibited a negative growth at the end of 2008. Impacted by the worsened economic downturn in Europe and the United States, the two terminals recorded sharper decline in the first half of 2009 over the same period of last year. The fleets of COSCO Container Lines Company Limited ("COSCON"), Kawasaki Kisen Kaisha and Yang Ming Marine Transport Corporation began to call at Suez Canal Terminal since early 2008, resulting in a 13.6% (corresponding period of 2008: not applicable) increase of container throughput in the terminal.

Amid the worsened operating environment, the Group has been strategically slowed down the pace of investment in new terminals and expansion of existing terminals. During the first half of 2009, the Group had no new berth to commence operation and did not execute any investment in new terminal project. As at 30th June 2009, the Group has 89 (corresponding period of 2008: 89) operating container berths, with an annual handling capacity of 48,150,000 TEUs (corresponding period of 2008: 48,150,000 TEUs) and 8 (corresponding period of 2008: 8) operating break-bulk cargo berths, with an annual handling capacity of 9,050,000 tons (corresponding period of 2008: 9,050,000 tons).

Eight berths are expected to commence operation in 2009, including 2 container berths in Ningbo Yuan Dong Terminal, 1 container berth in Quan Zhou Pacific Terminal, 1 container berth in Yantian Terminal and 4 container berths in Piraeus Terminal, and will have a total annual handling capacity of 4,350,000 TEUs. The 1 container berth in Yantian Terminal commenced trial operation at the end of July, while the other 7 berths are expected to bring into operation gradually in the fourth quarter. The Group will take over and operate Pier 2 in the Piraeus Port in Greece on 1st October. Relevant preparation is actively underway.

## Container leasing, management and sale

As a result of financial crisis, the demand for leased containers plunged and the global container leasing market turned weak. The container leasing, management and sale businesses of COSCO Pacific were inevitably affected to some extent. In the first half of 2009, the profit contribution from this business dropped 29.7% year-on-year to US\$37,049,000 (corresponding period of 2008: US\$52,691,000).

In the face of intense competition in the market and slowdown in the shipping industry, Florens Container Holdings Limited, a wholly owned subsidiary of COSCO Pacific, and its subsidiaries ("Florens") exercised effective control over its fleet size. It continued to operate its fleet under an asset light business model, which comprises owned, managed and sale-and-leaseback containers. As at 30th June 2009, the fleet size was 1,605,963 TEUs (corresponding period of 2008: 1,632,356 TEUs), representing a year-on-year contraction of 1.6%. Florens continued to rank as the world's second largest container leasing company, capturing approximately 13.6% (corresponding period of 2008: approximately 13.2%) of the global container leasing market. During the period, the overall average utilisation rate was 90.3% (corresponding period of 2008: 94.3%), which was higher than the industry average of about 86.0% (corresponding period of 2008: about 93.4%). The average fleet age was 4.85 years (corresponding period of 2008: 4.06 years).

As at 30th June 2009, the fleet size of owned containers was 745,185 TEUs (corresponding period of 2008: 866,448 TEUs), accounting for 46.4% (corresponding period of 2008: 53.1%) of the total fleet, among which, 429,238 TEUs (corresponding period of 2008: 560,501 TEUs) of containers were made available to COSCON and 315,947 TEUs (corresponding period of 2008: 305,947 TEUs) were made available to international customers. The size of managed fleet was 742,684 TEUs (corresponding period of 2008: 765,908 TEUs), or 46.2% (corresponding period of 2008: 46.9%) of the total fleet. The size of sale-and-leaseback container fleet was 118,094 TEUs (corresponding period of 2008: nil), or 7.4% (corresponding period of 2008: nil) of the total fleet.

### Breakdown of owned, managed and sale-and-leaseback containers

As at 30th June 2009	Owned Containers (TEUs)	Managed Containers (TEUs)	Sale-and-leaseback Containers (TEUs)	Total (TEUs)
COSCON	429,238	–	118,094	547,332
International customers	315,947	742,684	–	1,058,631
<b>Total</b>	<b>745,185</b>	<b>742,684</b>	<b>118,094</b>	<b>1,605,963</b>

As at 30th June 2008	Owned Containers (TEUs)	Managed Containers (TEUs)	Sale-and-leaseback Containers (TEUs)	Total (TEUs)
COSCON	560,501	–	–	560,501
International customers	305,947	765,908	–	1,071,855
<b>Total</b>	<b>866,448</b>	<b>765,908</b>	<b>–</b>	<b>1,632,356</b>

## Fleet capacity breakdown by type of containers

As at 30th June 2009		Owned Containers (COSCON)	Owned Containers (International customers)	Managed Containers (International customers)	Sale-and-leaseback Containers (COSCON)	Total
		Dry	%	95.0	96.9	97.8
Reefer	%	4.5	2.9	1.3	5.4	2.8
Special	%	0.5	0.2	0.9	0.5	0.6
Total number of containers	TEUs	429,238	315,947	742,684	118,094	1,605,963
Percentage of total	%	26.7	19.7	46.2	7.4	100.0

As at 30th June 2008		Owned Containers (COSCON)	Owned Containers (International customers)	Managed Containers (International customers)	Sale-and-leaseback Containers (COSCON)	Total
		Dry	%	95.3	97.6	97.6
Reefer	%	4.4	2.1	1.4	–	2.6
Special	%	0.3	0.3	1.0	–	0.6
Total number of containers	TEUs	560,501	305,947	765,908	–	1,632,356
Percentage of total	%	34.3	18.8	46.9	–	100.0

In order to maintain a steady stream of leasing revenue and warrant a high utilisation rate, leases of the Group's owned containers were mostly long term in nature. In the first half of 2009, long-term leases contributed 93.0% (corresponding period of 2008: 93.3%) to the total container leasing revenue, and only 7.0% (corresponding period of 2008: 6.7%) from master leases. As at 30th June 2009, the Group had a customer base of 288 companies (corresponding period of 2008: 280). The majority of the Group's customers are the world-class container lines, including the world's top 10 container lines. During the period, container leasing revenue from these customers accounted for 80.3% (corresponding period of 2008: 80.6%) of the Group's total container leasing revenue.

In view of a drastic drop in the demand for leased containers, the Group has cut back substantially its capital expenditure on purchase of new containers in order to minimize operational risk. During the period, the Group purchased 6,000 TEUs (corresponding period of 2008: 138,162 TEUs) of new containers, mainly reefer containers with steady demand, of which 3,600 TEUs (corresponding period of 2008: 57,702 TEUs) were ordered for COSCON, accounting for 60.0% (corresponding period of 2008: 41.8%) of the Group's total new purchase of the period. The remaining 40.0% (corresponding period of 2008: 58.2%) or 2,400 TEUs (corresponding period of 2008: 80,460 TEUs) were for international customers.

In addition to large reduction in capital expenditure, during the period, the Group took a proactive approach in exercising strict control over operating costs, which included effective repositioning of idle containers, cost-saving scheme on storage, working closely with customers on renewals of long-term contracts, maximizing the disposal volume and sale prices of returned boxes, as well as minimizing operational costs.

## Disposal of returned containers upon expiry of leases

During the first half of 2009, 7,246 TEUs (corresponding period of 2008: 14,058 TEUs) of containers were returned by COSCON upon expiry of their 10-year leases. The returned containers disposed of by Florens totaled 10,124 TEUs (corresponding period of 2008: 20,072 TEUs), including disposal of 8,736 TEUs (corresponding period of 2008: 15,965 TEUs) of containers returned by COSCON upon expiry of their 10-year leases on 30th June 2009 or before. Profit before tax from the disposal amounted to US\$841,000 (corresponding period of 2008: US\$3,640,000).

## Fleet capacity movement

	2009 (TEUs)	2008 (TEUs)	y-o-y (%)
<b>Fleet capacity as at 1st January</b>	<b>1,621,222</b>	1,519,671	<b>+6.7</b>
New containers purchased	<b>6,000</b>	138,162	<b>-95.7</b>
Containers returned from COSCON upon expiry of leases			
Total	<b>(7,246)</b>	(14,058)	<b>-48.5</b>
Re-leased	<b>301</b>	340	<b>-11.5</b>
Disposal of and pending for disposal	<b>(6,945)</b>	(13,718)	<b>-49.4</b>
Ownership transferred to customers upon expiry of finance leases	<b>(77)</b>	(177)	<b>-56.5</b>
Write-offs for defective containers	<b>-</b>	(9)	<b>-100.0</b>
Total loss of containers declared and compensated by customers	<b>(14,237)</b>	(11,573)	<b>+23.0</b>
<b>Fleet capacity as at 30th June</b>	<b>1,605,963</b>	1,632,356	<b>-1.6</b>

## Container manufacturing

During the period, the Group completed a sales transaction for its equity interest in Shanghai CIMC Reefer and simplified the shareholder structure of its container manufacturing business. Profit before tax from the disposal was US\$5,516,000.

The Group holds a 21.8% stake in CIMC, which is the world's largest container manufacturer, producing more than 50% of the containers in the global market. As a result of sharp contraction in the container shipping market, demand for new dry containers drop drastically. Since the 4th quarter of 2008, CIMC plant has nearly halted dry container production and has not yet resumed production. During the period, CIMC generated profits from its disposal of shares in China Merchants Bank, and offset its operational loss. In the first half of 2009, the profit contribution from CIMC dropped by 18.3% to US\$23,806,000 (corresponding period of 2008: US\$29,126,000).

The profit generated by the container manufacturing business was US\$29,322,000 (corresponding period of 2008: US\$29,126,000), a slight increase of 0.7% year-on-year.

## Logistics

During the first half of 2009, domestic demand in China still maintained a stable growth relative to other major economies. As a result, COSCO Logistics, which the Group owns a 49% stake, achieved stable growth in its third party logistics, shipping agency and freight forwarding businesses. During the period, the profit contribution from COSCO Logistics for the Group amounted to US\$17,020,000 (corresponding period of 2008: US\$16,229,000), a 4.9% increase from the corresponding period of last year.

Operations of each business segment of COSCO Logistics during the first half of 2009 are set out below:

	1H 2009	1H 2008	y-o-y (%)
<b>Third Party Logistics</b>			
Product Logistics			
Home Appliance (thousand pieces)	<b>24,381</b>	29,439	<b>-17.2</b>
Chemical (RMB in millions)	<b>41</b>	34	<b>+20.6</b>
Project Logistics (RMB in millions)	<b>617</b>	501	<b>+23.2</b>
<b>Shipping Agency (voyage)</b>	<b>62,956</b>	65,336	<b>-3.6</b>
<b>Freight Forwarding</b>			
Sea Freight Forwarding			
Bulk Cargo (tons)	<b>94,149,000</b>	76,065,620	<b>+23.8</b>
Container (TEUs)	<b>887,000</b>	1,147,911	<b>-22.7</b>
Air Freight Forwarding (tons)	<b>38,466</b>	58,540	<b>-34.3</b>

## 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.

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

Category	Exercise price HK\$	Number of share options					Outstanding at 30th June 2009	% of total issued share capital	Exercisable period	Note
		Outstanding at 1st January 2009	Granted during the period	Exercised during the period	Transfer (to)/from other categories during the period	Lapsed during the period				
<b>Directors</b>										
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)
		8,350,000	-	-	-	-	8,350,000			
<b>Continuous contract employees</b>										
	9.54	1,611,000	-	-	-	(4,000)	1,607,000	0.072%	(refer to note 1)	(1)
	13.75	14,072,000	-	-	-	(250,000)	13,822,000	0.616%	(refer to note 2)	(2)
	19.30	14,580,000	-	-	(10,000)	(320,000)	14,250,000	0.635%	(refer to note 3)	(3)
<b>Others</b>										
	9.54	50,000	-	-	-	-	50,000	0.002%	(refer to note 1)	(1)
	13.75	4,120,000	-	-	-	-	4,120,000	0.184%	(refer to note 2)	(2)
	19.30	-	-	-	10,000	-	10,000	0.0004%	(refer to note 3)	(3)
		34,433,000	-	-	-	(574,000)	33,859,000			
		42,783,000	-	-	-	(574,000)	42,209,000			

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 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 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 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, no share options were exercised, granted or cancelled under the 2003 Share Option Scheme.

## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June 2009, the interests of the Company's directors 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")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange 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	261,187	0.012%
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
China COSCO Holdings Company Limited	Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	573,875	0.022%

Name of associated corporation	Name of Director	Capacity	Nature of interest	Number of shares held	% of total issued share capital of the associated corporation	Note
COSCO Corporation (Singapore) Limited	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	815,529	0.055%	—

Note:

- (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 the shareholders of COSCO Corporation (Singapore) Limited ("COSCO Singapore"), an associated corporation of the Company listed on Singapore Exchange Securities Trading Limited, at the extraordinary general meeting held on 17th January 2006.



## (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			Outstanding at 30th June 2009	% of total issued share capital of the associated corporation
					Outstanding at 1st January 2009	Granted during the period	Exercised during the period		
COSCO International Holdings Limited	Mr. LI Jianhong	Beneficial owner	Personal	1.37	1,200,000	–	–	1,200,000	0.081%
	Dr. SUN Jiakang	Beneficial owner	Personal	1.37	800,000	–	–	800,000	0.054%
	Mr. HE Jiale	Beneficial owner	Personal	1.37	1,200,000	–	–	1,200,000	0.081%
	Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	1.37	500,000	–	–	500,000	0.034%

Notes:

- The share options were granted by COSCO International Holdings Limited (“COSCO International”), an associated corporation of the Company listed on the Stock Exchange, on 2nd December 2004 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 options are exercisable at an exercise price of HK\$1.37 per share at any time between 29th December 2004 and 28th December 2014.
- During the period, no share options mentioned above were lapsed or cancelled.

Name of associated corporation	Name of director	Capacity	Nature of interest	Exercise price S\$	Number of share options			Outstanding at 30th June 2009	% of total issued share capital of the associated corporation
					Outstanding at 1st January 2009	Granted during the period	Exercised during the period		
COSCO Corporation (Singapore) Limited	Mr. LI Jianhong	Beneficial owner	Personal	1.23	700,000	–	–	700,000	0.031%
	Ms. SUN Yueying	Beneficial owner	Personal	1.23	700,000	–	–	700,000	0.031%

Notes:

- The share options were granted by COSCO Singapore on 21st February 2006 and are exercisable at any time between 21st February 2007 and 20th February 2011.
- 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				% of total issued H share capital of the associated corporation	Note
					Outstanding at 1st January 2009	Granted during the period	Exercised during the period	Outstanding at 30th June 2009		
China COSCO Holdings Company Limited	Mr. CHEN Hongsheng	Beneficial owner	Personal	3.195	525,000	-	-	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	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 Minjie	Beneficial owner	Personal	3.195	75,000	-	-	75,000	0.003%	(1)	
			3.588	90,000	-	-	90,000	0.003%	(2)	
Dr. SUN Jiakang	Beneficial owner	Personal	3.195	375,000	-	-	375,000	0.015%	(1)	
			3.588	500,000	-	-	500,000	0.019%	(2)	
			9.540	480,000	-	-	480,000	0.019%	(3)	
Mr. HE Jiale	Beneficial owner	Personal	3.195	375,000	-	-	375,000	0.015%	(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) During the period, no share appreciation rights mentioned above were lapsed or cancelled.

Save as disclosed above, as at 30th June 2009, 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 2009, 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				Note
			Long positions	%	Lending pool	%	
COSCO Investments Limited	Beneficial owner	Beneficial interest	200,120,000	8.91	–	–	(1), (2)
COSCO Pacific Investment Holdings Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,144,166,411	50.96	–	–	(1), (2)
China COSCO Holdings Company Limited	Interest of controlled corporation	Corporate interest	1,144,166,411	50.96	–	–	(1), (2)
China Ocean Shipping (Group) Company	Interest of controlled corporation	Corporate interest	1,144,166,411	50.96	–	–	(1), (2)
The Bank of New York Mellon Corporation	Interest of controlled corporation	Corporate interest	130,608,034	5.82	48,510,700	2.16	(2)

Notes:

- (1) 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 54.55% interest of the issued share capital of China COSCO as at 30th June 2009, and accordingly, COSCO is deemed to have the interests of 1,144,166,411 shares of the Company held by COSCO Pacific Investment.
- (2) None of the substantial shareholders has any interests in short positions in the shares of the Company.

Save as disclosed above, as at 30th June 2009, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

## CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in Directors' biographical details since the date of the 2008 annual report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

### Dr. WONG Tin Yau, Kelvin

#### New appointments

- A member of the SFC (HKEC Listing) Committee with effect from 8th June 2009
- The chairman of The Hong Kong Institute of Directors with effect from 8th July 2009

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## 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 2009 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	US\$'000
Non-current assets	2,570,796
Current assets	129,110
Current liabilities	(1,118,074)
Non-current liabilities	(911,804)
Net assets	670,028
Share capital	486,755
Reserves	68,788
Minority interests	114,485
Capital and reserves	670,028

As at 30th June 2009, the Group's attributable interests in these affiliated companies amounted to US\$334,834,000.

## 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 fully complied with the code provisions of the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules throughout the six months ended 30th June 2009.

## BOARD COMMITTEES

### Audit Committee

The Audit Committee of the Company comprises four independent non-executive directors of the Company. The Audit Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the 2009 interim report.

### Remuneration Committee

The Remuneration Committee of the Company comprises five members, a majority 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 regarding the remuneration of directors.

### Other Board Committees

In addition to the above committees, the Board has also established various committees which include Executive Committee, Nomination Committee, Investment and Strategic Planning Committee, Corporate Governance Committee and Risk Management 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](http://www.coscopac.com.hk).

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 2009.

## PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the six months ended 30th June 2009. 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 2009.

## INVESTOR RELATIONS

COSCO Pacific has always placed great emphasis on investor relations. Given the uncertainties in the financial market which have cast a shadow over global economic prospects, it is particularly important at this time to maintain close communication with the investment community. The Group is dedicated to further uplifting the standard of its information disclosure and keeping the market fully aware of the latest information on the Group's business operation and development strategies. Management of the Company strives to uphold corporate governance standards. During the period, the Company received, for the third consecutive year, the "Corporate Governance Asia Recognition Award" from the Corporate Governance Asia magazine and was greatly inspired by it. It affirms the recognition and praise of the institutional investors for the commitment of COSCO Pacific on its corporate governance and investor relations. The Company will continue to be dedicated to the enhancement of its work in investor relations and corporate governance, thus safeguarding the interests of its shareholders and stakeholders.

## CORPORATE CULTURE

### Employee Relations

As at 30th June 2009, COSCO Pacific had a team of 2,559 employees across China, other regions in Asia, the Americas, Europe and Australia.

COSCO Pacific had a team with strong commitment to excellence. The Group has been rapidly expanding its business in recent years, providing its staff with sound and sustained career development opportunities. In the first half of 2009, the Group focused its efforts on building a professional management team for its core business in terminal operations. In addition to the continual recruitment and cultivation of new talents, the Group also implemented an internal rotation programme to help our staff explore their best potentials. While it brought into full play the management roles of COSCO Pacific (China) Investments Co., Ltd., a wholly-owned subsidiary of the Company, such as those in site management, safety supervisory management, engineering technology management and human resources management to the Mainland China terminals, the cultivation and management of its management team in the Mainland China terminals can also be further enhanced. Since the execution of the concession agreement of Piraeus Terminal in Greece in November 2008, terminal operation and management team of the Group in the overseas has been further expanded.

The Group encourages its staff to study strenuously and act proactively. The Group aims at enhancing the management expertise and professional quality of its team through various trainings. The Group also offers an equitable and competitive remuneration and incentives regime to enhance the passion and sense of belonging of its staff.

The growth and improvement of the COSCO Pacific team is capable of enhancing the management level of the corporate core business and improving the overall corporate competitiveness. This will highly safeguard the Group's future business development.

### Social Responsibility

The Group proactively participates in community service. In January 2009, senior management of the Group attended the School-Company Partnership programme organised by the Young Entrepreneurs Development Council to encourage high school students in Hong Kong to be active participants in society and to enrich their own lives.

COSCO Pacific will be, as it has always been, committed to its corporate social responsibilities, actively involving in social welfare activities and community service and upholding environmental protection.

## PROSPECTS

According to the estimation by *International Monetary Fund*, the total value of global trade in 2009 will contract by 12.2% year-on-year, putting the container transport industry under pressure in the second half of 2009. COSCO Pacific's terminal, container leasing and container manufacturing businesses continue to face challenges.

In the second half of the year, the Group will further expand its overseas terminal network and increase its controlling rights in terminals. The takeover of Piraeus Terminal in Greece on 1st October 2009 will mark a corner stone for the Group as it is the first wholly-owned terminal venture of the Group. Piraeus Terminal, located at the largest port in Greece, is expected to be developed into an important hub port in the Mediterranean. Operated by COSCO Pacific, Piraeus Terminal will become a container terminal providing quality and comprehensive services to international container lines.

The Group will further strengthen its business operation of the container leasing division by enhancing marketing initiatives, exercising strict control over operating costs, implementing various risk management measures so as to maintain a stable utilisation.

Looking ahead, the introduction of larger scale stimulus programs by major economies in the world will help to further improve the global economy. However, it remains uncertain on when the economy will recover. In order to seize business development opportunity ahead, the Group will closely monitor the economic trends around the globe and in China, and will make timely adjustment to its operational strategies. It has also formulated a development plan for making sustainable solid growth of COSCO Pacific in the future.

## MEMBERS OF THE BOARD

As at the date of this report, the board of directors of the Company comprises Mr. CHEN Hongsheng<sup>2</sup> (Chairman), Mr. LI Jianhong<sup>1</sup>, Mr. XU Lirong<sup>2</sup>, Ms. SUN Yueying<sup>1</sup>, Mr. XU Minjie<sup>1</sup> (Vice Chairman & Managing Director), Dr. SUN Jiakang<sup>2</sup>, Mr. HE Jiale<sup>1</sup>, Dr. WONG Tin Yau, Kelvin<sup>1</sup>, Mr. WANG Zhi<sup>1</sup>, Mr. YIN Weiyu<sup>1</sup>, Dr. LI Kwok Po, David<sup>3</sup>, Mr. CHOW Kwong Fai, Edward<sup>3</sup>, Mr. Timothy George FRESHWATER<sup>3</sup> and Dr. FAN HSU Lai Tai, Rita<sup>3</sup>.

<sup>1</sup> Executive Director

<sup>2</sup> Non-executive Director

<sup>3</sup> Independent Non-executive Director

By Order of the Board  
**COSCO Pacific Limited**  
**XU Minjie**  
*Vice Chairman & Managing Director*

Hong Kong, 27th August 2009

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