

CORE COMPETENCE

Core competence is the ability of an enterprise to sustain competitiveness over the long term. It is a set of techniques and abilities acquired through overcoming adversity, which competitors cannot easily imitate and which differentiate a company, allowing it to stand the test of time.

Core competence is the lifeline and stabilising force of an enterprise. We firmly believe that it is the firm ground on which our success rests, amidst a complex and ever-changing business environment.

Relying on its core strengths as a corporation, and driving synergies among corporate strategy, marketing, finance, management, human resources and investor relations, are the key to COSCO Pacific's development. Core competence allows us to take the initiative in a competitive market and continue our steady process of internationalisation.

Looking forward, COSCO Pacific will continue to optimise its business mix, thoroughly implement its corporate strategy, adhere to its principles for development, and enhance corporate governance, to strengthen core competence further.

COMPANY PROFILE

The ultimate parent company of COSCO Pacific is COSCO Group, the largest shipping enterprise in China and the second largest in the world.

COSCO Pacific has grown to become the world's fifth largest container terminal operator and third largest container leasing company. COSCO Pacific also holds a 21.8% equity interest in CIMC, the world's largest container manufacturer.

Strong support from our parent company, COSCO Group, and its affiliated subsidiaries, has provided us with competitive advantages that have allowed us steadily to expand our two main businesses: terminal operations, and container leasing, management and sale.

Backed by our parent company's powerful shipping fleet, COSCO Pacific is focusing on the development of its terminal business and is progressively acquiring majority stakes in terminals. We are also pursuing opportunities for expansion through investment in terminals overseas, in order to optimise our container terminal portfolio. The terminal business will continue to be our key growth driver.

In its terminal investment strategy, COSCO Pacific emphasises maintaining a balanced geographical distribution of terminals. Today, the Group's terminal portfolio covers four main port regions in China, as well as overseas hub ports. As of 31st December 2011, we operated and managed 103 berths at 18 ports worldwide, 14 of them in China and four overseas. Among the 103 berths, 93 are for containers, with a combined annual handling capacity of 55.45 million TEUs.

For the container leasing, management and sale businesses, our fleet size had reached 1,777,792 TEUs as of 31st December 2011, representing approximately 12.5% of global market share.

We provide comprehensive long and short-term container leasing and container management services to our customers. To minimise market cyclical risk, most lease contracts are long-term and in 2011 revenue from long-term leasing accounted for 93.8% of total leasing revenue. Our key customers include the world's top ten shipping lines, with revenue from these lines accounting for 70.3% of total leasing revenue in 2011.