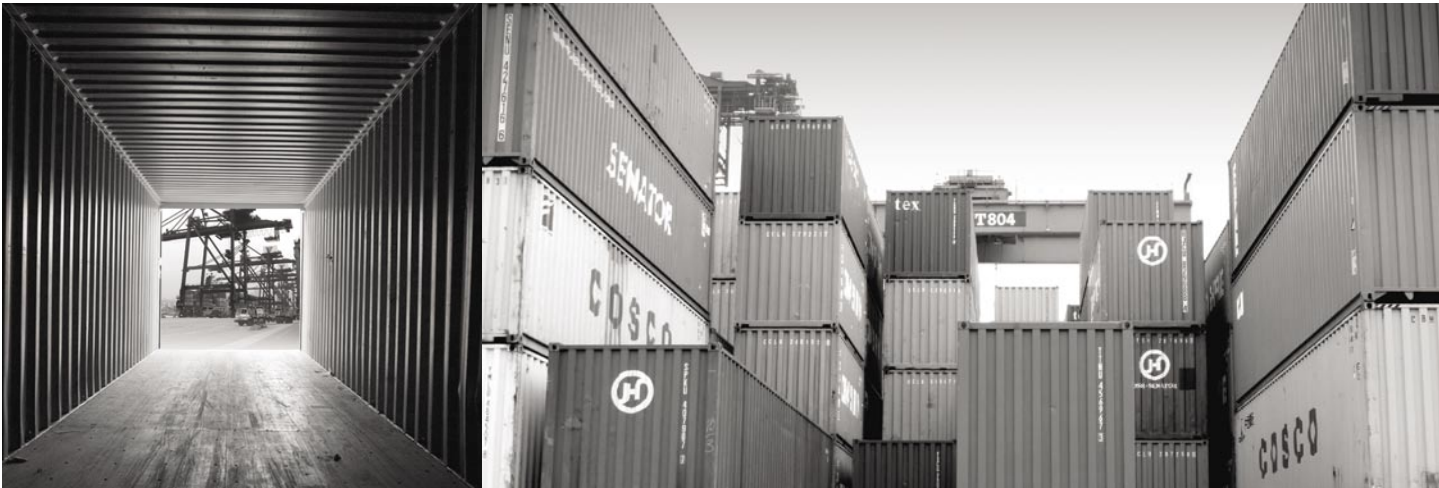


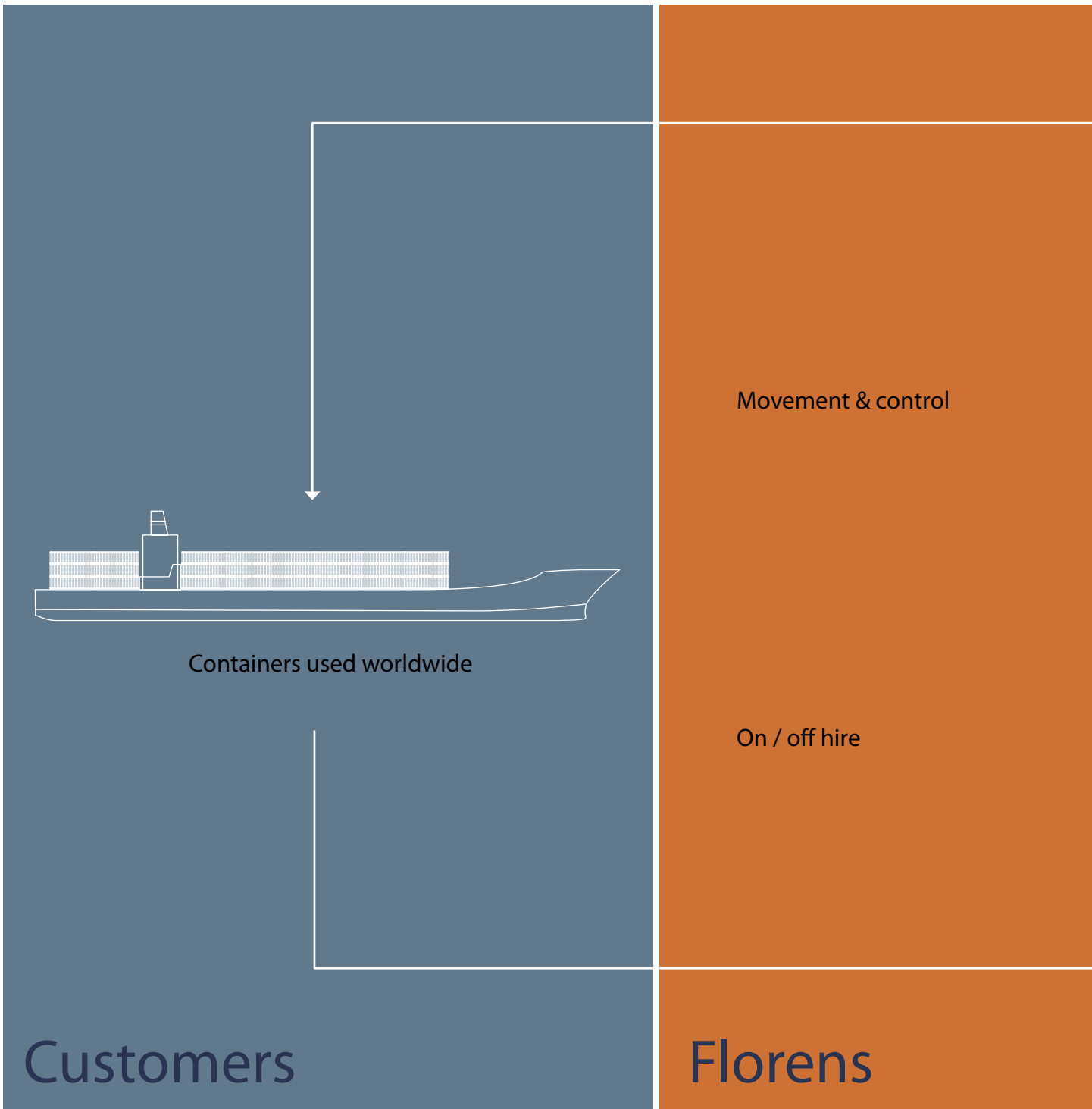


# Container Leasing



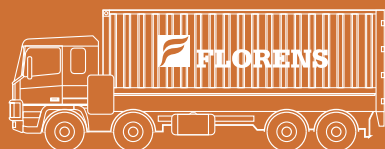
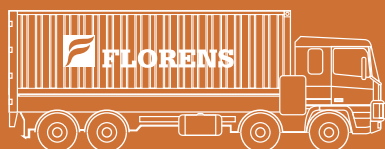
China's foreign trade and the global economy are expected to continue to grow. The increasing demand for larger container fleets, increasing containerisation in China and a higher utilisation rate will become the major drivers of our container leasing business.

Focusing on our profitability and building our presence in the market, we constantly evaluate our service offering to cope with the changing patterns of the economy, trade, the leasing industry and most importantly our customers' needs. During the year, we did an excellent job in marketing and achieved a satisfactory operating performances. As at 31st December 2005, COSCO Pacific owned and operated the world's third largest container leasing company, with a fleet size of 1,042,852 TEUs, accounting for approximately 10.9% of global market share.

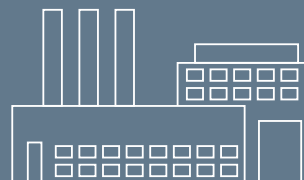


# Container leasing operation

Customer on-hire



Customer off-hire



### Manufacturers

Manufacturers build containers according to market demand



Asia Pacific 36%



Americas 27%



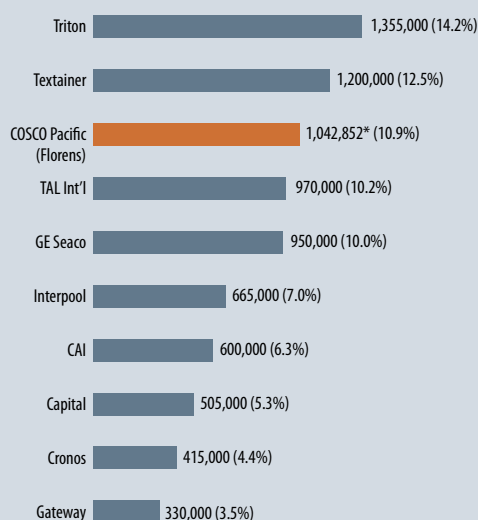
Europe 37%

### 180 depots worldwide

Container storage, repair & maintenance

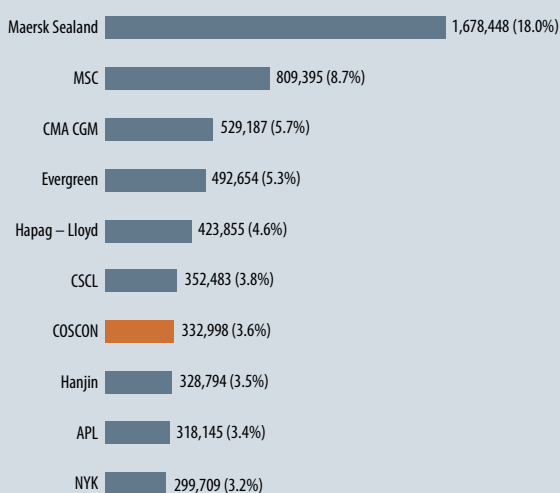
## Vendors

### Top 10 container leasing companies in 2005 (Unit: TEUs)



Source: Containerisation International Market Analysis, February 2006  
\*Remarks: Florens' container fleet capacity as of 31st December 2005

### Top 10 container shipping companies in 2005 (Unit: TEUs)



Source: www.snet.com.cn, March 2006

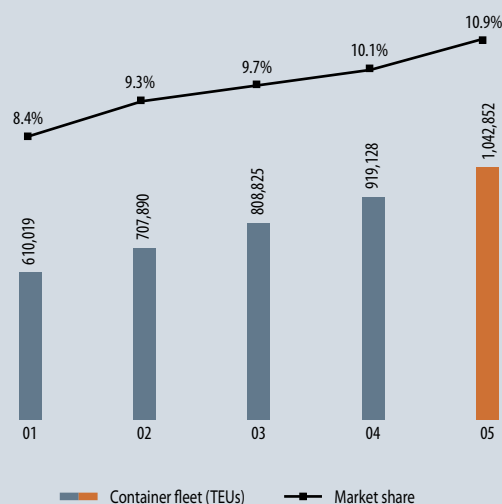
## Market Review

Global containerised trade grew 11.2% in 2005, according to Drewry Shipping Consultants. Demand for containers in 2005 was also boosted by global economic growth, a strong increase in China's foreign trade and a higher containerisation rate.

## Business Review

In 2005, Florens Container Holdings Limited ("Florens") ranked the world's third largest container leasing company, up from the fourth place in the previous year. Its share of the global market was approximately 10.9% in 2005, up from 10.1% in 2004. Florens' customer base grew from 218 in 2004 to 256 in 2005, and container fleet capacity increased by 13.5% to 1,042,852 TEUs.

### Market share and fleet size



### Container fleet movement (TEUs)

	2005	2004
Total number of containers (as at 1st January)	919,128	808,825
New containers purchased	168,592	155,526
Containers returned from COSCON upon expiry of leases		
- Total	(26,354)	(38,055)
- Re-leased	344	2,436
- Disposed of and pending for disposal	(26,010)	(35,619)
Ownership transferred to customers upon expiry of finance leases	(629)	(508)
Defective containers written off	(4)	(259)
Total loss of containers declared and compensated for by customers	(18,225)	(8,837)
<b>Total number of containers (as at 31st December)</b>	<b>1,042,852*</b>	<b>919,128*</b>

\*Including 34,603 TEUs (2004: 23,639 TEUs) managed on behalf of a third party.



## Container fleet analysis by type of container (TEUs)

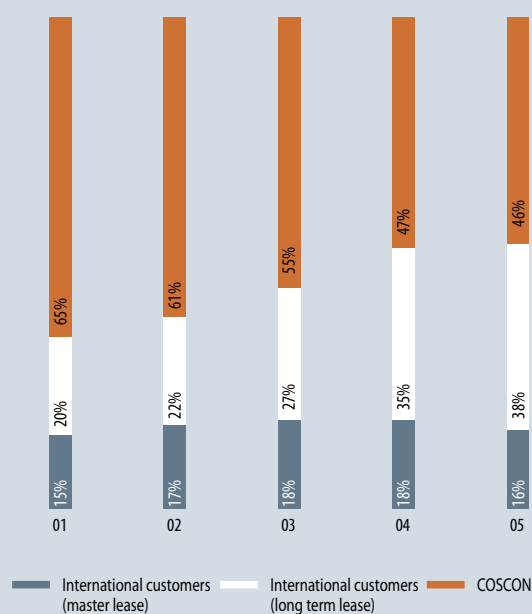
31st December 2005	Total	COSCON	International Customers
Total number of containers	1,042,852	377,324 (36.2%)	665,528 (63.8%)
Dry (%)	95.3	92.8	96.8
Reefer (%)	3.6	6.8	1.9
Special (%)	1.1	0.4	1.3

31st December 2004	Total	COSCON	International Customers
Total number of containers	919,128	327,845 (35.7%)	591,283 (64.3%)
Dry (%)	94.7	92.0	96.3
Reefer (%)	4.0	7.4	2.1
Special (%)	1.3	0.6	1.6

## Rental income

Turnover rose 7.5% to US\$276,313,000 (2004: US\$257,046,000) in 2005, driven by strong global trade growth and our increased market share.

## Income breakdown by type of leasing



In 2005, containers returned from COSCON upon expiry of the leases ("Returned Containers") totalled 26,354 TEUs, compared with 38,055 TEUs in 2004. The total number of Returned Containers disposed of during the year was 26,838 TEUs, compared with 39,488 TEUs in the previous year. The disposal generated a net profit of US\$6,122,000 in 2005.

Florens' average utilisation rate was around 95.5% in 2005, slightly down from 97.0% in 2004, but was 4.6 percentage points above the industry average of around 90.9%.

## Outlook

We maintain a positive outlook for both China trade and the global economy. The main drivers of the development of container leasing and its revenue are sustainable growth in both global trade and container trade, increased containerisation globally and a higher utilisation rate. Demand will also come from the commissioning of new vessels with capacity of 1,220,000 TEUs in 2006, which will benefit the container leasing industry. Container box prices are expected to be stable.

**Average utilisation rate above industry average**

