Press Release **25 March 2014**

COSCO Pacific Limited

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

2013 Final Results

Results Highlights

The Group's revenue rose by 8.6% to US$798,626,000 (2012: US$735,500,000). Revenue from the terminals business rose by 13.2% to US$455,071,000 (2012: US$402,161,000), the increase being mainly attributable to Piraeus Container Terminal S.A. ("Piraeus Terminal"), Guangzhou South China Oceangate Container Terminal Company Limited ("Guangzhou South China Oceangate Terminal") and Xiamen Ocean Gate Container Terminal Co., Ltd. ("Xiamen Ocean Gate Terminal"). Revenue from the container leasing, management and sale businesses rose by 3.4% to US$347,747,000 (2012: US$336,224,000), mainly due to an increase in the number of containers on hire.

Gross profit rose by 0.9% to US$318,169,000 (2012: US$315,282,000). Gross profit from the container leasing, management and sale businesses decreased, mainly due to a decline in container prices and the overall average utilisation rate of the Group's containers resulting from weaker demand for container leasing service. In addition, although gross profit from the terminals business grew, the growth rate was undermined by higher initial operating costs arising from Xiamen Ocean Gate Terminal. The Group's gross profit margin dropped by 3.1 percentage points to 39.8% (2012: 42.9%).

Excluding the discontinued operation [Note], profit attributable to equity holders of the Company increased by 2.1% to US$286,206,000 (2012: US$280,299,000). Including the discontinued operation, profit attributable to equity holders of the Company increased by 105.3% to US$702,676,000 (2012: US$342,194,000).

Equity throughput of the terminals business increased by 10.0% to 17,196,297 TEU (2012: 15,638,070 TEU). However, the profit decreased slightly by 1.2% to US$186,767,000 (2012: US$188,964,000) as a result of upward pressure on costs. Total throughput increased by 10.1% to 61,284,891 TEU (2012: 55,685,225 TEU).

Profit from the container leasing, management and sale businesses dropped by 10.2% to US$125,259,000 (2012: US$139,522,000). The container fleet size increased by 1.8% to 1,888,200 TEU (2012: 1,855,597 TEU), with an overall average utilisation rate of 94.5% (2012: 95.3%).

The proposed final dividend is HK15.0 cents per share (2012: HK18.3 cents), and the dividend will be payable in cash and with a scrip dividend alternative. The full-year dividend was HK77.4 cents (2012: HK38.8 cents) representing a payout ratio of 40.0% (2012: 40.0%).

Note : On 20 May 2013, the Group announced the disposal of its 21.8% equity interest in China International Marine Containers (Group) Co., Ltd. ("CIMC") for a cash consideration of US$1,219,789,000, which was completed on 27 June 2013, resulting in a net gain of US$393,411,000. Cash consideration of US$610,000,000 was received on 27 June 2013 and the remaining balance was received in full on 26 September 2013. Since the disposal of its equity interest in CIMC was completed in June 2013, the Group's share of profit from CIMC only included the profit for the period from January to May of 2013 of US$23,059,000 (January to December of 2012: US$61,895,000).

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 31 December 2013.

Dividend Distribution

The Board has recommended the distribution of final dividend at HK15.0 cents per share, and the dividend will be payable in cash and with a scrip dividend alternative. In addition to the interim dividend of HK18.6 cents per share and a special interim dividend of HK43.8 cents per share paid on 23 October 2013, the full-year dividend was HK77.4 cents (2012: HK38.8 cents), representing a payout ratio of 40.0% (2012: 40.0%).

Operational Review

Terminals

The recovery of the world economy and global trade remained slow during 2013. In January 2014, International Monetary Fund ("IMF") estimated the growth of global economy to have been 3.0% in 2013, similar to the 3.1% recorded in 2012. For the Eurozone, the IMF's growth estimate was -0.4%, representing the second consecutive year of negative growth. The growth of global trade was put at 2.7%, the same as in 2012.

The growth in global container port throughput experienced a further slowdown. According to the forecast by Drewry Shipping Consultants Limited ("Drewry") in December 2013, the growth in global container port throughput in 2013 was estimated to be 3.3% (2012: +4.6%).

Growth in China's foreign trade remained flat in 2013, with a growth rate similar to that of 2012. According to the Chinese Ministry of Commerce, the growth in China's imports and exports was 7.3% (2012: 4.3%) and 7.9% (2012: 7.9%) respectively in 2013. Throughput at Chinese ports in 2013 saw slower growth. According to the statistics from a port association in mainland China, throughput at China's container ports grew by approximately 6.7% in 2013 (2012: approximately +8.0%).

Among the top ten container ports in mainland China, Shanghai port in the Yangtze River Delta and Shenzhen port and Guangzhou port in the Pearl River Delta recorded low single-digit growth, reflecting the continued weak economic recovery in Europe and the United States.

Throughput Growth Remained Stable Overall while Some Overseas Terminals Outperformed

During the year, the growth of container throughput at the Group's terminals remained stable. The equity throughput rose by 10.0% to 17,196,297 TEU (2012: 15,638,070 TEU). Even though profit from the terminals business deceased slightly by 1.2% to US$186,767,000 in 2013 (2012: US$188,964,000) as a result of cost increases, certain terminals reported distinctive performances that were mainly driven by throughput growth, representing highlights for the year.

Overseas terminals performed satisfactorily during the year. Despite Piraeus Terminal in Greece being impacted by an increase in the rate of local corporate taxation, the terminal recorded a 16.0% growth in profit to US$23,051,000 (2012: US$19,864,000) thanks to a 19.5% increase in throughput that was attributable to continued business development. The profit from Suez Canal Container Terminal S.A.E. ("Suez Canal Terminal") in Egypt rose by 15.9% to US$10,261,000 (2012: US$8,857,000). The loss from Antwerp Gateway NV ("Antwerp Terminal") in Belgium narrowed further.

The profit from Ningbo Yuan Dong Terminals Limited ("Ningbo Yuan Dong Terminal") rose by 26.7% to US$9,965,000 (2012: US$7,864,000). The profit from Guangzhou South China Oceangate Terminal rose by 34.0% to US$8,282,000 (2012: US$6,182,000), while that from Yantian International Container Terminals Co., Ltd. rose by 2.4% to US$54,906,000 (2012: US$53,639,000). In addition, the acquisition of 39.04% equity interest in Taicang International Container Terminal Co., Ltd. ("Taicang Terminal") was completed on 22 July 2013, which generated US$1,437,000 in profit attributable to the Group during the year.

Despite such increases, due to the relatively high increase of costs at certain terminals, the overall profit for the terminals business in 2013 decreased as compared to 2012. Among these, the profits from Qingdao Qianwan Container Terminal Co., Ltd. and Shanghai Pudong International Container Terminals Limited decreased by 21.7% to US$29,521,000 (2012: US$37,689,000) and by 8.8% to US$19,686,000 (2012: 21,588,000) respectively. Such cost increases were mainly due to expiry of the tax holiday of 50% of income tax relief at the end of 2012.

In addition, the profit from COSCO–HIT Terminals (Hong Kong) Limited ("COSCO–HIT Terminal") decreased by 26.9% to US$16,203,000 (2012: US$22,163,000) as showing the impact of an increase in borrowing costs and of a strike. Meanwhile, Xiamen Ocean Gate Terminal, whose operations commenced in May 2012, was still in a ramp-up phase. Its loss in its first full year, which includes the cost of its acquisition of Xiamen Haitou Tongda Terminal Co., Ltd. ("Xiamen Tongda Terminal") in March 2013, amounted to US$14,112,000 in 2013 (2012: a loss of US$11,039,000).

Revenue Recorded Satisfactory Growth

The majority of the terminal subsidiaries recorded growth in 2013. Piraeus Terminal and Guangzhou South China Oceangate Terminal continued to drive the Group's revenue growth in 2013. The revenue from Piraeus Terminal increased by 15.3% to US$155,429,000 (2012: US$134,773,000), while that from Guangzhou South China Oceangate Terminal increased by 10.9% to US$132,329,000 (2012: US$119,270,000). Xiamen Ocean Gate Terminal and Xiamen Tongda Terminal recorded a total revenue of US$19,275,000 (2012: US$6,372,000), representing an increase of 202.5%.

Looking at the full-year performance, revenue from the terminals business of COSCO Pacific reached US$455,071,000 (2012: US$402,161,000), up 13.2%. Revenue from the terminals business accounted for 57.0% (2012: 54.7%) of the Group's revenue and remained the anchor of the Group's steady operations.

Throughput Growth Secured, Ranked the World's No.4 Position

According to Drewry's "Global Container Terminal Operators Annual Review and Forecast" published in August 2013, the total container throughput of COSCO Pacific's terminals accounted for approximately 9.0% of the world total, up 0.1 percentage point year-on-year. The Group's ranking among the world's container terminal operators rose from number five to number four. The total container throughput of the Group reached 61,284,891 TEU (2012: 55,685,225 TEU), up 10.1%, in line with the high end of the growth target set by the Group's management of 10%. Equity throughput rose 10.0% and reached 17,196,297 TEU (2012: 15,638,070 TEU), a slowing of the growth rate to a level similar to that of the total throughput. This was mainly due to the cooling from the rapid growth rates experienced by Piraeus Terminal and Guangzhou South China Oceangate Terminal in recent years.

The Group's terminal companies in mainland China (excluding Hong Kong and Taiwan) handled 50,410,965 TEU (2012: 46,696,103 TEU) in total, up 8.0%, higher than the national average growth rate of approximately 6.7%. The throughput of overseas terminals reached 8,063,947 TEU (2012: 7,305,374 TEU), representing an increase of 10.4%.

Total Throughput by Region

	Throughput (TEU)	Year-on-year change (%)	Percentage of total (%)
Bohai Rim	23,534,240	+8.2	38.4
Yangtze River Delta	9,513,006	+15.7	15.5
Southeast Coast and others	3,288,999	+79.6	5.4
Pearl River Delta	16,884,699	+1.8	27.5
Overseas	8,063,947	+10.4	13.2
Total	**61,284,891**	**+10.1**	**100.0**

Equity Throughput by Region

	Throughput (TEU)	Year-on-year change (%)	Percentage of total (%)
Bohai Rim	4,598,873	+6.6	26.8
Yangtze River Delta	2,758,318	+15.8	16.0
Southeast Coast and others	1,776,398	+28.0	10.3
Pearl River Delta	4,130,022	+2.0	24.0
Overseas	3,932,686	+12.2	22.9
Total	**17,196,297**	**+10.0**	**100.0**

Annual Handling Capacity Increased by 4.1% to 62,750,000 TEU

As of 31 December 2013, there were 104 berths (2012: 99) under the Group's operating container terminals and the total annual handling capacity was 62,750,000 TEU (2012: 60,300,000 TEU). There were 11 break-bulk berths (2012: 8), with a total annual handling capacity of 17,050,000 tons (2012: 9,050,000 tons).

During 2013, five container berths with a total annual handling capacity of 2,450,000 TEU and three break-bulk berths with a total annual handling capacity of 8,000,000 tons were newly-added. The additional annual handling capacity included those respectively from Ningbo Yuan Dong

Terminal (1,200,000 TEU), Xiamen Ocean Gate Terminal (4,000,000 tons), Piraeus Terminal (700,000 TEU), and Taicang Terminal (550,000 TEU and 4,000,000 tons).

During the year, the Group adhered to its strategy to expand handling capacity via terminal asset acquisitions and the expansion of terminals already in operation. For the expansion of terminals in operation, new berths commenced operations in Piraeus Terminal and Ningbo Yuan Dong Terminal. With a quay length of 600 metres and a depth alongside of 16 metres, Pier 3 of Piraeus Terminal will construct and operate two container berths. The first berth, with an annual handling capacity of 700,000 TEU, commenced operation in June 2013. Equipped with state-of-the-art equipment, Pier 3 is capable of handling container vessels with a capacity of 18,000 TEU.

In addition to providing efficient, reliable and stable container loading and unloading services for international shipping companies, Piraeus Terminal provides value-added services for global enterprises that take advantage of its prime location in the region. During the year, two global information and technology companies chose the terminal to be their logistics distribution centre for the Mediterranean region. The terminal's service quality has been recognised by global companies and will continue to strengthen connectivity with the Greek railway network to expand its hinterland, enhancing opportunities for business development.

In addition, with a total annual handling capacity of 1,200,000 TEU, Berths 10 and 11 of Ningbo Yuan Dong Terminal started operation in February 2013. With a depth alongside of 22 metres, they are the only berths in Ningbo Port capable of receiving container vessels with a capacity of 18,000 TEU. By providing loading and unloading services for large container vessels, they are enhancing the terminal's competitiveness.

Container Leasing, Management and Sale

The price of containers experienced a downward trend during 2013 that was caused by weak demand for container leasing services. Although container shipping lines increased capacity in the first half of the year, container trade subsequently lost momentum as a result of the protracted weakness of the global economy. A rebound in demand for new containers emerged only at the end of the second quarter of 2013 and did not continue into the second half of the year.

The Group's container leasing, management and sale businesses are operated and managed by Florens Container Holdings Limited and its subsidiaries ("Florens"). During the year, both numbers of containers on hire and disposal of returned containers upon expiry of 10-year leases recorded growth, thus leading to an increase in overall revenue. The market price of containers and the overall average utilisation rate of the Group's containers, on the other hand, decreased as a result of the weak demand for the container leasing. Profit therefore decreased by 10.2% to US$125,259,000 (2012: US$139,522,000).

Long-term leases accounted for 95.5% (2012: 94.3%) of the Group's total revenue from container leasing in 2013, while revenue from master leases accounted for 4.5% (2012: 5.7%). With containers leased mainly on a long-term basis, the Group enjoys a stable source of income and the overall average utilisation rate of the Group's containers remained stable during the year. Overall average utilisation was 94.5% (2012: 95.3%), higher than the industry average of approximately 93.9% (2012: approximately 94.8%).

Steady Growth in Leasing Revenue

In 2013, revenue from the Group's container leasing, management and sale businesses reached US$347,747,000 (2012: US$336,224,000), representing an increase of 3.4%. The growth was mainly attributable to the increase in revenue from container leasing.

Revenue from container leasing was US$290,883,000 (2012: US$280,514,000), representing an increase of 3.7%. Revenue from container leasing represented 83.6% (2012: 83.4%) of the total revenue of the container leasing, management and sale businesses. The fleet size of owned containers and sale-and-leaseback containers increased by 9.0% to 1,335,797 TEU (2012: 1,225,244 TEU). The decreases in the Group's overall average utilisation rate and the prevailing market lease rates limited revenue growth in container leasing.

Revenue from the disposal of returned containers increased by 0.8% to US$42,967,000 (2012: US$42,606,000), representing 12.4% (2012: 12.7%) of the total revenue of the container leasing, management and sale businesses. Although the number of disposed returned containers increased by 12.8% to 35,714 TEU (2012: 31,671 TEU), growth in revenue from the disposal of returned containers was minimal as a result of the lower sale prices achieved. During the year, the number of containers returned from COSCO Container Lines Company Limited upon expiry of 10-year leases was 36,193 TEU (2012: 28,098 TEU).

Revenue from managed containers decreased by 1.3% to US$7,398,000 (2012: US$7,492,000), as the fleet size declined to 552,403 TEU (2012: 630,353 TEU), a decrease of 12.4%, and represented 2.1% (2012: 2.2%) of the total revenue of the container leasing, management and sale businesses.

The Group has a strong risk management system to evaluate the credit risk of customers. Core customers of the Group are reliable container shipping lines, and during the year, 74.9% (2012: 72.1%) of the container leasing revenue of the Group came from the world's top ten container shipping lines.

Maintained our Rank as the World's Fourth Largest Container Leasing Company

As of 31 December 2013, the Group's container fleet had reached 1,888,200 TEU (31 December 2012: 1,855,597 TEU), up 1.8%. The Group was the world's fourth largest container leasing company, with a market share of approximately 11.3% (2012: approximately 12.0%). The average age of containers in the fleet was 6.35 years (2012: 6.13 years).

During the year, the Group purchased 151,500 TEU (2012: 162,742 TEU) of new containers. The capital expenditure on new containers was US$288,754,000 (2012: US$371,668,000).

The Group's business investment strategy is to expand its container fleet while balancing the development of fleets of owned containers, sale-and-leaseback containers and managed containers in order to lower investment risk as well as achieve overall business stability. The Group's owned container fleet reached 1,085,507 TEU (2012: 995,961 TEU), which represented 57.5% (2012: 53.7%) of the total container fleet. The sale-and-leaseback container fleet size and the managed container fleet size amounted to 802,693 TEU (2012: 859,636 TEU), which represented 42.5% (2012: 46.3%) of the total fleet size.

Overall Management and Awards

COSCO Pacific's efforts in the fields of corporate governance and investor relations have been widely acclaimed externally and in 2013, our high level of corporate transparency and good corporate governance continued to earn market recognition.

- "Titanium Award for Financial Performance, Environmental Responsibility and Investor Relations" by The Asset magazine;
- "Corporate Governance Asia Recognition Award" for the seventh consecutive year and "1st Asian Company Secretary of the Year Recognition Award" by Corporate Governance Asia magazine; in early 2014, the Group was awarded "Best Investor Relations Company" for the third consecutive year and Charlotte So, Investor Relations Department Manager won "Best Investor Relations Professional" in the "4th Asian Excellence Recognition Awards 2014" by the magazine;
- "Outstanding China Enterprise Award" by Capital magazine for the second consecutive year;
- "Shipping In-House Team of the Year Award" by Asian Legal Business, a well recognised professional magazine;
- "Hong Kong Outstanding Enterprise" by Economist Digest magazine for the ninth consecutive year; and
- "Best Investment Value Award for listed companies" which was jointly organised by Financial PR Group, Cre8 (Greater China), TodayIR Group and Moment 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 449 investors and related personnel, 59% of which were fund managers, 22% of which were analysts, 3% of which were investment bankers and 16% were media representatives. Besides, the Company conducted four road shows and attended nine investor forums as well as organised four visits to its terminals for investors.

Prospects

Looking ahead, the economic recovery in Europe and the United States is expected to gather momentum, which is the key driver for accelerating growth in the global economy in 2014. China GDP growth is expected to remain stable at 7.5% and will play an important role in supporting global economic growth. IMF forecasts that World GDP growth will increase 0.7 percentage point to 3.7%.

As their economic recovery gathers momentum, developed countries will tighten monetary policy. This tightening of liquidity will, however, bring challenges to emerging markets that may affect the global economic growth. Facing these uncertainties, the capital market remains cautiously optimistic regarding the economic outlooks for Europe and the US.

As a global leader in the container terminal and leasing industries, the Group is thus well positioned to benefit from the economic recovery in Europe and the US. Going forward, the Group will proactively facilitate development projects at its terminals and container leasing businesses. We will also adjust the timing and scope of our investments in response to changes in market conditions.

Regarding the terminals business development, the Group recently took the opportunity to acquire a 40% equity interest in Asia Container Terminal Holdings Limited for a total consideration of HK$1,648,000,000 (equivalent to approximately US$212,335,000) in March 2014. The terminal is located at Terminal 8 west at Kwai Chung in Hong Kong, adjacent to Terminal 8 east, which is being operated by the Group in the form of the COSCO–HIT Terminal. The acquisition will increase the Group's market share in Hong Kong. Both terminals will enjoy enhanced operating flexibility and efficiency. The acquisition also creates a synergy that is a key factor in attracting mega container vessels to call and thus is expected to enhance both terminals' business growth and profitability.

Looking at container leasing business development, according to Drewry, the global container shipping fleet is expected to expand 5.8% to 18,286,000 TEU in 2014, which will trigger demand for new containers and container leasing services. The price of new containers has seen an improvement in early 2014. However, the rental yield remains low and we expect yields on new container leasing to remain under pressure in 2014. Meanwhile, second-hand container price is at lower level, resulting in lower gains on disposal of returned containers. In planning the purchase of new containers in 2014, we will therefore continue to take a prudent approach designed to align with market demand.

In 2013, COSCO Pacific set a clear direction for business development to focus on the terminals and container leasing businesses. We are facing opportunities and challenges ahead in 2014. The management team will fully apply its efforts to align planning and execution in relation to the Company's corporate strategy. We firmly believe that it is crucially important to enhance our core competence because it will be a key factor to achieving sustainable business growth.

Looking ahead, against a backdrop of modest global economic growth, we see opportunities to develop our terminals and container leasing businesses. The Group will monitor closely changes in market conditions so as to seize business growth opportunities. We are moving forward solidly towards our long-term objective of achieving a higher return for our shareholders by building a robust and sustainable business platform.

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2013 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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