Press Release | **23rd March 2011**

COSCO Pacific Limited

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

2010 Final Results

Results Highlights

- The Group's revenue rose by 27.8% to US$446,492,000 (2009: US$349,424,000). The first full-year contribution of revenue from Piraeus Container Terminal S.A. ("Piraeus Terminal"), a wholly owned subsidiary of the Company, led the terminal divisional revenue to achieve a strong growth by 63.5% to US$195,594,000. The revenue from container leasing, management and sale businesses increased by 9.2% to US$250,898,000

- Gross profit rose by 11.7% to US$166,724,000 (2009: US$149,250,000). Piraeus Terminal, undergoing its ramp-up period, and having incurred high operating cost in the first half of 2010, affected the gross profit of the Group

- Profit attributable to equity holders rose significantly by 109.4% to US$361,307,000 (2009: US$172,526,000). Excluding the non-recurring items [Note 1], profit attributable to equity holders of the Company increased by 92.7% to US$269,577,000 (2009: US$139,890,000)

- Proposed final cash dividend of US2.483 cents (2009: US1.199 cents). Full-year dividend to be US5.668 cents (2009: US3.061 cents) with payout ratio of 40.0% (2009: 40.0%)

- Ranked as the fifth largest container terminal operator in the world, the Group's container throughput rose by 19.4% to 48,523,870 TEUs. During the year, the Group acquired approximately 10% additional equity interest in Yantian terminal, which accelerated the Group's equity throughput [Note 2] by 29.3% to 12,236,920 TEUs, and the profit from the terminal business grew by 43.5% to US$119,882,000

- Ranked as the third largest container leasing company in the world, the Group's container fleet size increased year-on-year by 3.1% to 1,631,783 TEUs. During the year, strong container demand facilitated the rise in utilisation rate of the container fleet significantly by 6.7 percentage points to 97.3%. Profit from the container leasing, management and sale businesses increased by 35.0% to US$96,366,000

- Profit from the container manufacturing business increased significantly by 197.5% to US$91,871,000

- The Company won the "Corporate Governance Asia Recognition Award" given by Corporate Governance Asia magazine for the fourth consecutive year and was recognised as the Hong Kong outstanding enterprise by Economist Digest magazine for the sixth consecutive year. The Company also won "The Asset Corporate Governance Gold Award for Investor Relations" given by The Asset magazine. Meanwhile, the 2009 annual report of the Company was recognised by a citation for corporate governance disclosure by Hong Kong Management Association

- The Company was awarded "Foreign Company In-House Team of the Year" by Asian Legal Business, a well recognised professional magazine

Note 1: Non-recurring items include profit on disposal of COSCO Logistics Co., Ltd. ("COSCO Logistics") of US$84,710,000 in 2010; profit on disposal of Dalian Port Container Co., Ltd. ("Dalian Port Container") of US$7,020,000 in 2010; share of profit of COSCO Logistics of US$25,627,000 in 2009; dividend income from Dalian Port Container of US$1,493,000 in 2009 and profit on disposal of Shanghai CIMC Reefer Containers Co., Ltd. ("Shanghai CIMC Reefer") of US$5,516,000 in 2009.

Note 2: Equity throughput is calculated according to the shareholding proportion of the Group.

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 31st December 2010.

Dividend Distribution

The Board of Directors has recommended the distribution of final cash dividends at HK19.3 cents per share (approximately US2.483 cents). In addition to the interim dividends distributed on 20th September, 2010 at HK13.7 cents per share (approximately US1.759 cents), as well as special interim dividends distributed at HK11.1 cents per share (approximately US1.426 cents) for the disposal profit of 49% equity interest of COSCO Logistics, the full year dividends were HK44.1 cents per share (approximately US5.668 cents), an increase of 86.1% over that of HK23.7 cents in 2009 (approximately US3.061 cents). This represented a 40.0% payout ratio for 2010 (2009: 40.0%).

Operational Review

In 2010, the global economic recovery provided impetus for the rebound of shipping and container related industries. By seizing these growth opportunities, COSCO Pacific achieved satisfactory results performance with strong profit growth of terminals, container leasing and container manufacturing businesses for the year of 2010.

Meanwhile, we continued to optimise our business model to accelerate terminal business development and to sustain solid growth in container leasing division, and as a result we enhanced the enterprise value of COSCO Pacific in 2010. During the year, we increased the Group's revenue, implemented effective cost control and improved capital structure. Taking these measures, we expanded our business portfolio which further consolidated its leading position in the industries, and strengthened its profitability to enhance shareholder returns and to maximize enterprise value.

Terminals

Container throughput grows by 19.4%

The Group's terminal development strategy is to expand its worldwide terminal network while continuing to focus on China. This strategy allows it to benefit from both Chinese and global economic growth. As at 31st December 2010, the Group operated 107 berths at 17 ports worldwide, including 97 container berths, 8 break-bulk berths and 2 automobile berths. This terminal portfolio achieved satisfactory business performance in 2010. Total container throughput rose by 19.4% to 48,523,870 TEUs (2009: 40,643,042 TEUs), in which 43,094,962 TEUs (2009: 36,272,610 TEUs) were handled in Mainland China and Hong Kong, accounting for 88.8% of the Group's total throughput. Furthermore, the Group's terminal portfolio has steadily diversified and the Group expanded its business platform to handle break-bulk cargo and automobiles. During the year, break-bulk cargo throughput increased strongly by 39.1% to 23,606,588 tons (2009: 16,973,421 tons) while automobile throughput rose significantly by 143.2% to 121,887 vehicles (2009: 50,110 vehicles).

Further strengthening the leading position in the global and China container terminal market

In August 2010, Drewry published the league table of global container terminal operators in terms of container terminal throughput in 2009. COSCO Pacific maintained its position as the fifth largest terminal operator, with a global market share of 6.9% (2008: 6.1%). Furthermore, COSCO Pacific was also one of the major container terminal operators in China with approximately 28.7% of market share (2009: 28.8%). In 2010, the Group's container throughput growth of 19.4% outperformed the global throughput growth of 13.4%. It further strengthened the Group's leading position in the global and China market.

Terminal revenue rises sharply by 63.5%

In June 2010, the Group fully took over the operation of Pier 2 of the Piraeus Port. Although the outbreak of the sovereign debt crisis in Greece had certain impact on the terminal's operation in 2010, the Group coped with the adverse market changes by focusing on cost control. Piraeus Terminal showed continuous improvement in performance during the year. In 2010, Piraeus Terminal contributed its first full-year revenue of US$83,303,000 (2009: US$23,159,000). It boosted the Group's terminal revenue up by 63.5% to US$195,594,000 (2009: US$119,593,000) which accounted for 43.8% (2009: 34.2%) of the Group's total revenue in 2010.

Profit contribution from terminals increases by 43.5%

The Group dedicated most of its effort to expanding its terminal business and strengthening cost control so as to enhance the profitability of terminal business. In 2010, terminal profit recorded a significant year-on-year increase of 43.5% to US$119,882,000. This remarkable growth in profit was mainly due to the strong recovery of the container terminal market in China. Total container throughput of the Group increased by 19.4% year-on-year, which drove the operating profit growth of its terminals in 2010.

In addition, upon completion of the acquisition of approximately 10% additional equity interest in Yantian terminal, the Group's shareholding in Yantian terminal increased from approximately 5% to approximately 15% which has been equity accounted for as associates since 30th June 2010. The increase in equity interest accelerated the Group's equity throughput by 29.3% to 12,236,920 TEUs in the year and hence the terminal profit growth.

Throughput of terminal companies

Terminal companies	2010 (TEUs)	2009 (TEUs)	y-o-y change (%)
Bohai Rim	**17,210,487**	**14,580,578** Note 1	**+18.0**
Qingdao Qianwan Container Terminal Co., Ltd. Note 2	10,568,065	8,961,785	+17.9
Qingdao Cosport International Container Terminals Co., Ltd.	1,284,903	1,145,352	+12.2
Dalian Port Container Terminal Co., Ltd.	1,668,418	1,509,401	+10.5
Tianjin Five Continents International Container Terminal Co., Ltd.	1,917,873	1,940,933	-1.2
Tianjin Port Euroasia International Container Terminal Co., Ltd.	574,296	N/A	N/A
Yingkou Container Terminals Company Limited	1,196,932	1,023,107	+17.0
Yangtze River Delta	**9,789,699**	**8,383,257**	**+16.8**
Shanghai Pudong International Container Terminals Limited	2,450,176	2,291,281	+6.9
Shanghai Container Terminals Limited	3,197,244	2,979,849	+7.3
Ningbo Yuan Dong Terminals Limited	1,704,588	1,117,169	+52.6
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	889,515	715,413	+24.3
Yangzhou Yuanyang International Ports Co., Ltd.	302,617	221,046	+36.9
Nanjing Port Longtan Container Co., Ltd.	1,245,559	1,058,499	+17.7
Pearl River Delta and Southeast Coast	**16,094,776**	**13,308,775**	**+20.9**
COSCO-HIT Terminals (Hong Kong) Limited	1,535,923	1,360,945	+12.9
Yantian International Container Terminals Co., Ltd.	10,133,967	8,579,013	+18.1
Guangzhou South China Oceangate Container Terminal Company Limited	3,060,591	2,158,291	+41.8
Quan Zhou Pacific Container Terminal Co., Ltd.	1,050,710	936,136	+12.2
Jinjiang Pacific Ports Development Co., Ltd.	313,585	274,390	+14.3
Overseas	**5,428,908**	**4,370,432**	**+24.2**
Piraeus Container Terminal S.A.	684,881	166,062	+312.4
Suez Canal Container Terminal S.A.E.	2,856,854	2,659,584	+7.4
COSCO-PSA Terminal Private Limited	1,091,639	904,829	+20.6
Antwerp Gateway NV	795,534	639,957	+24.3
Total container throughput in China	**43,094,962**	**36,272,610** Note 1	**+18.8**
Total container throughput	**48,523,870**	**40,643,042** Note 1	**+19.4**
Total throughput of Dalian Automobile Terminal Co., Ltd. (Vehicles)	**121,887**	**50,110**	**+143.2**
Total throughput of break-bulk cargo (Tons)	**23,606,588**	**16,973,421**	**+39.1**

Note 1: The Group disposed of its 8.13% stake in Dalian Port Container in January 2010. The throughput in 2009 did not include the throughput of this terminal company. The throughput of this terminal company in 2009 amounted to 2,906,768 TEUs.

Note 2: Qingdao Qianwan United Terminal is a jointly controlled entity held by 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 in 2010 amounted to 1,102,969 TEUs.

Enhance sustainable growth of terminals business

In order to achieve the sustainable growth of terminal business, the Group has actively participated in constructing and managing several new terminal projects in recent years, including 6 berths at Guangzhou South China Oceangate Terminal that entered full operation in 2007, 3 berths at Tianjin Port Euroasia International Container Terminal Co., Ltd. ("Tianjin Euroasia Terminal") that started operation in July 2010, as well as 2 new container berths at Xiamen Ocean Gate Terminal that will commence operation in the second half of 2011. Meanwhile, the Group successfully obtained the 35-year concession of Piers 2 and 3 of the Piraeus Port in Greece and took over 4 berths at Pier 2 in October 2009.

The above four terminals were running at initial stage, therefore they were still making losses in 2010. The Group endeavors to shorten the ramp-up period by the following key measures. Firstly, the terminals dedicate their efforts to increasing terminal operating efficiency so as to provide quality services to customers. Secondly, by successful marketing strategy to increase the business volume and by effective cost control, the Group achieved significant improvement in the overall performance of loss-making terminals in 2010. Total loss generated from the four terminals decreased to US$19,513,000 (2009: US$24,217,000), representing a year-on-year decrease of 19.4%. The losses from Guangzhou South China Oceangate Terminal and Piraeus Terminal were US$5,088,000 (2009: US$10,327,000) and US$10,156,000 (2009: US$12,277,000) respectively, representing year-on-year decreases of 50.7% and 17.3% respectively. The loss incurred by Guangzhou South China Oceangate Terminal narrowed gradually during the year and Piraeus Terminal recorded a marginal profit during the fourth quarter in 2010, which will enhance the profitability of the Group's terminal business in the near future.

On 10th March 2011, the Group entered into an agreement with Qingdao Port Group pursuant to which, the Group agreed to dispose of its 50% equity interest in Qingdao Cosport Terminal to Qingdao Port Group at a consideration of RMB184,000,000 (equivalent to approximately US$28,000,000). It is expected that completion of the transaction will take place in the second quarter of 2011. Located in the old port area of Qingdao port, Qingdao Cosport Terminal was being affected by the limitation on terminal facilities, and hence saw continuous decline in container handling capability over the past few years. The terminal is no longer capable of coping with the rapid growth of Qingdao port as the vessels for domestic trade increase in size and capacity. As both of the international and domestic containers of Qingdao Cosport Terminal have been transferred to Qingdao Qianwan port area and the profitability of the terminal was low in recent years, the Group disposed of the equity interest in the terminal. The transfer of equity interest marks one of the steps for optimising the terminal portfolio of the Group.

Container Leasing, Management and Sale

Steady development of container fleet

The container fleet owned and managed by the Group's wholly owned subsidiary, Florens Container Holdings Limited and its subsidiaries, as at 31st December 2010 expanded by 3.1% to 1,631,783 TEUs (31st December 2009: 1,582,614 TEUs), ranking as the third largest container leasing company in the world and representing a market share of approximately 13% (2009: 14.3%), according to the information released by Alphaliner in 2011. The average age of the container fleet was 5.36 years (2009: 4.96 years), and the average utilisation rate in 2010 was 97.3% (2009: 90.6%).

During the year, the Group significantly increased the purchase of new containers to expand its owned container fleet. The Group purchased a total of 111,625 TEUs (2009: 15,000 TEUs) of new containers throughout the year, representing a year-on-year increase of 644.2%; of which 14,900 TEUs of new containers were purchased for COSCO Container Lines Company Limited ("COSCON"), and 96,725 TEUs were for international customers, accounting for 13.3% and 86.7% of the new containers purchased by the Group during the year respectively. The said new containers were mainly on long term leases and most of them were delivered before the fourth quarter of 2010, further increasing the profitability of the container leasing business.

Expansion of owned container fleet

The total number of the Group's leasing customers was 300 (2009: 306), including 28 out of the 30 largest shipping lines in the world, reflecting a sound customer base. During the year, COSCON was the largest customer of the Group. As at 31st December 2010, the Group leased a total of 499,106 TEUs (31st December 2009: 527,891 TEUs) of containers to COSCON, and 1,132,677 TEUs (31st December 2009: 1,054,723 TEUs) to other international customers, which represented 30.6% (2009: 33.4%) and 69.4% (2009: 66.6%) respectively of the total container fleet of the Group.

Breakdown of owned, managed and sale-and-leaseback containers

As at 31st December	Leasing Customers	2010 (TEUs)	2009 (TEUs)	y-o-y change (%)
Owned Containers	COSCON	**381,012**	409,797	**-7.0**
Owned Containers	International customers	**432,613**	332,591	**+30.1**
Managed Containers	International customers	**700,064**	722,132	**-3.1**
Sale-and-leaseback Containers	COSCON	**118,094**	118,094	**-**
Total		**1,631,783**	1,582,614	**+3.1**

As at 31st December	Leasing Customers	2010 % of total	2009 % of total	y-o-y change (pp)
Owned Containers	COSCON	**23.3**	25.9	**-2.6**
Owned Containers	International customers	**26.5**	21.0	**+5.5**
Managed Containers	International customers	**42.9**	45.6	**-2.7**
Sale-and-leaseback Containers	COSCON	**7.3**	7.5	**-0.2**
Total		**100.0**	100.0	**-**

Satisfactory performance of container leasing, management and sale

Driven by the increase in lease of containers and sale of returned containers, the revenue from container leasing, management and sale of the Group in 2010 increased by 9.2% year-on-year to US$250,898,000 (2009: US$229,831,000), reflecting a satisfactory business growth. This business segment contributed a total profit of US$96,366,000 (2009: US$71,375,000), representing a substantial increase of 35.0% year-on-year.

Promising outlook for the container leasing business

Due to the extension of the lifespan of old containers over the world in recent years, the demand for renewal has accumulated to over 1,400,000 TEUs in 2011. Meanwhile, due to an expected increase of container shipping volume of approximately 8% and an increase of over 1,300,000 TEUs in global shipping capacity in 2011, the increase in demand for new containers will surge further and seasonal shortage of containers is expected to occur in 2011. In 2010, over 60% of the new containers in the world were purchased by container leasing companies and shipping lines are expected to continue to take up a large proportion of leasing. With the strong demand in containers, continued appreciation in Renminbi exchange rate and high material cost, the price of new containers is expected to remain at a high level in 2011.

In the beginning of 2011, the container leasing industry saw increased mergers and acquisitions, which reflected the optimistic outlook for the container leasing market. Based on the above mentioned market trend, the Group will seize the favorable opportunity to continue to expand its container fleet, particularly in the proportion of more profitable owned containers. It will also bring the purchase and sale in tune with market conditions to increase overall returns. As the demand for container leasing is still strong, the utilisation rate is expected to remain generally at a higher level. As the approximately 90,000 TEUs of new containers ordered in mid February 2011 will be delivered in the first and second quarters and the next new container purchase plan will be formulated according to the market demand, the leasing volume of the owned containers of the Group will further increase. The price and rent of new containers are expected to maintain at a relatively high level in 2011, which will benefit the Group in respect of growth of leasing revenue.

Container Manufacturing

The Group holds 21.8% stake in CIMC, the world's largest container manufacturer. Due to the buoyant demand for new dry containers, supply is falling short and there is a huge surge in the price of new containers. In 2010, CIMC saw marked improvement in its dry container manufacturing business, with a significant increase in operating profit. Profit contribution from container manufacturing business to the Company amounted to US$91,871,000, representing a year-on-year increase of 197.5%. It is expected that demand will still be strong in the container market in 2011 and the outlook for the container manufacturing business is promising.

Overall Management and Award

COSCO Pacific's efforts in the fields of corporate governance and investor relations have been widely recognised externally. In 2010, the Company's high level of corporate transparency and good corporate governance earned market recognition. During the year, the Company won the "Corporate Governance Asia Recognition Award" given by Corporate Governance Asia magazine for the fourth consecutive year and was recognised as the Hong Kong outstanding enterprise by Economist Digest magazine for the sixth consecutive year. The Company also won "The Asset Corporate Governance Gold Award for Investor Relations" given by The Asset magazine. Meanwhile, the 2009 annual report of the Company was recognised by a citation for corporate governance disclosure by Hong Kong Management Association. The Company was also awarded "Foreign Company In-House Team of the Year" by Asian Legal Business, a well recognised professional magazine.

Prospects

The global economy continues to be affected by short-term issues including inflation in emerging markets, difficulties of sovereign debt in the European region and political tension in the Middle East, which will pose certain pressure on the global container transportation sector. However, the Group believes that there are opportunities as well as challenges in 2011. According to the forecast of International Monetary Fund ("IMF") in January 2011, the global economy is expected to grow by 4.4% in the year of 2011. Therefore the global trade and container transportation sector will be able to sustain its growth momentum which will provide a favourable environment for the development of the Group's terminal, container leasing and container manufacturing businesses.

The year of 2011 marks the commencement of the 12th Five-Year Plan of China. Under the general direction of "transformation of economic development pattern and expansion of domestic demand", the economy of China will be driven along a path of steady and healthy growth. Referring to the 2011 action plan of China, Premier WEN Jiabo expressed that China's GDP is expected to grow by about 8% in 2011. In January 2011, IMF projected an even more optimistic forecast for China's GDP growth of 9.6%. Furthermore, domestic demand expansion is a key focus of the 12th Five-Year Plan. With a population of approximately 1.3 billion, the consumer market of China has an enormous potential which attracts international enterprises to accelerate their investment plans in China. More goods will be transported to China market via the supply chain system. The port industry plays an important part of role in China's economic growth and is located at a unique position along the supply chain. Meanwhile, according to the growing market demand, China is planning to establish a highly efficient transportation system, to strengthen the construction of national highways, and to systematically improve the infrastructure of ports and airports, all of which will facilitate the healthy development of logistics, shipping and port industries of the country.

Referring to the forecast of Clarkson research in February 2011, China ports are expected to achieve an overall throughput growth of about 13% in 2011. Major terminals in China have started to raise tariffs at the beginning of 2011, which will in turn benefit the operation of the terminal industry. However, the industry still faces challenges in respect of increasing operational costs due to rising inflation and it will create pressure on the profitability of the terminal industry. The Group will continue to tighten the cost control and will pay particular attention to those terminals which are in loss situation or will incur regular start-up losses due to commencement of operation in 2011. Looking forward, while expanding its existing terminal operation, COSCO Pacific will continue to actively look for investment opportunities in prime terminals for the year of 2011.

Container shipping lines will expand their fleet capacity in the next three years. It will create container demand and benefit the growth of the Group's container leasing and container manufacturing businesses. As the container demand remains strong, the Group will expand its container leasing business in 2011.

The Group will continue to aim at maximizing enterprise value. Through implementing corporate citizenship, the Group will further enhance its standard of corporate governance and maintain a high level of corporate transparency, as well as put emphasis on environment protection, to safeguard the interest of stakeholders, and be committed to creating value for the shareholders

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Details of the 2010 final results announcement is available in the Company's website (http://www.coscopac.com.hk) and the website of Hong Kong Exchanges and Clearing Limited (http://www.hkex.com.hk). For further inquiry, please contact:

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