Press Release **25 August 2015**

COSCO Pacific Limited

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

2015 Interim Results

Results Highlights

The Group's revenue dropped by 8.6% to US$402,428,000 (corresponding period of 2014: US$440,158,000).
Revenue from the terminals business dropped by 5.0% to US$245,054,000 (corresponding period of 2014: US$258,082,000). Performance of Piraeus Container Terminal S.A. ("Piraeus Terminal") was stable, with revenue in Euro rising by 4.7%. However, as the Euro depreciated against the US dollar, revenue in US dollar dropped by 14.3% to US$78,393,000 (corresponding period of 2014: US$91,459,000).
Revenues from container leasing, management and sale businesses dropped by 13.3% to US$159,661,000 (corresponding period of 2014: US$184,107,000). Due to a significant decrease of 68.8% in the number of disposed returned containers and lower resale prices as compared with the corresponding period of last year, revenue from disposal of returned containers sharply declined. In addition, revenue from container leasing business decreased as a result of constant pressure on the lease rates amidst the sluggish container leasing market.
The Group's gross profit dropped by 6.2% to US$157,581,000 (corresponding period of 2014: US$167,970,000).
As revenue from the terminals business dropped by 5.0%, gross profit from the terminals business decreased by 1.6%.
Gross profit from the container leasing, management and sale businesses dropped by 11.3%. The fleet size of the Group's owned and sale-and-leaseback containers increased by 3.3%, and the overall average utilisation rate rose by 0.7 percentage points to 95.5% (corresponding period of 2014: 94.8%). However, the market's lease rates fell as fierce competition in the container leasing market, resulting in a lower gross profit from container leasing. In addition, gross profit from disposal of returned containers declined with revenue.
Profit attributable to equity holders of the Company rose by 12.0% to US$164,432,000 (corresponding period of 2014: US$146,786,000).
Profit from the terminals business rose by 11.1% to US$121,228,000 (corresponding period of 2014: US$109,085,000). Equity throughput rose by 1.9% to 9,462,720 TEU (corresponding period of 2014: 9,285,396 TEU). Total throughput rose by 4.2% to 33,831,834 TEU (corresponding period of 2014: 32,481,568 TEU).
Profit from the container leasing, management and sale businesses dropped by 6.8% to US$49,667,000 (corresponding period of 2014: US$53,289,000). The container fleet size expanded 1.7% to 1,969,196 TEU (30 June 2014: 1,936,263 TEU).
An interim dividend of HK17.3 cents per share (corresponding period of 2014: HK15.6 cents) has been declared. The dividend will be payable in cash and with a scrip dividend alternative, representing a payout ratio of 40.0% (corresponding period of 2014: 40.0%).

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 30 June 2015.

Operational Review

Global growth was on a trend of gradual deceleration during the first half of the year. According to the July 2015 report from International Monetary Fund (IMF), global economy was estimated to grow 3.3% in 2015, 0.2 percentage points lower than previously estimated, of which, China is estimated to grow at a 6.8% rate in 2015, 0.6 percentage points lower than the 7.4% growth in 2014. Against the backdrop of decelerating economy, the total value of China's foreign trade in the first half saw a 6.9% decrease as compared with the corresponding period of last year, posing challenges to the sector's operating environment.

In the face of these factors, the Group continued to enhance the brand value of COSCO Pacific by adhering to its proven operational strategies, focusing on optimising management efficiency, proactively enhancing service quality and establishing long-term strategic partnerships with clients. Meanwhile, the Group implemented effective cost control measures. During the period, the Group's container throughput grew steadily, that drove higher profit from the terminals business. On the other hand, amidst fierce competition in the container leasing industry, container lease rates and the resale prices of used containers remained at low levels, resulting weak performance in the Group's container leasing business.

<u>Terminals</u>

During the first half of 2015, even faced with volatile global economy, the Group's terminals business still reported an overall profit of US$121,228,000 (corresponding period of 2014: US$109,085,000), representing an 11.1% increase. Its equity throughput increased by 1.9% to 9,462,720 TEU (corresponding period of 2014: 9,285,396 TEU). Thanks to the optimisation of overall terminal operations, the terminals business saw profit growth greater than that of the equity throughput.

During the period, with a robust growth in throughput and increased tariff, Xiamen Ocean Gate Terminal achieved a turnaround. Together with Xiamen Haitou Tongda Terminal Co., Ltd. ("Xiamen Tongda Terminal") which was acquired in March 2013, the terminal reported a profit of US$9,000 (corresponding period of 2014: a loss of US$2,868,000). The Group's share of profit from Yantian Terminal rose by 11.1% to US$23,027,000 (corresponding period of 2014: US$20,718,000). Qingdao Qianwan Terminal saw an increase in its average revenue per TEU and throughput, which drove the profit contribution to rise by 12.7% to US$24,363,000 (corresponding period of 2014: US$21,616,000). Continuing to benefit from a strong growth in throughput, profit contribution from Antwerp Terminal rose by 126.5% to US$2,698,000 (corresponding period of 2014: US$1,191,000). Profit contribution from Tianjin Euroasia Terminal rose by 243.9% to US$1,685,000 (corresponding period of 2014: US$490,000), which was mainly attributable to a steady growth in throughput and a higher ratio of foreign trade cargo, which generated greater profits. While Piraeus Terminal's profit in Euro rose by 22.6% from the optimisation of its terminal operations, its profit contribution in US dollar reported a 0.4% increase to US$15,129,000 (corresponding period of 2014: US$15,073,000), resulting from the depreciation of Euro against US dollar compared with the corresponding period of last year.

On 13 March 2014, the Group acquired on 40% effective equity interest in Asia Container Terminal, whose profit and throughput have been included into the Group's accounts since 14 March 2014. The acquired company contributed a profit of US$990,000 (corresponding period of 2014: US$554,000) to the Group and repaid interest for the Group's shareholder's loan amounting to US$1,808,000 (corresponding period of 2014: US$1,083,000) during the period. On the other hand, profit contributed by COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT Terminal") rose by 3.3% to US$9,060,000 (corresponding period of 2014: US$8,769,000).

Total container throughput of COSCO Pacific continued to grow during the first half of 2015, rising by 4.2% to 33,831,834 TEU (corresponding period of 2014: 32,481,568 TEU). The terminal companies in mainland China handled a total of 26,878,476 TEU (corresponding period of 2014: 26,046,245 TEU), representing a 3.2% rise. Equity throughput of the Group rose by 1.9% to 9,462,720 TEU (corresponding period of 2014: 9,285,396 TEU). In comparison with the corresponding period of 2014, total container throughput growth in all regions decelerated.

During the period, the Bohai Rim region reported a total throughput of 12,760,512 TEU (corresponding period of 2014: 12,546,426 TEU), up 1.7% and accounting for 37.7% of the Group's total container throughput. Container volume in Qingdao Qianwan Terminal grew steadily, throughput growth achieved 3.5% to 8,369,569 TEU (corresponding period of 2014: 8,089,696 TEU). Benefiting from its increased foreign trade cargoes, the container throughput at Tianjin Euroasia Terminal grew by 8.7% to 1,074,458 TEU (corresponding period of 2014: 988,417 TEU).

The Yangtze River Delta region reported a total throughput of 5,193,524 TEU (corresponding period of 2014: 4,931,807 TEU), up 5.3% and accounting for 15.3% of the Group's total container throughput. The throughput of Shanghai Pudong International Container Terminals Limited and Ningbo Yuan Dong Terminal rose by 4.1% to 1,226,218 TEU (corresponding period of 2014: 1,178,394 TEU) and 19.8% to 1,878,009 TEU (corresponding period of 2014: 1,568,009 TEU) respectively, which was mainly attributable to additional shipping routes.

The container throughput along the Southeastern Coast and others region totalled 1,956,226 TEU (corresponding period of 2014: 1,809,505 TEU), up 8.1% and accounting for 5.8% of the Group's total container throughput. Xiamen Ocean Gate Terminal actively promoted its service level during the period. Coupling with increased investment in marketing campaigns targeting customers and the optimisation of a number of service routes, the terminal reported a container throughput of 466,368 TEU (corresponding period of 2014: 406,867 TEU), representing an increase of 14.6%.

The Pearl River Delta region reported a total throughput of 9,132,295 TEU (corresponding period of 2014: 8,622,636 TEU), up 5.9% and accounting for 27.0% of the Group's total container throughput. The container throughput of Yantian Terminal climbed by 6.8% to 5,529,239 TEU (corresponding period of 2014: 5,175,306 TEU), which was largely driven by growth in US cargoes, transshipment cargoes and empty containers. Facing carriers' service redeployment, the container throughput of COSCO-HIT Terminal was down 5.6% to 814,667 TEU (corresponding period of 2014: 863,417 TEU). Starting from 14 March 2014, the throughput and the profit of Asia Container Terminal were included into the Group's accounts, and a throughput of 600,227 TEU was recorded during the period (corresponding period of 2014: 388,337 TEU).

Overseas terminals reported a total throughput of 4,789,277 TEU (corresponding period of 2014: 4,571,194 TEU), up 4.8% and accounting for 14.2% of the Group's total container throughput. While the Far East-Mediterranean shipping market remained weak during the period, Piraeus Terminal managed to increase its throughput by 0.8% to 1,481,718 TEU (corresponding period of 2014: 1,470,563 TEU) by enhancing services for its network of transshipment ports in the Mediterranean and introducing a number of new shipping routes. Based in Belgium, Antwerp Terminal continued to deliver consistent services, thereby attracting greater support from its clients. As a result of optimised operations for a number of shipping routes, its container throughput rose by 27.4% to 1,009,620 TEU (corresponding period of 2014: 792,492 TEU).

As of 30 June 2015, the Group was operating 108 container terminals berths (corresponding period of 2014: 106), with a total annual handling capacity of 65,750,000 TEU (corresponding period of 2014: 64,350,000 TEU); and was operating 13 bulk cargo berths (corresponding period of 2014: 13) with a total annual handling capacity of 46,050,000 tons (corresponding period of 2014: 46,050,000 tons).

Container Leasing, Management and Sale

As of 30 June 2015, the Group's container fleet size reached 1,969,196 TEU (30 June 2014: 1,936,263 TEU), representing a 1.7% increase. The average age of the container fleet was 6.8 years (corresponding period of 2014: 6.6 years).

The Group's overall average utilisation rate of containers was 95.5% (corresponding period of 2014: 94.8%), up 0.7 percentage points compared with the corresponding period of last year, which was above the industry average of approximately 94.8% (corresponding period of 2014: approximately 93.2%). Long-term leases accounted for 96.6% (corresponding period of 2014: 96.1%) of the total container leasing revenue, while revenue from master leases accounted for 3.4% (corresponding period of 2014: 3.9%).

Despite stable market demand for new containers during the first half of the year, with intense competition and a low-interest rate environment, lease rates and rental yield remained at historically low levels. In addition, as the Group saw a decline in the number of disposed returned containers during the first half of the year, the resale prices were still being pressurised. As a result, revenue from disposal of returned containers took a hit compared with the corresponding period of last year. During the period, profit from the container leasing, management and sale businesses dropped by 6.8% to US$49,667,000 (corresponding period of 2014: US$53,289,000).

The Group's container leasing, management and sale businesses generated total revenues of US$159,661,000 (corresponding period of 2014: US$184,107,000), representing a drop of 13.3% compared with the corresponding period of last year. The revenue from container leasing dropped by 2.1% to US$144,593,000 (corresponding period of 2014: US$147,639,000), accounted for 90.6% (corresponding period of 2014: 80.2%) of the total revenues of the container leasing, management and sale businesses. Although the number of owned and sale-and-leaseback containers of the Group increased by 3.3% to 1,465,801 TEU (30 June 2014: 1,418,555 TEU), revenue from container leasing were under pressure due to a decrease in lease rates that compared with the corresponding period of last year.

During the first half of 2015, the number of disposed returned containers was 10,108 TEU (corresponding period of 2014: 32,418 TEU), down 68.8% compared with the corresponding period of last year. Added with a moderate decrease in the resale prices, revenue from disposal of returned containers dropped by 71.5% to US$8,554,000 (corresponding period of 2014: US$30,022,000), which accounted for 5.4% (corresponding period of 2014: 16.3%) of the total revenues of the container leasing, management and sale businesses.

During the period, the Group purchased 100,614 TEU (corresponding period of 2014: 109,500 TEU) of new containers. The capital expenditure on containers was US$174,919,000 (corresponding period of 2014: US$215,833,000).

Investor Relations

COSCO Pacific has always regarded investor relations as an important aspect of corporate governance and has been seeking to further heighten the level 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 three investor conferences organised by investment banks and conducted 2014 final results roadshow in Hong Kong. The Company met with a total of 132 investors, analysts and media representatives through one-on-one and group meetings. The Company's management is committed to improving corporate governance performance. During the period, the Company was greatly encouraged by winning the Outstanding China Enterprise Award from Capital magazine for the fourth consecutive year.

Prospects

Looking ahead to the second half of the year, in light of the volatile global economic conditions, stagnant economic recovery in the US and Europe, as well as the downward pressure on China's economic growth, fierce competition is expected to continue within the sector. Such challenging operational environment is bound to have some impact on the Group's terminals and container leasing businesses, and the growth in container throughput of the Group's terminals in 2015 may turn out to be slower than expected. Therefore, in order to maintain steady profit growth in the terminals business, the Group will continue to focus on cost control. With regard to the container leasing, management and sale businesses, rental yield for the second half of the year is estimated to remain at low level; furthermore, in view of declining resale prices, the pressure on profit margin of the disposal of used containers business is expected to endure. Despite a grim picture in the container leasing industry, the Group will continue to address market needs in a prudent manner, further enhance its managerial effectiveness and rigorously manage its operational risk, with a view to ensuring solid development of its container leasing business.

COSCO Pacific will seize business opportunities proactively through continuing to examine the market circumstances and focusing on the balance between the Group's two major business segments and achieving synergy with the Group's parent company, China Ocean Shipping (Group) Company ("COSCO"). With regards to its terminals business, COSCO Pacific will adhere to the principle of "Four Areas of Strategic Focus" that proposed last year, focus on seizing development opportunities in hub ports in line with the trend towards mega-vessels, focus on enhancing COSCO Pacific's brand value by optimizing the operational model of the terminal subsidiaries, and align the direction and strategy for its terminals business with global development strategies for COSCO's fleet and its shipping route network, to proactively seize strategic opportunities from China's "One-Belt-One-Road" and "Yangtze River Delta Economic Belt" initiatives, also to access potential investments in terminal projects along the "One-Belt-One-Road", with a view to propel a global hub network.

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2015 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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