COSCO Pacific Limited
中遠太平洋有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1199)

2014 FINAL RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHTS

- The Group's revenue rose by 8.9% to US$870,091,000 (2013: US$798,626,000).

- Revenue from the terminals business rose by 13.6% to US$516,993,000 (2013: US$455,071,000), 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 2.7% to US$357,075,000 (2013: US$347,747,000). During the year, the fleet size of owned containers and sale-and-leaseback containers and the number of returned containers disposed of increased by 2.6% and 42.4% respectively. However, due to lower lease rates and resale prices of returned containers, the revenue growth was slower than the growth in the number of containers.

- The Group's gross profit rose by 1.8% to US$323,857,000 (2013: US$318,169,000). Gross profit margin dropped by 2.6 percentage points to 37.2% (2013: 39.8%).

- The terminals business achieved satisfactory growth in gross profit, mainly supported by improving operations of Xiamen Ocean Gate Terminal. In addition, stable growth in operations was recorded at Guangzhou South China Oceangate Terminal and Piraeus Terminal, driving up the gross profit of the terminals business.

- Gross profit from the container leasing, management and sale businesses decreased. Although demand for leasing increased, the leasing rates remained at low level in the competitive container leasing market and some container leases with higher leasing rates fell due, resulting in a lower gross profit for container leasing. Meanwhile, the resale prices of returned containers remained under pressure, whereas the average carrying amount of returned containers disposed of increased year-on-year. This led to a significant drop in both the gross profit and the gross profit margin on the disposal of returned containers.

- Excluding the discontinued operation[Note], profit attributable to equity holders of the Company increased by 2.3% to US$292,759,000 (2013: US$286,206,000).

- The terminals business saw a sustainable growth in container throughput. Total throughput increased by 9.9% to 67,326,122 TEU (2013: 61,284,891 TEU). Equity throughput increased 10.8% to 19,047,214 TEU (2013: 17,196,297 TEU). Profit rose by 18.3% to US$220,978,000 (2013: US$186,767,000).

- Profit from the container leasing, management and sale businesses dropped by 23.6% to US$95,757,000 (2013: US$125,259,000). The container fleet size increased by 1.0% to 1,907,778 TEU (2013: 1,888,200 TEU), with an overall average utilisation rate of 95.3% (2013: 94.5%). Although the overall average utilisation rate in 2014 increased, lease rates remained low throughout the year and profit margin from the disposal of returned containers dropped, resulting in lower overall profit from the business.

- The proposed final dividend is HK15.4 cents per share (2013: HK15.0 cents), and the dividend will be payable in cash and with a scrip dividend alternative. The full-year dividend amounted to HK31.0 cents (2013: HK77.4 cents) representing a payout ratio of 40.0% (2013: 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. The Group's share of profit from CIMC included the profit for the year 2013 of US$23,059,000.

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 31 December 2014. The following financial information, including comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	**2014** *US$'000*	2013 *US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**4,068,893**	4,167,794
Investment properties		**29,194**	5,356
Land use rights		**237,840**	244,175
Intangible assets		**7,361**	9,677
Joint ventures	3	**840,891**	635,554
Loans to joint ventures		**73,503**	4,129
Associates		**826,197**	824,598
Loan to an associate		**30,472**	33,543
Available-for-sale financial asset		**35,000**	27,000
Finance lease receivables		**25,324**	11,944
Deferred income tax assets		**2,470**	1,236
Other non-current assets	4	**109,752**	105,269
		6,286,897	6,070,275
Current assets			
Inventories		**23,683**	18,985
Trade and other receivables	5	**189,594**	224,493
Current income tax recoverable		**57**	-
Restricted bank deposits		**172**	148
Cash and cash equivalents		**1,116,307**	1,237,403
		1,329,813	1,481,029
Total assets		**7,616,710**	7,551,304

CONSOLIDATED BALANCE SHEET (Continued)
AS AT 31 DECEMBER 2014

	Note	**2014**	2013
		US$'000	*US$'000*
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**37,753**	37,391
Reserves		**4,646,238**	4,452,332
Proposed final dividend		**58,456**	56,383
		4,742,447	4,546,106
Non-controlling interests		**316,215**	297,388
Total equity		**5,058,662**	4,843,494
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**44,285**	34,622
Long term borrowings	6	**1,430,431**	1,770,425
Loans from non-controlling shareholders of subsidiaries		**148,055**	50,000
Other long term liabilities		**31,897**	22,530
		1,654,668	1,877,577
Current liabilities			
Trade and other payables	7	**385,297**	464,739
Current income tax liabilities		**88,321**	89,709
Current portion of long term borrowings		**419,956**	259,383
Short term bank loans		**9,806**	16,402
		903,380	830,233
Total liabilities		**2,558,048**	2,707,810
Total equity and liabilities		**7,616,710**	7,551,304
Net current assets		**426,433**	650,796
Total assets less current liabilities		**6,713,330**	6,721,071

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	**2014**	2013
		US$'000	*US$'000*
Continuing operations:			
Revenues	2	**870,091**	798,626
Cost of sales		**(546,234)**	(480,457)
Gross profit		**323,857**	318,169
Administrative expenses		**(93,201)**	(90,058)
Other operating income	8	**22,949**	31,664
Other operating expenses		**(26,180)**	(12,956)
Operating profit	9	**227,425**	246,819
Finance income	10	**25,738**	18,112
Finance costs	10	**(72,506)**	(84,539)
Operating profit after finance income and costs		**180,657**	180,392
Share of profits less losses of			
- joint ventures		**99,729**	81,406
- associates		**71,496**	72,504
Profit before income tax from continuing operations		**351,882**	334,302
Income tax expenses	11	**(38,995)**	(33,497)
Profit for the year from continuing operations		**312,887**	300,805
Discontinued operation:			
Net gain on disposal of an associate	12	**-**	393,411
Share of profit of an associate		**-**	23,059
Profit for the year from discontinued operation		**-**	416,470
Profit for the year		**312,887**	717,275
Profit attributable to:			
Equity holders of the Company		**292,759**	702,676
Non-controlling interests		**20,128**	14,599
		312,887	717,275
Earnings per share for profit attributable to equity holders of the Company			
Basic			
- from continuing operations	13	**US10.01 cents**	US10.16 cents
- from discontinued operation	13	**-**	US14.79 cents
		US10.01 cents	US24.95 cents
Diluted			
- from continuing operations	13	**US10.01 cents**	US10.16 cents
- from discontinued operation	13	**-**	US14.79 cents
		US10.01 cents	US24.95 cents
Dividends	14	**117,701**	282,253

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	US$'000	*US$'000*
Profit for the year	**312,887**	717,275
Other comprehensive income		
Item that will not be reclassified subsequently to profit or loss		
Fair value adjustment upon transfer from property, plant and equipment to investment properties	**8,306**	-
Items that may be reclassified to profit or loss		
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates	**(32,299)**	70,485
Fair value gain on an available-for-sale financial asset	**8,000**	2,000
Release of reserves upon liquidation of subsidiaries	**(811)**	-
Release of reserves upon disposal of an associate	**-**	(65,428)
Share of reserves of joint ventures and associates		
- investment revaluation reserve	**-**	1,331
- exchange reserve	**(3,817)**	1,149
- other reserves	**451**	(1,019)
Other comprehensive (loss)/income for the year, net of tax	**(20,170)**	8,518
Total comprehensive income for the year	**292,717**	725,793
Total comprehensive income attributable to:		
Equity holders of the Company	**273,890**	699,923
Non-controlling interests	**18,827**	25,870
	292,717	725,793
Total comprehensive income attributable to equity holders of the Company arising from:		
Continuing operations	**273,890**	338,986
Discontinued operation	**-**	360,937
	273,890	699,923

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 and investment properties are carried at fair value.

(a) Adoption of HKFRS amendments and interpretation

In 2014, the Group has adopted the following amendments and interpretation issued by the HKICPA which are mandatory for the financial year ended 31 December 2014:

HKAS 32 Amendment	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
HKAS 36 Amendment	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 Amendment	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Investment Entities
HK(IFRIC) - Int 21	Levies

The Group has assessed the impact of the adoption of these HKFRS amendments and interpretation and considered that there was no significant impact on the Group's results and financial position.

1. **BASIS OF PREPARATION (Continued)**

(b) Standards, amendments and improvements to existing standards that are not yet effective for the year ended 31 December 2014 and have not been early adopted by the Group

The HKICPA has issued the following new HKFRS, amendments and improvements to existing standards which are not yet effective for the year ended 31 December 2014 and have not been early adopted by the Group:

New standards and amendments		**Effective for accounting periods beginning on or after**
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants	1 January 2016
HKAS 19 (2011) Amendment	Employee Benefits	1 July 2014
HKAS 27 Amendment	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
Annual Improvements 2010-2012 Cycle		
HKAS 16 Amendment	Property, Plant and Equipment	1 July 2014
HKAS 24 Amendment	Related Party Disclosures	1 July 2014
HKAS 38 Amendment	Intangible Assets	1 July 2014
HKFRS 2 Amendment	Share-based Payment	1 July 2014
HKFRS 3 Amendment	Business Combination	1 July 2014
HKFRS 8 Amendment	Operating Segments	1 July 2014
HKFRS 13 Amendment	Fair Value Measurement	1 July 2014
Annual Improvements 2011-2013 Cycle		
HKAS 40 Amendment	Investment Property	1 July 2014
HKFRS 1 Amendment	First-time Adoption of Hong Kong Financial Reporting Standards	1 July 2014
HKFRS 3 Amendment	Business Combinations	1 July 2014
HKFRS 13 Amendment	Fair Value Measurement	1 July 2014
Annual Improvements 2012-2014 Cycle		
HKAS 19 Amendment	Employment Benefits	1 January 2016
HKAS 34 Amendment	Interim Financial Reporting	1 January 2016
HKFRS 5 Amendment	Non-current Assets Held for Sales and Discontinued Operations	1 January 2016
HKFRS 7 Amendment	Financial Instruments: Disclosures	1 January 2016

1. BASIS OF PREPARATION (Continued)

(b) Standards, amendments and improvements to existing standards that are not yet effective for the year ended 31 December 2014 and have not been early adopted by the Group (Continued)

The Group will apply the above new standards, amendments and improvements to existing standards as and when they become effective. The Group has already commenced an assessment of the related impact of these new standards, amendments and improvements to existing standards to the Group and it is not yet in a position to state whether any substantial financial impact will be resulted.

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 continuing operations:

(i) terminals and related businesses including terminal operations, container handling, transportation and storage; and
(ii) container leasing, management, sale 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, inter-segment loans, other receivables and prepayments 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

	Terminals and related businesses *US$'000*	**Container leasing, management, sale and related businesses** *US$'000*	**Segment total** *US$'000*	**Corporate** *US$'000*	**Inter-segment elimination** *US$'000*	**Total** *US$'000*
At 31 December 2014						
Segment assets	**4,649,728**	**2,204,278**	**6,854,006**	**1,807,860**	**(1,045,156)**	**7,616,710**
Segment assets include:						
Joint ventures	**840,891**	-	**840,891**	-	-	**840,891**
Associates	**826,197**	-	**826,197**	-	-	**826,197**
Available-for-sale financial asset	**35,000**	-	**35,000**	-	-	**35,000**
At 31 December 2013						
Segment assets	4,399,661	2,134,325	6,533,986	2,031,613	(1,014,295)	7,551,304
Segment assets include:						
Joint ventures	635,554	-	635,554	-	-	635,554
Associates	824,598	-	824,598	-	-	824,598
Available-for-sale financial asset	27,000	-	27,000	-	-	27,000

2. SEGMENT INFORMATION (Continued)

(a) Operating segments (Continued)

Segment revenues, results and other information

	Continuing operations					
	Terminals and related businesses *US$'000*	**Container leasing, management, sale and related businesses** *US$'000*	**Segment total** *US$'000*	**Corporate** *US$'000*	**Elimination of inter-segment (revenues) and finance (income)/costs** *US$'000*	**Total** *US$'000*
Year ended 31 December 2014						
Revenues - total sales	**516,993**	**357,075**	**874,068**	**-**	**(3,977)**	**870,091**
Segment profit/(loss) attributable to equity holders of the Company	**220,978**	**95,757**	**316,735**	**(23,976)**	**-**	**292,759**
Segment profit/(loss) attributable to equity holders of the Company includes:						
Finance income	**962**	**874**	**1,836**	**51,135**	**(27,233)**	**25,738**
Finance costs	**(61,728)**	**(22,782)**	**(84,510)**	**(19,163)**	**31,167**	**(72,506)**
Share of profits of						
- joint ventures	**99,729**	**-**	**99,729**	**-**	**-**	**99,729**
- associates	**71,496**	**-**	**71,496**	**-**	**-**	**71,496**
Income tax expenses	**(18,350)**	**(2,739)**	**(21,089)**	**(17,906)**	**-**	**(38,995)**
Depreciation and amortisation	**(83,266)**	**(126,750)**	**(210,016)**	**(1,709)**	**-**	**(211,725)**
Provision for inventories	**-**	**(7,568)**	**(7,568)**	**-**	**-**	**(7,568)**
Other non-cash expenses	**(88)**	**(2,451)**	**(2,539)**	**(13)**	**-**	**(2,552)**
Additions to non-current assets	**(107,680)**	**(305,863)**	**(413,543)**	**(188)**	**-**	**(413,731)**

2. SEGMENT INFORMATION (Continued)

(a) Operating segments (Continued)

Segment revenues, results and other information (Continued)

	Continuing operations						Discontinued operation
	Terminals and related businesses *US$'000*	Container leasing, management, sale and related businesses *US$'000*	Segment total *US$'000*	Corporate *US$'000*	Elimination of inter-segment (revenues) and finance (income)/costs *US$'000*	Total *US$'000*	Container manufacturing and related businesses *US$'000*
Year ended 31 December 2013							
Revenues - total sales	455,071	347,747	802,818	-	(4,192)	798,626	-
Segment profit/(loss) attributable to equity holders of the Company	186,767	125,259	312,026	(25,820)	-	286,206	416,470
Segment profit/(loss) attributable to equity holders of the Company includes:							
Finance income	934	452	1,386	33,094	(16,368)	18,112	-
Finance costs	(60,305)	(22,150)	(82,455)	(22,429)	20,345	(84,539)	-
Share of profits less losses of							
- joint ventures	81,406	-	81,406	-	-	81,406	-
- associates	72,504	-	72,504	-	-	72,504	23,059
Net gain on disposal of an associate	-	-	-	-	-	-	393,411
Income tax expenses	(13,249)	(3,128)	(16,377)	(17,120)	-	(33,497)	-
Depreciation and amortisation	(74,989)	(113,112)	(188,101)	(2,363)	-	(190,464)	-
Provision for inventories	-	(1,792)	(1,792)	-	-	(1,792)	-
Other non-cash expenses	(568)	(3,198)	(3,766)	-	-	(3,766)	-
Additions to non-current assets	(285,405)	(289,677)	(575,082)	(190)	-	(575,272)	-
Additions arising from business combination	(85,086)	-	(85,086)	-	-	(85,086)	-

2. SEGMENT INFORMATION (Continued)

(b) Geographical information

(i) Revenues

In respect of terminals 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.

	2014	2013
	US$'000	*US$'000*
Terminals and related businesses		
- Mainland China (excluding Hong Kong)	**336,096**	296,634
- Europe	**178,466**	155,429
- Others	**2,383**	2,939
Unallocated	**353,146**	343,624
	870,091	798,626

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, joint ventures, 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 terminals' 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 joint ventures and associates are predominantly carried out in Hong Kong, Mainland China, Singapore, Belgium, Egypt, Greece and Taiwan.

	2014	2013
	US$'000	*US$'000*
Mainland China (excluding Hong Kong)	**3,623,862**	3,538,058
Europe	**366,132**	427,235
Others	**424,023**	256,064
Unallocated	**1,706,111**	1,771,066
	6,120,128	5,992,423

3. JOINT VENTURES

On 13 March 2014, COSCO Ports (ACT) Limited, a wholly-owned subsidiary of the Company and Sea Prime Holdings Limited, a wholly-owned subsidiary of Hutchison Ports Holdings Trust, entered into a 50:50 joint venture arrangement for the establishment of a joint venture company, COSCO-HPHT ACT Limited, to acquire an 80% equity interest in Asia Container Terminals Holdings Limited. The total consideration paid by the Group under the Subscription Agreement and Assignment Deeds is HK$1,648,000,000 (equivalent to approximately US$212,335,000). Completion of the subscription and assignment took place on 13 March 2014.

4. 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 1 October 2009.

5. TRADE AND OTHER RECEIVABLES

	2014	2013
	US$'000	*US$'000*
Trade receivables		
- third parties	**56,016**	59,138
- fellow subsidiaries	**36,251**	28,107
- non-controlling shareholders of a subsidiary	**4,997**	4,561
- related companies	**1,046**	468
	98,310	92,274
Bills receivable	**3,450**	6,520
	101,760	98,794
Less: provision for impairment	**(4,240)**	(3,946)
	97,520	94,848
Other receivables, deposits and prepayments	**41,475**	47,416
Rent receivable collected on behalf of owners of managed containers	**20,248**	22,685
Current portion of finance lease receivables	**5,471**	1,983
Loans to joint ventures	**20,599**	22,485
Amounts due from		
- fellow subsidiaries	**163**	525
- joint ventures	**285**	28,186
- associates	**1,537**	4,430
- non-controlling shareholders of subsidiaries	**2,296**	1,935
	189,594	224,493

The Group grants credit periods of 30 to 90 days to its customers. The ageing analysis of the trade receivables and bills receivable (net of provision) based on invoice date and issuance date respectively is as follows:

	2014	2013
	US$'000	*US$'000*
Within 30 days	**54,081**	50,734
31 - 60 days	**33,802**	32,707
61 - 90 days	**4,947**	6,125
Over 90 days	**4,690**	5,282
	97,520	94,848

6. LONG TERM BORROWINGS

10-year notes with principal amount of US$300,000,000 were issued by a subsidiary of the Company to investors on 31 January 2013 (the "2013 Notes"). The 2013 Notes carried a fixed interest yield of 4.46% per annum and were issued at a price of 99.320 per cent of their principal amount with a fixed coupon rate of 4.375% per annum, resulting in a discount on issue of US$2,040,000. The 2013 Notes bear interest from 31 January 2013, payable semi-annually in arrears on 31 January and 31 July of each year, commencing on 31 July 2013. The 2013 Notes are guaranteed unconditionally and irrevocably by the Company and listed on The Stock Exchange of Hong Kong Limited. Unless previously redeemed or repurchased by the Company, the 2013 Notes will mature on 31 January 2023 at their principal amount. The 2013 Notes are subject to redemption in whole, at their principal amount, together with accrued interest, at the option of the Company at any time in the event of certain changes affecting the taxes of certain jurisdictions.

7. TRADE AND OTHER PAYABLES

	2014	2013
	US$'000	*US$'000*
Trade payables		
- third parties	**40,650**	51,561
- fellow subsidiaries	**58**	213
- non-controlling shareholders of subsidiaries	**7,835**	5,595
- related companies	**52,720**	23,614
	101,263	80,983
Other payables and accruals	**153,795**	159,648
Payable to owners of managed containers	**23,570**	26,241
Current portion of other long term liabilities	**903**	934
Dividend payable	**7**	39
Loan from a joint venture	**31,868**	24,603
Loans from non-controlling shareholders of subsidiaries	**57,973**	156,285
Amounts due to		
- fellow subsidiaries	**39**	192
- non-controlling shareholders of subsidiaries	**15,516**	15,419
- joint ventures	**351**	390
- related companies	**12**	5
	385,297	464,739

The ageing analysis of the trade payables based on invoice date is as follows:

	2014	2013
	US$'000	*US$'000*
Within 30 days	**61,085**	36,945
31 - 60 days	**4,180**	24,155
61 - 90 days	**18,429**	2,373
Over 90 days	**17,569**	17,510
	101,263	80,983

8. OTHER OPERATING INCOME

	2014	2013
	US$'000	*US$'000*
Management fee and other service income	**5,321**	6,936
Dividend income from an unlisted investment	**2,034**	1,923
Write back of provision for impairment of trade receivables and finance lease receivables	**786**	1,530
Revaluation surplus of investment properties	**-**	364
Rental income from		
- investment properties	**1,315**	397
- buildings, leasehold land and land use rights	**802**	872
Gain on disposal of property, plant and equipment	**8,354**	479
Exchange gain, net	**-**	11,468
Gain on liquidation of subsidiaries	**811**	-
Others	**3,526**	7,695
	22,949	31,664

9. OPERATING PROFIT

Operating profit is stated after charging the following:

	2014	2013
	US$'000	*US$'000*
Charging		
Amortisation of		
- land use rights	**5,431**	5,113
- intangible assets	**2,069**	2,117
- other non-current assets (Note 4)	**1,889**	1,898
Depreciation of		
- owned property, plant and equipment leased out under operating leases	**125,089**	111,424
- other owned property, plant and equipment	**77,247**	69,912
Exchange loss, net	**7,600**	-
Loss on disposal of property, plant and equipment	**1,167**	564
Cost of inventories sold	**40,848**	20,165
Revaluation deficit of investment properties	**289**	-
Outgoings in respect of investment properties	**6**	6
Provision for impairment of trade receivables	**1,078**	3,068
Provision for inventories	**7,568**	1,792
Rental expenses under operating leases of		
- land and buildings leased from third parties	**2,764**	3,247
- buildings leased from a fellow subsidiary	**1,569**	1,553
- buildings leased from a joint venture	**33**	37
- land use rights leased from non-controlling shareholders of subsidiaries	**1,106**	1,096
- plant and machinery leased from third parties	**590**	443
- containers leased from third parties	**33,048**	30,462
- Concession (Note 4)	**46,790**	40,611
Total staff costs (including directors' emoluments and retirement benefit costs)		
Wages, salaries and other benefits	**195,214**	179,912
Less: amounts capitalised in intangible assets	**-**	(91)
	195,214	179,821

10. FINANCE INCOME AND COSTS

	2014	2013
	US$'000	*US$'000*
Finance income		
Interest income on		
- bank balances and deposits	**20,786**	15,705
- loans to joint ventures and an associate	**4,952**	2,407
	25,738	18,112
Finance costs		
Interest expenses on		
- bank loans	**(52,749)**	(68,923)
- notes wholly repayable within five years	**-**	(4,840)
- notes not wholly repayable within five years	**(13,128)**	(12,033)
- loans from non-controlling shareholders of subsidiaries	**(6,204)**	(7,299)
- loan from a joint venture	**(1,034)**	(825)
Fair value loss on derivative financial instruments	**-**	(8,563)
Fair value adjustment of notes attributable to interest rate risk	**-**	11,239
	-	2,676
Amortised amount of		
- discount on issue of notes	**(275)**	(378)
- transaction costs on bank loans and notes	**(3,342)**	(3,359)
	(76,732)	(94,981)
Less: amount capitalised in construction in progress	**6,700**	12,611
	(70,032)	(82,370)
Other incidental borrowing costs and charges	**(2,474)**	(2,169)
	(72,506)	(84,539)
Net finance costs	**(46,768)**	(66,427)

11. INCOME TAX EXPENSES

	2014	2013
	US$'000	*US$'000*
Current income tax		
- Hong Kong profits tax	**(101)**	(228)
- Mainland China taxation	**(19,963)**	(13,302)
- Overseas taxation	**(12,847)**	(10,089)
- Under provision in prior years	**(217)**	(55)
	(33,128)	(23,674)
Deferred income tax charge	**(5,867)**	(9,823)
	(38,995)	(33,497)

The Group's shares of income tax expenses of joint ventures and associates of US$28,384,000 (2013: US$23,059,000) and US$14,764,000 (2013: US$18,315,000) are included in the Group's shares of profits less losses of joint ventures 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, joint ventures and associates.

Hong Kong profits tax was provided at a rate of 16.5% (2013: 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. NET GAIN ON DISPOSAL OF AN ASSOCIATE

The disposal of 21.8% equity interest in CIMC, a then associate of the Group listed in Shenzhen, which represented a discontinued operation, was completed on 27 June 2013 and resulted in a net gain of US$393,411,000 after deducting transaction costs and provisions of US$80,867,000. There was a net investing cash inflow from the discontinued operation amounting US$1,218,815,000 for the year ended 31 December 2013. The cash consideration was US$1,219,789,000.

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.

	2014	2013
Profit from continuing operations attributable to equity holders of the Company	**US$292,759,000**	US$286,206,000
Profit from discontinued operation attributable to equity holders of the Company	**-**	US$416,470,000
	US$292,759,000	US$702,676,000
Weighted average number of ordinary shares in issue	**2,924,874,180**	2,816,153,817
Basic earnings per share		
- from continuing operations	**US10.01 cents**	US10.16 cents
- from discontinued operation	**-**	US14.79 cents
	US10.01 cents	US24.95 cents

(b) Diluted

The outstanding share options granted by the Company did not have any dilutive effect on the earnings per share for the year ended 31 December 2014, and the diluted earnings per share is equal to the basic earnings per share for the year ended 31 December 2014.

For the year ended 31 December 2013, 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.

	2013
Profit from continuing operations attributable to equity holders of the Company	US$286,206,000
Profit from discontinued operation attributable to equity holders of the Company	US$416,470,000
	US$702,676,000
Weighted average number of ordinary shares in issue	2,816,153,817
Adjustments for assumed issuance of shares on exercise of dilutive share options	190,291
Weighted average number of ordinary shares for diluted earnings per share	2,816,344,108
Diluted earnings per share	
- from continuing operations	US10.16 cents
- from discontinued operation	US14.79 cents
	US24.95 cents

14. DIVIDENDS

	2014 **US$'000**	2013 US$'000
Interim dividend paid of US2.016 cents (2013: US2.396 cents) per ordinary share	**58,712**	66,758
2013 special interim dividend paid of US5.648 cents per ordinary share	**-**	157,366
Final dividend proposed of US1.988 cents (2013: US1.936 cents) per ordinary share	**58,456**	56,383
Additional dividends paid on shares issued due to issue of scrip dividends and exercise of share options before the closure of register of members:		
- 2014 interim	**533**	-
- 2013 interim and special interim	**-**	1,742
- 2012 final	**-**	4
	117,701	282,253

Note:

At a meeting held on 24 March 2015, the directors recommended the payment of a final dividend of HK15.4 cents (equivalent to US1.988 cents) per ordinary share. The proposed 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 31 December 2015.

15. CONTINGENT LIABILITIES

A statement of claim was issued on 19 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$7,000,000) in total. The Company and Piraeus Terminal defended all material claims at the trial hearing held on 30 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$36,000) 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 was first scheduled to take place on 13 November 2012 but was then postponed to 26 November 2013 due to the strike called by the Association of the Justices of the Greek courts. The hearing was further adjourned by the Court of Appeals of Athens to 21 October 2014 at the request of ADK. Subsequently, the appeal was held on 21 October 2014 before the Court of Appeal in Greece. There were no verbal pleadings during the hearing before the Court of Appeals, and the Company is awaiting the verdict. 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.

AUDITOR'S WORK ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 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 31 December 2014 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 HK15.4 cents (2013: HK15.0 cents) per share for the year ended 31 December 2014, 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 22 May 2015. The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the final dividend by the shareholders of the Company at the Annual General Meeting to be held on Thursday, 14 May 2015 ("2015 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 Wednesday, 15 July 2015.

Details of the Scrip Dividend Scheme and the election form will be sent to shareholders on or about Thursday, 18 June 2015.

CLOSURES OF REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the 2015 AGM

The 2015 AGM of the Company is scheduled to be held on Thursday, 14 May 2015. For determining the entitlement to attend and vote at the 2015 AGM, the register of members of the Company will be closed from Tuesday, 12 May 2015 to Thursday, 14 May 2015, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2015 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 11 May 2015.

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

The proposed final dividend for the year ended 31 December 2014 is subject to approval by the shareholders of the Company at the 2015 AGM. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 20 May 2015 to Friday, 22 May 2015, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 19 May 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Analysis of Results

Profit attributable to equity holders of COSCO Pacific for the year 2014 was US$292,759,000 (2013: US$702,676,000), a 58.3% decrease compared with last year. Excluding profit from the discontinued container manufacturing business for the year 2013, profit attributable to equity holders of COSCO Pacific for 2014 increased by 2.3%. Profit from the discontinued container manufacturing business for the year of 2013 included a net gain of US$393,411,000 on the disposal of its equity interest in CIMC and the share of profit of CIMC of US$23,059,000 during the year, which did not recur in 2014.

Profit from the terminal business for 2014 was US$220,978,000 (2013: US$186,767,000), a 18.3% increase compared with last year. In 2014, the throughput of container terminals reached 67,326,122 TEU (2013: 61,284,891 TEU), a 9.9% increase compared with last year. Equity throughput increased to 19,047,214 TEU (2013: 17,196,297 TEU), a 10.8% increase compared with last year. With regard to terminals in which the Group has controlling stakes, Piraeus Terminal in Greece showed strong performance during the year, with an increase of 18.5% in throughput as compared with last year, recording a profit of US$28,980,000 (2013: US$23,051,000), a 25.7% increase compared with last year. In addition, the operation of Xiamen Ocean Gate Terminal has improved. It saw a significant increase of 32.3% in container throughput as a result of more shipping routes being introduced in the year, and its loss narrowed to US$6,858,000 (2013: a loss of US$14,112,000), representing a decrease of loss of 51.4% as compared with last year. In respect of non-controlled terminals, profit contributions from Qingdao Qianwan Container Terminal Co., Ltd. (“Qingdao Qianwan Terminal”), Shanghai Pudong International Container Terminals Limited (“Shanghai Pudong Terminal”) and COSCO-PSA Terminal Private Limited (“COSCO-PSA Terminal”) attributable to the Group were all improved for the year, and operation of Antwerp Gateway NV (“Antwerp Terminal”) recorded a turnaround from loss to profit during the year. Meanwhile, the Group completed the acquisition of a 39.04% equity interest in Taicang International Container Terminal Co., Ltd. (“Taicang Terminal”) in July 2013. It also completed its investment in Qingdao Port Dongjiakou Ore Terminal Co., Ltd. (“Dongjiakou Ore Terminal”) and its acquisition of an equity interest in Asia Container Terminals Limited (“Asia Container Terminal”) in 2014. All of these new terminals made profit contributions during the year. On the other hand, due to increased operating costs and the expiry of the tax holiday of 50% of income tax relief for Yantian International Container Terminals Co., Ltd. (“Yantian Terminal”), profit from Yantian Terminal decreased during the year.

The container leasing, management and sale businesses recorded a profit of US$95,757,000 (2013: US$125,259,000) in 2014, a 23.6% decrease compared with last year. As at 31 December 2014, the fleet size of the Group was 1,907,778 TEU (31 December 2013: 1,888,200 TEU), a 1.0% increase compared with last year.

Financial Analysis

Revenues

Revenues of the Group for 2014 was US$870,091,000 (2013: US$798,626,000), an 8.9% increase compared with last year. The revenue was primarily derived from the terminals business of US$516,993,000 (2013: US$455,071,000) and the container leasing, management and sale businesses of US$357,075,000 (2013: US$347,747,000).

Total revenues from terminals business for 2014 increased by 13.6% compared with last year. The increase was mainly derived from Piraeus Terminal in Greece, Guangzhou South China Oceangate Terminal and Xiamen Ocean Gate Terminal. The throughput of Piraeus Terminal reached 2,986,904 TEU (2013: 2,519,664 TEU) in 2014, contributing a revenue of US$178,466,000 (2013: US$155,429,000) to the Group for the year, a 14.8% increase compared with last year. The throughput of Guangzhou South China Oceangate Terminal was 4,647,266 TEU (2013: 4,449,311 TEU) in 2014, and its revenues increased to US$144,138,000 (2013: US$132,329,000), an 8.9% increase compared with last year. In 2014, container throughput of Xiamen Ocean Gate Terminal increased by 32.3% as compared with last year. This, together with a higher tariff charged and its completion of the acquisition of Xiamen Haitou Tongda Terminal Co., Ltd. ("Xiamen Tongda Terminal") in March 2013, increased the revenues generated from Xiamen Ocean Gate Terminal to US$39,199,000 (2013: US$19,275,000) during the year, a 103.4% increase compared with last year.

In respect of the container leasing, management and sale businesses, revenue generated in 2014 was US$357,075,000 (2013: US$347,747,000), a 2.7% increase compared with last year, which primarily included container leasing income and revenues from the disposal of returned containers. As at 31 December 2014, the fleet capacity of owned containers and sale-and-leaseback containers reached 1,083,756 TEU and 286,568 TEU respectively (31 December 2013: 1,085,507 TEU and 250,290 TEU respectively). Revenue from container leasing for 2014 was US$295,774,000 (2013: US$290,883,000), an increase of 1.7% as compared with last year. In respect of the container sale business, although the resale price of returned containers decreased by 21.9% as compared with last year, the revenue from the disposal of returned containers increased to US$47,773,000 (2013: US$42,967,000) as the number of returned containers disposed of during 2014 increased 42.4% to 50,860 TEU (2013: 35,714 TEU) compared with last year.

Cost of sales

Cost of sales mainly comprised operating expenses of the terminal companies in which the Group has controlling stakes, depreciation charges on owned containers, net carrying amount of returned containers disposed of and rental expenses of sale-and-leaseback containers. Cost of sales in 2014 was US$546,234,000 (2013: US$480,457,000), a 13.7% increase compared with last year. Of this, cost of sales of terminal business was US$337,344,000 (2013: US$310,696,000), an 8.6% 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 business volume of terminal business in which the Group has controlling stakes. Cost of sales of container leasing, management and sale businesses was US$208,940,000 (2013: US$169,989,000), a 22.9% increase compared with last year. During the year, as a result of the increased size of owned containers over last year, depreciation charges for containers increased to US$124,329,000 (2013: US$110,507,000). The year of 2014 recorded an increased number of the returned containers disposed of and a higher net carrying amount for these returned containers over last year. As a result, the net carrying amount of the returned containers disposed of increased to US$40,848,000 (2013: US$20,165,000).

Administrative expenses

Administrative expenses in 2014 were US$93,201,000 (2013: US$90,058,000), a 3.5% increase compared with last year.

Other operating (expenses)/income, net

Net other operating expenses for the year was US$3,231,000 (2013: other operating income of US$18,708,000), which included a net exchange loss of US$7,600,000 (2013: a net exchange gain of US$11,468,000) for 2014.

Finance costs

The Group's finance costs in 2014 were US$72,506,000 (2013: US$84,539,000), a 14.2% decrease compared with last year. The finance costs decreased mainly because financial arrangement was further enhanced during the year. Meanwhile, the Group's US$300,000,000 10-year notes issued in 2003 were expired and repaid in October 2013, contributing to the decreased finance costs in 2014. The average balance of bank loans was reduced to US$1,984,945,000 (2013: US$2,607,329,000) for the year, a 23.9% decrease compared with last year. Taking into account of the capitalised interest, the average cost of bank borrowings in 2014, including the amortisation of transaction costs over bank loans and notes, was 3.63% (2013: 3.41%).

Share of profit contribution from joint ventures and associates

Excluding the share of profit of CIMC which has been disposed of, the profit contribution from joint ventures and associates for 2014 amounted to US$171,225,000 (2013: US$153,910,000), representing an increase of 11.3% compared with last year. Due to the increase in throughput, profit contributions from Qingdao Qianwan Terminal, Shanghai Pudong Terminal and COSCO-PSA Terminal attributable to COSCO Pacific were all improved for the year, and the operation of Antwerp Terminal recorded a turnaround from loss to gain in the year. The Group's share of profit of Qingdao Qianwan Terminal for the year 2014 was US$39,034,000 (2013: US$29,521,000), a 32.2% increase compared with last year. The Group's share of profit of Shanghai Pudong Terminal for the year was US$20,689,000 (2013: US$19,686,000), a 5.1% increase compared with last year. The Group's share of profit of COSCO-PSA Terminal for the year was US$3,536,000 (2013: US$1,077,000), a 228.3% increase compared with last year. The Group's share of profit of Antwerp Terminal for the year was US$4,469,000 (2013: a loss of US$319,000). Meanwhile, the Group completed the acquisition of a 39.04% equity interest in Taicang Terminal in July 2013. It also completed its investment in Dongjiakou Ore Terminal and acquisition of an equity interest in Asia Container Terminal in 2014. All of these new terminals made profit contributions during the year. On the other hand, due to increased labour costs and the expiry of the tax holiday of 50% of income tax relief for Yantian Terminal, profit from Yantian Terminal decreased to US$49,446,000 (2013: 54,906,000) for the year, representing a decrease of 9.9%.

Income tax expenses

During the year, income tax expenses amounted to US$38,995,000 (2013: US$33,497,000). This included a provision of approximately US$13,525,000 (2013: US$14,282,000) for withholding income tax in respect of the profit distribution by certain investments of the Group.

Discontinued operation

Profit from discontinued operation represents profit derived from the container manufacturing business. The Group has completed the disposal of its 21.8% equity interest in CIMC on 27 June 2013, recording a net gain of US$393,411,000 on the disposal. In addition, the Group recognised its share of profit of CIMC of US$23,059,000 in 2013. Including the net gain on the disposal of its equity interest in CIMC and the share of profit of CIMC, the total profit from the discontinued container manufacturing business amounted to US$416,470,000 in 2013.

Financial Position

Cash flow

Cash inflow of the Group remained steady in 2014. During the year, net cash generated from operating activities amounted to US$464,952,000 (2013: US$476,544,000). In 2014, the Group borrowed bank loans of US$266,050,000 (2013: US$283,691,000) and repaid loans of US$419,114,000 (2013: US$900,523,000).

During the year, an amount of US$376,759,000 (2013: US$531,526,000) was paid in cash by the Group for the expansion of berths and purchase of property, plant and equipment, of which US$280,348,000 (2013: US$255,198,000) was for the purchase of new containers. In addition, the total cash outflow for capital investment by COSCO Pacific amounted to US$279,919,000 in 2014, comprising US$212,335,000 for the investment in Asia Container Terminal, net equity investment of US$57,330,000 for Dongjiakou Ore Terminal and US$10,254,000 used for capital injection in Ningbo Yuan Dong Terminals Limited ("Ningbo Yuan Dong Terminal"). Cash outflow in aggregate for capital investment by COSCO Pacific amounted to US$104,311,000 in 2013, mainly comprising US$52,319,000 for acquiring the equity interest in Taicang Terminal, net equity investment of US$31,794,000 for Xiamen Tongda Terminal and US$20,198,000 used for capital injection in Ningbo Yuan Dong Terminal.

Financing and credit facilities

As at 31 December 2014, the Group's total outstanding bank borrowings and cash balance amounted to US$1,860,193,000 (31 December 2013: US$2,046,210,000) and US$1,116,479,000 (31 December 2013: US$1,237,551,000) respectively. Banking facilities available but unused amounted to US$475,694,000 (31 December 2013: US$504,575,000).

Assets and liabilities

As at 31 December 2014, the Group's total assets and total liabilities were US$7,616,710,000 (31 December 2013: US$7,551,304,000) and US$2,558,048,000 (31 December 2013: US$2,707,810,000) respectively. Net assets were US$5,058,662,000, representing an increase of 4.4% as compared with that of US$4,843,494,000 at the end of 2013. Net current assets at the end of 2014 amounted to US$426,433,000 (31 December 2013: US$650,796,000). As at 31 December 2014, net asset value per share of the Company was US$1.72 (31 December 2013: US$1.66).

As at 31 December 2014, net debt-to-total equity ratio was 14.7% (31 December 2013: 16.7%). The interest coverage was 5.9 times in 2014 (compared with 9.9 times in 2013 after taking into account of the discontinued operation). As at 31 December 2014, certain of the Group's property, plant and equipment with an aggregate net book value of US$55,119,000 (31 December 2013: US$65,473,000) were pledged as securities against bank borrowings of US$241,967,000 (31 December 2013: US$275,277,000).

Debt analysis

By repayment term	As at 31 December 2014 US$	(%)	As at 31 December 2013 US$	(%)
Within the first year	**429,762,000**	**23.1**	275,785,000	13.5
Within the second year	**142,804,000**	**7.7**	567,710,000	27.7
Within the third year	**371,953,000**	**20.0**	144,492,000	7.1
Within the fourth year	**159,648,000**	**8.6**	270,678,000	13.2
Within the fifth year and after	**756,026,000**	**40.6**	787,545,000	38.5
	1,860,193,000 *	**100.0**	2,046,210,000 *	100.0
By category				
Secured borrowings	**241,967,000**	**13.0**	275,277,000	13.5
Unsecured borrowings	**1,618,226,000**	**87.0**	1,770,933,000	86.5
	1,860,193,000 *	**100.0**	2,046,210,000 *	100.0
By denominated currency				
US dollar borrowings	**1,266,764,000**	**68.1**	1,375,387,000	67.2
RMB borrowings	**351,462,000**	**18.9**	395,546,000	19.3
Euro borrowings	**241,967,000**	**13.0**	275,277,000	13.5
	1,860,193,000 *	**100.0**	2,046,210,000 *	100.0

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

Financial guarantee contracts

As at 31 December 2014, the Group provided guarantees on a loan facility granted to an associate of US$13,613,000 (31 December 2013: US$21,094,000).

Contingent Liabilities

A statement of claim was issued on 19 October 2009 by ADK against the Company and Piraeus Container, 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$7,000,000) in total. The Company and Piraeus Terminal defended all material claims at the trial hearing held on 30 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$36,000) 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 was first scheduled to take place on 13 November 2012 but was then postponed to 26 November 2013 due to the strike called by the Association of the Justices of the Greek courts. The hearing was further adjourned by the Court of Appeals of Athens to 21 October 2014 at the request of ADK. Subsequently, the appeal was held on 21 October 2014 before the Court of Appeal in Greece. There were no verbal pleadings during the hearing before the Court of Appeals, and the Company is awaiting the verdict. 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 joint ventures and associates were denominated in their respective functional currencies so as to minimise foreign exchange exposure in investments.

As at 31 December 2014, 16.1% of the Group's total borrowings were in fixed rate while 14.7% of the Group's total borrowings were in fixed rate as at 31 December 2013. The Group will continue 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.

OPERATIONAL REVIEW

Terminals

Although the measures implemented by central banks have curbed large scale market turmoil, the global economy continues to face significant uncertainties. Economic activity has remained weak in the context of enduring negative market sentiment, a situation often described as the "new normal". The International Monetary Fund ("IMF") estimated the global economy to have grown by 3.3% in 2014, the same as in 2013. The growth of global trade slowed by 0.3 percentage points as compared to 2013 to 3.1% in 2014. Despite this, the growth in global port container throughput improved. According to the forecast made by Drewry in December 2014, the growth in global container handling in 2014 increased by 1.1 percentage points to 5.0% from 3.9% in 2013.

Hindered by the slow recovery of the global economy, China's foreign trade has entered a period of more modest growth. In 2014, the growth in China's exports slowed down markedly to 4.9% (2013: +7.9%). Meanwhile, affected by the relatively slow growth of the domestic economy, China's imports fell by 0.6% (2013: +7.3%). Throughput at Chinese ports was stable in 2014. According to the China Ports and Harbours Association, container throughput at Chinese ports recorded year-on-year growth of about 6.1% in 2014 (2013: +6.7%). Thanks to increased global container traffic, the container throughput growth of major Chinese ports accelerated as compared to 2013. Throughput at Shanghai port grew by 5.0% (2013: +3.3%) and Shenzhen port by 3.3% (2013: +1.5%), while Ningbo port saw significant growth of 12.1% (2013: +7.3%).

Optimisation of operational benefits from sustainable throughput growth

In 2014, container throughput at the Group's terminals saw sustained growth. Equity throughput rose by 10.8% to 19,047,214 TEU (2013: 17,196,297 TEU). Profit from the terminals business rose by 18.3% to US$220,978,000 (2013: US$186,767,000) thanks to the optimisation of terminal operations.

Overseas terminals performed satisfactorily during the year. Growth in profit was seen at all four overseas terminal companies, principally thanks to increased throughput. The business of Piraeus Terminal in Greece thrived and its profit rose 25.7% to US$28,980,000 (2013: US$23,051,000). The profit from Suez Canal Container Terminal S.A.E. ("Suez Canal Terminal") in Egypt rose 8.0% to US$11,082,000 (2013: US$10,261,000). A turnaround was achieved at Antwerp Terminal in Belgium thanks to the continued rapid growth in throughput during the year. The profit from the terminal was US$4,469,000 (2013: a loss of US$319,000).

Growth in profits was also seen at the vast majority of the Group's terminal companies in China. Among these, the performance of Qingdao Qianwan Terminal was the most marked. Thanks to the increased number of containers and growth in average revenue per TEU, profit from the terminal rose 32.2% to US$39,034,000 (2013: US$29,521,000). Profits at Shanghai Pudong Terminal and COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT Terminal") rose by 5.1% to US$20,689,000 (2013: US$19,686,000) and by 1.8% to US$16,487,000 (2013: US$16,203,000) respectively, while profits at Ningbo Yuan Dong Terminal and Guangzhou South China Oceangate Terminal rose by 5.6% to US$10,523,000 (2013: US$9,965,000) and by 8.0% to US$8,948,000 (2013: US$8,282,000) respectively.

Xiamen Ocean Gate Terminal is still in a ramp-up phase. Its operations have continued to improve since the commencement of operations in May 2012. Throughput grew satisfactorily and the tariff increased during the year. Including Xiamen Tongda Terminal which was acquired in March 2013, the loss was significantly narrowed, falling by 51.4% to US$6,858,000 (2013: a loss of US$14,112,000).

However, expense on income tax for Yantian Terminals increased due to the expiry of 50% income tax relief for Phase III of Yantian Terminals. This, together with increased operating costs, saw profit at Yantian Terminals drop by 9.9% to US$49,446,000 (2013: US$54,906,000). This decrease partially offset the profit growth at the other terminal companies.

On 13 March 2014, the Group acquired a 40% effective equity interest in Asia Container Terminal, whose profit and throughput have consequently been included in the Group's accounts since 14 March 2014. The acquired company contributed a profit of US$1,599,000 and generated shareholders' loan interest income amounting to US$2,916,000 to the Group during the year.

Revenues from terminals business remain on the increase

Looking at the full-year performance, revenue from the terminals business of COSCO Pacific reached US$516,993,000 (2013: US$455,071,000), up 13.6% over 2013. Revenue from the terminals business accounted for 59.4% (2013: 57.0%) of total Group revenue and the business remained the anchor of the Group's steady operations.

Growth in revenues was seen from all terminal subsidiaries in 2014. Piraeus Terminal, Xiamen Ocean Gate Terminal and Guangzhou South China Oceangate Terminal continued to drive the revenue growth of the Group's terminals business during the year. The revenue from Piraeus Terminal rose 14.8% to US$178,466,000 (2013: US$155,429,000). The revenue from Guangzhou South China Oceangate rose 8.9% to US$144,138,000 (2013: US$132,329,000). Revenue generated by Xiamen Ocean Gate Terminal and Xiamen Tongda Terminal in aggregate amounted to US$39,199,000 (2013: US$19,275,000), representing a 103.4% increase.

Throughput growth exceeded expectation

According to Drewry's "Global Container Terminal Operators Annual Review and Forecast" published in September 2014, the total container throughput of COSCO Pacific's terminals accounted for approximately 9.3% of the world total, up 0.3 percentage points year-on-year. Hence, COSCO Pacific's ranking as No. 4 among the world's container terminal operators has strengthened.

The total throughput of the Group reached 67,326,122 TEU (2013: 61,284,891 TEU), up 9.9%, surpassing the mid-single-digit growth target set at the beginning of the year by management. This sustained growth is principally attributable to the growth in throughput at Yantian Terminals, Qingdao Qianwan Terminal and the overseas terminals, all of which exceeded expectations, along with the additional throughput brought by the newly acquired Asia Container Terminal. The equity throughput of the Group increased by 10.8% to 19,047,214 TEU (2013: 17,196,297 TEU), with its growth rate rising by 0.8 percentage points.

The Group's terminal companies in mainland China (excluding Hong Kong and Taiwan) handled 53,787,323 TEU (2013: 50,410,965 TEU) in total, accounting for 79.9% of the Group's total throughput. The growth was 6.7%, higher than the national average growth rate of approximately 6.1%.

The throughput of the Bohai Rim region reached 25,130,274 TEU (2013: 23,534,240 TEU), an increase of 6.8% and accounting for 37.3% of the Group's total throughput. The throughput at Qingdao Qianwan Terminal reached 16,108,145 TEU (2013: 14,981,635 TEU), up 7.5%, and was driven by the increased number of vessels loading goods for export berthing at the terminals.

The throughput of the Yangtze River Delta region rose 4.1% to 9,902,712 TEU (2013: 9,513,006 TEU), accounting for 14.7% of the Group's total throughput. Thanks to the increases in shipping routes, shipping companies' additional services as well as the number of cargoes from transshipment, the throughput of Shanghai Pudong Terminal rose 5.7% to 2,373,620 TEU (2013: 2,246,026 TEU) during the year. Ningbo Yuan Dong Terminal enjoyed an expansion of shipping routes and organic volume growth in operational routes.

Together with an increased volume of cargoes from vessel-to-vessel operations brought about by the success of marketing strategies and newly launched empty container transshipment management services for shipping companies, these developments saw the throughput of Ningbo Yuan Dong Terminal rise 14.5% to 3,214,703 TEU (2013: 2,806,406 TEU).

The combined throughput of the Southeast Coast and others reached 3,767,499 TEU (2013: 3,288,999 TEU), representing an increase of 14.5% and accounting for 5.6% of the Group's total throughput. Xiamen Ocean Gate Terminal was still in its ramp-up period, but with success in marketing and the optimisation of several shipping routes, its throughput surged 32.3% to 806,183 TEU (2013: 609,393 TEU). Thanks to the increased volume of cargoes from domestic transshipments, the throughput of Quan Zhou Pacific Container Terminal Co., Ltd. rose 6.4% to 1,160,480 TEU (2013: 1,090,660 TEU).

The throughput in the Pearl River Delta region reached 19,099,473 TEU (2013: 16,884,699 TEU), representing an increase of 13.1% and accounting for 28.4% of the Group's total throughput. With increased cargo volumes brought by transshipments and exports to the United States as well as a rise in the volume of empty containers, the throughput of Yantian Terminal rose 8.1% to 11,672,798 TEU (2013: 10,796,113 TEU). Guangzhou South China Oceangate Terminal was committed to enhancing its marketing and upgrading its services, and succeeded in increasing both shipping route callings and cargo volume during the year. The throughput of the terminal rose 4.4% to 4,647,266 TEU (2013: 4,449,311 TEU). Throughput at COSCO-HIT Terminal was maintained at 1,639,995 TEU (2013: 1,639,275 TEU). The profit and throughput of Asia Container Terminal have been included in the Group's accounts since 14 March 2014. The throughput contributed by the terminal to the Group was 1,139,414 TEU during the year.

The throughput of overseas terminals reached 9,426,164 TEU (2013: 8,063,947 TEU), representing an increase of 16.9% and accounting for 14.0% of the Group's total throughput. The efforts by Piraeus Terminal to expand market share yielded expected results, with its business continuing to grow and the customer mix further improved. Meanwhile, the terminal has also launched a sea-rail intermodal transport service, designed to expand its hinterland, which will further strengthen its core competence. The throughput of the terminal surged 18.5% to 2,986,904 TEU (2013: 2,519,664 TEU). Suez Canal Terminal in Egypt enjoyed an increase of shipping routes calling, enabling its throughput to reach 3,400,397 TEU (2013: 3,124,828 TEU), up 8.8%. With its operational efficiency optimised, Antwerp Terminal in Belgium has effectively absorbed the increasing volumes of cargoes diverted to Antwerp Port from ports nearby, leading throughput to surge by 26.0% to 1,727,116 TEU (2013: 1,370,609 TEU). As COSCO Container Lines Company Limited ("COSCON") increased its frequency of berthing, the volume of cargoes increased and the throughput of COSCO-PSA Terminal surged 25.1% to 1,311,747 TEU (2013: 1,048,846 TEU).

Throughput of Terminals

Terminal companies	2014 (TEU)	2013 (TEU)	Change (%)
Bohai Rim	**25,130,274**	**23,534,240**	**+6.8%**
Qingdao Qianwan Container Terminal Co., Ltd. Note 1	**16,108,145**	14,981,635	+7.5%
Tianjin Five Continents International Container Terminal Co., Ltd.	**2,569,695**	2,300,918	+11.7%
Tianjin Port Euroasia International Container Terminal Co., Ltd.	**2,004,170**	1,803,407	+11.1%
Dalian Port Container Terminal Co., Ltd.	**2,732,136**	2,732,174	0.0%
Yingkou Container Terminals Company Limited	**1,716,128**	1,716,106	0.0%
Yangtze River Delta	**9,902,712**	**9,513,006**	**+4.1%**
Shanghai Pudong International Container Terminals Limited	**2,373,620**	2,246,026	+5.7%
Ningbo Yuan Dong Terminals Limited	**3,214,703**	2,806,406	+14.5%
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	**798,773**	1,374,596	-41.9%
Yangzhou Yuanyang International Ports Co., Ltd.	**481,704**	449,849	+7.1%
Taicang International Container Terminal Co., Ltd. Note 2	**538,304**	235,759	+128.3%
Nanjing Port Longtan Container Co., Ltd.	**2,495,608**	2,400,370	+4.0%
Southeast Coast and others	**3,767,499**	**3,288,999**	**+14.5%**
Quan Zhou Pacific Container Terminal Co., Ltd.	**1,160,480**	1,090,660	+6.4%
Jinjiang Pacific Ports Development Co., Ltd.	**467,610**	418,242	+11.8%
Xiamen Ocean Gate Container Terminal Co., Ltd.	**806,183**	609,393	+32.3%
Kao Ming Container Terminal Corp.	**1,333,226**	1,170,704	+13.9%
Pearl River Delta	**19,099,473**	**16,884,699**	**+13.1%**
Yantian International Container Terminals Co., Ltd.	**11,672,798**	10,796,113	+8.1%
COSCO-HIT Terminals (Hong Kong) Limited	**1,639,995**	1,639,275	0.0%
Asia Container Terminals Limited Note 3	**1,139,414**	-	N/A
Guangzhou South China Oceangate Container Terminal Company Limited	**4,647,266**	4,449,311	+4.4%
Overseas	**9,426,164**	**8,063,947**	**+16.9%**
Piraeus Container Terminal S.A.	**2,986,904**	2,519,664	+18.5%
Suez Canal Container Terminal S.A.E.	**3,400,397**	3,124,828	+8.8%
COSCO-PSA Terminal Private Limited	**1,311,747**	1,048,846	+25.1%
Antwerp Gateway NV	**1,727,116**	1,370,609	+26.0%
Total throughput	**67,326,122**	**61,284,891**	**+9.9%**

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 joint ventures of Qingdao Qianwan Terminal. The throughput of the two terminals was 4,497,490 TEU (2013: 3,975,335 TEU) and 1,482,543 TEU (2013: 1,305,917 TEU) respectively.

Note 2: Throughput of Taicang Terminal is included since 1 August 2013.

Note 3: Throughput of Asia Container Terminal is included since 14 March 2014.

Note 4: The total throughput of bulk cargo in 2014 was 75,145,381 tons (2013: 40,436,547 tons), representing an increase of 85.8%. The bulk cargo throughput of Dongjiakou Ore Terminal is included since 1 March 2014, while its total throughput was 34,231,067 tons during the year. The throughput of Dalian Automobile Terminal reached 454,219 vehicles (2013: 358,227 vehicles), an increase of 26.8%.

Annual handling capacity increased 4.8% to 65,750,000 TEU

As of 31 December 2014, there were 108 berths (2013: 104 berths) under the Group's operating container terminals and the design total annual handling capacity was 65,750,000 TEU (2013: 62,750,000 TEU). There were 13 bulk berths (2013: 11 berths) in operation, with a total annual handling capacity of 46,050,000 tons (2013: 17,050,000 tons). Newly-added handling capacity during the year included the two berths of Asia Container Terminal (1,600,000 TEU), two berths of Kao Ming Container Terminal Corp. ("Kao Ming Terminal") (1,400,000 TEU) and two berths of Dongjiakou Ore Terminal (29,000,000 tons).

During the year, the Group focused on developing the terminals business to expand handling capacity via terminal asset acquisitions and the expansion of terminals in operation. For terminal asset acquisitions, the Group acquired a 40% effective equity interest in Asia Container Terminal at a consideration of HK$1,648,000,000 (equivalent to approximately US$212,335,000) on 13 March 2014. Asia Container Terminal owns and operates Terminal 8 West, Kwai Chung, in Hong Kong, which is adjacent to COSCO-HIT Terminal. Following the acquisition, the two terminals form a combined 1,380-metre long contiguous quay length. This has greatly increased the flexibility of berthing for mega container vessels and provides more efficient services for customers through the scientific management and efficient distribution of resources within the two terminals. A continuous focus on management efficiency is planned for 2015 in order to achieve further synergies.

In addition, the Group completed its investment of a 25% equity interest in Dongjiakou Ore Terminal at a consideration of US$57,330,000 on 26 January 2014. The terminals throughput and profit have been included into the Group's accounts since 1 March 2014. The investment, with its long-term upside potential, is in line with the terminal diversification strategy of COSCO Pacific. In addition, the remaining two berths of Kao Ming Terminal commenced operations on 27 September 2014.

Amendment to the Piraeus Terminal Concession Agreement became effective after being ratified by the Hellenic Parliament

In respect of the expansion of terminals in operation, a significant development was that the amendment agreement of the concession agreement signed by Piraeus Terminal and Piraeus Port Authority S.A. became effective on 20 December 2014 after ratification by the Hellenic Parliament. Piraeus Terminal will enhance the operational capacity of Pier 2 and build the Western Part of Pier 3, involving a total investment of approximately Euro 230,000,000. A further 2,500,000 TEU, of which 1,900,000 TEU is from the Western Part of Pier 3, will thereby be added to the annual handling capacity of Piraeus Terminal. Piraeus Terminal held the inauguration ceremony for the construction of the Western Part of Pier 3 on 21 January 2015, with construction and installation of mechanical equipment expected to be completed by 2021, bringing the terminal's annual handling capacity to 6,200,000 TEU.

The expansion project will further enhance the facilities and operating capacity of the container terminals in Piraeus Port, strengthen the port's position as an international transshipment hub and improve the revenue generating capacity of Piraeus Terminal.

Container Leasing, Management and Sale

The increase in demand for containers accelerated during 2014, especially in the second half of the year, which is the traditional industrial peak season. The rebound in demand for new containers continued, while a higher utilisation rate was recorded during the period. However, the leasing rates and the price of new containers remained at low level because of excessive market supply, intense competition in the industry and the expiration of some containers that were leased at higher rates. These factors pressured the container leasing industry's gross margin.

During the year, both the number of the Group's containers on hire and the disposal of returned containers recorded growth, leading to an increase in overall revenue. Despite some growth in market demand, competition in the container leasing market was fierce, curbing container leasing rates and resale prices. In addition, the average carrying value of returned containers disposed of was higher than in 2013. As a result, profit from container leasing, management and sale businesses dropped 23.6% to US$95,757,000 (2013: US$125,259,000).

Long-term leases accounted for 96.2% (2013: 95.5%) of the Group's total revenue from container leasing in 2014, while revenue from master leases accounted for 3.8% (2013: 4.5%). With a strategic focus on long-term leasing, the Group enjoys a stable income growth. The overall average utilisation rate of the Group's containers remained stable during the year, at 95.3% (2013: 94.5%), higher than the industry average of approximately 94.0% (2013: approximately 93.9%).

In 2014, revenue from the Group's container leasing, management and sale businesses reached US$357,075,000 (2013: US$347,747,000), representing an increase of 2.7%. The growth was mainly attributable to the increase in revenue from container leasing and the disposal of returned containers. Revenue from container leasing was US$295,774,000 (2013: US$290,883,000), an increase of 1.7% and accounted for 82.8% (2013: 83.6%) of the total revenue of the container leasing, management and sale businesses. The fleet size of owned containers and sale-and-leaseback containers grew 2.6% to 1,370,324 TEU (2013: 1,335,797 TEU). Although the Group's overall average utilisation rate increased, the market leasing rates were relatively low, curbing revenue growth.

Revenue from the disposal of returned containers increased by 11.2% to US$47,773,000 (2013: US$42,967,000), accounting for 13.4% (2013: 12.4%) of the total revenue of the container leasing, management and sale businesses. Revenue from the disposal of returned containers recorded year-on-year growth as a result of a larger number of disposed returned containers, although resale prices were lower. The number of disposed returned containers surged 42.4% to 50,860 TEU (2013: 35,714 TEU). During the year, the number of containers returned from COSCON was 43,382 TEU (2013: 36,193 TEU).

The fleet size of managed containers was down 2.7% to 537,454 TEU (2013: 552,403 TEU). As a result, revenue from managed containers decreased by 13.8% to US$6,377,000 (2013: US$7,398,000), accounting for 1.8% (2013: 2.1%) of the total revenue of the container leasing, management and sale businesses.

The Group has a prudent and comprehensive risk management framework to evaluate the credit risk pertaining to individual customers. Core customers of the Group are reliable container shipping lines and in 2014, 79.5% (2013: 74.9%) of the Group's container leasing revenue was contributed by the world's top ten container shipping lines.

As of 31 December 2014, the Group's container fleet had reached 1,907,778 TEU (2013: 1,888,200 TEU), up 1.0%. COSCO Pacific was one of the world's five largest container leasing companies with a market share of approximately 11.0% (2013: approximately 11.3%). The average age of containers in the fleet was 6.5 years (2013: 6.35 years).

During the year, the Group purchased 161,106 TEU (2013: 151,500 TEU) of new containers. Among these, 137,830 TEU (2013: 138,459 TEU) were purchased for COSCON, accounting for 85.6% (2013: 91.4%) of total new containers, while 23,276 TEU (2013: 13,041 TEU) were for international customers, representing

14.4% (2013: 8.6%) of total new containers. The capital expenditure on new containers amounted to US$305,803,000 (2013: US$288,754,000).

Breakdown of Owned, Sale-and-leaseback and Managed Containers

As of 31 December	**Leasing customers**	**2014 (TEU)**	2013 (TEU)	**Change (%)**
Owned containers	COSCON	**519,492**	490,191	**+6.0**
Owned containers	International customers	**564,264**	595,316	**-5.2**
Sale-and-leaseback containers	COSCON	**286,568**	250,290	**+14.5**
Managed containers	International customers	**537,454**	552,403	**-2.7**
Total		**1,907,778**	1,888,200	**+1.0**

As of 31 December	**Leasing customers**	**2014 Percentage of total**	2013 Percentage of total	**Change (pp)**
Owned containers	COSCON	**27.2**	26.0	**+1.2**
Owned containers	International customers	**29.6**	31.5	**-1.9**
Sale-and-leaseback containers	COSCON	**15.0**	13.2	**+1.8**
Managed containers	International customers	**28.2**	29.3	**-1.1**
Total		**100.0**	100.0	**--**

The Group's 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 minimise operational risk as well as achieve overall business stability. The Group's owned container fleet stood at 1,083,756 TEU (2013: 1,085,507 TEU), which represented 56.8% (2013: 57.5%) of the total container fleet. The fleet size of sale-and-leaseback containers and managed containers in aggregate amounted to 824,022 TEU (2013: 802,693 TEU), which represented 43.2% (2013: 42.5%) of the total fleet size.

The Group's customers are global container shipping lines and COSCON is the major customer. As classified by customer, COSCON leased 806,060 TEU (2013: 740,481 TEU), while international customers took up 1,101,718 TEU (2013: 1,147,719 TEU), which represented 42.2% (2013: 39.2%) and 57.8% (2013: 60.8%) of the total fleet size respectively.

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 fully complied with the code provisions of the Corporate Governance Code 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 31 December 2014.

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Company comprises three 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 31 December 2014.

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 of directors and senior management of the Group, reviews their remuneration packages and makes recommendations to the Board regarding 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 the policy regarding Board diversity, 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 31 December 2014.

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 2014, our high level of corporate transparency and good corporate governance continued to earn market recognition.

- Won "Special Mention in the H-share Companies and Other Mainland Enterprises Category" in the "2014 Best Corporate Governance Disclosure Awards" by Hong Kong Institute of Certified Public Accountants.
- "Gold Award for Financial Performance, Corporate Governance, Environmental Responsibility and Investor Relations" by The Asset magazine;
- "Corporate Governance Asia Recognition Award" for the eighth consecutive year and "Best Investor Relations Company" for the third consecutive year by Corporate Governance Asia magazine; we also won "Asian Company Secretary of the Year Recognition Award" by the magazine for the second consecutive year;
- "Outstanding China Enterprise Award" by Capital magazine for the third consecutive year;
- "Shipping In-House Team of the Year Award" by Asian Legal Business, a well recognised professional magazine, for the second consecutive year;
- "Hong Kong Outstanding Enterprise" by Economist Digest magazine for the tenth consecutive year; and
- The 2013 Annual Report was recognised with "Bronze in the Cover Design" in shipping services category at 2014 ARC Awards.

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 325 investors and related personnel, 64% of which were fund managers, 19% of which were analysts, 4% of which were investment bankers and 13% were media representatives. Besides, the Company conducted four road shows and attended ten investor forums as well as organised one visit to its terminals for investors.

CORPORATE SUSTAINABLE DEVELOPMENT

Environmental Protection

COSCO Pacific upholds measures and policies to protect and improve the environment. As our business has grown, we have maintained this commitment and strive to minimise the environmental impact of our business operations.

The Company encourages its subsidiaries to introduce energy-saving technologies and to take environmental protection issues into full consideration when investing to enhance productivity. The upgrading of rubber tired gantries ("RTGs") by substituting bunker fuel-powered equipment with electric-powered equipment in recent years is beginning to have an effect. In 2014, despite the increase in throughput at the terminals in China in which COSCO Pacific has controlling stakes, we recorded a decrease in fuel consumption of approximately 30% and a reduction in carbon emissions of approximately 2,388 tons of standard coal equivalent, as compared with last year. COSCO Pacific also promotes high-power LED lighting at its subsidiary terminals in place of the original high-pressure sodium lamp lighting. In 2014, the electricity used for lighting was reduced by 390,000 degrees. The automated loading and unloading system at Xiamen Ocean Gate Terminal, which started its trial run on 19 December 2014, is the first fully-electrical and fully-intelligent automated container terminal project in China. In addition to enhancing operational capacity and efficiency, the system achieves zero-emissions at site. Xiamen Ocean Gate Terminal is also collaborating with Xiamen University to protect the local ecosystem. The design of containers for container leasing has been improved by the use of environmental friendly materials and through conducting research on lightweight containers, contributing to a reduction in both vessel loads and fuel consumption.

Caring for the Community

COSCO Pacific embraces its corporate citizenship by actively participating in social welfare and community services, contributing to the local communities where it operates its businesses. Florens Container Holdings Limited, a wholly owned subsidiary, donated containers to the international charitable organisation INCLUDED to support its charity exhibition in Beijing in March 2014. Xiamen Ocean Gate Terminal launched an "Enterprise-School Cooperation" programme with Jimei University and become an internship sponsor for the university, offering students in relevant disciplines a platform for interaction, work experience and site visits. Employees at Xiamen Ocean Gate Terminal also raised funds on a voluntary basis for the medical treatment of middle school students living in Hou Jing village near the terminal. In May 2014, Taicang Terminal set up a charity fund in Taicang Aixin School, a school for children with special needs in the city of Taicang. The terminal also launched a voluntary activity named "Protecting Changjiang, Our Mother River" and organised fishery resources release activities in Changjiang. Other subsidiaries of COSCO Pacific offer care and help to their local communities in various ways, such as providing support to local schools and social service agencies, so as to contribute to building harmonious communities.

Employee-oriented Philosophy

As at 31 December 2014, COSCO Pacific had a total of 3,368 employees.

Employees are regarded as COSCO Pacific's most valuable asset and our vision is to build a team of dedicated staff that pursues excellence. The expansion of the Group's businesses has opened up valuable and sustainable career development opportunities for employees. Dedicated to creating a harmonious working environment, the Group arranges a wide range of training programmes to enhance the management skills and professionalism of its staff. The Group has also focused on improving its incentive mechanism, optimising the staff assessment system and implementing an internal job rotation scheme, with the aim of strengthening talent training and helping employees to realise their full potential.

As part of our commitment to foster a corporate culture that encourages harmony and mutual understanding, the Group promotes cultural integration across regions. Through various activities aimed at facilitating better communication and understanding among employees in different positions and from different backgrounds, we have enhanced the sense of belonging among our employees. This will in turn translate into a driving force for sustainable development. In May 2014, arrangements were made for a group of employees from Piraeus Terminal in Greece to visit and exchange ideas with their counterparts in China. The Greek employees were deeply impressed by the Chinese terminals' efficient operations and felt proud of being part of the Group.

PROSPECTS

According to a forecast by the IMF, the world's GDP growth will increase 3.5% in 2015, slightly improved from 3.3% in 2014. China, the United States and Europe will exert the most significant influence on the global economy. As the European Central Bank announced quantitative easing in January 2015, which is expected to stimulate local economy. On the other hand, while China is implementing a reform in its economic structure, the country's economy is stepping into a "new normal" with mid-to-high single digit growth.

On the other hand, according to Drewry's forecast, global shipping capacity will increase 7.2% in 2015, higher than the estimated 5.3% growth in demand, representing a surplus of capacity in the shipping industry. Nevertheless, with declining bunker costs, container shipping profitability is expected to improve because of lower operating costs, and this will support the bargaining power of terminal industry and a sustainable rebound in the demand for container leasing services.

Looking forward, the Group expects the throughput of the terminals business to maintain its stable organic growth path. The tax incentives for the mainland China terminals, which account for relatively high proportions of the Group's terminals business profit, have expired during the past two years. Meanwhile, the operations of Xiamen Ocean Gate Terminal have shown continuous improvement, which has narrowed the loss of the terminal. Thus, the Group expects cost upward pressures to be alleviated.

With a strong business built up over the Group's long history and balanced development driven by its core competence, the Group has shown resilience in its terminal operations throughout the prolonged period of economic turbulence. In facing the "new normal", the Group will adhere to its development strategies to upgrading the values of terminal assets through improvement of terminal management and service quality, optimisation of terminal operations and enhancement of profitability. Meanwhile, the Group will continue to expand its terminal network around the globe by riding on the opportunities from the initiatives of "One Belt, One Road" and the Yangtze River Economic Belt, seize opportunities for potential new container hubs and keep abreast of the investment opportunities in high-quality terminals with a view to generating higher profits and returns for the terminals business.

In 2015, intense competition is expected to remain a feature of the container leasing industry. Although the demand for new containers has rebounded, leasing rates and container resale prices remain at low levels. Moreover, the strong US dollar is dragging down the prices of steel and other commodities, which constitutes further pressure on containers resale prices. We expect 2015 will still be a challenging year for the Group's container leasing business, and anticipate only a sluggish recovery.

The Group will continue to pursue its prudent investment strategy and business development model, promptly and flexibly adjust its plans to purchase new containers, and seek the balanced development of its container fleets, thus rigorously managing operational risk. Meanwhile, the Group will maintain its marketing focus on long-term leasing to minimise cyclical risks, with a view to ensuring a stable income stream.

MEMBERS OF THE BOARD

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

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

By Order of the Board
COSCO Pacific Limited
QIU Jinguang
Vice Chairman & Managing Director

Hong Kong, 24 March 2015