

FINANCIAL REVIEW

OVERALL ANALYSIS OF RESULTS

The financial tsunami has resulted in a global economic slowdown and the profit of the Group for 2008 was under pressure. In 2008, the profit attributable to equity holders of the Company was US\$274,725,000 a 2.5% slight decrease compared to US\$281,845,000 recorded last year (excluding the financial gain of the CIMC Put Options associated with the CIMC share reform of US\$55,181,000 and profit of US\$90,742,000 generated from the disposal of the 20% shareholding interest in Chong Hing Bank last year). Return on equity holders of the Company was 10.4% (2007: 11.5% (excluding the financial gain of the CIMC Put Options and profit on disposal of interest in Chong Hing Bank in 2007)).

During 2006 and 2007, the Group had been able to reap the benefits of its strategic efforts to expand the container terminal network in China and other parts of the world through investments in either subsidiaries with controlling stakes or joint ventures. It enabled the Group to carry out a defensive strategy in terminal investment. The ever developing terminal business in Mainland China and overseas provided the Group with a steady stream of profits. Moreover, during the year, the Group awarded the bid for the concession right in relation to Piers 2 and 3 of Piraeus Port in Greece. The Group's total container terminal throughput reached 45,878,875 TEUs in 2008, a 17.7% increase from the 38,982,605 TEUs recorded last year. Profit from the container terminal business for the year was US\$128,232,000, similar to US\$128,267,000 of last year.

As at 31st December 2008, the total container fleet amounted to 1,621,222 TEUs (2007: 1,519,671 TEUs), in which 755,926 TEUs (2007: 762,618 TEUs) were managed containers and 118,094 TEUs (2007: Nil) were sale-and-leaseback containers. In 2008, profit from the container leasing, management and sale businesses amounted to US\$141,055,000 (2007: US\$117,994,000), a 19.5% increase as compared with last year. In July 2008, the Group completed the Equipment Procurement Agreement and the Lease Agreement which were entered into with CBA USD Investments Pty Limited ("CBA USD Investments"), a wholly owned subsidiary of the Commonwealth Bank of Australia. Pursuant to which, 118,094 TEUs of containers were sold with a consideration of US\$250,000,000.

Profit contribution from the container manufacturing business amounted to US\$39,316,000 in 2008, a 42.5% drop over US\$68,356,000 recorded last year (excluding the financial gain of the CIMC Put Options associated with the CIMC share reform). Decrease in profit was mainly due to the suspension in production in the dry cargo containers plants of CIMC during the fourth quarter and the provision for impairment on inventory.

In 2008, the Group held 49% equity interest in COSCO Logistics which generated a profit of US\$25,006,000 to the Group, a 27.2% increase over the amount of US\$19,663,000 recorded last year. The continued growth of China's economy has stimulated a significant increase in total logistics business, while the throughput amounts from home appliance logistics and chemical logistics rose 35.7% and 10.7% respectively for the year, maintaining a stable pattern in overall logistics business in 2008.