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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 2012

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 2012.

Results Highlights

For the three months and nine months ended 30th September 2012, profit attributable to equity holders of the Company increased by 3.9% and decreased by 16.4% to US\$98,213,000 and US\$277,138,000 respectively (three months and nine months ended 30th September 2011: US\$94,497,000 and US\$331,538,000 respectively). Excluding the non-recurring items ^{Note 1}, profit attributable to equity holders of the Company increased by 3.9% and decreased by 9.8% to US\$98,213,000 and US\$277,138,000 respectively (three months and nine months ended 30th September 2011: US\$94,497,000 and US\$307,140,000 respectively). The share of profit from China International Marine Containers (Group) Co., Ltd. (“CIMC”) recorded positive year-on-year growth in the third quarter after significant drops in the first quarter and the second quarter. Excluding the share of profit from CIMC and the non-recurring items, profit attributable to equity holders of the Company decreased by 0.5% and rose by 13.8% to US\$76,559,000 and US\$225,733,000 respectively (three months and nine months ended 30th September 2011: US\$76,981,000 and US\$198,334,000 respectively).

Note 1: Non-recurring items in the nine months ended 30th September 2011 include gain on release of exchange reserve of US\$11,841,000 upon reclassification of COSCO Ports (Nansha) Limited from a jointly controlled entity to a subsidiary and gain on disposal of Qingdao Cosport International Container Terminals Co., Ltd. of US\$12,557,000. There were no non-recurring items in the third quarter of each of 2011 and 2012.

Note 2: Since CIMC has not published its results on the date of this announcement, the share of profit from CIMC is an estimated figure only.

Unaudited Condensed Consolidated Balance Sheet
As at 30th September 2012

	As at 30th September 2012 US\$'000	As at 31st December 2011 US\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,527,307	3,155,865
Investment properties	4,469	7,571
Land use rights	218,897	223,870
Intangible assets	8,856	9,231
Jointly controlled entities	554,447	537,700
Loan to a jointly controlled entity	5,815	-
Associates	1,531,176	1,550,030
Loan to an associate	28,894	28,930
Available-for-sale financial asset	24,000	17,000
Finance lease receivables	13,896	15,259
Deferred income tax assets	352	1,690
Derivative financial instruments	8,563	13,948
Other non-current assets	70,622	60,668
	5,997,294	5,621,762
Current assets		
Inventories	9,151	9,332
Trade and other receivables	223,378	259,991
Current income tax recoverable	74	30
Restricted bank deposits	110	111
Cash and cash equivalents	840,261	580,958
	1,072,974	850,422
Total assets	7,070,268	6,472,184
EQUITY		
Capital and reserves attributable to the equity holders of the Company		
Share capital	35,264	34,805
Reserves	3,778,616	3,531,763
Proposed final dividend	-	60,744
	3,813,880	3,627,312
Non-controlling interests	262,262	252,847
Total equity	4,076,142	3,880,159

LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	45,771	45,455
Long term borrowings	1,844,824	1,573,470
Loans from non-controlling shareholders of subsidiaries	121,017	169,812
Other long term liabilities	3,548	3,564
	<u>2,015,160</u>	<u>1,792,301</u>
Current liabilities		
Trade and other payables	409,866	201,470
Current income tax liabilities	7,052	3,730
Current portion of long term borrowings	453,756	420,131
Short term bank loans	108,292	174,393
	<u>978,966</u>	<u>799,724</u>
Total liabilities	<u>2,994,126</u>	<u>2,592,025</u>
Total equity and liabilities	<u>7,070,268</u>	<u>6,472,184</u>
Net current assets	<u>94,008</u>	<u>50,698</u>
Total assets less current liabilities	<u>6,091,302</u>	<u>5,672,460</u>

Unaudited Condensed Consolidated Income Statement

	Note	Three months ended		Nine months ended	
		30th September		30th September	
		2012	2011	2012	2011
		US\$'000	US\$'000	US\$'000	US\$'000
Revenue		182,965	160,036	550,320	438,703
Cost of sales		(102,052)	(88,027)	(303,937)	(247,383)
Gross profit		<u>80,913</u>	72,009	<u>246,383</u>	191,320
Other operating income, net		1,977	850	4,033	7,393
Administrative expenses		(19,393)	(19,719)	(61,036)	(58,073)
Operating profit		<u>63,497</u>	53,140	<u>189,380</u>	140,640
Finance income		2,037	1,480	4,753	3,900
Finance costs		(21,985)	(17,097)	(57,948)	(43,942)
Operating profit after finance income and costs		<u>43,549</u>	37,523	<u>136,185</u>	100,598
Share of profits less losses of					
- jointly controlled entities		25,184	28,121	74,535	77,362
- associates		39,128	36,805	96,981	157,152
Gain on disposal of a jointly controlled entity, net of tax		-	-	-	12,557

Gain on release of exchange reserve upon reclassification from a jointly controlled entity to a subsidiary	-	-	-	11,841	
Profit before income tax	107,861	102,449	307,701	359,510	
Income tax expenses	(6,508)	(4,133)	(19,443)	(20,678)	
Profit for the period	101,353	98,316	288,258	338,832	
Profit attributable to:					
Equity holders of the Company	98,213	94,497	277,138	331,538	
Non-controlling interests	3,140	3,819	11,120	7,294	
	101,353	98,316	288,258	338,832	
Earnings per share for profit attributable to the equity holders of the Company					
- basic	1, 2	US3.58 cents	US3.48 cents	US10.18 cents	US12.23 cents
- diluted	1, 2	US3.58 cents	US3.48 cents	US10.18 cents	US12.23 cents

Notes:

- 1 Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the three months ended 30th September 2012 of 2,740,060,241 (three months ended 30th September 2011: 2,711,783,573) and the nine months ended 30th September 2012 of 2,721,277,929 (nine months ended 30th September 2011: 2,711,745,903).

Diluted earnings per share for the three months and nine months ended 30th September 2012 is calculated based on the profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the three months and nine months ended 30th September 2012 of 2,740,137,958 and 2,721,490,715 respectively (three months and nine months ended 30th September 2011: 2,712,066,835 and 2,711,905,902 respectively), after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no consideration as if all outstanding dilutive share options granted by the Company had been exercised.

- 2 Basic earnings per share for profit attributable to the equity holders of the Company for the three months and nine months ended 30th September 2012 rose by 2.9% and dropped by 16.8% to US3.58 cents and US10.18 cents respectively (three months and nine months ended 30th September 2011: US3.48 cents and US12.23 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 2012 rose by 2.9% and dropped by 16.8% to US3.58 cents and US10.18 cents respectively (three months and nine months ended 30th September 2011: US3.48 cents and US12.23 cents respectively).

- 3 The accounting policies adopted in preparing the financial data for the nine months ended 30th September 2012 are consistent with those used in the 2011 annual consolidated financial statements of the Group for the year ended 31st December 2011.

The financial data for the nine months ended 30th September 2012 are based on the internal records and financial data of the Group and are unaudited.

Operational Highlights

Terminals

As a result of continued slowdown in the global economic growth, the Group's total throughput growth continued to slow down in the third quarter of 2012. For the three months and nine months ended 30th September 2012, total container throughput of the Group reached 14,576,903 TEUs and 41,453,763 TEUs respectively (three months and nine months ended 30th September 2011: 13,350,136 TEUs and 37,599,401 TEUs respectively), representing increases of 9.2% and 10.3% respectively from the corresponding periods of last year. The terminal companies in China (excluding Hong Kong) handled 12,383,994 TEUs and 34,686,098 TEUs respectively (three months and nine months ended 30th September 2011: 11,175,577 TEUs and 31,480,587 TEUs respectively), representing year-on-year rises of 10.8% and 10.2% respectively. The Group's equity throughput increased by 11.0% and 14.2% year-on-year to 4,022,370 TEUs and 11,603,734 TEUs respectively (three months and nine months ended 30th September 2011: 3,624,548 TEUs and 10,162,057 TEUs 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 2012:

Terminal companies	Three months ended 30th September			Nine months ended 30th September		
	2012 (TEUs)	2011 (TEUs)	y-o-y change	2012 (TEUs)	2011 (TEUs)	y-o-y change
Bohai Rim	5,554,975	4,807,235	+15.6%	16,228,020	14,330,032	+13.2%
Qingdao Qianwan Container Terminal Co., Ltd. ^{Note 1}	3,487,099	3,087,052	+13.0%	10,564,023	9,356,143	+12.9%
Dalian Port Container Terminal Co., Ltd.	637,711	506,963	+25.8%	1,621,112	1,452,679	+11.6%
Tianjin Five Continents International Container Terminal Co., Ltd.	596,989	556,671	+7.2%	1,645,535	1,533,534	+7.3%
Tianjin Port Euroasia International Container Terminal Co., Ltd.	458,156	345,533	+32.6%	1,203,294	994,624	+21.0%
Yingkou Container Terminals Company Limited	375,020	311,016	+20.6%	1,194,056	993,052	+20.2%
Yangtze River Delta	2,164,525	1,973,760	+9.7%	6,093,302	5,608,451	+8.6%
Shanghai Pudong International Container Terminals Limited	547,496	628,417	-12.9%	1,592,650	1,796,036	-11.3%
Ningbo Yuan Dong Terminals Limited	645,472	562,068	+14.8%	1,842,375	1,597,759	+15.3%
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	336,839	280,688	+20.0%	895,571	765,375	+17.0%
Yangzhou Yuanyang International Ports Co., Ltd.	102,848	101,281	+1.5%	296,976	293,245	+1.3%
Nanjing Port Longtan Container Co., Ltd.	531,870	401,306	+32.5%	1,465,730	1,156,036	+26.8%
Pearl River Delta & Southeast Coast	5,109,058	4,827,287	+5.8%	13,683,795	12,796,660	+6.9%
COSCO-HIT Terminals (Hong Kong) Limited	444,564	432,705	+2.7%	1,319,019	1,254,556	+5.1%
Yantian International Container Terminals Co., Ltd.	3,128,492	2,851,669	+9.7%	7,952,809	7,586,463	+4.8%
Guangzhou South China Oceangate Container Terminal Company Limited	1,022,714	1,135,670	-9.9%	3,099,728	2,821,102	+9.9%
Xiamen Ocean Gate Container Terminal Co., Ltd. ^{Note 2}	105,589	-	N/A	139,129	-	N/A
Quan Zhou Pacific Container Terminal Co., Ltd.	313,220	329,361	-4.9%	912,928	906,160	+0.7%
Jinjiang Pacific Ports Development Co., Ltd.	94,479	77,882	+21.3%	260,182	228,379	+13.9%
Overseas	1,748,345	1,741,854	+0.4%	5,448,646	4,864,258	+12.0%
Piraeus Container Terminal S.A.	505,168	311,361	+62.2%	1,558,427	795,641	+95.9%
Suez Canal Container Terminal S.A.E.	701,429	847,218	-17.2%	2,136,864	2,363,951	-9.6%
COSCO-PSA Terminal Private Limited	294,917	289,326	+1.9%	956,648	803,084	+19.1%
Antwerp Gateway NV	246,831	293,949	-16.0%	796,707	901,582	-11.6%
Total throughput	14,576,903	13,350,136	+9.2%	41,453,763	37,599,401	+10.3%

Note 1: Throughput of Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal") includes the throughput of Qingdao Qianwan United Container Terminal Co., Ltd. ("Qingdao Qianwan United Terminal") and Qingdao Qianwan United Advance Container Terminal Co., Ltd. ("Qingdao Qianwan United Advance Terminal") and these two terminals are jointly controlled entities of Qingdao Qianwan Terminal. The throughput of Qingdao Qianwan United Terminal for the three months and the nine months ended 30th September 2012 amounted to 887,491 TEUs and 2,366,475 TEUs respectively. Qingdao Qianwan United Advance Terminal started operation in July 2011 and its throughput for the three months and the nine months ended 30th September 2012 amounted to 313,470 TEUs and 839,569 TEUs respectively.

Note 2: Xiamen Ocean Gate Container Terminal Co., Ltd. started official operation in May 2012.

Note 3: The total throughput of break-bulk cargo for the three months and the nine months ended 30th September 2012 amounted to 6,361,258 tons and 17,811,744 tons respectively (corresponding period of 2011: 6,584,465 tons and 19,529,942 tons), decreases of 3.4% and 8.8% respectively. The throughput of Dalian Automobile Terminal Co., Ltd. for the three months and the nine months ended 30th September 2012 amounted to 62,120 vehicles and 169,222 vehicles respectively (corresponding period of 2011: 45,930 vehicles and 125,232 vehicles), representing increases of 35.3% and 35.1% respectively.

Container Leasing, Management and Sale

After rapid recovery of the container leasing market in the second quarter of 2012, demand for container leasing slowed down in the third quarter. All of the approximately 103,000 TEUs of new containers ordered in the first half of 2012 have been delivered to generate rental income for the Group. In the third quarter of 2012, the Group ordered 20,000 TEUs of new containers which were all booked. The Group's overall average utilisation rate for the three months ended 30th September 2012 was 95.7% (corresponding period of 2011: 96.1%), whereas the average for the nine months ended 30th September 2012 was 95.4% (corresponding period of 2011: 96.6%).

For the nine months ended 30th September 2012, the Group received 114,580 TEUs (corresponding period of 2011: 118,755 TEUs) of new containers. During the period, 15,353 TEUs (corresponding period of 2011: 2,202 TEUs) of containers were returned by COSCO Container Lines Company Limited upon expiry of their 10-year leases. The returned containers disposed of by the Group totaled 25,424 TEUs (corresponding period of 2011: 7,044 TEUs) for the nine months ended 30th September 2012.

As at 30th September 2012, the Group's container fleet size was 1,844,367 TEUs, representing an increase of 5.7% when compared with 1,744,949 TEUs at 30th September 2011. Among the total fleet capacity, 52.6% (30th September 2011: 47.9%) was owned containers, 12.4% (30th September 2011: 13.1%) was sale-and-leaseback containers and 35.0% (30th September 2011: 39.0%) was managed containers.

Breakdown of the owned, sale-and-leaseback and managed containers was as follows:

		As at 30th September 2012	As at 30th September 2011	y-o-y change
Owned containers	TEUs	969,458	835,276	+16.1%
	% of Total	52.6	47.9	+4.7pp
COSCO Container Lines Company Limited	TEUs	364,429	322,974	+12.8%
	% of Total	19.8	18.5	+1.3pp
International customers	TEUs	605,029	512,302	+18.1%
	% of Total	32.8	29.4	+3.4pp
Sale-and-leaseback containers				
COSCO Container Lines Company Limited	TEUs	229,283	229,283	-
	% of Total	12.4	13.1	-0.7pp
Managed containers				
International customers	TEUs	645,626	680,390	-5.1%
	% of Total	35.0	39.0	-4.0pp
Total	TEUs	1,844,367	1,744,949	+5.7%

Container Manufacturing

The Group holds a 21.8% stake in CIMC, the world's largest container manufacturer. Affected by weak domestic and foreign economies, as well as a generally weak market demand, the first quarter was an off-season for containers, with weaker demand than usual. Despite the market demand picking up in the second and the third quarter, CIMC's earnings and profitability still decreased in comparison with the corresponding period of last year. This resulted in a decline in the Company's year-to-date share of profit from CIMC compared with last year.

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 2012.

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
WANG Xingru
Vice Chairman & Managing Director

Hong Kong, 25th October 2012

As at the date of this announcement, the board of directors of the Company comprises Mr. LI Yunpeng² (Chairman), Dr. WANG Xingru¹ (Vice Chairman and Managing Director), Mr. WAN Min², Mr. HE Jiale¹, Mr. FENG Jinhua¹, Mr. FENG Bo¹, Mr. WANG Haimin², Mr. WANG Wei², Dr. WONG Tin Yau, Kelvin¹, Mr. YIN Weiyu¹, Mr. CHOW Kwong Fai, Edward³, Mr. Timothy George FRESHWATER³, Dr. FAN HSU Lai Tai, Rita³ and Mr. Adrian David LI Man Kiu³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director