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COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE THIRD QUARTER ENDED 30TH SEPTEMBER 2010

This announcement is made by the Company on a voluntary basis to enhance the practice of good corporate governance and further promote the transparency and accountability of the Company. The Company currently intends to continue to publish quarterly financial and operational highlights in the future.

The board of directors of COSCO Pacific Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the third quarter and the nine months ended 30th September 2010.

Results Highlights

For the three months and nine months ended 30th September 2010, the profit attributable to equity holders of the Company increased by 149.9% and 100.6% to US\$100,041,000 and US\$289,979,000 respectively (three months and nine months ended 30th September 2009: US\$40,025,000 and US\$144,534,000 respectively). Excluding the profit from the discontinued logistics business, the profit attributable to equity holders of the Company increased by 218.4% and 72.6% to US\$100,041,000 and US\$205,269,000 respectively (three months and nine months ended 30th September 2009: US\$31,418,000 and US\$118,907,000 respectively). Profit for the period from continuing operations of the Group increased by 210.0% and 71.5% to US\$101,536,000 and US\$208,980,000 respectively (three months and nine months ended 30th September 2009: US\$32,750,000 and US\$121,861,000 respectively).

Unaudited Condensed Consolidated Balance Sheet

As at 30th September 2010

	As at 30th September 2010 US\$'000	As at 31st December 2009 US\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,054,947	1,834,079
Investment properties	4,169	4,169

Leasehold land and land use rights	140,879	148,237
Intangible assets	7,711	5,719
Jointly controlled entities	473,239	431,132
Loans to jointly controlled entities	161,451	160,147
Associates	1,443,578	730,102
Loans to associates	27,508	32,440
Available-for-sale financial assets	24,000	320,000
Finance lease receivables	1,405	1,051
Deferred income tax assets	4,725	1,980
Derivative financial instruments	23,140	16,556
Other non-current assets	66,300	71,511
	4,433,052	3,757,123
Current assets		
Inventories	5,964	9,821
Trade and other receivables	180,641	182,315
Current income tax recoverable	1,082	1,355
Notes receivable	70,000	-
Available-for-sale financial assets	-	20,581
Restricted bank deposits	-	14
Cash and cash equivalents	521,617	405,740
	779,304	619,826
Asset held for sale under discontinued operation	-	258,363
	779,304	878,189
Total assets	5,212,356	4,635,312
EQUITY		
Capital and reserves attributable to the equity holders of the Company		
Share capital	34,801	29,018
Reserves	3,224,903	2,686,147
Proposed final dividend	-	27,128
	3,259,704	2,742,293
Non-controlling interests	142,867	116,058
Total equity	3,402,571	2,858,351
LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	26,225	19,603
Long term borrowings	1,428,328	1,410,671
Other long term liabilities	-	744
	1,454,553	1,431,018

Current liabilities		
Trade and other payables	209,951	148,000
Current income tax liabilities	3,619	4,329
Current portion of long term borrowings	85,553	83,051
Short term bank loans	56,109	110,563
	<u>355,232</u>	<u>345,943</u>
Total liabilities	<u>1,809,785</u>	<u>1,776,961</u>
Total equity and liabilities	<u>5,212,356</u>	<u>4,635,312</u>
Net current assets	<u>424,072</u>	<u>532,246</u>
Total assets less current liabilities	<u>4,857,124</u>	<u>4,289,369</u>

Unaudited Condensed Consolidated Income Statement

	Note	Three months ended 30th September		Nine months ended 30th September	
		2010 US\$'000	2009 US\$'000 (Restated)	2010 US\$'000	2009 US\$'000 (Restated)
Continuing operations:					
Revenue		107,461	83,447	330,119	242,475
Cost of sales	1	<u>(61,855)</u>	<u>(43,452)</u>	<u>(214,742)</u>	<u>(129,471)</u>
Gross profit		45,606	39,995	115,377	113,004
Other operating (expenses)/ income, net		(53)	752	9,884	13,775
Administrative expenses		<u>(15,669)</u>	<u>(13,457)</u>	<u>(40,323)</u>	<u>(41,937)</u>
Operating profit		29,884	27,290	84,938	84,842
Finance income		1,886	1,656	4,649	4,792
Finance costs		<u>(10,586)</u>	<u>(10,224)</u>	<u>(25,034)</u>	<u>(33,221)</u>
Operating profit after finance income and costs		21,184	18,722	64,553	56,413
Share of profits less losses of					
- jointly controlled entities		23,633	17,668	57,479	43,282
- associates		63,977	(410)	95,551	27,488
Profit on disposal of a jointly controlled entity		<u>-</u>	<u>-</u>	<u>-</u>	<u>5,516</u>
Profit before income tax from continuing operations		108,794	35,980	217,583	132,699
Income tax expenses		<u>(7,258)</u>	<u>(3,230)</u>	<u>(8,603)</u>	<u>(10,838)</u>
Profit for the period from continuing operations		<u>101,536</u>	<u>32,750</u>	<u>208,980</u>	<u>121,861</u>

Discontinued operation:					
Profit on disposal of a jointly controlled entity, net of tax	-	-	84,710	-	
Share of profit of a jointly controlled entity	-	8,607	-	25,627	
Profit for the period from discontinued operation	-	8,607	84,710	25,627	
Profit for the period	101,536	41,357	293,690	147,488	
Profit attributable to:					
Equity holders of the Company	100,041	40,025	289,979	144,534	
Non-controlling interests	1,495	1,332	3,711	2,954	
	101,536	41,357	293,690	147,488	
Earnings per share for profit attributable to the equity holders of the Company					
Basic					
- from continuing operations 2,3	US3.69 cents	US1.39 cents	US8.23 cents	US5.28 cents	
- from discontinued operation 2,3	-	US0.38 cents	US3.39 cents	US1.14 cents	
	US3.69 cents	US1.77 cents	US11.62 cents	US6.42 cents	
Diluted					
- from continuing operations 2,3	US3.69 cents	US1.39 cents	US8.23 cents	US5.28 cents	
- from discontinued operation 2,3	-	US0.38 cents	US3.39 cents	US1.14 cents	
	US3.69 cents	US1.77 cents	US11.62 cents	US6.42 cents	

Notes:

- Cost of sales have increased more than proportionately for the nine months ended 30th September 2010 compared to the corresponding period of 2009 due to the inclusion of operating costs relating to Piraeus Container Terminal S.A. ("Piraeus Terminal") which became a subsidiary of the Group in October 2009.
- Basic earnings per share were calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the three months ended 30th September 2010 of 2,711,525,573 (three months ended 30th September 2009: 2,258,896,864) and the nine months ended 30th September 2010 of 2,496,071,361 (nine months ended 30th September 2009: 2,249,702,617).

Diluted earnings per share for the three months ended 30th September 2010 were calculated based on the profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the three months ended 30th September 2010 of 2,711,722,907 (three months ended 30th September 2009: 2,259,278,458), after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no consideration as if all outstanding share options granted by the Company had been exercised.

Diluted earnings per share for the nine months ended 30th September 2010 were calculated based on the profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the nine months ended 30th September 2010 of 2,496,372,085 after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no consideration as if all outstanding share options granted by the Company had been exercised. For the nine months ended 30th September 2009, as the Company's outstanding share options did not have any dilutive effect on the earnings per share, the diluted earnings per share were equal to the basic earnings per share.

- 3 Basic earnings per share for profit attributable to the equity holders of the Company for the three months and nine months ended 30th September 2010 rose by 108.5% and 81.0% to US3.69 cents and US11.62 cents respectively (three months and nine months ended 30th September 2009: US1.77 cents and US6.42 cents respectively).

Diluted earnings per share for profit attributable to the equity holders of the Company for the three months and nine months ended 30th September 2010 rose by 108.5% and 81.0% to US3.69 cents and US11.62 cents respectively (three months and nine months ended 30th September 2009: US1.77 cents and US6.42 cents respectively).

- 4 The accounting policies adopted in preparing the financial data for the nine months ended 30th September 2010 are consistent with those used in the 2009 annual consolidated financial statements of the Group for the year ended 31st December 2009.

The financial data for the nine months ended 30th September 2010 are based on the internal records and management accounts of the Group and are unaudited.

Operational Highlights

Terminals

According to the Ministry of Commerce of the PRC, the import and export trade of China in the first three quarters of 2010 recorded a year-on-year growth of 42.4% and 34.0% respectively. The container throughput of the Group's terminal division continued to benefit from the strong growth of China trade. For the three months and nine months ended 30th September 2010, total container throughput handled by the Group's terminal companies reached 13,320,005 TEUs and 35,748,053 TEUs respectively (three months and nine months ended 30th September 2009: 10,837,120 TEUs^{Note 1} and 29,729,372 TEUs^{Note 1} respectively), representing increases of 22.9% and 20.2% respectively from the corresponding periods last year. During the periods, the terminal companies in China of the Group handled a total of 11,951,313 TEUs and 31,712,346 TEUs respectively (three months and nine months ended 30th September 2009: 9,683,723 TEUs^{Note 1} and 26,667,449^{Note 1} TEUs respectively), representing year-on-year rises of 23.4% and 18.9% respectively. The Group's equity throughput increased by 36.0% and 29.2% year-on-year to 3,409,309 TEUs and 8,869,670 TEUs respectively (three months and nine months ended 30th September 2009: 2,507,009 TEUs^{Note 1} and 6,864,160 TEUs^{Note 1} respectively).

The Group's acquisition of approximately 10% additional equity interest in Yantian terminal was completed on 11th June 2010 and the Group's equity holding in Yantian terminal increased from approximately 5% to approximately 15%. From 30th June 2010 onwards, the Group's investment in Yantian terminal was reclassified from an available-for-sale financial asset to an associate and is accounted for using the equity method. The holding companies of Yantian International Container Terminals Co., Ltd., distributed 2010 interim dividends on 15th September 2010. As the Group's investment in Yantian terminal is accounted for using the equity method from 30th June 2010 onwards, the unaudited condensed consolidated income statement did not reflect the dividends.

From 1st June 2010 onwards, Piraeus Terminal is entirely operated by its own employees and the labour cost was significantly reduced. Hence, the loss incurred by the terminal narrowed down in the third quarter. At the same time, the loss incurred by Guangzhou South China Oceangate Container Terminal Company Limited also continued to narrow down in the third quarter.

The throughput of the Group's terminals were set out below for both the three-month period and the nine-month period ended 30th September 2010:

Terminal Companies	Three months ended 30th September			Nine months ended 30th September		
	2010 (TEUs)	2009 (TEUs)	y-o-y change	2010 (TEUs)	2009 (TEUs)	y-o-y change
Bohai Rim	4,716,924	3,713,150 ^{Note 1}	+27.0%	12,569,847	10,892,244 ^{Note 1}	+15.4%
Qingdao Qianwan Container Terminal Co., Ltd. ^{Note 2}	2,810,399	2,264,071	+24.1%	7,792,453	6,691,450	+16.5%
Qingdao Cosport International Container Terminals Co., Ltd.	331,220	279,385	+18.6%	960,031	867,880	+10.6%
Dalian Port Container Terminal Co., Ltd.	442,710	410,768	+7.8%	1,230,268	1,108,124	+11.0%
Tianjin Port Euroasia International Container Terminal Co., Ltd. ^{Note 3}	348,842	-	N/A	348,842	-	N/A
Tianjin Five Continents International Container Terminal Co., Ltd.	488,706	454,226	+7.6%	1,398,402	1,397,943	+0.0%
Yingkou Container Terminals Company Limited	295,047	304,700	-3.2%	839,851	826,847	+1.6%
Yangtze River Delta	2,709,890	2,204,664	+22.9%	7,235,937	6,106,861	+18.5%
Shanghai Pudong International Container Terminals Limited	703,693	607,104	+15.9%	1,787,457	1,733,028	+3.1%
Shanghai Container Terminals Limited	872,770	735,316	+18.7%	2,420,912	2,165,622	+11.8%
Ningbo Yuan Dong Terminals Limited	472,590	317,667	+48.8%	1,253,134	812,461	+54.2%
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	238,636	208,009	+14.7%	635,903	509,522	+24.8%
Yangzhou Yuanyang International Ports Co., Ltd.	87,493	63,675	+37.4%	228,985	157,648	+45.3%
Nanjing Port Longtan Container Co., Ltd.	334,708	272,893	+22.7%	909,546	728,580	+24.8%
Pearl River Delta & Southeast Coast	4,524,499	3,765,909	+20.1%	11,906,562	9,668,344	+23.1%
COSCO-HIT Terminals (Hong Kong) Limited	410,665	387,109	+6.1%	1,175,842	1,044,560	+12.6%
Yantian International Container Terminals Co., Ltd.	2,997,135	2,433,972	+23.1%	7,594,656	6,225,232	+22.0%
Guangzhou South China Oceangate Container Terminal Company Limited	752,738	624,635	+20.5%	2,129,130	1,508,855	+41.1%
Quan Zhou Pacific Container Terminal Co., Ltd.	275,476	245,377	+12.3%	771,880	685,111	+12.7%
Jinjiang Pacific Ports Development Co., Ltd.	88,485	74,816	+18.3%	235,054	204,586	+14.9%
Overseas	1,368,692	1,153,397	+18.7%	4,035,707	3,061,923	+31.8%
Piraeus Container Terminal S.A.	146,616	-	N/A	523,343	-	N/A
Suez Canal Container Terminal S.A.E.	747,206	716,391	+4.3%	2,126,087	1,965,493	+8.2%
COSCO-PSA Terminal Private Limited	267,555	263,743	+1.4%	817,992	626,122	+30.6%
Antwerp Gateway NV	207,315	173,263	+19.7%	568,285	470,308	+20.8%
Total container throughput in China	11,951,313	9,683,723 ^{Note 1}	+23.4%	31,712,346	26,667,449 ^{Note 1}	+18.9%
Total container throughput	13,320,005	10,837,120 ^{Note 1}	+22.9%	35,748,053	29,729,372 ^{Note 1}	+20.2%
Total break-bulk cargo throughput (tons)	6,196,152	5,478,570	+13.1%	17,943,253	12,620,643	+42.2%

Note 1: The Group disposed of its 8.13% stake in Dalian Port Container Co., Ltd. in January 2010. The throughput in 2009 did not include the throughput of this terminal company. The throughput of this terminal company for the three months and the nine months ended 30th September 2009 amounted to 816,083 TEUs and 2,130,856 TEUs respectively. The equity throughput amounted to 66,348 TEUs and 173,239 TEUs respectively.

Note 2: Qingdao Qianwan United Container Terminal Co., Ltd. (“Qingdao Qianwan United Terminal”) is a jointly controlled entity held by Qingdao Qianwan Container Terminal Co., Ltd. (“Qingdao Qianwan Terminal”). The throughput of Qingdao Qianwan Terminal included the throughput of Qingdao Qianwan United Terminal. Qingdao Qianwan United Terminal started operation in January 2010 and its throughput for the three months and the nine months ended 30th September 2010 amounted to 352,980 TEUs and 815,583 TEUs respectively.

Note 3: Tianjin Port Euroasia International Container Terminal Co., Ltd. commenced operation on 1st July 2010.

Container Leasing, Management and Sale

Following the strong demand for container leasing, the overall average utilisation rate of the Group’s leasing business continued to rise in the third quarter and reached a record high of 99.2% in the month of September 2010. The overall average utilisation rate for the three months ended 30th September 2010 was 99.0% (three months ended 30th September 2009: 89.4%), whereas the average for the nine months ended 30th September 2010 was 96.6% (nine months ended 30th September 2009: 90.0%).

For the nine months ended 30th September 2010, the Group purchased and received 93,597 TEUs (corresponding period of 2009: 6,000 TEUs) of new containers. During the periods, 22,552 TEUs (corresponding period of 2009: 11,190 TEUs) of containers were returned by COSCO Container Lines Company Limited upon expiry of their 10-year leases. The returned containers disposed of by the Group totaled 22,389 TEUs (corresponding period of 2009: 15,887 TEUs).

As at 30th September 2010, the Group’s container fleet size was 1,633,766 TEUs, representing an increase of 2.6% as compared with 1,593,005 TEUs as at 30th September 2009. Among the total fleet capacity, 49.9% (30th September 2009: 46.5%) was owned containers, 42.9% (30th September 2009: 46.1%) was managed containers and 7.2% (30th September 2009: 7.4%) was sale-and-leaseback containers.

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

		As at 30th September 2010	As at 30th September 2009	y-o-y change
Owned containers	TEUs	814,693	740,926	+10.0%
	% of Total	49.9	46.5	+3.4pp
COSCO Container Lines Company Limited	TEUs	398,600	425,230	-6.3%
	% of Total	24.4	26.7	-2.3pp
International customers	TEUs	416,093	315,696	+31.8%
	% of Total	25.5	19.8	+5.7pp
Managed containers	TEUs	700,979	733,985	-4.5%
	% of Total	42.9	46.1	-3.2pp
Sale-and-leaseback containers	TEUs	118,094	118,094	-
	% of Total	7.2	7.4	-0.2pp
Total	TEUs	1,633,766	1,593,005	+2.6%

Container Manufacturing

The Group holds a 21.8% stake in China International Marine Containers (Group) Co., Ltd. (“CIMC”), the world’s largest container manufacturer. Along with the recovery of the global economy and shipping industry, demand for dry cargo containers of CIMC rapidly increased in 2010. CIMC received sufficient orders for dry cargo containers with rising price and increased in profitability in the third quarter.

Caution Statement

The Company’s shareholders and potential investors should note that all the figures contained herein are unaudited. Investors are cautioned not to rely on the financial and operational highlights for the third quarter and the nine months ended 30th September 2010.

The Company’s shareholders and potential investors are urged to exercise caution when dealing in the shares of the Company and are recommended to consult their own professional advisers if they are in doubt as to their investment positions.

By Order of the Board
COSCO Pacific Limited
XU Minjie
Vice Chairman & Managing Director

Hong Kong, 27th October 2010

As at the date of this announcement, the board of directors of the Company comprises Mr. XU Lirong² (Chairman), Mr. XU Minjie¹ (Vice Chairman & Managing Director), Dr. SUN Jiakang², Mr. HE Jiale¹, Mr. WANG Zenghua¹, Mr. FENG Jinhua¹, Mr. WANG Haimin², Mr. GAO Ping², Dr. WONG Tin Yau, Kelvin¹, Mr. YIN Weiyu¹, Dr. LI Kwok Po, David³, Mr. CHOW Kwong Fai, Edward³, Mr. Timothy George FRESHWATER³ and Dr. FAN HSU Lai Tai, Rita³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director