Press Release 26th March 2013

COSCO Pacific Limited

(Incorporated in Bermuda with Limited Liability)
(stock code: 1199)

2012 Final Results

Results Highlights

The Group's revenue rose by 22.8% to US$735,500,000 (2011: US$599,159,000). The revenue derived 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[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 of the Group grew by 9.7% to US$188,964,000 (2011: US$172,333,000[2]). The rise was mainly due to equity throughput having increased 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 the 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.

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.

Dividend Distribution

The Board has recommended the distribution of final dividend at HK18.3 cents per share. In addition to the interim dividend distributed on 24th October, 2012 at HK20.5 cents per share, the full- year dividend was HK38.8 cents per share, a decrease of 13.0% over that of HK44.6 cents in 2011. This represented a 40.0% payout ratio for 2012 (2011: 40.0%).

Operational Review

Terminals

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 Container Terminal Co., Ltd. (“Xiamen Ocean Gate Terminal”) in its preliminary stages of operation.

Excluding a gain of US$12,557,000 from 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 Container Terminal Co., Ltd. (“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 cargoes tariffs in January 2012, profit contribution from Piraeus Terminal reached US$19,864,000 (2011: US$6,502,000), up 205.5%.

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 which was the high-end 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%, accounted for 39.0% of the Group's total. This performance was better than the Yangtze River Delta and Pearl River Delta. Throughput growth of the Bohai Rim region was mainly driven by Qingdao Qianwan Terminal and Tianjin Port Euroasia International Container Terminal Co., Ltd. ("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, 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 Terminals Limited ("Ningbo Yuan Dong Terminal") successfully introduced additional international transshipment routes, leading to a 12.0% increase in throughput. However, throughput of Shanghai Pudong International Container Terminals Limited 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 accounted for 33.1% of the total throughput. 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, 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. 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 gaining commence calls from small to medium sized international shipping companies as well as from numerous shipping companies engaged in the operation of feeder routes.

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).

In 2012, additional 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

Container Terminal Corporation ("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 terminals to boost efficiency. This has strengthened our competitiveness and given momentum to our business growth.

The Group estimates additional annual handling capacity to 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 International Container Terminal Co., Ltd. (550,000 TEU and 4,000,000 tons) and Xiamen Ocean Gate Terminal (4,000,000 tons).

Container Leasing, Management and Sale

The Group's container leasing, management and sale businesses, operated and managed by Florens Container Holdings Limited and its subsidiaries ("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 an 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 stable increased 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 the total new containers, while 42,742 TEU (2011: 62,705 TEU) were for international customers, representing 26.3% (2011: 52.8%) of the 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.

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 favorable in 2012 compared to 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.

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" 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 magazine of shipping industry;
- "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.

Prospects

Looking at the throughput of the Group's terminal business, we expect stable growth to be maintained in 2013. However, the pace of growth speed is expected to slacken compared to 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 China are expected to be generally stable in 2013, while the Group's terminal business in mainland China still faces impacts of upward pressure on operating costs in mainland China, rises in income tax expense of some mature terminals as well as relatively high costs generated by new terminal 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 container 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 order containers according to market demand and strive to maintain a relatively high overall average utilisation rate.

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2012 final results announcement is available on the Company's website (http://www.coscopac.com.hk) and the designated website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk). For further inquiry, please contact:

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