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COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE THIRD QUARTER ENDED 30TH SEPTEMBER 2009

This announcement is made by the Company on a voluntary basis to enhance the practice of good corporate governance and further promote the transparency and accountability of the Company. The Company currently intends to continue to publish quarterly financial and operational highlights in the future.

The board of directors of COSCO Pacific Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the third quarter and the nine months ended 30th September 2009.

Results Highlights

Profit attributable to the equity holders of the Company for the three months and nine months ended 30th September 2009 dropped by 48.5% and 37.4% to US\$40,025,000 and US\$144,534,000 respectively as compared to the corresponding periods of 2008 (the three months and nine months ended 30th September 2008: US\$77,663,000 and US\$230,815,000 respectively).

Unaudited Condensed Consolidated Balance Sheet

As at 30th September 2009

	Note	As at 30th September 2009 US\$'000	As at 31st December 2008 US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,672,679	1,627,590
Investment properties		3,614	1,679
Leasehold land and land use rights		148,630	60,660
Intangible assets		4,598	4,688
Jointly controlled entities		682,140	642,149
Loans to jointly controlled entities		87,250	123,904
Associates		693,945	708,508

Loans to associates	31,581	23,835
Available-for-sale financial assets	303,000	323,000
Finance lease receivables	1,303	2,000
Deferred income tax assets	1,311	1,204
Derivative financial instruments	18,778	24,215
Other non-current assets	1 78,753	-
	<u>3,727,582</u>	<u>3,543,432</u>
Current assets		
Inventories	2,867	5,376
Trade and other receivables	307,548	232,265
Current income tax recoverable	880	975
Available-for-sale financial assets	20,581	2,119
Restricted bank deposits	14	77,435
Cash and cash equivalents	358,513	351,606
	<u>690,403</u>	<u>669,776</u>
Total assets	<u>4,417,985</u>	<u>4,213,208</u>
EQUITY		
Capital and reserves attributable to the equity holders of the Company		
Share capital	29,018	28,792
Reserves	2,648,488	2,492,047
Proposed final dividend	-	31,026
	<u>2,677,506</u>	<u>2,551,865</u>
Minority interests	<u>113,994</u>	<u>94,438</u>
Total equity	<u>2,791,500</u>	<u>2,646,303</u>
LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	17,887	12,776
Long term borrowings	1,367,003	1,356,955
Other long term liabilities	1,223	2,922
	<u>1,386,113</u>	<u>1,372,653</u>
Current liabilities		
Trade and other payables	101,282	123,531
Current income tax liabilities	3,268	3,341
Current portion of long term borrowings	74,325	56,406
Short term bank loans	61,497	10,974
	<u>240,372</u>	<u>194,252</u>

Total liabilities	<u>1,626,485</u>	<u>1,566,905</u>
Total equity and liabilities	<u>4,417,985</u>	<u>4,213,208</u>
Net current assets	<u>450,031</u>	<u>475,524</u>
Total assets less current liabilities	<u>4,177,613</u>	<u>4,018,956</u>

Unaudited Condensed Consolidated Income Statement

	Note	Three months ended 30th September		Nine months ended 30th September	
		2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Revenue		83,447	91,234	242,475	253,299
Cost of sales		(43,452)	(45,758)	(129,471)	(123,434)
Gross profit		39,995	45,476	113,004	129,865
Other operating income, net		752	2,866	13,775	30,994
Administrative expenses		(13,457)	(10,318)	(41,937)	(35,288)
Operating profit		27,290	38,024	84,842	125,571
Finance income		1,656	1,858	4,792	4,138
Finance costs		(10,224)	(13,061)	(33,221)	(37,839)
Operating profit after finance income and costs		18,722	26,821	56,413	91,870
Share of profits less losses of					
- jointly controlled entities		26,275	30,741	68,909	90,464
- associates		(410)	23,809	27,488	61,631
Profit on disposal of a jointly controlled entity		-	-	5,516	-
Profit before income tax		44,587	81,371	158,326	243,965
Income tax expenses		(3,230)	(2,104)	(10,838)	(8,087)
Profit for the period		41,357	79,267	147,488	235,878
Profit attributable to:					
Equity holders of the Company	2	40,025	77,663	144,534	230,815
Minority interests		1,332	1,604	2,954	5,063
		41,357	79,267	147,488	235,878
Earnings per share for profit attributable to the equity holders of the Company					
- basic	3, 4	US1.77 cents	US3.46 cents	US6.42 cents	US10.28 cents
- diluted	3, 4	US1.77 cents	US3.46 cents	US6.42 cents	US10.28 cents

Notes:

- 1 Other non-current assets mainly included the upfront concession fee of Euro 50,000,000 in respect of the concession agreement with Piraeus Port Authority S.A. for the concession of Piers 2 and 3 of the Piraeus Port in Greece for a term of 35 years (“Concession”). The Concession would commence on 1st October 2009.
- 2 Profit attributable to the equity holders of the Company for the three months and nine months ended 30th September 2009 dropped by 48.5% and 37.4% to US\$40,025,000 and US\$144,534,000 respectively (three months and nine months ended 30th September 2008: US\$77,663,000 and US\$230,815,000 respectively).
- 3 Basic earnings per share are calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the three months ended 30th September 2009 of 2,258,896,864 (three months ended 30th September 2008: 2,245,029,298) and the nine months ended 30th September 2009 of 2,249,702,617 (nine months ended 30th September 2008: 2,244,999,597).

Diluted earnings per share for the three months ended 30th September 2009 are calculated based on the profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the three months ended 30th September 2009 of 2,259,278,458 (three months ended 30th September 2008: 2,245,464,845), after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no consideration as if all outstanding share options granted by the Company had been exercised.

For the nine months ended 30th September 2009, as the Company’s outstanding share options did not have any dilutive effect on the earnings per share, the diluted earnings per share are equal to the basic earnings per share. Diluted earnings per share for the nine months ended 30th September 2008 were calculated based on the profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the nine months ended 30th September 2008 of 2,246,195,828 after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no consideration as if all outstanding share options granted by the Company had been exercised.

- 4 Basic earnings per share for profit attributable to the equity holders of the Company for the three months and nine months ended 30th September 2009 dropped by 48.8% and 37.5% to US1.77 cents and US6.42 cents respectively (three months and nine months ended 30th September 2008: US3.46 cents and US10.28 cents respectively).

Diluted earnings per share for profit attributable to the equity holders of the Company for the three months and nine months ended 30th September 2009 dropped by 48.8% and 37.5% to US1.77 cents and US6.42 cents respectively (three months and nine months ended 30th September 2008: US3.46 cents and US10.28 cents respectively).

- 5 The accounting policies adopted in preparing the financial data for the nine months ended 30th September 2009 are consistent with those used in the 2008 annual consolidated financial statements of the Group for the year ended 31st December 2008.

The financial data for the nine months ended 30th September 2009 are based on the internal records and management accounts of the Group and are unaudited.

Operational Highlights

Terminals

For the three months and nine months ended 30th September 2009, total container throughput handled by the Group’s terminal companies reached 11,653,203 TEUs and 31,860,228 TEUs respectively (three months and nine months ended 30th September 2008: 12,168,062 TEUs and 34,256,108 TEUs respectively), representing decreases of 4.2% and 7.0% respectively from the corresponding periods last year. The total container throughput further improved in the third quarter. During the period, the terminal companies in China of the Group handled a total of 10,499,806 TEUs and 28,798,305 TEUs respectively (three months and nine months ended 30th September 2008: 10,857,588 TEUs and 30,594,811 TEUs respectively), representing year-on-year drops of 3.3% and 5.9% respectively.

The throughput of the Group's terminals were set out below for both the three-month period and the nine-month period ended 30th September 2009:

Operating Container Terminals	Three months ended 30th September			Nine months ended 30th September		
	2009 (TEUs)	2008 (TEUs)	y-o-y change	2009 (TEUs)	2008 (TEUs)	y-o-y change
Bohai Rim	4,529,233	4,377,280	+3.5%	13,023,100	12,777,983	+1.9%
Qingdao Qianwan Container Terminal Co., Ltd.	2,264,071	2,206,714	+2.6%	6,691,450	6,521,714	+2.6%
Qingdao Cosport International Container Terminals Co., Ltd.	279,385	263,023	+6.2%	867,880	835,283	+3.9%
Dalian Port Container Co., Ltd.	816,083	709,201	+15.1%	2,130,856	1,981,953	+7.5%
Dalian Port Container Terminal Co., Ltd.	410,768	474,999	-13.5%	1,108,124	1,269,295	-12.7%
Tianjin Five Continents International Container Terminal Co., Ltd.	454,226	472,568	-3.9%	1,397,943	1,435,249	-2.6%
Yingkou Container Terminals Company Limited	304,700	250,775	+21.5%	826,847	734,489	+12.6%
Yangtze River Delta	2,204,664	2,446,705	-9.9%	6,106,861	7,022,812	-13.0%
Shanghai Container Terminals Limited	735,316	905,180	-18.8%	2,165,622	2,754,006	-21.4%
Shanghai Pudong International Container Terminals Limited	607,104	711,681	-14.7%	1,733,028	2,026,109	-14.5%
Ningbo Yuan Dong Terminals Limited	317,667	244,759	+29.8%	812,461	639,673	+27.0%
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	208,009	175,819	+18.3%	509,522	552,910	-7.8%
Yangzhou Yuanyang International Ports Co., Ltd.	63,675	82,260	-22.6%	157,648	209,545	-24.8%
Nanjing Port Longtan Container Co., Ltd.	272,893	327,006	-16.5%	728,580	840,569	-13.3%
Pearl River Delta & Southeast Coast	3,765,909	4,033,603	-6.6%	9,668,344	10,794,016	-10.4%
COSCO-HIT Terminals (Hong Kong) Limited	387,109	488,295	-20.7%	1,044,560	1,371,995	-23.9%
Yantian International Container Terminals Co., Ltd.	2,433,972	2,790,938	-12.8%	6,225,232	7,055,839	-11.8%
Guangzhou South China Oceangate Container Terminal Company Limited	624,635	466,339	+33.9%	1,508,855	1,544,903	-2.3%
Quan Zhou Pacific Container Terminal Co., Ltd.	245,377	220,177	+11.4%	685,111	690,058	-0.7%
Jinjiang Pacific Ports Development Co., Ltd.	74,816	67,854	+10.3%	204,586	131,221	+55.9%
Overseas	1,153,397	1,310,474	-12.0%	3,061,923	3,661,297	-16.4%
COSCO-PSA Terminal Private Limited	263,743	359,524	-26.6%	626,122	1,036,832	-39.6%
Antwerp Gateway NV	173,263	299,186	-42.1%	470,308	873,273	-46.1%
Suez Canal Container Terminal S.A.E.	716,391	651,764	+9.9%	1,965,493	1,751,192	+12.2%
Total container throughput in China	10,499,806	10,857,588	-3.3%	28,798,305	30,594,811	-5.9%
Total container throughput	11,653,203	12,168,062	-4.2%	31,860,228	34,256,108	-7.0%
Total break-bulk cargo throughput (tons)	5,478,570	3,698,311	+48.1%	12,500,445	10,266,326	+21.8%

Container Leasing, Management and Sale

As at 30th September 2009, the Group operated and managed a total container fleet of 1,593,005 TEUs, representing a decrease of 2.4% as compared with 1,632,238 TEUs as at 30th September 2008. Among the total fleet capacity, 46.5% (30th September 2008: 46.2%) was owned containers, 46.1% (30th September 2008: 46.6%) was managed containers and 7.4% (30th September 2008: 7.2%) was sale-and-leaseback containers.

The overall average utilisation rate for the three months ended 30th September 2009 was 89.4% (three months ended 30th September 2008: 95.1%), whereas the average for the nine months ended 30th September 2009 was 90.0% (nine months ended 30th September 2008: 94.6%).

As at 30th September 2009, the breakdown of the fleet capacity was as follows:

		As at 30th September 2009	As at 30th September 2008	y-o-y change
Owned containers	TEUs	740,926	754,585	-1.8%
	%	46.5	46.2	+0.3pp
COSCO Container Lines Company Limited	TEUs	425,230	439,282	-3.2%
	%	26.7	26.9	-0.2pp
International customers	TEUs	315,696	315,303	+0.1%
	%	19.8	19.3	+0.5pp
Managed containers	TEUs	733,985	759,559	-3.4%
	%	46.1	46.6	-0.5pp
Sale-and-leaseback containers	TEUs	118,094	118,094	0%
	%	7.4	7.2	+0.2pp
Total fleet capacity	TEUs	1,593,005	1,632,238	-2.4%

Container Manufacturing

The Group holds a 21.8% equity interest in China International Marine Containers (Group) Co., Ltd. (“CIMC”). As a result of sharp contraction in container shipping market, demand for new dry containers drop drastically. Since the fourth quarter of 2008, CIMC has nearly halted dry container production and has not yet resumed production.

Logistics

The Group announced the disposal of 49% equity interest in COSCO Logistics Co., Ltd. (“COSCO Logistics”) on 27th August 2009. The transaction was approved at the special general meeting of the Company held on 8th October 2009. The Group equity accounted for the profit of COSCO Logistics up to 30th September 2009. As at 30th September 2009, the transaction has not been completed, no financial impact in respect of the disposal was recorded for the nine months ended 30th September 2009.

Operations of each business segment of COSCO Logistics were set out below for both the three-month period and the nine-month period ended 30th September 2009:

	Three months ended 30th September			Nine months ended 30th September		
	2009	2008	y-o-y change	2009	2008	y-o-y change
<u>Third party logistics</u>						
Product logistics						
Home appliance (pieces in thousand)	13,757	13,317	+3.3%	38,138	42,756	-10.8%
Chemical (RMB in million)	20	13	+53.8%	61	47	+29.8%
Project logistics (RMB in million)	328	399	-17.8%	945	900	+5.0%
<u>Shipping agency (voyages)</u>	38,074	34,716	+9.7%	103,036	100,052	+3.0%
<u>Freight forwarding</u>						
Sea freight forwarding						
Bulk cargo (tons in thousand)	43,867	33,957	+29.2%	123,008	110,022	+11.8%
Container (TEUs)	524,107	572,773	-8.5%	1,411,119	1,720,684	-18.0%
Air freight forwarding (tons)	24,628	31,102	-20.8%	63,094	89,642	-29.6%

Caution Statement

The Company's shareholders and potential investors should note that all the figures contained herein are unaudited. Investors are cautioned not to rely on the financial and operational highlights for the third quarter and the nine months ended 30th September 2009.

The Company's shareholders and potential investors are urged to exercise caution when dealing in the shares of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

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

Hong Kong, 28th October 2009

As at the date of this announcement, the board of directors of the Company comprises Mr. CHEN Hongsheng² (Chairman), Mr. LI Jianhong¹, Mr. XU Lirong², Ms. SUN Yueying¹, Mr. XU Minjie¹ (Vice Chairman & Managing Director), Dr. SUN Jiakang², Mr. HE Jiale¹, Dr. WONG Tin Yau, Kelvin¹, Mr. WANG Zhi¹, Mr. YIN Weiyu¹, Dr. LI Kwok Po, David³, Mr. CHOW Kwong Fai, Edward³, Mr. Timothy George FRESHWATER³ and Dr. FAN HSU Lai Tai, Rita³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director