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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 2013

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 2013.

Results Highlights

During the first three quarters of 2013, the recovery of the world’s major advanced economies was strengthening but the growth of major emerging economies became moderate. Therefore, the global economy was moving forward slowly. The Group’s core businesses continued to maintain a stable growth. During the period, total container throughput rose year-on-year by 10.2% to 45,693,411 TEU (corresponding period of 2012: 41,453,763 TEU). As at 30th September 2013, the container fleet size increased by 1.9% to 1,879,051 TEU (30th September 2012: 1,844,367 TEU).

- Excluding the discontinued operation ^{Note}, profit attributable to equity holders of the Company increased by 4.7% to US\$80,155,000 (corresponding period of 2012: US\$76,559,000) for the three months ended 30th September 2013. For the nine months ended 30th September 2013, profit attributable to equity holders of the Company slightly decreased by 0.8% to US\$223,977,000 (corresponding period of 2012: US\$225,733,000).
- Including the discontinued operation, profit attributable to equity holders of the Company decreased by 18.4% to US\$80,155,000 (corresponding period of 2012: US\$98,213,000) for the three months ended 30th September 2013. For the nine months ended 30th September 2013, profit attributable to equity holders of the Company increased by 131.1% to US\$640,447,000 (corresponding period of 2012: US\$277,138,000).

Note: On 20th May 2013, the Group announced the disposal of its 21.8% equity interest in China International Marine Containers (Group) Co., Ltd. (“CIMC”) for a cash consideration of US\$1,219,789,000, which was completed on 27th June 2013, resulting in a net gain of US\$393,411,000. The cash consideration of US\$610,000,000 was received on 27th June 2013 and the remaining balance was received in full on 26th September 2013. Since the disposal of its equity interest in CIMC was completed in June, the Group’s share of profit from CIMC included the profit for the period from January to May of 2013 of US\$23,059,000. For the three months ended 30th September 2013, no share of profit from CIMC was recorded (corresponding period of 2012: US\$21,654,000). For the nine months ended 30th September 2013, share of profit from CIMC was US\$23,059,000 (corresponding period of 2012: US\$51,405,000).

Unaudited Condensed Consolidated Balance Sheet
As at 30th September 2013

	As at 30th September 2013 US\$'000	As at 31st December 2012 US\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,060,568	3,717,804
Investment properties	4,966	4,899
Land use rights	236,813	219,631
Intangible assets	9,657	9,995
Jointly controlled entities	653,847	599,510
Loan to a jointly controlled entity	5,400	5,276
Associates	808,201	1,570,615
Loan to an associate	31,422	30,702
Available-for-sale financial asset	21,000	25,000
Finance lease receivables	12,349	13,542
Deferred income tax assets	890	676
Other non-current assets	81,470	73,841
	<u>5,926,583</u>	<u>6,271,491</u>
Current assets		
Inventories	8,138	12,746
Trade and other receivables	249,206	221,728
Derivative financial instruments	72	8,563
Restricted bank deposits	114	907
Cash and cash equivalents	1,805,964	848,423
	<u>2,063,494</u>	<u>1,092,367</u>
Total assets	<u>7,990,077</u>	<u>7,363,858</u>
EQUITY		
Capital and reserves attributable to the equity holders of the Company		
Share capital	36,054	35,762
Reserves	4,273,112	3,852,396
Proposed final dividend	-	65,862
	<u>4,309,166</u>	<u>3,954,020</u>
Non-controlling interests	<u>293,589</u>	<u>263,373</u>
Total equity	<u>4,602,755</u>	<u>4,217,393</u>

LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	34,452	50,678
Long term borrowings	1,752,623	1,826,655
Loans from non-controlling shareholders of subsidiaries	123,137	121,714
Other long term liabilities	12,303	6,749
	<u>1,922,515</u>	<u>2,005,796</u>
Current liabilities		
Trade and other payables	658,938	358,200
Current income tax liabilities	90,654	7,427
Current portion of long term borrowings	692,606	688,260
Short term bank loans	22,609	86,782
	<u>1,464,807</u>	<u>1,140,669</u>
Total liabilities	<u>3,387,322</u>	<u>3,146,465</u>
Total equity and liabilities	<u>7,990,077</u>	<u>7,363,858</u>
Net current assets/(liabilities)	<u>598,687</u>	<u>(48,302)</u>
Total assets less current liabilities	<u>6,525,270</u>	<u>6,223,189</u>

Unaudited Condensed Consolidated Income Statement

	Note	Three months ended 30th September		Nine months ended 30th September	
		2013 US\$'000	2012 US\$'000	2013 US\$'000	2012 US\$'000
Continuing operations:					
Revenues		203,163	182,965	598,358	550,320
Cost of sales		(120,121)	(102,052)	(342,338)	(303,937)
Gross profit		<u>83,042</u>	80,913	<u>256,020</u>	246,383
Administrative expenses		(19,457)	(19,393)	(60,324)	(61,036)
Other operating income, net		5,768	1,977	10,624	4,033
Operating profit		<u>69,353</u>	63,497	<u>206,320</u>	189,380
Finance income		4,908	2,037	10,219	4,753
Finance costs		(25,831)	(21,985)	(72,043)	(57,948)
Operating profit after finance income and costs		48,430	43,549	144,496	136,185
Share of profits less losses of					
- jointly controlled entities		23,755	25,184	62,643	74,535
- associates		22,838	17,474	55,659	45,576

Profit before income tax from continuing operations		95,023	86,207	262,798	256,296
Income tax expenses		(9,304)	(6,508)	(24,895)	(19,443)
Profit for the period from continuing operations		85,719	79,699	237,903	236,853
Discontinued operation:					
Net gain on disposal of an associate		-	-	393,411	-
Share of profit of an associate		-	21,654	23,059	51,405
Profit for the period from discontinued operation		-	21,654	416,470	51,405
Profit for the period		85,719	101,353	654,373	288,258
Profit attributable to:					
Equity holders of the Company		80,155	98,213	640,447	277,138
Non-controlling interests		5,564	3,140	13,926	11,120
		85,719	101,353	654,373	288,258
Earnings per share for profit attributable to equity holders of the Company					
Basic					
- from continuing operations	1, 2	US2.86 cents	US2.79 cents	US8.02 cents	US8.29 cents
- from discontinued operation	1, 2	-	US0.79 cents	US14.92 cents	US1.89 cents
		US2.86 cents	US3.58 cents	US22.94 cents	US10.18 cents
Diluted					
- from continuing operations	1, 2	US2.86 cents	US2.79 cents	US8.02 cents	US8.29 cents
- from discontinued operation	1, 2	-	US0.79 cents	US14.92 cents	US1.89 cents
		US2.86 cents	US3.58 cents	US22.94 cents	US10.18 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 and nine months ended 30th September 2013 of 2,803,665,454 and 2,792,093,473 respectively (three months and nine months ended 30th September 2012: 2,740,060,241 and 2,721,277,929 respectively).

Diluted earnings per share 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 2013 of 2,803,778,038 and 2,792,341,961 respectively (three months and nine months ended 30th September 2012: 2,740,137,958 and 2,721,490,715 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 2013 decreased by 20.1% and increased by 125.3% to US2.86 cents and US22.94 cents respectively (three months and nine months ended 30th September 2012: US3.58 cents and US10.18 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 2013 decreased by 20.1% and increased by 125.3% to US2.86 cents and US22.94 cents respectively (three months and nine months ended 30th September 2012: US3.58 cents and US10.18 cents respectively).

- 3 The accounting policies adopted in preparation of the financial data for the nine months ended 30th September 2013 are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31st December 2012.

The financial data for the nine months ended 30th September 2013 are based on the internal records and financial data of the Group and are unaudited.

Operational Highlights

Terminals

In the third quarter of 2013, the Group maintained a stable growth in the total container throughput. For the three months and nine months ended 30th September 2013, total container throughput of the Group reached 16,199,058 TEU and 45,693,411 TEU respectively (three months and nine months ended 30th September 2012: 14,576,903 TEU and 41,453,763 TEU respectively), representing increases of 11.1% and 10.2% respectively from the corresponding periods of last year.

The Group's terminal companies in mainland China, Hong Kong and Taiwan handled a total of 14,096,796 TEU and 39,861,910 TEU respectively (three months and nine months ended 30th September 2012: 12,828,558 TEU and 36,005,117 TEU respectively), representing year-on-year rises of 9.9% and 10.7% respectively. Throughput in mainland China was 13,339,498 TEU and 37,717,364 TEU respectively (three months and nine months ended 30th September 2012: 12,383,994 TEU and 34,686,098 TEU respectively), representing increases of 7.7% and 8.7% respectively from the corresponding periods of last year.

Throughput of container terminals overseas rose by 20.2% and 7.0% year-on-year to 2,102,262 TEU and 5,831,501 TEU respectively (three months and nine months ended 30th September 2012: 1,748,345 TEU and 5,448,646 TEU respectively).

The Group's equity throughput increased by 12.5% and 9.7% year-on-year to 4,525,157 TEU and 12,726,356 TEU respectively (three months and nine months ended 30th September 2012: 4,022,370 TEU and 11,603,734 TEU respectively).

The throughput of the Group's terminals for the three months and nine months ended 30th September 2013 was set out below:

Terminal companies	Three months ended 30th September			Nine months ended 30th September		
	2013 (TEU)	2012 (TEU)	change (%)	2013 (TEU)	2012 (TEU)	change (%)
Bohai Rim	5,982,515	5,554,975	+7.7	17,991,862	16,228,020	+10.9
Qingdao Qianwan Container Terminal Co., Ltd. ^{Note 1}	3,788,223	3,487,099	+8.6	11,488,916	10,564,023	+8.8
Dalian Port Container Terminal Co., Ltd.	727,015	637,711	+14.0	2,082,146	1,621,112	+28.4
Tianjin Five Continents International Container Terminal Co., Ltd.	585,360	596,989	-1.9	1,747,375	1,645,535	+6.2
Tianjin Port Euroasia International Container Terminal Co., Ltd.	456,895	458,156	-0.3	1,356,355	1,203,294	+12.7
Yingkou Container Terminals Company Limited	425,022	375,020	+13.3	1,317,070	1,194,056	+10.3
Yangtze River Delta	2,602,865	2,164,525	+20.3	6,926,609	6,093,302	+13.7
Shanghai Pudong International Container Terminals Limited	611,057	547,496	+11.6	1,586,525	1,592,650	-0.4
Ningbo Yuan Dong Terminals Limited	802,234	645,472	+24.3	2,110,342	1,842,375	+14.5
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	349,545	336,839	+3.8	1,020,523	895,571	+14.0
Yangzhou Yuanyang International Ports Co., Ltd.	125,422	102,848	+21.9	331,656	296,976	+11.7
Nanjing Port Longtan Container Co., Ltd.	622,038	531,870	+17.0	1,784,994	1,465,730	+21.8
Taicang International Container Terminal Co., Ltd. ^{Note 2}	92,569	-	N/A	92,569	-	N/A
Southeast Coast and others	866,869	513,288	+68.9	2,403,491	1,312,239	+83.2
Quan Zhou Pacific Container Terminal Co., Ltd.	282,966	313,220	-9.7	786,260	912,928	-13.9
Jinjiang Pacific Ports Development Co., Ltd.	121,990	94,479	+29.1	320,176	260,182	+23.1
Xiamen Ocean Gate Container Terminal Co., Ltd. ^{Note 3}	149,027	105,589	+41.1	446,740	139,129	+221.1
Kao Ming Container Terminal Corp. ^{Note 2}	312,886	-	N/A	850,315	-	N/A
Pearl River Delta	4,644,547	4,595,770	+1.1	12,539,948	12,371,556	+1.4
COSCO-HIT Terminals (Hong Kong) Limited	444,412	444,564	0.0	1,294,231	1,319,019	-1.9
Yantian International Container Terminals Co., Ltd.	3,018,382	3,128,492	-3.5	7,953,851	7,952,809	0.0
Guangzhou South China Oceangate Container Terminal Company Limited	1,181,753	1,022,714	+15.6	3,291,866	3,099,728	+6.2
Overseas	2,102,262	1,748,345	+20.2	5,831,501	5,448,646	+7.0
Piraeus Container Terminal S.A.	644,907	505,168	+27.7	1,805,537	1,558,427	+15.9
Suez Canal Container Terminal S.A.E.	815,012	701,429	+16.2	2,274,740	2,136,864	+6.5
COSCO-PSA Terminal Private Limited	278,010	294,917	-5.7	758,120	956,648	-20.8
Antwerp Gateway NV	364,333	246,831	+47.6	993,104	796,707	+24.7
Total container throughput	16,199,058	14,576,903	+11.1	45,693,411	41,453,763	+10.2

- 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”), with both terminals being jointly controlled entities of Qingdao Qianwan Terminal. The throughput of Qingdao Qianwan United Terminal for the three months and nine months ended 30th September 2013 amounted to 984,173 TEU and 3,101,523 TEU respectively. The throughput of Qingdao Qianwan United Advance Terminal for the three months and nine months ended 30th September 2013 amounted to 349,408 TEU and 1,007,744 TEU respectively.
- Note 2: The Group completed the acquisitions of 10% equity interest in Kao Ming Container Terminal Corp. and 39.04% equity interest in Taicang International Container Terminal Co., Ltd. in December 2012 and July 2013 respectively.
- Note 3: Xiamen Ocean Gate Container Terminal Co., Ltd. commenced official operation in May 2012.
- Note 4: The total throughput of break-bulk cargo for the three months and nine months ended 30th September 2013 amounted to 12,227,351 tons and 29,373,877 tons respectively (three months and nine months ended 30th September 2012: 6,361,258 tons and 17,811,744 tons respectively), with increases of 92.2% and 64.9% respectively. The throughput of Dalian Automobile Terminal Co., Ltd. for the three months and nine months ended 30th September 2013 amounted to 97,912 vehicles and 257,739 vehicles respectively (three months and nine months ended 30th September 2012: 62,120 vehicles and 169,222 vehicles respectively), representing increases of 57.6% and 52.3% respectively.

Container Leasing, Management and Sale

In the third quarter of 2013, the overall average utilisation rate of the Group’s containers remained stable. For the three months and nine months ended 30th September 2013, the overall average utilisation rate was 94.6% and 94.6% respectively (three months and nine months ended 30th September 2012: 95.7% and 95.4% respectively). The Group’s long-term leases accounted for 95.5% and 95.3% respectively (three months and nine months ended 30th September 2012: 94.0% and 94.4% respectively) of the total container leasing revenue.

For the three months and nine months ended 30th September 2013, the Group purchased 34,622 TEU and 99,622 TEU respectively (three months and nine months ended 30th September 2012: 66,938 TEU and 114,580 TEU respectively) of new containers. Number of containers returned by COSCO Container Lines Company Limited upon expiry of their 10-year leases was 5,425 TEU and 17,103 TEU respectively (three months and nine months ended 30th September 2012: 2,494 TEU and 15,353 TEU respectively). The returned containers disposed of by the Group totalled 6,468 TEU and 26,666 TEU respectively (three months and nine months ended 30th September 2012: 5,902 TEU and 25,424 TEU respectively).

As at 30th September 2013, the Group’s container fleet size was 1,879,051 TEU, representing an increase of 1.9% when compared with 1,844,367 TEU at 30th September 2012. Among the total fleet capacity, 56.1% (30th September 2012: 52.6%) was owned containers, 13.3% (30th September 2012: 12.4%) was sale-and-leaseback containers and 30.6% (30th September 2012: 35.0%) was managed containers.

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

		As at 30th September 2013	As at 30th September 2012	change
Owned containers	TEU	1,054,243	969,458	+8.7%
	% of Total	56.1	52.6	+3.5pp
COSCO Container Lines Company Limited	TEU	460,508	364,429	+26.4%
	% of Total	24.5	19.8	+4.7pp
International customers	TEU	593,735	605,029	-1.9%
	% of Total	31.6	32.8	-1.2pp
Sale-and-leaseback containers	TEU	250,290	229,283	+9.2%
	% of Total	13.3	12.4	+0.9pp
Managed containers	TEU	574,518	645,626	-11.0%
	% of Total	30.6	35.0	-4.4pp
Total	TEU	1,879,051	1,844,367	+1.9%

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 2013.

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, 28th October 2013

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. WANG Haimin², Mr. FENG Jinhua¹, Mr. FENG Bo¹, Mr. WANG Wei², Mr. TANG Runjiang¹, Dr. WONG Tin Yau, Kelvin¹, Mr. QIU Jinguang¹, Mr. Timothy George FRESHWATER³, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. IP Sing Chi³ and Mr. FAN Ergang³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director