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**COSCO Pacific Limited**

**中遠太平洋有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1199)

## **FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**

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 30 September 2014.

### **Results Highlights**

For the three months and nine months ended 30 September 2014, excluding the discontinued operation in the corresponding period of 2013<sup>Note</sup>, profit attributable to equity holders of the Company increased by 8.5% to US\$86,943,000 and 4.4% to US\$233,729,000 respectively (three months and nine months ended 30 September 2013: US\$80,155,000 and US\$223,977,000 respectively).

- For the first three quarters of 2014, the Group’s container throughput growth was satisfactory, leading to growth in profit from the terminals business. For the three months and nine months ended 30 September 2014, total throughput rose 8.7% to 17,605,389 TEU and 9.6% to 50,086,956 TEU respectively (three months and nine months ended 30 September 2013: 16,199,058 TEU and 45,693,411 TEU respectively). Equity throughput rose 9.6% to 4,960,519 TEU and 11.9% to 14,245,915 TEU respectively (three months and nine months ended 30 September 2013: 4,525,157 TEU and 12,726,356 TEU respectively).
- The growth in demand for container leasing was not strong throughout the first three quarters of 2014. In the third quarter, leasing rates remained at low levels. Resale prices of old containers were weak. As a result, the profit from the container leasing, management and sale businesses decreased as compared with the corresponding period last year. For the three months and nine months ended 30 September 2014, the overall average utilisation rate was 95.7% and 95.1% respectively (three months and nine months ended 30 September 2013: 94.6% and 94.6% respectively). As at 30 September 2014, the Group’s container fleet rose 2.1% to 1,919,310 TEU (30 September 2013: 1,879,051 TEU).

Note: On 20 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 27 June 2013, resulting in a net gain on disposal of US\$393,411,000. For the nine months ended 30 September 2013, share of profit from CIMC was US\$23,059,000.

**Unaudited Condensed Consolidated Balance Sheet**  
**As at 30 September 2014**

	As at 30 September 2014 <i>US\$ '000</i>	As at 31 December 2013 <i>US\$ '000</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,118,989	4,167,794
Investment properties	27,669	5,356
Land use rights	238,252	244,175
Intangible assets	7,795	9,677
Joint ventures	840,958	635,554
Loans to joint ventures	73,297	4,129
Associates	819,736	824,598
Loan to an associate	30,689	33,543
Available-for-sale financial asset	25,000	27,000
Finance lease receivables	26,588	11,944
Deferred income tax assets	1,736	1,236
Other non-current assets	108,971	105,269
	<u>6,319,680</u>	<u>6,070,275</u>
<b>Current assets</b>		
Inventories	11,428	18,985
Trade and other receivables	215,932	224,493
Current income tax recoverable	27	-
Restricted bank deposits	171	148
Cash and cash equivalents	1,141,063	1,237,403
	<u>1,368,621</u>	<u>1,481,029</u>
<b>Total assets</b>	<u><b>7,688,301</b></u>	<u><b>7,551,304</b></u>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the equity holders of the Company</b>		
Share capital	37,732	37,391
Reserves	4,638,410	4,452,332
Proposed final dividend	-	56,383
	<u>4,676,142</u>	<u>4,546,106</u>
<b>Non-controlling interests</b>	<u><b>310,552</b></u>	<u><b>297,388</b></u>
<b>Total equity</b>	<u><b>4,986,694</b></u>	<u><b>4,843,494</b></u>

<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred income tax liabilities	42,687	34,622
Long term borrowings	1,637,085	1,770,425
Loans from non-controlling shareholders of subsidiaries	82,507	50,000
Other long term liabilities	29,189	22,530
	<u>1,791,468</u>	<u>1,877,577</u>
<b>Current liabilities</b>		
Trade and other payables	467,037	464,739
Current income tax liabilities	85,051	89,709
Current portion of long term borrowings	335,296	259,383
Short term bank loans	22,755	16,402
	<u>910,139</u>	<u>830,233</u>
<b>Total liabilities</b>	<u>2,701,607</u>	<u>2,707,810</u>
<b>Total equity and liabilities</b>	<u>7,688,301</u>	<u>7,551,304</u>
<b>Net current assets</b>	<u>458,482</u>	<u>650,796</u>
<b>Total assets less current liabilities</b>	<u>6,778,162</u>	<u>6,721,071</u>

### Unaudited Condensed Consolidated Income Statement

	Note	Three months ended 30 September		Nine months ended 30 September	
		2014 US\$'000	2013 US\$'000	2014 US\$'000	2013 US\$'000
<b>Continuing operations:</b>					
Revenues		216,182	203,163	656,340	598,358
Cost of sales		(133,969)	(120,121)	(406,157)	(342,338)
<b>Gross profit</b>		<u>82,213</u>	83,042	<u>250,183</u>	256,020
Administrative expenses		(19,538)	(19,457)	(62,784)	(60,324)
Other operating income/ (expenses), net		<u>2,939</u>	5,768	<u>(2,064)</u>	10,624
<b>Operating profit</b>		<u>65,614</u>	69,353	<u>185,335</u>	206,320
Finance income		6,664	4,908	19,400	10,219
Finance costs		(18,521)	(25,831)	(54,517)	(72,043)
Operating profit after finance income and costs		<u>53,757</u>	48,430	<u>150,218</u>	144,496
Share of profits less losses of					
- joint ventures		28,192	23,755	79,124	62,643
- associates		<u>20,726</u>	22,838	<u>51,536</u>	55,659

<b>Profit before income tax from continuing operations</b>		<b>102,675</b>	95,023	<b>280,878</b>	262,798
Income tax expenses		<b>(10,324)</b>	(9,304)	<b>(30,451)</b>	(24,895)
<b>Profit for the period from continuing operations</b>		<b>92,351</b>	85,719	<b>250,427</b>	237,903
<b>Discontinued operation:</b>					
Net gain on disposal of an associate		-	-	-	393,411
Share of profit of an associate		-	-	-	23,059
<b>Profit for the period from discontinued operation</b>		<b>-</b>	<b>-</b>	<b>-</b>	416,470
<b>Profit for the period</b>		<b>92,351</b>	85,719	<b>250,427</b>	654,373
<b>Profit attributable to:</b>					
Equity holders of the Company		<b>86,943</b>	80,155	<b>233,729</b>	640,447
Non-controlling interests		<b>5,408</b>	5,564	<b>16,698</b>	13,926
		<b>92,351</b>	85,719	<b>250,427</b>	654,373
<b>Earnings per share for profit attributable to equity holders of the Company</b>					
Basic					
- from continuing operations	1, 2	<b>US2.96 cents</b>	US2.86 cents	<b>US8.00 cents</b>	US8.02 cents
- from discontinued operation	1, 2	-	-	-	US14.92 cents
		<b>US2.96 cents</b>	US2.86 cents	<b>US8.00 cents</b>	US22.94 cents
Diluted					
- from continuing operations	1, 2	<b>US2.96 cents</b>	US2.86 cents	<b>US8.00 cents</b>	US8.02 cents
- from discontinued operation	1, 2	-	-	-	US14.92 cents
		<b>US2.96 cents</b>	US2.86 cents	<b>US8.00 cents</b>	US22.94 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 30 September 2014 of 2,934,467,043 and 2,919,787,137 respectively (three months and nine months ended 30 September 2013: 2,803,665,454 and 2,792,093,473 respectively).

The outstanding share options granted by the Company did not have any dilutive effect on the earnings per share during the three months and nine months ended 30 September 2014. Diluted earnings per share for the three months and nine months ended 30 September 2013 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 30 September 2013 of 2,803,778,038 and 2,792,341,961 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 30 September 2014 increased by 3.5% to US2.96 cents and decreased by 65.1% to US8.00 cents respectively (three months and nine months ended 30 September 2013: US2.86 cents and US22.94 cents respectively).

Diluted earnings per share is equal to the basic earnings per share for the three months and nine months ended 30 September 2014. Diluted earnings per share for profit attributable to the equity holders of the Company for the three months and nine months ended 30 September 2014 increased by 3.5% to US2.96 cents and decreased by 65.1% to US8.00 cents respectively (three months and nine months ended 30 September 2013: US2.86 cents and US22.94 cents respectively).

- 3 The accounting policies adopted in preparation of the financial data for the nine months ended 30 September 2014 are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31 December 2013.

The financial data for the nine months ended 30 September 2014 are based on the internal records and financial data of the Group and are unaudited.

## **Operational Highlights**

### **Terminals**

Despite a slowdown in year-on-year growth of container throughput in the third quarter of 2014, the Group's overall container throughput growth was satisfactory for the first three quarters of 2014, leading to growth in profit from the terminals business.

For the three months and nine months ended 30 September 2014, the total container throughput of the Group's terminals business rose 8.7% to 17,605,389 TEU and 9.6% to 50,086,956 TEU respectively (three months and nine months ended 30 September 2013: 16,199,058 TEU and 45,693,411 TEU respectively).

The Group's terminal companies in mainland China (excluding Hong Kong and Taiwan) handled a total of 14,020,710 TEU and 40,066,954 TEU respectively (three months and nine months ended 30 September 2013: 13,339,498 TEU and 37,717,364 TEU respectively), an increase of 5.1% and 6.2% respectively.

The throughput of overseas terminals rose 16.4% to 2,446,682 TEU and 20.3% to 7,017,876 TEU respectively (three months and nine months ended 30 September 2013: 2,102,262 TEU and 5,831,501 TEU respectively).

The Group's equity throughput increased by 9.6% to 4,960,519 TEU and 11.9% to 14,245,915 TEU respectively (three months and nine months ended 30 September 2013: 4,525,157 TEU and 12,726,356 TEU respectively).

The throughput of the Group's terminals for the three months and nine months ended 30 September 2014 was set out below:

Terminal companies	Three months ended 30 September			Nine months ended 30 September		
	2014 (TEU)	2013 (TEU)	change (%)	2014 (TEU)	2013 (TEU)	change (%)
<b>Bohai Rim</b>	<b>6,313,027</b>	<b>5,982,515</b>	<b>+5.5</b>	<b>18,859,453</b>	<b>17,991,862</b>	<b>+4.8</b>
Qingdao Qianwan Container Terminal Co., Ltd. <sup>Note 1</sup>	3,897,734	3,788,223	+2.9	11,987,430	11,488,916	+4.3
Tianjin Five Continents International Container Terminal Co., Ltd.	670,251	585,360	+14.5	1,928,701	1,747,375	+10.4
Tianjin Port Euroasia International Container Terminal Co., Ltd.	540,859	456,895	+18.4	1,529,276	1,356,355	+12.7
Dalian Port Container Terminal Co., Ltd.	770,151	727,015	+5.9	2,049,938	2,082,146	-1.5
Yingkou Container Terminals Company Limited	434,032	425,022	+2.1	1,364,108	1,317,070	+3.6
<b>Yangtze River Delta</b>	<b>2,528,113</b>	<b>2,602,865</b>	<b>-2.9</b>	<b>7,459,920</b>	<b>6,926,609</b>	<b>+7.7</b>
Shanghai Pudong International Container Terminals Limited	606,536	611,057	-0.7	1,784,930	1,586,525	+12.5
Ningbo Yuan Dong Terminals Limited	830,764	802,234	+3.6	2,398,773	2,110,342	+13.7
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	168,499	349,545	-51.8	633,087	1,020,523	-38.0
Yangzhou Yuanyang International Ports Co., Ltd.	133,476	125,422	+6.4	360,081	331,656	+8.6
Taicang International Container Terminal Co., Ltd. <sup>Note 2</sup>	131,644	92,569	+42.2	424,719	92,569	+358.8
Nanjing Port Longtan Container Co., Ltd.	657,194	622,038	+5.7	1,858,330	1,784,994	+4.1
<b>Southeast Coast and others</b>	<b>1,011,791</b>	<b>866,869</b>	<b>+16.7</b>	<b>2,821,295</b>	<b>2,403,491</b>	<b>+17.4</b>
Quan Zhou Pacific Container Terminal Co., Ltd.	311,752	282,966	+10.2	861,354	786,260	+9.6
Jinjiang Pacific Ports Development Co., Ltd.	116,943	121,990	-4.1	357,603	320,176	+11.7
Xiamen Ocean Gate Container Terminal Co., Ltd.	230,837	149,027	+54.9	637,704	446,740	+42.7
Kao Ming Container Terminal Corp.	352,259	312,886	+12.6	964,634	850,315	+13.4
<b>Pearl River Delta</b>	<b>5,305,776</b>	<b>4,644,547</b>	<b>+14.2</b>	<b>13,928,412</b>	<b>12,539,948</b>	<b>+11.1</b>
Yantian International Container Terminals Co., Ltd.	3,394,046	3,018,382	+12.4	8,569,352	7,953,851	+7.7
COSCO-HIT Terminals (Hong Kong) Limited	394,231	444,412	-11.3	1,257,648	1,294,231	-2.8
Asia Container Terminals Limited <sup>Note 3</sup>	391,507	-	N/A	779,844	-	N/A
Guangzhou South China Oceangate Container Terminal Company Limited	1,125,992	1,181,753	-4.7	3,321,568	3,291,866	+0.9
<b>Overseas</b>	<b>2,446,682</b>	<b>2,102,262</b>	<b>+16.4</b>	<b>7,017,876</b>	<b>5,831,501</b>	<b>+20.3</b>
Piraeus Container Terminal S.A.	754,876	644,907	+17.1	2,225,439	1,805,537	+23.3
Suez Canal Container Terminal S.A.E.	847,726	815,012	+4.0	2,553,467	2,274,740	+12.3
COSCO-PSA Terminal Private Limited	363,597	278,010	+30.8	965,995	758,120	+27.4
Antwerp Gateway NV	480,483	364,333	+31.9	1,272,975	993,104	+28.2
<b>Total container throughput</b>	<b>17,605,389</b>	<b>16,199,058</b>	<b>+8.7</b>	<b>50,086,956</b>	<b>45,693,411</b>	<b>+9.6</b>

- 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 joint ventures of Qingdao Qianwan Terminal. The throughput of Qingdao Qianwan United Terminal for the three months and nine months ended 30 September 2014 amounted to 1,034,574 TEU and 3,259,019 TEU respectively (three months and nine months ended 30 September 2013: 984,173 TEU and 3,101,523 TEU respectively), representing increases of 5.1% and 5.1% respectively. The throughput of Qingdao Qianwan United Advance Terminal for the three months and nine months ended 30 September 2014 amounted to 325,815 TEU and 1,012,878 TEU respectively (three months and nine months ended 30 September 2013: 349,408 TEU and 1,007,744 TEU respectively), representing a decrease of 6.8% and an increase of 0.5% respectively.
- Note 2: The throughput of Taicang International Container Terminal Co., Ltd. was included since 1 August 2013.
- Note 3: The throughput of Asia Container Terminals Limited was included since 14 March 2014.
- Note 4: The total throughput of break-bulk cargo for the three months and nine months ended 30 September 2014 amounted to 19,879,702 tons and 56,311,765 tons respectively (three months and nine months ended 30 September 2013: 12,227,351 tons and 29,373,877 tons respectively), with increases of 62.6% and 91.7% respectively. The bulk cargo throughput of Qingdao Port Dongjiakou Ore Terminal Co., Ltd. was included since 1 March 2014. For the three months and nine months ended 30 September 2014, the terminal handled 11,354,904 tons and 24,289,107 tons respectively. The throughput of Dalian Automobile Terminal Co., Ltd. for the three months and nine months ended 30 September 2014 amounted to 110,490 vehicles and 335,458 vehicles respectively (three months and nine months ended 30 September 2013: 97,912 vehicles and 257,739 vehicles respectively), representing increases of 12.8% and 30.2% respectively.

## **Container Leasing, Management and Sale**

For the three months and nine months ended 30 September 2014, the Group’s overall average utilisation rate was 95.7% and 95.1% respectively (three months and nine months ended 30 September 2013: 94.6% and 94.6% respectively). Although the utilisation rates increased in the first three quarters of 2014, the growth in leasing demand from container leasing industry was not strong. In the third quarter, leasing rates remained at low levels. Meanwhile, resale prices of old containers were weak, resulting in a decline in profit from the disposal of returned containers. The profit from the container leasing, management and sale businesses decreased as compared with the corresponding period last year.

For the three months and nine months ended 30 September 2014, the Group purchased 16,000 TEU and 125,500 TEU respectively (three months and nine months ended 30 September 2013: 34,622 TEU and 99,622 TEU respectively) of new containers. The number of containers returned from COSCO Container Lines Company Limited upon expiry of 10-year leases was 7,930 TEU and 32,576 TEU respectively (three months and nine months ended 30 September 2013: 5,425 TEU and 17,103 TEU respectively). The number of disposed returned containers was 11,319 TEU and 43,737 TEU respectively (three months and nine months ended 30 September 2013: 6,468 TEU and 26,666 TEU respectively).

As at 30 September 2014, the Group’s container fleet size was 1,919,310 TEU, representing an increase of 2.1% when compared with 1,879,051 TEU at 30 September 2013. Among the total fleet capacity, 57.9% (30 September 2013: 56.1%) was owned containers, 13.0% (30 September 2013: 13.3%) was sale-and-leaseback containers and 29.1% (30 September 2013: 30.6%) was managed containers.

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

		<b>As at 30 September 2014</b>	As at 30 September 2013	<b>change</b>
Owned containers	TEU	<b>1,111,002</b>	1,054,243	<b>+5.4%</b>
	% of Total	<b>57.9</b>	56.1	<b>+1.8pp</b>
COSCO Container Lines Company Limited	TEU	<b>538,856</b>	460,508	<b>+17.0%</b>
	% of Total	<b>28.1</b>	24.5	<b>+3.6pp</b>
International customers	TEU	<b>572,146</b>	593,735	<b>-3.6%</b>
	% of Total	<b>29.8</b>	31.6	<b>-1.8pp</b>
Sale-and-leaseback containers	TEU	<b>250,290</b>	250,290	--
	% of Total	<b>13.0</b>	13.3	<b>-0.3pp</b>
Managed containers	TEU	<b>558,018</b>	574,518	<b>-2.9%</b>
	% of Total	<b>29.1</b>	30.6	<b>-1.5pp</b>
<b>Total</b>	TEU	<b>1,919,310</b>	1,879,051	<b>+2.1%</b>

## 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 30 September 2014.**

**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 Haimin**  
*Deputy Managing Director*

Hong Kong, 28 October 2014

As at the date of this announcement, the board of directors of the Company comprises Mr. LI Yunpeng<sup>2</sup> (Chairman), Mr. WAN Min<sup>2</sup>, Mr. WANG Haimin<sup>1</sup>, Mr. FENG Jinhua<sup>1</sup>, Mr. TANG Runjiang<sup>1</sup>, Mr. FENG Bo<sup>1</sup>, Mr. WANG Wei<sup>2</sup>, Dr. WONG Tin Yau, Kelvin<sup>1</sup>, Mr. QIU Jinguang<sup>1</sup>, Mr. Timothy George FRESHWATER<sup>3</sup>, Dr. FAN HSU Lai Tai, Rita<sup>3</sup>, Mr. Adrian David LI Man Kiu<sup>3</sup>, Mr. IP Sing Chi<sup>3</sup> and Mr. FAN Ergang<sup>3</sup>.

<sup>1</sup> Executive Director

<sup>2</sup> Non-executive Director

<sup>3</sup> Independent Non-executive Director