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COSCO Pacific Limited

中遠太平洋有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

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 30 September 2015.

Results Highlights

For the three months ended 30 September 2015, profit attributable to equity holders of the Company decreased by 14.3% to US\$74,470,000 (three months ended 30 September 2014: US\$86,943,000), and for the nine months ended 30 September 2015, profit attributable to equity holders of the Company increased by 2.2% to US\$238,902,000, respectively (nine months ended 30 September 2014: US\$233,729,000).

- For the first three quarters of 2015, the Group’s container throughput and profit growth of terminals business decelerated in the view of slower global economic growth and negative growth in China’s exports and imports. For the three months and nine months ended 30 September 2015, total throughput rose 0.3% to 17,651,269 TEU and 2.8% to 51,483,104 TEU respectively (three months and nine months ended 30 September 2014: 17,605,389 TEU and 50,086,956 TEU respectively). Equity throughput dropped 0.9% to 4,918,354 TEU and rose 0.9% to 14,381,070 TEU respectively (three months and nine months ended 30 September 2014: 4,960,519 TEU and 14,245,915 TEU respectively).
- For the first three quarters of 2015, competition in container leasing industry remained fierce, the leasing rates and the resale prices continued their weakness, in addition to declined number of disposed returned containers, the profit from the Group’s container leasing, management and sale businesses dropped as compared with the corresponding period last year. For the three months and nine months ended 30 September 2015, the overall average utilisation rate were 95.0% and 95.3% respectively (three months and nine months ended 30 September 2014: 95.7% and 95.1% respectively). As at 30 September 2015, the Group’s container fleet rose 2.4% to 1,964,954 TEU (30 September 2014: 1,919,310 TEU).

Unaudited Condensed Consolidated Balance Sheet
As at 30 September 2015

	As at 30 September 2015 US\$'000	As at 31 December 2014 US\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,087,248	4,068,893
Investment properties	28,589	29,194
Land use rights	224,851	237,840
Intangible assets	7,248	7,361
Joint ventures	809,700	840,891
Loans to joint ventures	42,283	73,503
Associates	865,573	826,197
Loan to an associate	28,125	30,472
Available-for-sale financial asset	19,000	35,000
Finance lease receivables	21,006	25,324
Deferred income tax assets	2,674	2,470
Other non-current assets	75,376	109,752
	<u>6,211,673</u>	<u>6,286,897</u>
Current assets		
Inventories	17,283	23,683
Trade and other receivables	278,759	189,594
Current income tax recoverable	130	57
Restricted bank deposits	224	172
Cash and cash equivalents	975,611	1,116,307
	<u>1,272,007</u>	<u>1,329,813</u>
Total assets	<u>7,483,680</u>	<u>7,616,710</u>
EQUITY		
Capital and reserves attributable to the equity holders of the Company		
Share capital	37,763	37,753
Reserves	4,695,119	4,646,238
Proposed final dividend	-	58,456
	<u>4,732,882</u>	<u>4,742,447</u>
Non-controlling interests	<u>314,198</u>	<u>316,215</u>
Total equity	<u>5,047,080</u>	<u>5,058,662</u>

LIABILITIES		
Non-current liabilities		
Deferred income tax liabilities	50,018	44,285
Long term borrowings	1,294,340	1,430,431
Loans from non-controlling shareholders of subsidiaries	50,000	148,055
Other long term liabilities	31,005	31,897
	1,425,363	1,654,668
Current liabilities		
Trade and other payables	482,678	385,297
Current income tax liabilities	85,334	88,321
Current portion of long term borrowings	256,552	419,956
Short term borrowings	186,673	9,806
	1,011,237	903,380
Total liabilities	2,436,600	2,558,048
Total equity and liabilities	7,483,680	7,616,710
Net current assets	260,770	426,433
Total assets less current liabilities	6,472,443	6,713,330

Unaudited Condensed Consolidated Income Statement

	Note	Three months ended 30 September		Nine months ended 30 September	
		2015 US\$'000	2014 US\$'000	2015 US\$'000	2014 US\$'000
Revenues		201,837	216,182	604,265	656,340
Cost of sales		(125,944)	(133,969)	(370,791)	(406,157)
Gross profit		75,893	82,213	233,474	250,183
Administrative expenses		(19,977)	(19,538)	(60,001)	(62,784)
Other operating (expenses)/ income, net		(3,754)	2,939	4,498	(2,064)
Operating profit		52,162	65,614	177,971	185,335
Finance income		3,997	6,664	17,912	19,400
Finance costs		(16,402)	(18,521)	(49,118)	(54,517)
Operating profit after finance income and costs		39,757	53,757	146,765	150,218
Share of profits less losses of					
- joint ventures		28,060	28,192	85,599	79,124
- associates		19,373	20,726	53,526	51,536

Profit before income tax		87,190	102,675	285,890	280,878
Income tax expenses		(9,103)	(10,324)	(31,258)	(30,451)
Profit for the period		78,087	92,351	254,632	250,427
Profit attributable to:					
Equity holders of the Company		74,470	86,943	238,902	233,729
Non-controlling interests		3,617	5,408	15,730	16,698
		78,087	92,351	254,632	250,427
Earnings per share for profit attributable to equity holders of the Company					
- basic	1, 2	US2.53 cents	US2.96 cents	US8.12 cents	US8.00 cents
- diluted	1, 2	US2.53 cents	US2.96 cents	US8.12 cents	US8.00 cents

Notes:

- 1 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 three months and nine months ended 30 September 2015 of 2,941,069,932 and 2,940,650,867 respectively (three months and nine months ended 30 September 2014: 2,934,467,043 and 2,919,787,137 respectively).

The outstanding share options granted by the Company did not have any dilutive effect on the earnings per share during the three months and nine months ended 30 September 2015 and 2014, and the diluted earnings per share is equal to the basic earnings per share for the three months and nine months ended 30 September 2015 and 2014 respectively.

- 2 Basic earnings per share for profit attributable to equity holders of the Company for the three months and nine months ended 30 September 2015 decreased by 14.5% to US2.53 cents and increased by 1.5% to US8.12 cents respectively (three months and nine months ended 30 September 2014: US2.96 cents and US8.00 cents respectively).

Diluted earnings per share is equal to the basic earnings per share for the three months and nine months ended 30 September 2015 and 2014 respectively.

- 3 The accounting policies adopted in preparation of the financial data for the nine months ended 30 September 2015 are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31 December 2014.

The financial data for the nine months ended 30 September 2015 are based on the internal records and financial data of the Group and are unaudited.

Operational Highlights

Terminals

Impacted by slower global economic growth and negative growth in China's exports and imports, the Group's container throughput in the first three quarters was weaker than expected earlier this year. The growth in profits from terminals business decelerated in the view of slower container throughput growth as compared to the corresponding period last year.

For the three months and nine months ended 30 September 2015, the total container throughput of the Group's terminals business rose 0.3% to 17,651,269 TEU and 2.8% to 51,483,104 TEU respectively (three months and nine months ended 30 September 2014: 17,605,389 TEU and 50,086,956 TEU respectively).

The Group's terminal companies in mainland China (excluding Hong Kong and Taiwan) handled a total of 14,148,777 TEU and 41,027,253 TEU respectively (three months and nine months ended 30 September 2014: 14,020,710 TEU and 40,066,954 TEU respectively), an increase of 0.9% and 2.4% respectively.

The throughput of overseas terminals dropped 2.7% to 2,379,900 TEU and rose 2.2% to 7,169,178 TEU respectively (three months and nine months ended 30 September 2014: 2,446,682 TEU and 7,017,876 TEU respectively).

The Group's equity throughput decreased by 0.9% to 4,918,354 TEU and increased by 0.9% to 14,381,070 TEU respectively (three months and nine months ended 30 September 2014: 4,960,519 TEU and 14,245,915 TEU respectively).

The throughput of the Group's terminals for the three months and nine months ended 30 September 2015 was set out below:

Terminal companies	Three months ended 30 September			Nine months ended 30 September		
	2015 (TEU)	2014 (TEU)	change (%)	2015 (TEU)	2014 (TEU)	change (%)
Bohai Rim	6,460,768	6,313,027	+2.3	19,221,280	18,859,453	+1.9
Qingdao Qianwan Container Terminal Co., Ltd. ^{Note 1}	4,270,930	3,897,734	+9.6	12,640,499	11,987,430	+5.4
Tianjin Five Continents International Container Terminal Co., Ltd.	555,371	670,251	-17.1	1,863,382	1,928,701	-3.4
Tianjin Port Euroasia International Container Terminal Co., Ltd.	532,274	540,859	-1.6	1,606,732	1,529,276	+5.1
Dalian Port Container Terminal Co., Ltd.	704,153	770,151	-8.6	1,964,561	2,049,938	-4.2
Yingkou Container Terminals Company Limited	398,040	434,032	-8.3	1,146,106	1,364,108	-16.0
Yangtze River Delta	2,419,917	2,528,113	-4.3	7,613,441	7,459,920	+2.1
Shanghai Pudong International Container Terminals Limited	648,432	606,536	+6.9	1,874,650	1,784,930	+5.0
Ningbo Yuan Dong Terminals Limited	650,136	830,764	-21.7	2,528,145	2,398,773	+5.4
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	169,517	168,499	+0.6	506,785	633,087	-20.0
Yangzhou Yuanyang International Ports Co., Ltd.	121,748	133,476	-8.8	350,333	360,081	-2.7
Taicang International Container Terminal Co., Ltd.	137,024	131,644	+4.1	381,357	424,719	-10.2
Nanjing Port Longtan Container Co., Ltd.	693,060	657,194	+5.5	1,972,171	1,858,330	+6.1
Southeast Coast and others	1,067,780	1,011,791	+5.5	3,024,006	2,821,295	+7.2
Quan Zhou Pacific Container Terminal Co., Ltd.	307,807	311,752	-1.3	865,252	861,354	+0.5
Jinjiang Pacific Ports Development Co., Ltd.	83,988	116,943	-28.2	267,214	357,603	-25.3
Xiamen Ocean Gate Container Terminal Co., Ltd.	273,188	230,837	+18.3	739,556	637,704	+16.0
Kao Ming Container Terminal Corp.	402,797	352,259	+14.3	1,151,984	964,634	+19.4
Pearl River Delta	5,322,904	5,305,776	+0.3	14,455,199	13,928,412	+3.8
Yantian International Container Terminals Co., Ltd.	3,552,241	3,394,046	+4.7	9,081,480	8,569,352	+6.0
COSCO-HIT Terminals (Hong Kong) Limited	401,405	394,231	+1.8	1,216,072	1,257,648	-3.3
Asia Container Terminals Limited ^{Note 2}	318,390	391,507	-18.7	918,617	779,844	+17.8
Guangzhou South China Oceangate Container Terminal Company Limited	1,050,868	1,125,992	-6.7	3,239,030	3,321,568	-2.5
Overseas	2,379,900	2,446,682	-2.7	7,169,178	7,017,876	+2.2
Piraeus Container Terminal S.A.	771,654	754,876	+2.2	2,253,372	2,225,439	+1.3
Suez Canal Container Terminal S.A.E.	712,369	847,726	-16.0	2,284,832	2,553,467	-10.5
COSCO-PSA Terminal Private Limited	413,022	363,597	+13.6	1,138,499	965,995	+17.9
Antwerp Gateway NV	482,855	480,483	+0.5	1,492,475	1,272,975	+17.2
Total container throughput	17,651,269	17,605,389	+0.3	51,483,104	50,086,956	+2.8

Note 1: Throughput of Qingdao Qianwan Container Terminal Co., Ltd. (“Qingdao Qianwan Terminal”) includes the throughput of Qingdao Qianwan United Container Terminal Co., Ltd. (“Qingdao Qianwan United Terminal”) and Qingdao Qianwan United Advance Container Terminal Co., Ltd. (“Qingdao Qianwan United Advance Terminal”), and these two terminals are joint ventures of Qingdao Qianwan Terminal. The throughput of Qingdao Qianwan United Terminal for the three months and nine months ended 30 September 2015 amounted to 1,260,241 TEU and 3,690,518 TEU respectively (three months and nine months ended 30 September 2014: 1,034,574 TEU and 3,259,019 TEU respectively), representing increases of 21.8% and 13.2% respectively. The throughput of Qingdao Qianwan United Advance Terminal for the three months and nine months ended 30 September 2015 amounted to 375,802 TEU and 1,160,828 TEU respectively (three months and nine months ended 30 September 2014: 325,815 TEU and 1,012,878 TEU respectively), representing increases of 15.3% and 14.6% respectively.

Note 2: The throughput of Asia Container Terminals Limited was included since 14 March 2014.

Note 3: The total throughput of break-bulk cargo for the three months and nine months ended 30 September 2015 amounted to 18,409,365 tons and 57,023,579 tons respectively (three months and nine months ended 30 September 2014: 19,879,702 tons and 56,311,765 tons respectively), with a decrease of 7.4% and an increase of 1.3% respectively. The bulk cargo throughput of Qingdao Port Dongjiakou Ore Terminal Co., Ltd. was included since 1 March 2014. For the three months and nine months ended 30 September 2015, the terminal handled 13,149,807 tons and 38,325,717 tons respectively (three months and nine months ended 30 September 2014: 11,354,904 tons and 24,289,107 tons respectively). The throughput of Dalian Automobile Terminal Co., Ltd. for the three months and nine months ended 30 September 2015 amounted to 104,904 vehicles and 332,040 vehicles respectively (three months and nine months ended 30 September 2014: 110,490 vehicles and 335,458 vehicles respectively), representing decreases of 5.1% and 1.0% respectively.

Container Leasing, Management and Sale

For the three months and nine months ended 30 September 2015, the Group’s overall average utilisation rate was 95.0% and 95.3% respectively (three months and nine months ended 30 September 2014: 95.7% and 95.1% respectively). Despite satisfactory overall average utilisation rate in the first three quarters in 2015, with weak demand for container leasing and fierce market competition, the leasing rates and the resale prices remained at low level. In addition, the number of disposed returned containers declined. As a result, profits from the container leasing and the disposal of returned containers dropped as compared to the corresponding period last year.

For the three months and nine months ended 30 September 2015, the Group purchased 19,800 TEU and 120,414 TEU respectively (three months and nine months ended 30 September 2014: 16,000 TEU and 125,500 TEU respectively) of new containers. The number of disposed returned containers was 5,175 TEU and 15,283 TEU respectively (three months and nine months ended 30 September 2014: 11,319 TEU and 43,737 TEU respectively).

As at 30 September 2015, the Group’s container fleet size was 1,964,954 TEU, representing an increase of 2.4% when compared with 1,919,310 TEU at 30 September 2014. Among the total fleet capacity, 60.9% (30 September 2014: 57.9%) was owned containers, 14.6% (30 September 2014: 13.0%) was sale-and-leaseback containers and 24.5% (30 September 2014: 29.1%) was managed containers.

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

		As at 30 September 2015	As at 30 September 2014	change
Owned containers	TEU	1,195,748	1,111,002	+7.6%
	% of Total	60.9	57.9	+3.0pp
COSCO Container Lines Company Limited	TEU	588,617	538,856	+9.2%
	% of Total	30.0	28.1	+1.9pp
International customers	TEU	607,131	572,146	+6.1%
	% of Total	30.9	29.8	+1.1pp
Sale-and-leaseback containers	TEU	286,568	250,290	+14.5%
	% of Total	14.6	13.0	+1.6pp
Managed containers	TEU	482,638	558,018	-13.5%
	% of Total	24.5	29.1	-4.6pp
Total	TEU	1,964,954	1,919,310	+2.4%

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 30 September 2015.

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
QIU Jinguang
Vice Chairman & Managing Director

Hong Kong, 26 October 2015

As at the date of this announcement, the board of directors of the Company comprises Mr. WAN Min² (Chairman), Mr. QIU Jinguang¹ (Vice Chairman & Managing Director), Mr. DENG Huangjun¹, Mr. TANG Runjiang¹, Mr. FENG Bo¹, Mr. WANG Wei², Mr. WANG Haimin², Mr. ZHANG Wei², Dr. WONG Tin Yau, Kelvin¹, Dr. FAN HSU Lai Tai, Rita³, Mr. Adrian David LI Man Kiu³, Mr. IP Sing Chi³, Mr. FAN Ergang³ and Mr. LAM Yiu Kin³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director