COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

2012 FINAL RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHTS

- The Group's revenue rose by 22.8% to US$735,500,000 (2011: US$599,159,000). Revenue from the terminal business rose 24.4% to US$402,161,000 (2011: US$323,339,000) mainly due to the business growth of Piraeus Container Terminal S.A. ("Piraeus Terminal") and Guangzhou South China Oceangate Terminal Company Limited ("Guangzhou South China Oceangate Terminal"). Revenue from the container leasing, management and sale businesses rose 21.6% to US$336,224,000 (2011: US$276,547,000), mainly attributable to an increase in the number of containers on hire and a sharp increase in the number of disposed returned containers upon expiry of 10-year leases.

- Gross profit rose by 21.7% to US$315,282,000 (2011: US$259,018,000). The increase was mainly attributable to an increase in gross profit from the disposed returned containers. The continuing improvement of operating efficiency at Piraeus Terminal and Guangzhou South China Oceangate Terminal was also a factor.

- Profit from the terminal business and container leasing, management and sale businesses grew steadily. However, the growth of the Group's overall profit was affected by a decrease in profit from China International Marine Containers (Group) Co., Ltd. ("CIMC"). Excluding the share of profit from CIMC and non-recurring items [Note 1], profit attributable to equity holders of the Company rose by 14.6% to US$280,299,000 (2011: US$244,574,000). Including the share of profit from CIMC and excluding the non-recurring items, profit attributable to equity holders of the Company was US$342,194,000 (2011: US$364,373,000), a decrease of 6.1%. Including the share of profit from CIMC and the non-recurring items, profit attributable to equity holders of the Company dropped by 12.0% to US$342,194,000 (2011: US$388,771,000).

- Profit from the terminal business grew by 9.7% to US$188,964,000 (2011: US$172,333,000 [Note 2]). The rise was mainly due to equity throughput having increased by 13.8% to 15,638,070 TEU (2011: 13,744,329 TEU). Total throughput increased 9.8% to 55,685,225 TEU (2011: 50,695,897 TEU).

- Profit from the container leasing, management and sale businesses increased by 19.8% to US$139,522,000 (2011: US$116,508,000). The increase was mainly due to the fact that disposal of returned containers soared 2.2 times to 31,671 TEU (2011: 9,826 TEU) while the container fleet size increased by 4.4% to 1,855,597 TEU (2011: 1,777,792 TEU).

- The Group holds a 21.8% equity stake in CIMC. Share of profit from CIMC declined by 48.3% to US$61,895,000 (2011: US$119,799,000).

- The proposed final dividend is HK18.3 cents per share (2011: HK17.4 cents). The dividend will be payable in cash and with a scrip dividend alternative. The full-year dividend was HK38.8 cents (2011: HK44.6 cents) representing a payout ratio of 40.0% (2011: 40.0%).

Note 1: Non-recurring items in 2011 include a gain on release of exchange reserve of US$11,841,000 upon reclassification of COSCO Ports (Nansha) Limited ("CP Nansha") and its subsidiary, Guangzhou South China Oceangate Terminal, from jointly controlled entities to subsidiaries from 1st January 2011, and a gain on disposal of Qingdao Cosport International Container Terminals Co., Ltd. ("Qingdao Cosport Terminal") of US$12,557,000.

Note 2: Excluding the gain of US$12,557,000 on disposal of Qingdao Cosport Terminal in 2011.

FINAL RESULTS

The board of directors (the "Board") of COSCO Pacific Limited (the "Company" or "COSCO Pacific") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2012. The following financial information, including comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards.

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2012

	Note	**2012**	2011
		US$'000	*US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**3,717,804**	3,155,865
Investment properties		**4,899**	7,571
Land use rights		**219,631**	223,870
Intangible assets		**9,995**	9,231
Jointly controlled entities		**599,510**	537,700
Loan to a jointly controlled entity		**5,276**	-
Associates		**1,570,615**	1,550,030
Loan to an associate		**30,702**	28,930
Available-for-sale financial asset		**25,000**	17,000
Finance lease receivables		**13,542**	15,259
Deferred income tax assets		**676**	1,690
Derivative financial instruments		**-**	13,948
Other non-current assets	3	**73,841**	60,668
		6,271,491	5,621,762
Current assets			
Inventories		**12,746**	9,332
Trade and other receivables	4	**221,728**	259,991
Current income tax recoverable		**-**	30
Derivative financial instruments		**8,563**	-
Restricted bank deposits		**907**	111
Cash and cash equivalents		**848,423**	580,958
		1,092,367	850,422
Total assets		**7,363,858**	6,472,184

CONSOLIDATED BALANCE SHEET (Continued)
AS AT 31ST DECEMBER 2012

	Note	**2012** *US$'000*	2011 *US$'000*
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**35,762**	34,805
Reserves		**3,852,396**	3,531,763
Proposed final dividend		**65,862**	60,744
		3,954,020	3,627,312
Non-controlling interests		**263,373**	252,847
Total equity		**4,217,393**	3,880,159
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**50,678**	45,455
Long term borrowings		**1,826,655**	1,573,470
Loans from non-controlling shareholders of subsidiaries		**121,714**	169,812
Other long term liabilities		**6,749**	3,564
		2,005,796	1,792,301
Current liabilities			
Trade and other payables	5	**358,200**	201,470
Current income tax liabilities		**7,427**	3,730
Current portion of long term borrowings		**688,260**	420,131
Short term bank loans		**86,782**	174,393
		1,140,669	799,724
Total liabilities		**3,146,465**	2,592,025
Total equity and liabilities		**7,363,858**	6,472,184
Net current (liabilities)/assets		**(48,302)**	50,698
Total assets less current liabilities		**6,223,189**	5,672,460

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2012

	Note	**2012**	2011
		US$'000	*US$'000*
Revenue	2	**735,500**	599,159
Cost of sales		**(420,218)**	(340,141)
Gross profit		**315,282**	259,018
Administrative expenses		**(91,919)**	(89,323)
Other operating income	6	**15,237**	22,440
Other operating expenses		**(11,212)**	(12,735)
Operating profit	7	**227,388**	179,400
Finance income	8	**9,211**	5,070
Finance costs	8	**(77,263)**	(58,419)
Operating profit after finance income and costs		**159,336**	126,051
Share of profits less losses of			
- jointly controlled entities		**96,461**	96,638
- associates		**126,577**	179,290
Gain on disposal of a jointly controlled entity, net of tax	9	**-**	12,557
Gain on release of exchange reserve upon reclassification from a jointly controlled entity to a subsidiary	10	**-**	11,841
Profit before income tax		**382,374**	426,377
Income tax expenses	11	**(27,905)**	(28,771)
Profit for the year		**354,469**	397,606
Profit attributable to:			
Equity holders of the Company		**342,194**	388,771
Non-controlling interests		**12,275**	8,835
		354,469	397,606
Dividends	12	**138,474**	155,416
Earnings per share for profit attributable to equity holders of the Company			
- basic	13	**US12.51 cents**	US14.34 cents
- diluted	13	**US12.51 cents**	US14.33 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2012

	2012 *US$'000*	2011 *US$'000*
Profit for the year	**354,469**	397,606
Other comprehensive income		
Exchange differences from retranslation of financial statements of subsidiaries, jointly controlled entities and associates	**13,062**	93,122
Fair value gain/(loss) on an available-for-sale financial asset	**8,000**	(8,000)
Release of reserves upon disposal of a jointly controlled entity	**-**	(6,838)
Release of exchange reserve upon reclassification of a jointly controlled entity to a subsidiary	**-**	(11,841)
Share of reserves of jointly controlled entities and associates		
- exchange reserve	**(4,464)**	328
- revaluation reserve	**983**	(5,071)
- other reserves	**9,692**	2,441
Other comprehensive income for the year	**27,273**	64,141
Total comprehensive income for the year	**381,742**	461,747
Total comprehensive income attributable to:		
Equity holders of the Company	**368,768**	439,409
Non-controlling interests	**12,974**	22,338
	381,742	461,747

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements have been prepared under the historical cost convention except that, available-for-sale financial assets, derivative financial instruments and investment properties are carried at fair value and certain buildings are carried at valuation as at 31st December 1994 less accumulated depreciation and impairment losses.

Notes with principal amount of US$300,000,000 will mature on 3rd October 2013, whilst the majority of assets acquired are non-current in nature, the Group recorded net current liabilities amounting to US$48,302,000 as at 31st December 2012. With the subsequent successful issuance of US$300,000,000 guaranteed notes in January 2013 (Note 15(a)), the Group has returned to a net current assets position. Taking into account the available unutilised committed bank loan facilities and expected cash flows from operations, the Group will have adequate resources to meet its liabilities and commitments as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, the Group has continued to adopt the going concern basis in preparing the consolidated financial statements.

Adoption of new HKFRSs

In 2012, the Group has adopted the following new and revised HKFRS standards, interpretations, amendments or improvements to existing standards (collectively the "new HKFRSs") issued by the HKICPA which are mandatory for the financial year ended 31st December 2012:

HKAS 12 Amendment	Deferred Tax: Recovery of Underlying Assets
HKFRS 1 Amendment	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendment	Disclosure – Transfers of Financial Assets

The adoption of the above new HKFRSs in the current year did not have any significant effect on the consolidated financial statements or result in any substantial changes in the Group's significant accounting policies.

1. BASIS OF PREPARATION (Continued)

The HKICPA has issued the following new HKFRS standards, interpretation and amendments or improvements to existing standards which are not yet effective for the financial year beginning 1st January 2012 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
New standards, interpretation and amendments		
HKAS 1 Amendment	Presentation of Financial Statements	1st July 2012
HKAS 19 (2011)	Employee Benefits	1st January 2013
HKAS 27 (2011)	Separate Financial Statements	1st January 2013
HKAS 28 (2011)	Investment in Associates and Joint Ventures	1st January 2013
HKAS 32 Amendment	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKFRS 1 Amendment	Government Loans	1st January 2013
HKFRS 7 Amendment	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities	1st January 2013
HKFRS 7 and HKFRS 9 Amendments	Mandatory Effective Date and Transition Disclosures	1st January 2015
HKFRS 9	Financial Instruments	1st January 2015
HKFRS 10	Consolidated Financial Statements	1st January 2013
HKFRS 11	Joint Arrangements	1st January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1st January 2013
HKFRS 13	Fair Value Measurements	1st January 2013
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine	1st January 2013
Annual Improvements 2009-2011 Cycle		
HKAS 1 Amendment	Presentation of Financial Statements	1st January 2013
HKAS 16 Amendment	Property, Plant and Equipment	1st January 2013
HKAS 32 Amendment	Financial Instruments: Disclosures	1st January 2013
HKAS 34 Amendment	Interim Financial Reporting	1st January 2013
HKFRS 1 Amendment	First-time Adoption of Hong Kong Financial Reporting Standards	1st January 2013

The Group will apply the above standards, interpretation and amendments or improvements to existing standards as and when they become effective. The Group has already commenced an assessment of the impact of these new standards, interpretation, amendments or improvements to existing standards, and anticipated that the adoption of new standards, interpretation, amendments or improvements to existing standards will not give rise to changes in accounting policies in the consolidated financial statements. Certain of which may be relevant to the Group’s operations and may give rise to changes in disclosures in the consolidated financial statements.

2. SEGMENT INFORMATION

(a) *Operating segments*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management. The following operating segments were identified in accordance with the Group's businesses:

(i) terminal and related businesses including terminal operation, container handling, transportation and storage;
(ii) container leasing, management, sale and related businesses; and
(iii) container manufacturing and related businesses.

The performance of the operating segments was assessed based on their segment profit/loss attributable to equity holders of the Company and segment assets, which is measured in a manner consistent with that in the consolidated financial statements.

Corporate assets comprise property, plant and equipment, investment properties, intangible assets, derivative financial assets, inter-segment loans, other prepayments and receivables and cash and cash equivalents.

Additions to non-current assets comprise additions to property, plant and equipment, land use rights and intangible assets.

Segment assets

	Terminal and related businesses *US$'000*	**Container leasing, management, sale and related businesses** *US$'000*	**Container manufacturing and related businesses** *US$'000*	**Segment total** *US$'000*	**Corporate** *US$'000*	**Inter-segment elimination** *US$'000*	**Total** *US$'000*
At 31st December 2012							
Segment assets	**3,907,266**	**2,067,570**	**804,377**	**6,779,213**	**833,925**	**(249,280)**	**7,363,858**
Segment assets include:							
Jointly controlled entities	**599,510**	**-**	**-**	**599,510**	**-**	**-**	**599,510**
Associates	**766,238**	**-**	**804,377**	**1,570,615**	**-**	**-**	**1,570,615**
Available-for-sale financial asset	**25,000**	**-**	**-**	**25,000**	**-**	**-**	**25,000**
At 31st December 2011							
Segment assets	3,563,538	1,722,943	777,379	6,063,860	517,601	(109,277)	6,472,184
Segment assets include:							
Jointly controlled entities	537,700	-	-	537,700	-	-	537,700
Associates	772,651	-	777,379	1,550,030	-	-	1,550,030
Available-for-sale financial asset	17,000	-	-	17,000	-	-	17,000

2. SEGMENT INFORMATION (Continued)

(a) Operating segments (Continued)

Segment revenues, results and other information

	Terminal and related businesses *US$'000*	Container leasing, management, sale and related businesses *US$'000*	Container manufacturing and related businesses *US$'000*	Segment total *US$'000*	Corporate *US$'000*	Elimination of inter-segment (revenue) and finance (income)/costs *US$'000*	Total *US$'000*
Year ended 31st December 2012							
Revenue - total sales	**402,161**	**336,224**	**-**	**738,385**	**-**	**(2,885)**	**735,500**
Segment profit/(loss) attributable to equity holders of the Company	**188,964**	**139,522**	**61,895**	**390,381**	**(48,187)**	**-**	**342,194**
Segment profit/(loss) attributable to equity holders of the Company includes:							
Finance income	**952**	**895**	**-**	**1,847**	**11,522**	**(4,158)**	**9,211**
Finance costs	**(56,449)**	**(14,717)**	**-**	**(71,166)**	**(13,479)**	**7,382**	**(77,263)**
Share of profits less losses of							
- jointly controlled entities	**96,461**	**-**	**-**	**96,461**	**-**	**-**	**96,461**
- associates	**64,682**	**-**	**61,895**	**126,577**	**-**	**-**	**126,577**
Income tax expenses	**(9,073)**	**(2,547)**	**-**	**(11,620)**	**(16,285)**	**-**	**(27,905)**
Depreciation and amortisation	**(60,601)**	**(105,080)**	**-**	**(165,681)**	**(2,195)**	**-**	**(167,876)**
Impairment loss of property, plant and equipment	**-**	**(375)**	**-**	**(375)**	**-**	**-**	**(375)**
Other non-cash expenses	**(73)**	**(1,311)**	**-**	**(1,384)**	**(1)**	**-**	**(1,385)**
Additions to non-current assets	**(359,469)**	**(372,812)**	**-**	**(732,281)**	**(1,282)**	**-**	**(733,563)**

2. SEGMENT INFORMATION (Continued)

(a) Operating segments (Continued)

Segment revenues, results and other information (Continued)

	Terminal and related businesses *US$'000*	**Container leasing, management, sale and related businesses** *US$'000*	**Container manufacturing and related businesses** *US$'000*	**Segment total** *US$'000*	**Corporate** *US$'000*	**Elimination of inter-segment (revenue) and finance (income)/costs** *US$'000*	**Total** *US$'000*
Year ended 31st December 2011							
Revenue - total sales	323,339	276,547	-	599,886	-	(727)	599,159
Segment profit/(loss) attributable to equity holders of the Company	184,890	116,508	119,799	421,197	(32,426)	-	388,771
Segment profit/(loss) attributable to equity holders of the Company includes:							
Finance income	749	1,016	-	1,765	9,744	(6,439)	5,070
Finance costs	(47,913)	(7,558)	-	(55,471)	(10,387)	7,439	(58,419)
Share of profits less losses of							
- jointly controlled entities	96,638	-	-	96,638	-	-	96,638
- associates	59,491	-	119,799	179,290	-	-	179,290
Gain on disposal of a jointly controlled entity, net of tax	12,557	-	-	12,557	-	-	12,557
Gain on release of exchange reserve upon reclassification from a jointly controlled entity to a subsidiary	-	-	-	-	11,841	-	11,841
Income tax expenses	(4,667)	(2,566)	-	(7,233)	(21,538)	-	(28,771)
Depreciation and amortisation	(50,453)	(89,683)	-	(140,136)	(2,017)	-	(142,153)
Other non-cash expenses	(489)	(6,501)	-	(6,990)	(310)	-	(7,300)
Additions to non-current assets	(214,490)	(434,617)	-	(649,107)	(597)	-	(649,704)
Additions arising from business combination (Note 10)	(735,394)	-	-	(735,394)	-	-	(735,394)

2. SEGMENT INFORMATION (Continued)

(b) Geographical information

(i) Revenues

In respect of terminal and related businesses, revenues are based on the geographical areas in which the business operations are located.

In respect of container leasing, management, sale and related businesses, the movements of containers and generator sets of the Group are known through report from the lessees but the Group is not able to control the movements of containers and generator sets except to the degree that the movements are restricted by the terms of the leases or where safety of the containers and generator sets is concerned. It is therefore impracticable to present financial information by geographical areas and thus the revenues of which are presented as unallocated revenues.

	2012	2011
	US$'000	*US$'000*
Terminal and related businesses		
- Mainland China (excluding Hong Kong)	**263,718**	218,643
- Europe	**134,773**	101,420
- Others	**3,656**	3,268
Unallocated	**333,353**	275,828
	735,500	599,159

2. SEGMENT INFORMATION (Continued)

(b) Geographical information (Continued)

(ii) Non-current assets

The Group's non-current assets, other than financial instruments and deferred income tax assets ("Geographical Non-Current Assets"), consist of property, plant and equipment, investment properties, land use rights, intangible assets, jointly controlled entities, associates and other non-current assets.

The containers and generator sets (included in property, plant and equipment) are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, it is impractical to present the locations of the containers and generator sets by geographical areas and thus the containers and generator sets are presented as unallocated non-current assets.

In respect of the terminal non-current assets and the remaining Geographical Non-Current Assets, they are presented based on the geographical areas in which the business operations/assets are located.

Other than container leasing, management, sale and related businesses, the activities of the Group, its jointly controlled entities and associates are predominantly carried out in the following geographical areas:

Operating segments	**Geographical areas**
Terminal and related businesses	Mainland China, Greece, Belgium, Hong Kong, Taiwan, Singapore and Egypt
Container manufacturing and related businesses	Mainly Mainland China

	2012	2011
	US$'000	*US$'000*
Mainland China (excluding Hong Kong)	**3,993,046**	3,724,076
Europe	**286,259**	196,738
Others	**245,779**	199,347
Unallocated	**1,671,211**	1,424,774
	6,196,295	5,544,935

3. OTHER NON-CURRENT ASSETS

Other non-current assets of the Group mainly represent prepaid operating lease payments, which included the unamortised upfront concession fee incurred 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 (the "Concession"). The Concession commenced on 1st October 2009.

4. TRADE AND OTHER RECEIVABLES

	2012	2011
	US$'000	*US$'000*
Trade receivables		
- third parties	**61,096**	50,881
- fellow subsidiaries	**27,261**	28,870
- a jointly controlled entity	**21**	-
- non-controlling shareholders of a subsidiary	**3,053**	2,809
- related companies	**343**	470
	91,774	83,030
Less: provision for impairment	**(2,508)**	(3,446)
	89,266	79,584
Other receivables, deposits and prepayments	**75,080**	78,124
Rent receivable collected on behalf of owners of managed containers	**30,176**	30,594
Current portion of finance lease receivables	**1,816**	1,663
Loans to jointly controlled entities	**22,485**	-
Amounts due from		
- fellow subsidiaries	**247**	197
- jointly controlled entities	**2,590**	46,151
- associates	**-**	23,665
- a non-controlling shareholder of a subsidiary	**68**	13
	221,728	259,991

The Group grants credit periods of 30 to 90 days to its customers. The ageing analysis of the trade receivables (net of provision) is as follows:

	2012	2011
	US$'000	*US$'000*
Within 30 days	**47,014**	44,329
31 - 60 days	**29,568**	28,109
61 - 90 days	**9,856**	5,855
Over 90 days	**2,828**	1,291
	89,266	79,584

5. TRADE AND OTHER PAYABLES

	2012	2011
	US$'000	*US$'000*
Trade payables		
- third parties	**43,521**	28,452
- fellow subsidiaries	**121**	33
- non-controlling shareholders of subsidiaries	**2,527**	2,741
- subsidiaries of an associate	**34**	34
- related companies	**5**	1
	46,208	31,261
Other payables and accruals	**147,699**	103,055
Payable to owners of managed containers	**37,236**	37,802
Current portion of other long term liabilities	**1,019**	78
Dividend payable	**38**	37
Loan from a jointly controlled entity	**23,890**	23,832
Loans from non-controlling shareholders of subsidiaries	**96,864**	-
Amounts due to		
- fellow subsidiaries	**112**	65
- non-controlling shareholders of subsidiaries	**5,131**	5,339
- related companies	**3**	1
	358,200	201,470

The ageing analysis of the trade payables is as follows:

	2012	2011
	US$'000	*US$'000*
Within 30 days	**23,182**	17,399
31 - 60 days	**1,735**	1,504
61 - 90 days	**1,443**	998
Over 90 days	**19,848**	11,360
	46,208	31,261

6. OTHER OPERATING INCOME

	2012	2011
	US$'000	*US$'000*
Management fee and other service income	**4,477**	4,405
Dividend income from an unlisted investment	**1,826**	1,628
Write back of provision for impairment of trade receivables	**1,254**	2,208
Revaluation surplus of investment properties	**403**	550
Rental income from investment properties	**320**	364
Gain on disposal of property, plant and equipment	**157**	1,003
Exchange gain, net	**-**	4,305
Others	**6,800**	7,977
	15,237	22,440

7. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	2012	2011
	US$'000	*US$'000*
Crediting		
Dividend income from an unlisted investment	**1,826**	1,628
Rental income from		
- investment properties	**320**	364
- buildings, leasehold land and land use rights	**1,203**	1,040
Gain on disposal of property, plant and equipment	**157**	1,003
Write back of provision for impairment of trade receivables and finance lease receivables	**1,362**	2,305
Write back of provision for inventories	**12**	43
Revaluation surplus of investment properties	**403**	550
Exchange gain, net	**-**	4,305
Charging		
Amortisation of		
- land use rights	**4,768**	4,627
- intangible assets	**1,769**	1,512
- other non-current assets (Note 3)	**1,846**	1,989
Depreciation of		
- owned property, plant and equipment leased out under operating leases	**103,345**	88,191
- other owned property, plant and equipment	**56,148**	45,834
Exchange loss, net	**1,211**	-
Loss on disposal of property, plant and equipment	**437**	3,954
Impairment loss of property, plant and equipment	**375**	-
Cost of inventories sold	**17,023**	10,232
Outgoings in respect of investment properties	**5**	3
Provision for impairment of trade receivables	**895**	1,864
Rental expense under operating leases of		
- land and buildings leased from third parties	**3,850**	5,015
- buildings leased from fellow subsidiaries	**1,553**	1,429
- buildings leased from a jointly controlled entity	**33**	32
- land use rights leased from non-controlling shareholders of subsidiaries	**1,076**	1,052
- plant and machinery leased from third parties	**466**	584
- containers leased from third parties	**29,498**	22,376
- Concession (Note 3)	**36,652**	37,044
Total staff costs (including directors' emoluments and retirement benefit costs)		
Wages, salaries and other benefits	**146,233**	106,604
Less: amounts capitalised in intangible assets	**(66)**	(84)
	146,167	106,520

8. FINANCE INCOME AND COSTS

	2012 US$'000	2011 US$'000
Finance income		
Interest income on		
- bank balances and deposits	**5,732**	3,591
- loans to jointly controlled entities and an associate	**3,479**	1,479
	9,211	5,070
Finance costs		
Interest expenses on		
- bank loans	**(70,358)**	(56,753)
- notes wholly repayable within five years	**(9,706)**	(9,082)
- loans from non-controlling shareholders of subsidiaries	**(5,803)**	(2,552)
- loan from a jointly controlled entity	**(846)**	(564)
Fair value loss on derivative financial instruments	**(5,385)**	(5,584)
Fair value adjustment of notes attributable to interest rate risk	**2,801**	6,151
	(2,584)	567
Amortised amount of		
- discount on issue of notes	**(151)**	(159)
- transaction costs on bank loans and notes	**(2,274)**	(1,198)
	(91,722)	(69,741)
Less: amount capitalised in construction in progress	**16,341**	12,668
	(75,381)	(57,073)
Other incidental borrowing costs and charges	**(1,882)**	(1,346)
	(77,263)	(58,419)
Net finance costs	**(68,052)**	(53,349)

9. GAIN ON DISPOSAL OF A JOINTLY CONTROLLED ENTITY, NET OF TAX

On 10th March 2011, the Group entered into an agreement with Qingdao Port (Group) Co., Ltd., the remaining shareholder of Qingdao Cosport Terminal, to dispose of its 50% equity interest in Qingdao Cosport Terminal at a consideration of RMB184,000,000 (equivalent to approximately US$28,000,000). The disposal was completed on 28th April 2011 with a gain after tax of US$12,557,000 recorded in 2011.

10. BUSINESS COMBINATION

CP Nansha was a jointly controlled entity of the Group. By virtue of the clause in an agreement entered into by the Group and the other shareholder of CP Nansha, the joint control of CP Nansha expired on 31st December 2010 and the Group has the power to govern the operating and financial policies of CP Nansha and its subsidiary, Guangzhou South China Oceangate Terminal, from then onwards. Accordingly, the Group has accounted for CP Nansha as a subsidiary since 1st January 2011. During the year ended 31st December 2011, the Group recorded a gain on release of exchange reserve upon reclassification from a jointly controlled entity to a subsidiary of US$11,841,000.

11. INCOME TAX EXPENSES

	2012	2011
	US$'000	*US$'000*
Current income tax		
- Hong Kong profits tax	**(62)**	(77)
- China mainland taxation	**(16,061)**	(9,853)
- Overseas taxation	**(5,546)**	(1,248)
- Under provision in prior years	**(10)**	(20)
	(21,679)	(11,198)
Deferred income tax charge	**(6,226)**	(17,573)
	(27,905)	(28,771)

The Group's shares of income tax expenses of jointly controlled entities and associates of US$14,778,000 (2011: US$13,377,000) and US$45,003,000 (2011: US$56,864,000) are included in the Group's shares of profits less losses of jointly controlled entities and associates respectively. The deferred income tax charge mainly represents the withholding income tax in respect of the undistributed earnings for the year of the Group's subsidiaries, jointly controlled entities and associates.

Hong Kong profits tax was provided at a rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

12. DIVIDENDS

	2012	2011
	US$'000	*US$'000*
Interim dividend paid of US2.640 cents (2011: US3.496 cents) per ordinary share	**71,591**	94,804
Final dividend proposed of US2.364 cents (2011: US2.240 cents) per ordinary share	**65,862**	60,744
Exchange differences	**-**	(138)
Additional dividends paid on shares issued due to issue of scrip dividend and exercise of share options before the closure of register of members:		
- 2012 interim	**1,021**	-
- 2010 final	**-**	6
	138,474	155,416

Note:

At a meeting held on 26th March 2013, the directors recommended the payment of a final dividend of HK18.3 cents (equivalent to US2.364 cents) per ordinary share. The dividend will be payable in cash and with a scrip dividend alternative. This proposed final dividend is not reflected as dividend payable in these consolidated financial statements until it has been approved at the annual general meeting, but will be reflected as an appropriation of retained profits for the year ending 31st December 2013.

13. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2012	2011
Profit attributable to equity holders of the Company	**US$342,194,000**	US$388,771,000
Weighted average number of ordinary shares in issue	**2,735,132,237**	2,711,755,398
Basic earnings per share	**US12.51 cents**	US14.34 cents

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year, after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no considerations as if all outstanding dilutive share options granted by the Company had been exercised.

	2012	2011
Profit attributable to equity holders of the Company	**US$342,194,000**	US$388,771,000
Weighted average number of ordinary shares in issue	**2,735,132,237**	2,711,755,398
Adjustments for assumed issuance of shares on exercise of dilutive share options	**191,637**	546,114
Weighted average number of ordinary shares for diluted earnings per share	**2,735,323,874**	2,712,301,512
Diluted earnings per share	**US12.51 cents**	US14.33 cents

14. CONTINGENT LIABILITIES

A statement of claim was issued on 19th October 2009 by Aronis-Drettas-Karlaftis Consultant Engineers S.A. ("ADK") against the Company and Piraeus Terminal, a wholly owned subsidiary of the Company, in a civil claim at the Court of First Instance of Athens in Greece alleging non-payment of fees for design services and project management services. The plaintiff has claimed approximately Euro 5,800,000 (equivalent to approximately US$7,700,000) in total. The Company and Piraeus Terminal have defended all material claims at the trial hearing held on 30th November 2010.

The Court of First Instance of Athens has issued and pronounced judgment on the case and has dismissed the aforementioned statement of claim in its entirety both as regards the Company and as regards Piraeus Terminal, and has awarded to the Company and Piraeus Terminal part of the legal expenses in the amount of Euro 30,000 (equivalent to approximately US$40,000) against the plaintiff (ADK). The plaintiff has filed an appeal against the judgment of the Court of First Instance of Athens according to Greek procedural law. The hearing of this appeal before the Court of Appeals of Athens has been re-scheduled from 13th November 2012 to 26th November 2013 due to the strike called by the Association of the Justices of the Greek courts. The directors and management of the Company, having taken legal advice, are of the view that the Company and Piraeus Terminal have good rebuttal to the arguments set forth in the appeal document. Nonetheless, it is still not possible to predict the final outcome of this litigation with certainty. No provision has been made for the claims.

15. **EVENTS AFTER THE BALANCE SHEET DATE**

(a) On 24th January 2013, COSCO Pacific Finance (2013) Company Limited ("CP Finance (2013)"), a wholly owned subsidiary of the Company, as the issuer (the "Issuer"), and the Company entered into a subscription agreement with BOCI Asia Limited, Deutsche Bank AG, Singapore Branch, J.P. Morgan Securities plc and UBS AG, Hong Kong Branch (as the joint bookrunners and the joint lead managers) in relation to an international offering of US$300,000,000 4.375% guaranteed notes due 2023 (the "Guaranteed Notes") to be issued by the Issuer and guaranteed by the Company. The net proceeds from the issuance of the Guaranteed Notes will be used primarily for the capital investment for the expansion of the Group's terminal and container leasing businesses, the repayment of the Group's existing indebtedness and general corporate purposes. The Guaranteed Notes were successfully issued on 31st January 2013.

(b) On 24th January 2013, the Group entered into an equity transfer agreement to acquire 39.04% equity interest in Taicang International Container Terminals Co., Ltd. ("Taicang Terminal") from China Ocean Shipping (Group) Company ("COSCO"), the ultimate controlling shareholder of the Company. Consideration for the acquisition is approximately RMB323,109,000 (equivalent to approximately US$51,400,000). The completion of the acquisition is subject to the satisfaction of certain conditions precedent as specified in the agreement.

(c) On 25th February 2013, Xiamen Ocean Gate Container Terminal Co., Ltd. ("Xiamen Ocean Gate Terminal"), a subsidiary terminal of the Group, entered into an equity transfer agreement with its non-controlling shareholder, Xiamen Haicang Investment Group Co., Ltd., to acquire 100% equity interest in Xiamen Haitou Tongda Terminal Co., Ltd. ("Xiamen Haitou Tongda Terminal"). Consideration for the acquisition is RMB205,864,000 (equivalent to approximately US$32,800,000). The completion of the acquisition is subject to the satisfaction of certain conditions precedent as specified in the agreement.

AUDITOR'S WORK ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2012 have been compared by the Company's auditor, PricewaterhouseCoopers, to the corresponding figures set out in the Group's draft consolidated financial statements for the year ended 31st December 2012 and found to be in agreement. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

FINAL DIVIDEND

The directors recommend the payment of a final dividend of HK18.3 cents (2011: HK17.4 cents) per share for the year ended 31st December 2012, with an option to receive new fully paid shares in lieu of cash ("Scrip Dividend Scheme").

The proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company on 31st May 2013. The Scrip Dividend Scheme is conditional upon the passing of the relevant resolution by the shareholders of the Company at the Annual General Meeting to be held on Thursday, 23rd May 2013 ("2013 AGM") and the granting of the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme by the Listing Committee of The Stock Exchange of Hong Kong Limited. Dividend warrants and share certificates for new shares to be issued under the Scrip Dividend Scheme will be despatched by ordinary mail on or about Thursday, 18th July 2013.

Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about Friday, 21st June 2013.

CLOSURES OF REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the 2013 AGM

The 2013 AGM of the Company is scheduled to be held on Thursday, 23rd May 2013. For determining the entitlement to attend and vote at the 2013 AGM, the register of members of the Company will be closed from Tuesday, 21st May 2013 to Thursday, 23rd May 2013, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2013 AGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 20th May 2013.

(b) For determining the entitlement to the proposed final dividend

The proposed final dividend for the year ended 31st December 2012 is subject to approval by the shareholders of the Company at the 2013 AGM. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 29th May 2013 to Friday, 31st May 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 28th May 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Analysis of Results

Profit attributable to equity holders for the year 2012 was US$342,194,000 (2011: US$388,771,000), a 12.0% decrease compared with last year. Excluding non-recurring items [Note], profit attributable to equity holders for 2012 was US$342,194,000 (2011: US$364,373,000), a 6.1% decrease compared with last year. Excluding the non-recurring items and the share of profit of CIMC, profit attributable to equity holders for 2012 rose by 14.6% to US$280,299,000 (2011: US$244,574,000). The Group recorded a decrease in profit in 2012 due to a relatively significant decline in the share of profit of CIMC during the year. The decrease was partly offset by growths in the terminal business and container leasing business in 2012 compared with last year.

Profit from terminal business for 2012 was US$188,964,000 (2011: US$184,890,000), a slight increase of 2.2% compared with last year. Excluding the gain of US$12,557,000 on the disposal of Qingdao Cosport Terminal in 2011, profit from terminal business for 2012 increased by 9.7% compared with last year. In 2012, the throughput of container terminals reached 55,685,225 TEU (2011: 50,695,897 TEU), a 9.8% increase compared with last year. Piraeus Terminal in Greece continued to show strong performance during the year, recording a profit of US$19,864,000 (2011: US$6,502,000) in 2012, a rise by 2.1 times compared with last year, driving the profit growth from terminal business. However, the increase in the profit from terminal business was partly offset by the initial loss of Xiamen Ocean Gate Terminal, a subsidiary of the Group which commenced operation in May 2012.

Note: Non-recurring items in 2011 included gain of US$11,841,000 on release of exchange reserve upon reclassification of Guangzhou South China Oceangate Terminal from a jointly controlled entity to a subsidiary and a gain of US$12,557,000 on the disposal of Qingdao Cosport Terminal.

With regard to container leasing, management and sale businesses, a profit of US$139,522,000 (2011: US$116,508,000) was recorded during the year, a 19.8% increase compared with last year. As at 31st December 2012, the container fleet size of the Group increased to 1,855,597 TEU (31st December 2011: 1,777,792 TEU), a 4.4% increase compared with last year.

With regard to container manufacturing business, affected by a downturn in the domestic and global economy, coupled with weaker overall market demand, the demand for containers dropped significantly compared with last year, resulting in a decline in CIMC's earnings and profitability compared with last year. Therefore, COSCO Pacific's share of profit of CIMC in 2012 decreased to US$61,895,000 (2011: US$119,799,000), a significant decrease of 48.3% compared with last year.

Financial Analysis

Revenue

Revenue of the Group for 2012 was US$735,500,000 (2011: US$599,159,000), a 22.8% increase compared with last year. The revenue was primarily derived from the terminal business of US$402,161,000 (2011: US$323,339,000) and the container leasing, management and sale businesses of US$336,224,000 (2011: US$276,547,000).

Revenue from all the terminal companies with controlling stakes recorded a year-on-year increase in 2012. The total revenue from terminal business of the Group increased by 24.4% compared with last year, which was mainly derived from Piraeus Terminal and Guangzhou South China Oceangate Terminal. The throughput of Piraeus Terminal reached 2,108,090 TEU (2011: 1,188,148 TEU) in 2012, contributing a revenue of US$134,773,000 (2011: US$101,420,000) to the Group during the year, a 32.9% increase compared with last year. The throughput of Guangzhou South China Oceangate Terminal was 4,230,574 TEU (2011: 3,914,348 TEU) in 2012, and its revenue increased to US$119,270,000 (2011: US$94,889,000), a 25.7% increase compared with last year.

Revenue from container leasing, management and sale businesses primarily included container leasing income and revenue from the disposal of returned containers. As at 31st December 2012, the fleet capacity of owned containers and sale-and-leaseback containers reached 995,961 TEU and 229,283 TEU respectively (31st December 2011: 874,160 TEU and 229,283 TEU respectively). Revenue from container leasing for the year was US$280,514,000 (2011: US$246,782,000), a 13.7% increase compared with last year. On the other hand, the number of returned containers disposed of during 2012 was 31,671 TEU (2011: 9,826 TEU). As a result, the revenue from sale of returned containers was US$42,606,000 (2011: US$18,245,000).

Cost of sales

Cost of sales mainly comprised depreciation charges on owned containers, net carrying amount of returned containers disposed of, rental expenses of sale-and-leaseback containers and operating expenses of the terminal companies with controlling stakes. Cost of sales in 2012 was US$420,218,000 (2011: US$340,141,000), a 23.5% increase compared with last year. Of this, cost of sales of terminal business was US$268,574,000 (2011: US$218,231,000), a 23.1% increase compared with last year. The increase was mainly attributable to a rise in the related cost of sales resulted from an increase in the throughput of terminals with controlling stakes. Besides, the commencement of operation of Xiamen Ocean Gate Terminal in May 2012 also caused an increase in the cost of sales during the year. Cost of sales of container leasing, management and sale businesses was US$151,658,000 (2011: US$121,918,000) in 2012, a 24.4% increase compared with last year. Of this, depreciation charges for containers increased to US$102,407,000 (2011: US$87,191,000) as a result of increased container fleet size. In addition, the net carrying amount of disposed returned containers increased to US$17,023,000 (2011: US$10,232,000) as a result of the increase in the number of returned containers sold during the year.

Administrative expenses

Administrative expenses in the year were US$91,919,000 (2011: US$89,323,000), a 2.9% increase compared with last year. In 2012, the Group further increased marketing efforts and enhanced research and project development, resulting in higher administrative expenses.

Other operating income, net

Net other operating income in 2012 was US$4,025,000 (2011: US$9,705,000), which included a net exchange loss of US$1,211,000 (2011: a net exchange gain of US$4,305,000).

Finance costs

The Group's finance costs in 2012 were US$77,263,000 (2011: US$58,419,000), a 32.3% increase compared with last year. Finance costs included interest expenses and the amortisation of transaction costs over bank loans and notes. The rise in finance costs was primarily due to an increase in the average balance of bank loans of the Group to US$2,300,291,000 (2011: US$2,076,681,000) during the year, a 10.8% increase compared with last year. In addition, the successive upward adjustment of the benchmark interest rate for RMB loans in the People's Republic of China ("PRC") last year was fully reflected in 2012, which, coupled with higher cost of new loans in the displacement loans to the Group's subsidiary, Florens Container Holdings Limited and its subsidiaries ("Florens"), also led to increased finance costs. In addition, Xiamen Ocean Gate Terminal commenced operation in May 2012. Its interest expenses were expensed-off once its berths and terminal equipment were ready for use and caused an increase in finance costs. Taking into account capitalised interest, the average cost of bank borrowings in 2012, including the amortisation of transaction costs over bank loans and notes, was 3.78% (2011: 3.27%).

Share of profits less losses of jointly controlled entities and associates

The net profit contribution from jointly controlled entities for 2012 amounted to US$96,461,000 (2011: US$96,638,000), representing a slight decrease of 0.2% compared with last year. Of this, the throughput of Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal") rose by 13.0% to 14,045,503 TEU (2011: 12,426,090 TEU) in 2012. The Group's share of profit of Qingdao Qianwan Terminal for the year increased to US$37,689,000 (2011: US$35,513,000), a 6.1% increase compared with last year. In addition, the throughput of Tianjin Port Euroasia International Container Terminal Co., Ltd. ("Tianjin Euroasia Terminal") rose by 26.3% to 1,705,667 TEU (2011: 1,350,962 TEU) in 2012. Tianjin Euroasia Terminal returned into profitability in 2012 and contributed a share of profit of US$1,020,000 (2011: loss of US$974,000). However, the throughput of Shanghai Pudong International Container Terminals Limited ("Shanghai Pudong Terminal") decreased by 9.9% to 2,151,297 TEU (2011: 2,388,156 TEU) in 2012. The Group's share of profit of Shanghai Pudong Terminal for 2012 was US$21,588,000 (2011: US$24,151,000), a 10.6% decrease compared with last year.

The share of net profit from associates for 2012 was US$126,577,000 (2011: US$179,290,000), a 29.4% decrease compared with last year. The decrease was mainly due to a 48.3% decrease in the profit attributable from CIMC. In 2011, CIMC achieved record high earnings for its container business, which was attributable to abundant orders fully taking up its production capacity, coupled with rising prices. However, in 2012, the prolonged downturn in the global economy and the continued decline in investment and demand in the PRC showed adverse impact on the performance of CIMC. For CIMC, the first quarter was an off-season for containers, with weaker demand than usual. Despite relatively strong demand witnessed in the second and the third quarters, the results for the year decreased significantly compared with last year due to the exceptionally large base of last year. In addition, the weakened demand for containers in the fourth quarter compared with the second and the third quarters also contributed to a significant decrease of 48.3% in the share of profit of CIMC for 2012 to US$61,895,000 (2011: US$119,799,000).

Gain on disposal of a jointly controlled entity, net of tax

To optimise the Group's terminal business structure, the Group completed the disposal of 50% equity interest in Qingdao Cosport Terminal on 28th April 2011, making a gain after tax of US$12,557,000 in 2011. No such gain was recorded in 2012.

Gain on release of exchange reserve upon reclassification from a jointly controlled entity to a subsidiary

Guangzhou South China Oceangate Terminal was previously a jointly controlled entity of the Group. By virtue of the clause in an agreement entered into by the Group and the other shareholder of Guangzhou South China Oceangate Terminal, the joint control of Guangzhou South China Oceangate Terminal expired on 31st December 2010. Accordingly, the Group has accounted for Guangzhou South China Oceangate Terminal as a subsidiary from 1st January 2011 and a gain of US$11,841,000 on release of exchange reserve was recorded in last year. No such gain was recorded in 2012.

Income tax expenses

During the year, income tax expenses amounted to US$27,905,000 (2011: US$28,771,000). This included a provision of approximately US$15,403,000 (2011: US$20,808,000) mainly for withholding income tax in respect of the profit distribution by certain investments of the Group in the PRC.

Financial Position

Cash flow

Cash inflow of the Group remained steady in 2012. During the year, net cash from operating activities amounted to US$427,345,000 (2011: US$331,933,000). The Group borrowed bank loans of US$1,165,121,000 (2011: US$605,318,000) and repaid US$726,641,000 (2011: US$536,866,000) in 2012.

During the year, an amount of US$710,372,000 (2011: US$666,969,000) was paid in cash by the Group for the expansion of berths and purchase of property, plant and equipment, of which US$371,691,000 (2011: US$458,282,000) was for the purchase of containers. In addition, the total cash outflow for capital investment and shareholders' loan by the Group amounted to US$81,287,000 in 2012, mainly comprising US$45,000,000 for acquiring the equity interest in Cheer Dragon Investment Limited and its associate Kao Ming Container Terminal Corp. ("Kao Ming Terminal"), US$29,732,000 used for capital injection in Ningbo Yuan Dong Terminals Limited ("Ningbo Yuan Dong Terminal") and US$6,049,000 used for providing a shareholder's loan by Piraeus Terminal to its jointly controlled entity, Piraeus Consolidation and Distribution Centre S.A.

Financing and credit facilities

As at 31st December 2012, the Group's total outstanding bank borrowings and cash balance amounted to US$2,601,697,000 (31st December 2011: US$2,167,994,000) and US$849,330,000 (31st December 2011: US$581,069,000) respectively. Banking facilities available but unused amounted to US$636,285,000 (31st December 2011: US$1,041,658,000).

Assets and liabilities

As at 31st December 2012, the Group's total assets and total liabilities increased to US$7,363,858,000 (31st December 2011: US$6,472,184,000) and US$3,146,465,000 (31st December 2011: US$2,592,025,000) respectively. Net assets were US$4,217,393,000, an increase of 8.7% as compared with that of US$3,880,159,000 as at the end of 2011. Notes with principal amount of US$300,000,000 will mature on 3rd October 2013. As such, net current liabilities of the Group was recorded as at 31st

December 2012 amounted to US$48,302,000 (31st December 2011: net current assets of US$50,698,000). As at 31st December 2012, net asset value per share of the Company was US$1.51 (31st December 2011: US$1.43).

As at 31st December 2012, net debt-to-total equity ratio was 41.6% (31st December 2011: 40.9%), and the interest coverage was 5.9 times (2011: 8.3 times). As at 31st December 2012, certain of the Group's property, plant and equipment with an aggregate net book value of US$18,828,000 (31st December 2011: US$19,277,000) were pledged as securities against bank borrowings of US$197,858,000 (31st December 2011: US$130,682,000).

Debt analysis

	As at 31st December 2012		As at 31st December 2011	
By repayment term	**US$**	**(%)**	US$	(%)
Within the first year	**775,042,000**	**29.8**	594,524,000	27.4
Within the second year	**414,914,000**	**15.9**	732,863,000	33.8
Within the third year	**558,290,000**	**21.5**	328,158,000	15.1
Within the fourth year	**162,898,000**	**6.3**	48,307,000	2.2
Within the fifth year and after	**690,553,000**	**26.5**	464,142,000	21.5
	2,601,697,000 *	**100.0**	2,167,994,000 *	100.0
By category				
Secured borrowings	**197,858,000**	**7.6**	130,682,000	6.0
Unsecured borrowings	**2,403,839,000**	**92.4**	2,037,312,000	94.0
	2,601,697,000 *	**100.0**	2,167,994,000 *	100.0
By denominated currency				
US dollar borrowings	**1,621,148,000**	**62.3**	1,175,832,000	54.3
RMB borrowings	**782,691,000**	**30.1**	861,480,000	39.7
Euro borrowings	**197,858,000**	**7.6**	130,682,000	6.0
	2,601,697,000 *	**100.0**	2,167,994,000 *	100.0

* Net of unamortised discount on notes and transaction costs on borrowings and notes.

Financial guarantee contracts

As at 31st December 2012, the Group provided guarantees on a loan facility granted to an associate of US$24,428,000 (31st December 2011: US$27,513,000).

Contingent liabilities

A statement of claim was issued on 19th October 2009 by ADK against the Company and Piraeus Terminal, a wholly owned subsidiary of the Company, in a civil claim at the Court of First Instance of Athens in Greece alleging non-payment of fees for design services and project management services. The plaintiff has claimed approximately Euro 5,800,000 (equivalent to approximately US$7,700,000) in total. The Company and Piraeus Terminal have defended all material claims at the trial hearing held on 30th November 2010.

The Court of First Instance of Athens has issued and pronounced judgment on the case and has dismissed the aforementioned statement of claim in its entirety both as regards the Company and as regards Piraeus Terminal, and has awarded to the Company and Piraeus Terminal part of the legal expenses in the amount of Euro 30,000 (equivalent to approximately US$40,000) against the plaintiff (ADK). The plaintiff has filed an appeal against the judgment of the Court of First Instance of Athens according to Greek procedural law. The hearing of this appeal before the Court of Appeals of Athens has been re-scheduled from 13th November 2012 to 26th November 2013 due to the strike called by the Association of the Justices of the Greek courts. The directors and management of the Company, having taken legal advice, are of the view that the Company and Piraeus Terminal have good rebuttal to the arguments set forth in the appeal document. Nonetheless, it is still not possible to predict the final outcome of this litigation with certainty. No provision has been made for the claims.

Treasury policy

The Group manages its foreign exchange risk by matching the currencies of its loans with the Group's functional currency of major cash receipts and underlying assets as far as possible. Borrowings for container leasing business are mainly denominated in US dollar, which is the same currency as the majority of its revenue and expenses so as to minimise potential foreign exchange exposure.

The financing activities of jointly controlled entities and associates were denominated in their respective functional currencies so as to minimise foreign exchange exposure in investments.

The Group continues to exercise stringent control over the use of financial derivatives to hedge against its interest rates exposure. As at 31st December 2012, outstanding interest rate swap contracts comprised nominal principal amounting to US$200,000,000 (31st December 2011: US$200,000,000) in total whereby the Group agreed to pay the banks interest at floating rates ranging from 105 basis points to 116 basis points (31st December 2011: 105 basis points to 116 basis points) above 6-month LIBOR in return for receiving interests from the banks at a fixed interest rate of 5.875% per annum (31st December 2011: 5.875%).

As at 31st December 2012, after adjustment of the fixed rate borrowings for the interest rate swap contracts, 3.8% (31st December 2011: 4.6%) of the Group's total borrowings were in fixed rate. The Group continues to monitor and regulate its fixed and floating rate debt portfolio from time to time in light of the market conditions, with a view to minimising its potential interest rate exposure.

Events after the balance sheet date

(a) On 24th January 2013, CP Finance (2013), a wholly owned subsidiary of the Company, as the Issuer, and the Company entered into a subscription agreement with BOCI Asia Limited, Deutsche Bank AG, Singapore Branch, J.P. Morgan Securities plc and UBS AG, Hong Kong Branch (as the joint bookrunners and the joint lead managers) in relation to an international offering of US$300,000,000 4.375% guaranteed notes due 2023 to be issued by the Issuer and guaranteed by the Company. The net proceeds from the issuance of the Guaranteed Notes will be used primarily for the capital investment for the expansion of the Group's terminal and container leasing businesses, the repayment of the Group's existing indebtedness and general corporate purposes. The Guaranteed Notes were successfully issued on 31st January 2013.

(b) On 24th January 2013, the Group entered into an equity transfer agreement to acquire 39.04% equity interest in Taicang Terminal from COSCO, the ultimate controlling shareholder of the Company. Consideration for the acquisition is approximately RMB323,109,000 (equivalent to approximately US$51,400,000). The completion of the acquisition is subject to the satisfaction of certain conditions precedent as specified in the agreement.

(c) On 25th February 2013, Xiamen Ocean Gate Terminal, a subsidiary terminal of the Group, entered into an equity transfer agreement with its non-controlling shareholder, Xiamen Haicang Investment Group Co., Ltd., to acquire 100% equity interest in Xiamen Haitou Tongda Terminal. Consideration for the acquisition is RMB205,864,000 (equivalent to approximately US$32,800,000). The completion of the acquisition is subject to the satisfaction of certain conditions precedent as specified in the agreement.

OPERATIONAL REVIEW

Terminals

In 2012, the European sovereign debt crisis continued to have a negative impact on the global economy which was characterised by weakness and slow growth. As a result, growth in global container port throughput also slowed. According to the forecast by Drewry Shipping Consultants Limited ("Drewry") in December 2012, the growth in global container port throughput in 2012 was estimated to be 3.9% (2011: +8.2%).

Growth in China's foreign trade also slowed. According to the Chinese Ministry of Commerce, the growth in China's imports and exports fell to 4.3% (2011: +24.9%) and 7.9% (2011: +20.3%), respectively in 2012.

Throughput at Chinese ports in 2012 reflected the slowing growth in the volume of trade. Statistics from the Chinese Ministry of Transport showed that for 2012, throughput at China's container ports only rose by approximately 8.0% (2011: +11.4%).

Among the top ten container ports in mainland China, Dalian port and Qingdao port in the Bohai Rim performed well, while Shanghai port in the Yangtze River Delta and Shenzhen port and Guangzhou port in the Pearl River Delta only recorded slight growth, reflecting the impact on these regions of the sluggish demand for consumer products resulting from the economic slowdown in Europe and the United States.

Profit at the terminal business remained stable

During the year, the terminal business of COSCO Pacific recorded another year of growth subsequent to a fast-growing year in 2011. The increase in profit was mainly attributable to stable growth of equity throughput at the Group's terminal business. However, profit growth was moderate due to a loss recorded at Xiamen Ocean Gate Terminal in its preliminary stages of operation.

Excluding a gain of US$12,557,000 on the disposal of Qingdao Cosport Terminal in 2011, profit from the terminal business was US$188,964,000 (2011: US$172,333,000), up 9.7% over 2011. The percentage increase was slightly lower than the Group's growth in equity throughput which was 13.8% in 2012.

Profit from the terminals in mainland China increased. Among these terminals, profit from Yantian International Container Terminals Co., Ltd. ("Yantian Terminal") reached US$53,639,000 (2011: US$51,011,000), up 5.2%, while throughput increased by 3.9%. With a 13.0% increase in throughput, profit contributed by Qingdao Qianwan Terminal was US$37,689,000 (2011: US$35,513,000), up 6.1%. In 2012, Guangzhou South China Oceangate Terminal continued to contribute profit following its turnaround in the first half of 2011. Profit contribution was US$6,182,000 (2011: US$3,054,000), up 102.4%.

The operating efficiency of Piraeus Terminal in Greece continuously improved. With a 77.4% increase in throughput and a rise in import and export cargo tariffs in January 2012, profit contribution from Piraeus Terminal reached US$19,864,000 (2011: US$6,502,000), up 205.5%.

In 2012, throughput was down 5.8% at Antwerp Gateway NV ("Antwerp Terminal") in Belgium. However, its fourth quarter throughput was up by 13.9% year-on-year, driven by the commencement of calls by an international shipping company in October 2012. As a result, the loss from Antwerp Terminal narrowed to US$1,624,000 in 2012 (2011: loss of US$3,650,000), an operational improvement year-on-year.

Revenue growth at the terminal business driven by Piraeus Terminal and Guangzhou South China Oceangate Terminal

All terminal subsidiaries recorded revenue growth in 2012. In line with the Group's forecast in early 2012, new shipping routes and customers in 2011 brought strong throughput growth to Piraeus Terminal and Guangzhou South China Oceangate Terminal, supporting the increases in the Group's terminal throughput and revenue. Revenue from Piraeus Terminal rose 32.9% to US$134,773,000 (2011: US$101,420,000), while revenue from Guangzhou South China Oceangate Terminal rose 25.7% to US$119,270,000 (2011: US$94,889,000). Xiamen Ocean Gate Terminal, which entered operation in May 2012, recorded revenue of US$6,372,000 for the year.

Looking at the full-year performance, revenue from the terminal business of COSCO Pacific reached US$402,161,000 (2011: US$323,339,000), up 24.4%. Revenue from the terminal business accounted for 54.7% of the Group's revenue (2011: 54.0%) and remained the anchor of the Group's steady operations.

Throughput growth secured, the world No. 5 ranking strengthened

According to Drewry's "Global Container Terminal Operators Annual Review and Forecast" published in August 2012, the total container throughput of COSCO Pacific terminals accounted for approximately 9.0% of the world total, up 0.2 percentage points year-on-year. The figure reaffirmed the ranking of the Group as the world No. 5 operator of container terminals.

In line with the Group's forecast, the total container throughput of the Group reached 55,685,225 TEU (2011: 50,695,897 TEU), up 9.8%, close to the 10% growth, at the high end of the range targeted by management.

The Group's terminal companies in mainland China (excluding Hong Kong) handled 46,696,103 TEU (2011: 42,360,271 TEU), up 10.2%, slightly higher than the national average growth rate of approximately 8.0%.

Equity throughput of the Group was up 13.8% year-on-year, totalling 15,638,070 TEU (2011: 13,744,329 TEU), faster than the total throughput growth rate of 9.8 %.

The throughput of the Bohai Rim region was 21,747,801 TEU (2011: 19,080,645 TEU), an increase of 14.0%, and accounting for 39.0% of the Group's total. This performance was better than the Yangtze River Delta and Pearl River Delta. The throughput growth of the Bohai Rim region was mainly driven by Qingdao Qianwan Terminal and Tianjin Euroasia Terminal. While we witnessed overall improvement in operational efficiency, 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") were still in a ramp-up period. As a result, the throughput of Qingdao Qianwan Terminal recorded significant growth in 2012, up 13.0%. Tianjin Euroasia Terminal entered operation in July 2010 and to date its throughput has grown rapidly. Aided by new calls from shipping companies relating to foreign trade routes since mid-2012, throughput increased by 26.3%.

The throughput of the Yangtze River Delta accounted for 14.8% of total throughput, reaching 8,219,406 TEU (2011: 7,599,938 TEU), up 8.2%. During the year, Ningbo Yuan Dong Terminal successfully introduced additional international transshipment routes, leading to a 12.0% increase in throughput. However, the throughput of Shanghai Pudong Terminal decreased by 9.9% due to the adjustment of shipping routes.

The combined throughput of the Pearl River Delta and Southeast Coast reached 18,412,644 TEU (2011: 17,305,507 TEU), up 6.4% and accounting for 33.1% of the total throughput. The throughput of Yantian Terminal increased by 3.9%, outperforming the overall Shenzhen port growth rate of 0.3%. Since April

2012, Nansha port district has implemented measures to diversify the handling of domestic and foreign trade cargoes. Guangzhou South China Oceangate Terminal was designated mainly to handle foreign trade cargoes. During the year, the throughput of the terminal rose by 8.1%, with an increase in the ratio of foreign trade cargo. Xiamen Ocean Gate Terminal entered operation in May 2012, and the Group has proactively promoted the terminal in the market. During the year, the terminal introduced a total of eight new domestic and international shipping routes and handled 271,449 TEU.

Throughput from overseas terminals was 7,305,374 TEU (2011: 6,709,807 TEU), up 8.9%, accounting for 13.1% of the total throughput. The throughput of Piraeus Terminal reached 2,108,090 TEU (2011: 1,188,148 TEU), up 77.4%, driven by a substantial growth in transshipment volume resulting from a major customer increasing berthing since May 2011 and another shipping company's commencing calls in October of the same year. In 2012, Piraeus Terminal continued to enhance its marketing efforts. During the year, its customer mix was further refined by the commencement of calls from small to medium-sized international shipping companies as well as from numerous shipping companies engaged in the operation of feeder routes.

COSCO-PSA Terminal Private Limited ("COSCO-PSA Terminal") entered into an agreement with PSA Corporation Limited ("PSA"), the remaining shareholder of the terminal, in 2012. The agreement allowed PSA to lease 40% of the operating capacity of COSCO-PSA Terminal for two years commencing in July 2012. As a result, the throughput of COSCO-PSA Terminal declined in the second half of 2012. However, full-year throughput of COSCO-PSA Terminal still increased by 11.5%, reaching 1,232,954 TEU (2011: 1,106,262 TEU).

In addition to being impacted throughout the year by the uncertain European economy, the instability of the local political and public security situation affected the normal operation of Suez Canal Container Terminal S.A.E. in Egypt. As a result, the throughput of the terminal fell by 11.8% to 2,863,167 TEU (2011: 3,246,467 TEU).

Throughput of terminals

Terminal companies	2012 (TEU)	2011 (TEU)	Change (%)
Bohai Rim	**21,747,801**	**19,080,645**	**+14.0**
Qingdao Qianwan Container Terminal Co., Ltd. Note 1	14,045,503	12,426,090	+13.0
Dalian Port Container Terminal Co., Ltd.	2,216,353	1,900,204	+16.6
Tianjin Five Continents International Container Terminal Co., Ltd.	2,180,184	2,100,321	+3.8
Tianjin Port Euroasia International Container Terminal Co., Ltd.	1,705,667	1,350,962	+26.3
Yingkou Container Terminals Company Limited	1,600,094	1,303,068	+22.8
Yangtze River Delta	**8,219,406**	**7,599,938**	**+8.2**
Shanghai Pudong International Container Terminals Limited	2,151,297	2,388,156	-9.9
Ningbo Yuan Dong Terminals Limited	2,402,554	2,145,653	+12.0
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	1,228,935	1,065,382	+15.4
Yangzhou Yuanyang International Ports Co., Ltd.	401,003	400,224	+0.2
Nanjing Port Longtan Container Co., Ltd.	2,035,617	1,600,523	+27.2
Pearl River Delta and Southeast Coast	**18,412,644**	**17,305,507**	**+6.4**
COSCO-HIT Terminals (Hong Kong) Limited	1,683,748	1,625,819	+3.6
Yantian International Container Terminals Co., Ltd.	10,666,758	10,264,440	+3.9
Guangzhou South China Oceangate Container Terminal Company Limited	4,230,574	3,914,348	+8.1
Quan Zhou Pacific Container Terminal Co., Ltd.	1,201,279	1,186,799	+1.2
Jinjiang Pacific Ports Development Co., Ltd.	358,836	314,101	+14.2
Xiamen Ocean Gate Container Terminal Co., Ltd.	271,449	-	N/A
Overseas	**7,305,374**	**6,709,807**	**+8.9**
Piraeus Container Terminal S.A.	2,108,090	1,188,148	+77.4
Suez Canal Container Terminal S.A.E.	2,863,167	3,246,467	-11.8
COSCO-PSA Terminal Private Limited	1,232,954	1,106,262	+11.5
Antwerp Gateway NV	1,101,163	1,168,930	-5.8
Total container throughput in China (including Hong Kong)	**48,379,851**	**43,986,090**	**+10.0**
Total container throughput	**55,685,225**	**50,695,897**	**+9.8**

Note 1: Throughput of Qingdao Qianwan Terminal includes the throughput of Qingdao Qianwan United Terminal and Qingdao Qianwan United Advance Terminal and these two terminals are jointly controlled entities of Qingdao Qianwan Terminal. The throughput of the two terminals are 3,253,010 TEU (2011: 1,748,450 TEU) and 1,146,692 TEU (2011: 324,446 TEU) respectively.

Note 2: The total throughput of break-bulk cargo in 2012 was 23,690,892 tons (2011: 25,285,695 tons), a decrease of 6.3%. The throughput of Dalian Automobile Terminal Co. Ltd. reached 226,563 vehicles (2011: 176,624 vehicles), an increase of 28.3%.

Annual handling capacity increased by 8.7% to 60,300,000 TEU

As of 31st December 2012, there were 99 berths (2011: 93) under the Group's operating container terminals and the total annual handling capacity was 60,300,000 TEU (2011: 55,450,000 TEU). There were eight break-bulk berths (2011: 8), with a total annual handling capacity of 9,050,000 tons (2011: 9,050,000 tons).

On 19th December 2012, a joint-venture company established by COSCO Pacific with China Shipping Terminal Development (Hong Kong) Limited and China Merchants Holdings (International) Company Limited signed a share sale and purchase agreement with Yang Ming Marine Transport Corporation to acquire a 30% equity interest in Kao Ming Terminal, a subsidiary terminal company in which Yang Ming Marine Transport Corporation has a controlling stake. The consideration was US$135,000,000. Each party of the joint-venture company ultimately holds a 10% effective stake in Kao Ming Terminal. The share acquisition was completed on 27th December 2012.

Kao Ming Terminal is the first phase of "Port of Kaohsiung's Intercontinental Container Terminal" in Taiwan. The terminal will be developed with four 100,000-ton berths, a total area of 748,000 square metres, a quay length of 1,500 metres and a depth of -16.5 metres. Developed in two phases, phase one of the terminal was put into operation in January 2011 with two berths, a quay length of 960 metres and a total annual handling capacity of 1,400,000 TEU. The container throughput was about 1,080,000 TEU in the first year of operation. Construction of remaining two berths started in 2012 and it is expected to enter operation in 2014, when the total annual capacity of the terminal will increase to 2,800,000 TEU.

In 2012, newly-added annual handling capacity reached 4,850,000 TEU, of which 3,850,000 TEU was contributed by six new berths. These included two at Xiamen Ocean Gate Terminal (1,400,000 TEU); one at Dalian Port Container Terminal Co., Ltd. (850,000 TEU), one at Yangzhou Yuanyang International Ports Co., Ltd. (200,000 TEU) and two at Kao Ming Terminal (1,400,000 TEU). The completion of upgrading of Pier 2 at Piraeus Terminal increased annual handling capacity by 1,000,000 TEU.

Annual handling capacity in 2013 will reach 63,100,000 TEU, up 4.6%

The Group has been acquiring terminal assets and expanding its existing terminals to increase handling capacity. At the same time, we have upgraded the infrastructure of our existing terminals to boost efficiency. This has strengthened our competitiveness and given momentum to our business growth.

In August 2012, COSCO Pacific increased its stake in Quan Zhou Pacific Container Terminal Co., Ltd. from 71.43% to 82.35%, through capital injection of approximately RMB360,000,000 (equivalent to approximately US$57,000,000).

On 27th October 2012, COSCO Pacific entered into a preliminary agreement with Shanghai Zhenhua Heavy Industrial Co., Ltd. regarding a fully automated terminal loading and unloading system. Upon completion of the system, Xiamen Ocean Gate Terminal will be the first terminal installed with a fourth-generation fully automated terminal loading and unloading system, which has been developed in China.

On 24th January 2013, the Group and COSCO, the ultimate controlling shareholder of the Company, entered into an equity transfer agreement pursuant to which COSCO Pacific would acquire a 39.04% equity interest in Taicang Terminal from COSCO. Consideration for the acquisition is approximately RMB323,109,000 (equivalent to approximately US$51,400,000). Located in the Suzhou city region of Jiangsu Province in mainland China, Taicang Terminal has two dedicated container berths and two break-bulk berths, with a quay length of 930 metres and a port land width of 1,000 metres. The annual handling capacity for container and break-bulk cargoes is 550,000 TEU and 4,000,000 tons respectively. The acquisition will enhance the Group's terminal business market share as well as diversify its terminal business in Yangtze River Delta region. The transaction is expected to complete in the first half of 2013.

On 25th February 2013, Xiamen Ocean Gate Terminal executed an equity transfer agreement to acquire a 100% equity interest in Xiamen Haitou Tongda Terminal. Consideration for the acquisition is RMB205,864,000 (equivalent to approximately US$32,800,000). Xiamen Haitou Tongda Terminal owns and operates Berth 13, a break-bulk berth at the Haicang port area of Xiamen Port. Berth 13 is in trial operation, with an annual handling capacity of 4,000,000 tons and a quay length of 298 metres. Adjacent to Berth 14 of Xiamen Ocean Gate Terminal, it allows Berth 13 to share human resources, stacking sites and equipment of the terminal and thus create business synergy. It will also enable Xiamen Ocean Gate Terminal to diversify its business and accelerate its business development. The transaction is expected to complete in the first half of 2013.

Construction of Pier 3 of Piraeus Terminal started in the fourth quarter of 2011. Pier 3 will provide an additional 1,100,000 TEU of annual handling capacity for Piraeus Terminal after the completion of construction. One berth (550,000 TEU) is expected to enter operation in the second half of 2013.

With a total annual handling capacity of 1,200,000 TEU, Berths 10 and 11 of the phase 5 container terminal in the Beilun port district of Ningbo Port, constructed and operated by Ningbo Yuan Dong Terminal, are expected to enter into operation in the first quarter of 2013. Ultimately, the total annual handling capacity and number of berths of the terminal will reach 3,000,000 TEU and five berths respectively.

The Group estimates newly-added annual handling capacity will reach 2,800,000 TEU and 8,000,000 tons in 2013, contributed by Ningbo Yuan Dong Terminal (1,200,000 TEU), Jinjiang Pacific Ports Development Co., Ltd. (500,000 TEU), Pier 3 of Piraeus Terminal (550,000 TEU), Taicang Terminal (550,000 TEU and 4,000,000 tons) and Xiamen Ocean Gate Terminal (4,000,000 tons).

Container Leasing, Management and Sale

The impact of weaker demand in the second half of 2011 continued to influence the container leasing service market in the first quarter of 2012. However, demand bounced back quickly in late March, evidenced by strong demand from shipping companies for long-term leasing contracts for new containers. The container leasing market recovered dramatically in the second quarter, with prices of new containers and container lease rates both surging. However, the peak season was shorter than expected and demand softened again from August 2012.

The Group's container leasing, management and sale businesses, operated and managed by Florens, had a satisfactory performance in 2012. Profit increased by 19.8% to US$139,522,000 (2011: US$116,508,000), driven by an increase in the number of containers on hire resulting from the stable growth in the size of the Group's container fleet during the year and a sharp increase in the number of disposed returned containers upon expiry of 10-year leases.

The Group's container leasing business maintains an optimal balance of leases, with containers leased mainly on a long-term basis so as to provide a stable source of income and maintain a relatively high utilisation rate. Long-term leases accounted for 94.3% (2011: 93.8%) of the total revenue of the container leasing in 2012, while revenue from master leases accounted for 5.7% (2011: 6.2%).

The overall average utilisation rate of the Group's containers was maintained at a relatively high level. In 2012, the average utilisation rate was 95.3% (2011: 96.1%), higher than the industry average of approximately 94.8% (2011: approximately 95.0%).

Steady growth in leasing and strong growth in disposal of returned containers

In 2012, revenue from the Group's container leasing, management and sale businesses reached US$336,224,000 (2011: US$276,547,000), representing an increase of 21.6%. The growth was mainly attributable to the steady increase in revenue from container leasing, while the revenue from disposal of returned containers recorded significant growth.

Revenue from container leasing was US$280,514,000 (2011: US$246,782,000), representing an increase of 13.7%. Revenue from container leasing represented 83.4% (2011: 89.2%) of the total revenue of the container leasing, management and sale businesses. The fleet size of owned containers and sale-and-lease back containers increased by 11.0% to 1,225,244 TEU (2011: 1,103,443 TEU), driving the growth of revenue from container leasing.

At the same time, revenue from the disposal of returned containers increased strongly by 133.5% to US$42,606,000 (2011: US$18,245,000), representing 12.7% (2011: 6.6%) of the total revenue. The sharp increase in revenue from the disposal of returned containers business was mainly due to an increase of 2.2 times in the number of disposed returned containers to 31,671 TEU (2011: 9,826 TEU).

However, revenue from managed containers decreased by 8.4% to US$7,492,000 (2011: US$8,181,000), as the fleet size declined to 630,353 TEU (2011: 674,349 TEU), a decrease of 6.5%, representing 2.2% (2011: 3.0%) of the total revenue.

Container fleet size grows steadily

As of 31st December 2012, the Group's container fleet had reached 1,855,597 TEU (2011: 1,777,792 TEU), representing a 4.4% increase. The Group was the world's fourth largest container leasing company, with a market share of approximately 12.0% (2011: approximately 12.5%). The average age of containers in the fleet was 6.13 years (2011: 5.89 years).

During the year, the Group purchased 162,742 TEU (2011: 118,755 TEU) of new containers. Among these, 120,000 TEU (2011: 56,050 TEU) were purchased for COSCO Container Lines Company Limited ("COSCON"), accounting for 73.7% (2011: 47.2%) of total new containers, while 42,742 TEU (2011: 62,705 TEU) were for international customers, representing 26.3% (2011: 52.8%) of total new containers. The capital expenditure on new containers was US$371,668,000 (2011: US$315,788,000).

During the year, the number of containers returned from COSCON upon expiry of 10-year leases was 28,098 TEU (2011: 7,335 TEU).

Increase in fleet size of owned containers drives leasing revenue growth

While expanding its container fleet, the Group is ensuring a balanced development of the container leasing, management and sale businesses to lower investment risk. The owned container fleet reached 995,961 TEU (2011: 874,160 TEU), which represented 53.7% (2011: 49.2%) of the total container fleet. The sale-and-leaseback container fleet size amounted to 229,283 TEU (2011: 229,283 TEU), which represented 12.3% (2011: 12.9%) of the total container fleet size. The managed container fleet size amounted to 630,353 TEU (2011: 674,349 TEU), representing 34.0% (2011: 37.9%) of the total fleet size.

Classified by customer, COSCON leased 638,631 TEU (2011: 547,077 TEU), while international customers took up 1,216,966 TEU (2011: 1,230,715 TEU), which represented 34.4% (2011: 30.8%) and 65.6% (2011: 69.2%) of the total fleet size respectively.

Breakdown of owned, sale-and-leaseback and managed containers

As at 31st December	Leasing Customers	2012 (TEU)	2011 (TEU)	Change (%)
Owned Containers	COSCON	**409,348**	317,794	**+28.8**
Owned Containers	International customers	**586,613**	556,366	**+5.4**
Sale-and-leaseback Containers	COSCON	**229,283**	229,283	**-**
Managed Containers	International customers	**630,353**	674,349	**-6.5**
Total		**1,855,597**	1,777,792	**+4.4**

As at 31st December	Leasing Customers	2012 % of total	2011 % of total	Change (pp)
Owned Containers	COSCON	**22.1**	17.9	**+4.2**
Owned Containers	International customers	**31.6**	31.3	**+0.3**
Sale-and-leaseback Containers	COSCON	**12.3**	12.9	**-0.6**
Managed Containers	International customers	**34.0**	37.9	**-3.9**
Total		**100.0**	100.0	**-**

Container Manufacturing

In 2012, global economic growth was still at a relatively low level. Investment and demand continued to shrink in China, while overseas demand was weak. CIMC's container business experienced its peak season during the second and third quarters of 2012, with the volume of container orders and container prices increasing relative to the first quarter. Demand in the fourth quarter dropped compared to the second and third quarters.

The Group holds a 21.8% equity stake in CIMC, the world's largest container manufacturer. As the demand for containers slowed down in 2012, the overall performance of CIMC's business was less favourable in 2012 than last year. CIMC's profit contribution to the Group decreased by 48.3% to US$61,895,000 (2011: US$119,799,000) in 2012.

CORPORATE GOVERNANCE

The Company continues to maintain high standards of corporate governance so as to promote transparency and ensure better protection of shareholders' interest as a whole. The Company has complied with the code provisions of the Code on Corporate Governance Practices for the period from 1st January 2012 to 31st March 2012 and the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") for the period from 1st April 2012 to 31st December 2012 set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31st December 2012, except the following deviation:

Code Provision A.6.7

The code provision A.6.7 of the Corporate Governance Code provides that independent non-executive directors and other non-executive directors, as equal board members as other directors, should attend general meetings of the company. Due to business commitment, Mr. WAN Min, a non-executive director of the Company, was unable to attend the annual general meeting and the special general meeting of the Company held on 17th May 2012 and 29th November 2012 respectively.

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Company comprises four independent non-executive directors of the Company. The Audit Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the consolidated financial statements for the year ended 31st December 2012.

Remuneration Committee

The Remuneration Committee of the Company comprises five members, a majority of whom are independent non-executive directors. The Committee formulates the remuneration policy for directors and senior management of the Group, reviews their remuneration packages and makes recommendations to the Board on the directors' fee and annual salary of executive directors and senior management.

Nomination Committee

The Nomination Committee of the Company comprises four members, a majority of whom are independent non-executive directors. The Committee reviews the structure, size and composition of the Board and identifies individuals suitably qualified to become Board members and make recommendations to the Board and assessing the independence of all independent non-executive directors.

Other Board Committees

In addition to the above committees, the Board has also established various committees which include the Executive Committee, the Investment and Strategic Planning Committee, the Corporate Governance Committee and the Risk Management Committee. Each committee has its defined scope of duties and terms of reference. The terms of reference of the above committees have been posted on the Company's website at www.coscopac.com.hk.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31st December 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares during the year.

OVERALL MANAGEMENT AND AWARDS

COSCO Pacific's efforts in the fields of corporate governance and investor relations have been widely acclaimed externally and in 2012, our high level of corporate transparency and good corporate governance continued to earn market recognition.

- COSCO Pacific is included as a constituent of the Hang Seng Corporate Sustainability Benchmark Index, effective from 10th September 2012;
- "The Asset Corporate Award 2012, Gold Award, Transport sector" by The Asset magazine;
- "Corporate Governance Asia Recognition Award" for the sixth consecutive year and "Best Investor Relations Company" in "Asian Excellence Recognition Award" for the second consecutive year by Corporate Governance Asia magazine;
- "Most Reliable Global Shipping Group of the Year" by the business magazine Mediazone Group;
- "Outstanding China Enterprise Award" by Capital magazine;
- Piraeus Terminal is awarded "Piraeus International Centre Award" in "Greek Shipping Awards 2012" organised by Lloyd's List, a renowned shipping industry journal;
- "Hong Kong Outstanding Enterprise" by Economist Digest magazine for the eighth consecutive year;
- The 2011 annual report of the Company was recognised with a "Gold" Award for "Written Text" and an "Honors" for "Overall Annual Report" in shipping services category in the 2012 ARC Awards; and
- "Shipping In-House Team of the Year Award" by Asian Legal Business, a well recognised professional magazine.

INVESTOR RELATIONS

The Group pays high attention to its investor relations. Management of the Company introduces the Group's operation, management, development strategy and prospect to its corporate stakeholders through activities such as press conferences, road shows and individual meetings. During the year, the Company met with a total of 500 investors and related personnel, 59% of which were fund managers, 17% of which were analysts, 12% of which were investment bankers and 12% were media representatives. Besides, the Company arranged 13 road shows and organised 9 visits to its terminals for investors.

CORPORATE SUSTAINABLE DEVELOPMENT

Environmental Protection

COSCO Pacific upholds measures and policies on environmental protection and improvement. We take into account environmental protection during the course of our business development. We are committed to implementing the philosophy of environmental management in our business operations and promoting awareness of environmental protection in employee activities, with a view to minimising the impact of our daily operation on the environment. For example, the Group encourages and supports its subsidiary terminals to invest in technical renovation such as substituting fuel-powered equipment with electrical equipment or adopting new technologies for the purpose of reducing carbon emissions and pollution, thereby improving the environment.

Caring for the Community

The Company is committed to embracing its corporate citizenship through active participation in social welfare and community services, producing a positive impact on the communities it operates in. The Group and its subsidiaries in different regions also care for and assist in the affairs of local communities through various means. For example, the Group's terminals along the coast of Fujian Province and the Yangtze River Basin hold activities to enhance interaction with the local communities and make donations to local schools and social service organisations, contributing to the development of harmonious communities.

Employee-oriented Philosophy

As at 31st December 2012, COSCO Pacific had a total of 3,142 employees.

COSCO Pacific values employees as its most valuable asset and is devoted to building a team of dedicated staff in pursuit of excellence. The expansion of the Group's businesses has opened up valuable and sustainable career development opportunities for its employees. Dedicated to creating a harmonious working environment, the Group arranges a wide range of training programmes designed to enhance the management skills and professionalism of its staff. In 2012, the Group focused on improving its incentive scheme, optimising its employee assessment system and implementing an internal job rotation scheme to enhance talent development and bring the potential of its staff into full play. The Group encourages its employees to pursue further education and organises training of various kinds. The Group also arranges an array of activities to promote integration of different cultures, in an effort to create a harmonious working environment which enhances the overall quality and cohesion of staff.

In order to provide employees with a safe working environment, the Group has launched a "Production Safety Month" campaign in its terminals to raise the awareness of occupational health and safety among its employees through safety education and drills. In addition, the Group has improved its safety management system and allocated resources to provide staff with comprehensive safety and health protection.

Corporate Culture

The Group is committed to developing a harmonious and inclusive corporate culture that pursues excellence, with a view to giving momentum to sustainable corporate development. The Corporate Culture Department has been established under COSCO Pacific (China) Investments Co., Ltd., a subsidiary of the Company, for the purpose of developing corporate culture. In 2012, the Company renovated its website to showcase its business development. The Company has also enriched the contents of its corporate magazine "COSCO PACIFIC" to provide staff with a platform for learning and communication.

Commitment to Better Sustainable Development

According to the Index Review Results announced by Hang Seng Indexes Company Limited on 10th August 2012, COSCO Pacific was included as a constituent of the Hang Seng Corporate Sustainability Benchmark Index, with effect from 10th September 2012. This reflects the market recognition for the Company's efforts in corporate governance, environmental protection, community care and employee relations.

The Company will further optimise its sustainable development strategy, and focus on environmental, social and administrative aspects which have significant influence on the Company's business, to support its development strategy. We will set the direction for development, establish a system for the measurement of progress, and integrate sustainable development into the daily management of COSCO Pacific, while enhancing the communication with stakeholders.

PROSPECTS

Looking at the throughput of the Group's terminal business in 2013, we expect stable growth to be maintained. However, the pace of growth is expected to slacken when compared with 2012. Growth will mainly come from the organic growth of existing terminals, while handling capacity added in 2012 and 2013 will also provide growth momentum.

Terminal tariffs in mainland China are expected to be generally stable in 2013, while the Group's terminal business in mainland China will continue to face the impact of upward pressure on operating costs, rises in income tax expense for some mature terminals as well as the relatively high costs generated by new terminals in preliminary stages of operation.

According to a forecast made in December 2012 by Drewry, global container traffic will increase by 4.6% and global shipping capacity will increase by about 1,262,000 TEU in 2013. The addition of new vessels and the replacement of old containers will generate considerable demand for new containers. Furthermore, shipping companies are likely to continue to choose leasing to meet the majority of their demand for containers. Therefore, we believe the market demand for container leasing services will be stable and we are still cautiously optimistic on the prospects for our container leasing business.

We believe that the Group's revenue from container leasing will continue to grow steadily in 2013. The new containers purchased by the Group in 2012 have already been booked by shipping companies and therefore the Group's revenue generated from leasing business is expected to increase in 2013. The Group expects the number of new containers purchased in 2013 to be comparable with that of 2012, and the increase in the number of containers on hire will therefore boost profit growth. In 2013, the Group will continue adhering to its prudent operations model, implement its strategy of ordering containers according to market demand and strive to maintain a relatively high overall average utilisation rate.

MEMBERS OF THE BOARD

As at the date of this announcement, the board of directors of the Company comprises Mr. LI Yunpeng[2] (Chairman), Dr. WANG Xingru[1] (Vice Chairman and Managing Director), Mr. WAN Min[2], Mr. FENG Jinhua[1], Mr. FENG Bo[1], Mr. WANG Haimin[2], Mr. WANG Wei[2], Mr. TANG Runjiang[1], Dr. WONG Tin Yau, Kelvin[1], Mr. YIN Weiyu[1], Mr. CHOW Kwong Fai, Edward[3], Mr. Timothy George FRESHWATER[3], Dr. FAN HSU Lai Tai, Rita[3], Mr. Adrian David LI Man Kiu[3] and Mr. IP Sing Chi[3].

1 Executive Director
2 Non-executive Director
3 Independent Non-executive Director

By Order of the Board
COSCO Pacific Limited
WANG Xingru
Vice Chairman & Managing Director

Hong Kong, 26th March 2013