Press Release **27th August 2013**

COSCO Pacific Limited

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

2013 Interim Results

Results Highlights

- Revenue was US$395,195,000 (corresponding period of 2012: US$367,355,000), an increase of 7.6%. The revenue was derived from the terminal business and the container leasing, management and sale businesses. The revenues of the two core businesses increased by 9.7% and 5.7% to US$217,066,000 (corresponding period of 2012: US$197,806,000) and US$180,234,000 (corresponding period of 2012: US$170,569,000) respectively

- Gross profit was US$172,978,000 (corresponding period of 2012: US$165,470,000), an increase of 4.5%, as gross profit of both the two core businesses increased. During the period, the gross profit margin of the container leasing, management and sale businesses remained stable. However, the gross profit margin of the Group dropped by 1.2 percentage points to 43.8% (corresponding period of 2012: 45.0%) as a result of higher initial operating costs arising from Xiamen Ocean Gate Container Terminal Co., Ltd. ("Xiamen Ocean Gate Terminal"), which commenced operation in May 2012

- On 20th 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 27th June 2013, resulting in a net gain of US$393,411,000. The disposal offers a good opportunity for the Group to focus resources on its two core businesses, with a view to improving its profitability and creating enhanced value for shareholders in the medium-to-long term

- Profit attributable to equity holders of the Company rose by 213.1% to US$560,292,000 (corresponding period of 2012: US$178,925,000). Excluding the share of profit from CIMC, a discontinued business, and the net gain on the disposal of its equity interest in CIMC, profit attributable to equity holders of the Company dropped by 3.6% to US$143,822,000 (corresponding period of 2012: US$149,174,000)

- An interim dividend is HK18.6 cents (corresponding period of 2012: HK20.5 cents) per share and a special interim dividend of HK43.8 cents (corresponding period of 2012: Nil) per share as a result of the disposal of 21.8% equity interest in CIMC were declared. The dividends will be paid in cash and with a scrip dividend alternative, with a payout ratio of 40.0% (corresponding period of 2012: 40.0%)

- Profit from the terminal business decreased by 5.1% to US$92,830,000 (corresponding period of 2012: US$97,841,000). The decrease was mainly attributable to a rise in income tax expenses for some terminals in mainland China following the expiry of tax holidays, an increase in the loss of Xiamen Ocean Gate Terminal compared with the corresponding period of last year as it is still in a ramp-up period, as well as increased operating costs of the terminal business. Equity throughput increased by 8.2% to 8,201,200 TEU (corresponding period of 2012: 7,581,363 TEU). Total throughput increased by 9.7% to 29,494,353 TEU (corresponding period of 2012: 26,876,860 TEU)

- Profit from the container leasing, management and sale businesses rose by 4.8% to US$76,291,000 (corresponding period of 2012: US$72,766,000). The increase was mainly due to an expansion of the container leasing fleet. The container fleet size increased by 4.3% to 1,874,826 TEU (30th June 2012: 1,797,377 TEU), with an overall average utilisation rate of 94.5% (corresponding period of 2012: 95.2%)

- The Group's share of profit from CIMC during the period included the profit for the period from January to May as the disposal of its equity interest in CIMC was completed in June, being US$23,059,000 (January to June of 2012: US$29,751,000), a decrease of 22.5%

The board of directors (the "Board") of COSCO Pacific Limited (the "Company" or "COSCO Pacific") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2013.

Operational Review

According to a report published by the International Monetary Fund in July 2013, the global economic growth remained weak in the first half of 2013, with prolonged economic recession in Europe and sluggish growth of the United States. The growth of China's economy and foreign trade further slowed down due to continued weakness in the external economy and a decline in local demand. According to the statistics from the Chinese Ministry of Commerce, the growth in China's imports and exports was 5.3% and 4.5% respectively in the first half of 2013. In addition, statistics from the Chinese Ministry of Transport showed that in the first half of 2013, the growth in the throughput of China's container ports slowed down to 8.3% from 8.8% in the corresponding period of last year. During the period, the Group maintained a stable growth in the total container throughput of its terminals. However, the terminal business recorded a decrease in profit as a result of rising costs. In respect of the container leasing business, the expansion of its container leasing fleet continued to drive growth in revenue and profit from container leasing.

Terminals

Profit from the terminal business decreased by 5.1% to US$92,830,000 (corresponding period of 2012: US$97,841,000). Primarily due to a rise in income tax expenses for Qingdao Qianwan Terminal and Shanghai Pudong Terminal following the expiry of tax holidays, the Group's share of profit from Qingdao Qianwan Terminal and Shanghai Pudong Terminal decreased by 21.8% to US$14,362,000 (corresponding period of 2012: US$18,370,000) and by 22.8% to US$8,381,000 (corresponding period of 2012: US$10,853,000) respectively. In addition, the loss of Xiamen Ocean Gate Terminal increased compared with the corresponding period of last year as it is still in a ramp-up period. As a result of the impact of a strike and rising costs, profit contribution from COSCO-HIT Terminal decreased by 18.6% to US$9,750,000 (corresponding period of 2012: US$11,979,000).

Revenue from the terminal business grew by 9.7% to US$217,066,000 (corresponding period of 2012: US$197,806,000). Xiamen Ocean Gate Terminal, which commenced operation in May 2012, recorded revenue of US$9,882,000 (corresponding period of 2012: US$1,857,000) during the period, contributing to the growth in revenue from the terminal business for the first half of 2013. In addition, revenue from Piraeus Terminal and Guangzhou South China Oceangate Terminal grew by 5.4% to US$73,330,000 (corresponding period of 2012: US$69,545,000) and by 4.0% to US$61,725,000 (corresponding period of 2012: US$59,333,000) respectively.

The demand for consumer products in Europe and the United States remained weak, creating a greater impact on the throughput of major container ports in the Pearl River Delta and the Yangtze River Delta in China. Ports in the Bohai Rim region still outperformed those in the aforesaid two regions, on average.

In the first half of 2013, COSCO Pacific maintained a stable growth in its total container throughput, which rose by 9.7% to 29,494,353 TEU (corresponding period of 2012: 26,876,860 TEU). The Group's terminal companies in mainland China handled a total of 24,377,866 TEU (corresponding period of 2012: 22,302,104 TEU), up 9.3%. Equity throughput of the Group was up 8.2% to 8,201,200 TEU (corresponding period of 2012: 7,581,363 TEU).

Regional breakdown of total throughput

	1H 2013 (TEU)	y-o-y change (%)	% of total throughput
Bohai Rim	12,009,347	+12.5	40.7
Yangtze River Delta	4,323,744	+10.1	14.7
Southeast Coast and others	1,536,622	+92.3	5.2
Pearl River Delta	7,895,401	+1.5	26.8
Overseas	3,729,239	+0.8	12.6
Total throughput	**29,494,353**	**+9.7**	**100.0**

Regional breakdown of equity throughput (calculated according to the shareholding proportion of the Group)

	1H 2013 (TEU)	y-o-y change (%)	% of total throughput
Bohai Rim	2,340,826	+9.5	28.5
Yangtze River Delta	1,243,697	+9.8	15.2
Southeast Coast and others	835,154	+42.9	10.2
Pearl River Delta	1,967,939	+0.9	24.0
Overseas	1,813,584	+2.2	22.1
Total equity throughput	**8,201,200**	**+8.2**	**100.0**

One berth at Pier 3 of Piraeus Terminal with an annual handling capacity of 700,000 TEU commenced operation in June 2013. Equipped with state-of-the-art equipment and capable of handling container vessels with a capacity of 18,000 TEU, Pier 3 has been providing international shipping companies in Mediterranean with efficient and reliable services. With a total annual handling capacity of 1,200,000 TEU, Berths 10 and 11 of Ningbo Yuan Dong Terminal commenced operation in the first quarter of 2013. With a depth of 22 metres, these two berths are the only berths in Ningbo Port capable of receiving container vessels with a capacity of 18,000 TEU. They provide loading and unloading services for large container vessels, enhancing the competitiveness of the terminal.

As at 30th June 2013, there were 102 berths (corresponding period of 2012: 95) under the Group's operating container terminals, with a total annual handling capacity of 62,200,000 TEU (corresponding period of 2012: 56,850,000 TEU). There were nine break-bulk berths (corresponding period of 2012: eight), with a total annual handling capacity of 13,050,000 tons (corresponding period of 2012: 9,050,000 tons). Newly-added annual handling capacity during the period included Piraeus Terminal (700,000 TEU), Ningbo Yuan Dong Terminal (1,200,000 TEU) and Xiamen Ocean Gate Terminal (4,000,000 tons).

On 29th May 2013, the Group, Qingdao Port Group, China Merchants Holding International and IMC Group entered into an agreement, whereby a joint venture would be established to operate an iron ore terminal which had been built at Dongjiakou port area. The terminal is equipped with a 300,000-ton berth especially for receiving and unloading iron-ore vessels and a 200,000-ton berth for iron ore transhipment. The designed annual handling capacity of the terminal is approximately 29,000,000 tons. The total investment in the joint venture is approximately RMB3,800,000,000. The Group will hold its 25% interest in the terminal. The investment in the project offers a long-term investment value, which is in line with COSCO Pacific's corporate strategy to diversify its terminal business. The joint venture is expected to commence operating this terminal in the fourth quarter of 2013.

Container Leasing, Management and Sale

Given the continued global economic downturn, deceleration of economic growth in the United States and China in the second quarter and prolonged economic recession in Europe, the growth in international trade and container shipping was sluggish in the first half of 2013 despite new shipping capacity launched by shipping companies. As a result, the market demand for new containers and container leasing services was weak during the first half of 2013. During the period, the Group's container leasing fleet size continued to increase, driving the growth in revenue from container leasing, and the performance of container leasing, management and sale businesses remained stable.

The Group's container leasing, management and sale businesses, operated and managed by the Group's wholly owned subsidiary, Florens Container Holdings Limited and its subsidiaries, recorded a rise in profit by 4.8% to US$76,291,000 (corresponding period of 2012: US$72,766,000) in the first half of 2013.

The Group's container leasing business mainly focused on long-term leases, maintaining a relatively high utilisation rate and providing a stable source of income. Long-term leases accounted for 95.3% (corresponding period of 2012: 94.6%) of the total container leasing revenue in the first half of 2013, while revenue from master leases accounted for 4.7% (corresponding period of 2012: 5.4%). The overall average utilisation rate of the Group's containers was 94.5% (corresponding period of 2012: 95.2%), slightly higher than the industry average of approximately 94% (corresponding period of 2012: approximately 94.7%).

Revenue from the Group's container leasing, management and sale businesses was US$180,234,000 (corresponding period of 2012: US$170,569,000), representing an increase of 5.7%. The growth was mainly attributable to the increase in revenue from container leasing.

Of this, revenue from container leasing increased by 6.8% to US$147,102,000 (corresponding period of 2012: US$137,686,000), which was mainly attributable to an increase in the fleet size of owned containers and sale-and-lease back containers by 12.3% to 1,276,486 TEU (30th June 2012: 1,136,968 TEU). Revenue from container leasing represented 81.6% (corresponding period of 2012: 80.7%) of the total revenue of the container leasing, management and sale businesses.

At the same time, the number of returned containers disposed of was 20,198 TEU (corresponding period of 2012: 19,522 TEU). Of this, the number of containers returned from COSCO Container Lines Company Limited ("COSCON") upon expiry of 10-year leases was 20,196 TEU (corresponding period of 2012: 19,498 TEU). However, due to a fall in the selling price of returned containers, revenue from the disposal of returned containers decreased by 2.8% to US$26,096,000 (corresponding period of 2012: US$26,843,000), representing 14.5% (corresponding period of 2012: 15.7%) of the total revenue.

The fleet size of managed containers declined by 9.4% to 598,340 TEU (30th June 2012: 660,409 TEU). However, the number of managed containers disposed of on behalf of their owners rose compared with the corresponding period of last year, leading to an increase in revenue received for the management of such portion. Therefore, revenue from container management increased by 5.2% to US$3,819,000 (corresponding period of 2012: US$3,630,000), representing 2.1% (corresponding period of 2012: 2.1%) of the total revenue.

As at 30th June 2013, the Group's container fleet reached 1,874,826 TEU (30th June 2012: 1,797,377 TEU), representing a 4.3% increase. The Group was the world's fourth largest container leasing company. The average age of container fleet was 6.54 years (corresponding period of 2012: 6.40 years).

During the period, the Group ordered new containers of 70,000 TEU (corresponding period of 2012: approximately 103,000 TEU). New containers delivered to the Group amounted to 65,000 TEU (corresponding period of 2012: 47,642 TEU), all of which was purchased for COSCON (corresponding period of 2012: 16,000 TEU was purchased for COSCON, accounting for 33.6% of the delivered new containers; 31,642 TEU was purchased for international customers, accounting for 66.4% of the delivered new containers). The capital expenditure on the purchase of new containers was US$126,247,000 (corresponding period of 2012: US$119,443,000).

During the period, the number of containers returned from COSCON upon expiry of 10-year leases was 11,678 TEU (corresponding period of 2012: 12,859 TEU), representing a decrease of 9.2%.

As at 30th June 2013, the owned container fleet reached 1,026,196 TEU (30th June 2012: 907,685 TEU), representing 54.7% (30th June 2012: 50.5%) of the total container fleet. The sale-and-leaseback container fleet size amounted to 250,290 TEU (30th June 2012: 229,283 TEU), representing 13.4% (30th June 2012: 12.8%) of the total container fleet size. The managed container fleet size amounted to 598,340 TEU (30th June 2012: 660,409 TEU), representing 31.9% (30th June 2012: 36.7%) of the total fleet size.

Classified by customers, COSCON leased 691,690 TEU (30th June 2012: 550,044 TEU), while international customers took up 1,183,136 TEU (30th June 2012: 1,247,333 TEU), representing 36.9% (30th June 2012: 30.6%) and 63.1% (30th June 2012: 69.4%) of the total fleet size respectively.

Investor Relations

COSCO Pacific has always regarded investor relations as an important aspect of corporate governance and has been seeking to further improve the quality of corporate information disclosure to make available to the market the development strategies and the latest business conditions of the Company. During the period, the Company participated in five investor conferences organised by investment banks and conducted two roadshows. The Company met with a total of 262 investors, analysts and media representatives through one-on-one and group meetings. The Company also arranged three visits to its terminals for investors. The Company's management is committed to improving corporate governance performance. During the period, the Company was greatly encouraged by winning the Corporate Governance Asia Recognition Award given by Corporate Governance Asia magazine for the seventh consecutive year, which reflected the recognition and appreciation of COSCO Pacific's corporate governance and investor relations from institutional investors. In addition, the Company received the Outstanding China Enterprise Award from Capital magazine for the second consecutive year.

Prospects

Given the continued global economic downturn and a further slowdown in China's trade growth in the first half of 2013, the outlook for the global shipping industry remains challenging. However, the Group recorded a steady growth in its total container throughput and revenue from container leasing during the period. Therefore, the Group is still cautiously optimistic about the prospects of its two core businesses.

As for the terminal business, the Group recorded an increase of 9.7% in its total throughput for the first half of the year, in line with the Group's forecast and close to 10%, the high end of the range targeted by management. Looking ahead to the second half of 2013, the Group will be committed to meeting the full-year target for throughput growth in 2013, and the throughput is believed to grow steadily. In line with the Group's forecast at the beginning of the year, the Group's terminal business will continue to be affected by upward pressure on costs, rises in income tax expenses for some fully-developed terminals in mainland China as well as the relatively high costs incurred by Xiamen Ocean Gate Terminal at its preliminary stage of operation.

With regard to the container leasing, management and sale businesses, the Group maintained steady growth in revenue from container leasing although the market demand for new containers and container leasing services remained weak in the first half of 2013. Looking ahead to the second half of 2013, the 70,000 TEU new containers ordered by the Group in the first half of the year have already been booked and will be delivered in succession, which will provide the Group with stable revenue from container leasing.

The disposal of 21.8% equity interest in CIMC was completed on 27th June 2013. The disposal provided the Group with a good opportunity to focus resources on its two core businesses, namely the terminal business and the container leasing business, with a view to enhancing the position of COSCO Pacific as a global leader in the industry, improving its profitability, and creating enhanced value for shareholders in the medium-to-long term. Looking ahead, the Group will continue to implement its long-term strategy which focuses on the development of the terminal business, and actively explore and assess investment opportunities in terminal projects in China, Southeast Asia, North America and Europe. In addition, through continuous investment in the container leasing business, the Group will continue to expand its container leasing fleet, optimise the lease mix and provide comprehensive container leasing services to its customers.

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2013 interim results announcement is available on the Company's website (http://www.coscopac.com.hk) and the designated website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk). For further inquiry, please contact:

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