中 國 遠 洋 控 股 股 份 有 限 公 司

China COSCO Holdings Company Limited*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1919)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL HIGHLIGHTS:

- Revenues of the Group for 2010 were RMB96,438,544,000, representing an increase of RMB27,976,030,000 (or 40.9%) as compared to 2009.
- Profit attributable to equity holders of the Company for 2010 was RMB6,858,465,000 as compared to loss attributable to equity holders of the Company amounted to RMB7,467,812,000 of 2009.
- The basic and diluted profit per share for the year of 2010 amounted to RMB0.6713 and RMB0.6713 respectively.
- The Board recommends the distribution of a final dividend of RMB0.09 per Share for the year of 2010.

The board of directors (the "Board") of China COSCO Holdings Company Limited ("China COSCO" or the "Company") is pleased to announce the results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2010, together with the comparative figures for the year ended 31 December 2009, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") as below.

FINANCIAL INFORMATION

A. **Financial information extracted from the Consolidated Financial Statements of the Group for the year ended 31 December 2010 prepared in accordance with HKFRSs**

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	**2010** *RMB'000*	**2009** *RMB'000*
Revenues	3	96,438,544	68,462,514
Cost of services and inventories sold	5	(84,052,455)	(72,397,839)
Gross profit/(loss)		12,386,089	(3,935,325)
Other income, net	4	270,845	2,197,383
Selling, administrative and general expenses	5	(4,944,009)	(4,670,421)
Operating profit/(loss)	6	7,712,925	(6,408,363)
Finance income	7	1,163,396	511,600
Finance costs	7	(1,321,395)	(1,243,210)
		7,554,926	(7,139,973)
Share of profits less losses of			
- jointly controlled entities		682,639	567,136
- associates		1,036,037	359,337
Profit/(loss) before income tax		9,273,602	(6,213,500)
Income tax expenses	8	(1,189,030)	(450,586)
Profit/(loss) for the year		8,084,572	(6,664,086)
Profit/(loss) attributable to:			
Equity holders of the Company		6,858,465	(7,467,812)
Non-controlling interests		1,226,107	803,726
		8,084,572	(6,664,086)
		RMB	*RMB*
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company			
- basic	10(a)	0.6713	(0.7310)
- diluted	10(b)	0.6713	(0.7310)
		RMB'000	*RMB'000*
Distributions	9(a)	—	233,549
Dividends	9(b)	919,465	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	RMB'000	*RMB'000*
Profit/(loss) for the year	8,084,572	(6,664,086)
Other comprehensive income		
Available-for-sale financial assets		
- fair value (losses)/gains, net of tax	(79,617)	258,848
- transferred to consolidated income statement upon sale	(47,537)	(61,238)
Cash flow hedges		
- fair value gains, net of tax	—	18,199
- transferred to consolidated income statement	(1,801)	—
Share of other comprehensive income of jointly controlled entities and associates	(85,673)	127,957
Reclassification of an available-for-sale financial asset to an associate		
- release of investment revaluation reserve	(1,605,002)	—
- share of reserves	327,639	—
Currency translation differences	(1,580,441)	84,982
Other movement	—	152,313
Other comprehensive income for the year, net of tax	(3,072,432)	581,061
Total comprehensive income for the year	5,012,140	(6,083,025)
Total comprehensive income for the year attributable to:		
- Equity holders of the Company	4,809,910	(7,162,374)
- Non-controlling interests	202,230	1,079,349
Total comprehensive income for the year	5,012,140	(6,083,025)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	**2010** *RMB'000*	**2009** *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		66,145,178	62,464,329
Investment properties		443,271	465,517
Leasehold land and land use rights		2,092,079	2,058,623
Intangible assets		210,495	214,321
Jointly controlled entities		4,459,934	4,398,655
Associates		10,910,150	6,158,879
Available-for-sale financial assets		627,750	2,734,777
Derivative financial assets		129,357	113,051
Deferred income tax assets		1,956,772	2,129,159
Loans to jointly controlled entities and associates		1,073,318	1,335,972
Restricted bank deposits		447,610	75,293
Other non-current assets		541,137	495,469
Total non-current assets		89,037,051	82,644,045
Current assets			
Inventories		2,116,866	1,782,590
Trade and other receivables	11	10,987,241	8,727,581
Available-for-sale financial assets		—	140,529
Derivative financial assets		—	2,829
Tax recoverable		5,693	316,435
Financial assets at fair value through profit or loss		—	4,670
Restricted bank deposits		697,838	24,596
Cash and cash equivalents		46,550,910	44,098,028
		60,358,548	55,097,258
Assets held for sale		146,216	—
Total current assets		60,504,764	55,097,258
Total assets		149,541,815	137,741,303

	Note	2010	2009
		RMB'000	*RMB'000*
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		10,216,274	10,216,274
Reserves		35,372,814	31,776,069
Proposed final dividend	9(b)	919,465	—
		46,508,553	41,992,343
Non-controlling interests		14,467,284	10,592,472
Total equity		60,975,837	52,584,815
LIABILITIES			
Non-current liabilities			
Long-term borrowings		54,927,482	53,117,454
Provisions and other liabilities		1,302,883	1,498,338
Derivative financial liabilities		—	55,192
Deferred income tax liabilities		3,509,983	3,057,369
Other non-current liabilities		377,073	—
Total non-current liabilities		60,117,421	57,728,353
Current liabilities			
Trade and other payables	12	20,300,820	17,691,586
Derivative financial liabilities		61,024	86,890
Short-term borrowings		1,669,381	3,703,366
Current portion of long-term borrowings		4,200,211	3,529,595
Current portion of provisions and other liabilities		1,264,313	1,523,134
Tax payable		952,808	893,564
Total current liabilities		28,448,557	27,428,135
Total liabilities		88,565,978	85,156,488
Total equity and liabilities		149,541,815	137,741,303
Net current assets		32,056,207	27,669,123
Total assets less current liabilities		121,093,258	110,313,168

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

China COSCO Holdings Company Limited (the "Company") was incorporated in the People's Republic of China (the "PRC") on 3 March 2005 as a joint stock company with limited liability under the Company Law of the PRC. The address of its registered office is 3rd Floor, No.1 Tongda Square, Tianjin Port Free Trade Zone, Tianjin, the PRC. The H-Shares and A-Shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited since 30 June 2005 and The Shanghai Stock Exchange since 26 June 2007 respectively.

The businesses of the Company and its subsidiaries (together, the "Group") include the provisions of a range of container shipping, dry bulk shipping, managing and operating container terminals, container leasing and logistics services all over the world.

The directors of the Company (the "Directors") regard China Ocean Shipping (Group) Company ("COSCO"), a state-owned enterprise established in the PRC, as being the Company's parent company. COSCO and its subsidiaries (other than the Group) are collectively referred to as "COSCO Group".

The Consolidated Financial Statements are presented in Renminbi ("RMB'') and all values are rounded to the nearest thousand except when otherwise indicated.

2 Summary of significant accounting policies

(a) Basis of preparation

The Consolidated Financial Statements for the year ended 31 December 2010 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). These accounting policies have been consistently applied to all the years presented unless otherwise mentioned.

The Consolidated Financial Statements have been prepared under the historical cost convention except that available-for-sale financial assets, financial assets at fair value through profit or loss and derivative financial instruments are stated at fair value.

The preparation of the Consolidated Financial Statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(i) **New and revised standards, amendments to standards and interpretations which are effective in 2010 and adopted by the Group**

HKICPA has issued the following new and revised standards, amendments to standards and interpretations which are mandatory for the Group's accounting periods on or after 1 January 2010:

HKAS 1 (Amendment)	"Presentation of Financial Statements"
HKAS 7 (Amendment)	"Statement of Cash Flows"
HKAS 17 (Amendment)	"Leases"
HKAS 18 (Amendment)	"Revenue"
HKAS 36 (Amendment)	"Impairment of Assets"
HKAS 38 (Amendment)	"Intangible Assets"
HKAS 39 (Amendment)	"Financial Instruments: Recognition and Measurement" and "Eligible Hedge Items"
HKFRS 1 (Revised)	"First-time adoption of HKFRSs"
HKFRS 1 (Amendment)	"Additional Exemptions for First-time Adopters"
HKFRS 2 (Amendment)	"Group Cash-settled Share-based Payment Transactions"
HKFRS 5 (Amendment)	"Non-current Assets Held For Sale and Discontinued Operations"
HKFRS 8 (Amendment)	"Operating Segments"
HK- Int 5	"Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"
HK(IFRIC)- Int 9	"Reassessment of Embedded Derivatives"
HK(IFRIC)- Int 16	"Hedges of a Net Investment in a Foreign Operation"
HK(IFRIC)- Int 17	"Distribution of non-cash assets to owners"

Except that the adoption of HKAS 17 (Amendment) and HK-Int 5 had resulted in a change in accounting policies as described below, the adoption of the above new and revised standards, amendments to standards and interpretations in the current year did not have any significant effect on the Consolidated Financial Statements or result in any significant changes in the Group's significant accounting policies.

HKAS 17 (Amendment) removed the specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

The Group has reassessed the classification of unexpired leasehold land as at 1 January 2010 on the basis of information existing at the inception of those leases. As a result of the reassessment, the Group has reclassified leasehold land of carrying value of approximately RMB114,142,000 as at 1 January 2010 from operating lease to finance lease. However, as the effect of the reclassification in prior years was insignificant to the Consolidated Financial Statements, the change in the accounting policy in respect of the adoption of HKAS 17 (Amendment) had not been applied retrospectively.

HK-Int 5 clarifies that under existing HKAS 1, this requires the liability to be classified as current liability if the borrower does not have the unconditional right at the reporting date to defer settlement for at least twelve months after the balance sheet date.

The Group has classified a non-current liability drawn down during the current year as a current liability as a result of the adoption of HK-Int 5. There was no significant financial effect on the Consolidated Financial Statements in the prior year.

(ii) **New standards, amendments to standards and interpretations that are relevant to the Group but not yet effective for the year ended 31 December 2010 and have not been early adopted by the Group**

HKICPA has issued the following new standards, amendments to standards and interpretations which are relevent to the Group but not yet effective for the year ended 31 December 2010 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 32 (Amendment)	"Classification of Right Issues"	1 February 2010
HKFRS 1 (Amendment)	"Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters"	1 July 2010
HKFRS 9	"Financial Instruments"	1 January 2013
HK(IFRIC)- Int 14	"Prepayments of a Minimum Funding Requirement"	1 January 2011
HK(IFRIC)- Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

The Group will apply the above standards, amendments to standards and interpretations from 1 January 2011 or later period. The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

3 Revenues and segment information

Turnover represents gross revenues from operations of container shipping, dry bulk shipping, logistics, container terminal operations and container leasing, net of discounts allowed, where applicable. Revenues recognised during the year are as follows:

	2010	2009
	RMB'000	*RMB'000*
Container shipping (note a)	45,217,453	26,689,028
Dry bulk shipping (note b)	31,727,366	26,582,559
Logistics	15,212,320	12,127,039
Container terminal operations	1,254,555	774,590
Container leasing (note c)	863,873	666,411
Turnover	94,275,567	66,839,627
Manning service income	380,698	288,859
Others	1,782,279	1,334,028
Total revenues	96,438,544	68,462,514

Notes:

(a) Turnover from container shipping includes time charterhire income under agreements of RMB478,141,000 for the year ended 31 December 2010 (2009: RMB496,175,000).

(b) Turnover from dry bulk shipping includes time charterhire income under agreements of RMB18,843,968,000 for the year ended 31 December 2010 (2009: RMB14,550,470,000).

(c) Turnover from container leasing is analysed below:

	2010	2009
	RMB'000	*RMB'000*
Operating lease rentals	632,953	508,743
Finance lease income	1,402	1,605
Proceeds from sale of resaleable containers	229,518	156,063
	863,873	666,411

Operating segments

The chief operating decision-maker has been identified as the Board of Directors. The Board of Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports and analysed from a business perspective:

— Container shipping and related business

— Dry bulk shipping and related business

— Logistics

— Container terminal operations and related business

— Container leasing, management, sale and related business

— Corporate and other operations that primarily comprise container manufacturing, investment holding, management services and financing

Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, derivative financial assets, restricted bank deposits, other non-current assets, inventories, receivables, financial assets at fair value through profit or loss, and cash and cash equivalents. Segment liabilities consist primarily of long-term borrowings, short-term borrowings, provisions and other liabilities, derivative financial liabilities, other non-current liabilities and payables. Addition to non-current assets comprises additions to property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, investment in jointly controlled entities and associates and other non-current assets (excluding finance lease receivables), including additions resulting from acquisitions through business combinations.

Unallocated assets consist tax recoverable and deferred income tax assets. Unallocated liabilities consist current and deferred income tax liabilities.

	Year ended 31 December 2010							
	Container shipping and related business	Dry bulk shipping and related business	Logistics	Container terminal operations and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement								
Total revenues	46,341,943	32,792,726	15,297,871	1,349,012	1,698,956	18,565	(1,060,529)	96,438,544
Inter-segment revenues	(29,670)	(15,768)	(85,551)	(94,457)	(835,083)	—	1,060,529	—
Revenues (from external customers)	46,312,273	32,776,958	15,212,320	1,254,555	863,873	18,565	—	96,438,544
Segment profit	3,623,859	3,023,971	649,625	143,747	690,008	(418,285)	—	7,712,925
Finance income								1,163,396
Finance costs								(1,321,395)
Share of profits less losses of								
- jointly controlled entities	17,433	114,370	45,319	505,517	—	—	—	682,639
- associates	4,238	11,458	76,050	272,546	—	671,745	—	1,036,037
Profit before income tax								9,273,602
Income tax expenses								(1,189,030)
Profit for the year								8,084,572
Depreciation and amortisation	1,325,139	1,211,741	148,873	158,399	594,409	13,820	—	3,452,381
(Reversal of provision)/provision for impairment of trade and other receivables, net	(673)	(19,803)	(14,455)	298	(2,275)	—	—	(36,908)
Amortised amount of transaction costs on long-term borrowings	26,729	18,023	—	—	7,625	6,541	—	58,918
Unrealised fair value loss on freight forward agreements ("FFA"), net	—	61,024	—	—	—	—	—	61,024
Provision for onerous contracts, net	—	1,009,581	—	—	—	—	—	1,009,581
Addition to non-current assets	2,167,386	3,871,589	606,799	4,741,858	1,703,662	28,475	—	13,119,769

	Year ended 31 December 2009							
	Container shipping and related business	Dry bulk shipping and related business	Logistics	Container terminal operations and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Income statement								
Total revenues	27,530,553	27,379,178	12,217,545	837,673	1,570,136	17,249	(1,089,820)	68,462,514
Inter-segment revenues	(20,574)	(11,932)	(90,506)	(63,083)	(903,725)	—	1,089,820	—
Revenues (from external customers)	27,509,979	27,367,246	12,127,039	774,590	666,411	17,249	—	68,462,514
Segment loss	(7,813,147)	473,737	494,381	227,672	579,640	(370,646)	—	(6,408,363)
Finance income								511,600
Finance costs								(1,243,210)
Share of profits less losses of								
- jointly controlled entities	10,679	80,037	72,100	404,320	—	—	—	567,136
- associates	24,076	4,716	67,594	51,442	—	211,509	—	359,337
Loss before income tax								(6,213,500)
Income tax expenses								(450,586)
Loss for the year								(6,664,086)
Depreciation and amortisation	1,214,523	1,365,708	157,849	126,700	543,584	10,516	—	3,418,880
(Reversal of provision)/provision for impairment of trade and other receivables, net	(1,727)	(96,196)	(17,783)	(41)	25,975	—	—	(89,772)
Amortised amount of transaction costs on long-term borrowings	16,570	10,512	—	—	6,180	6,973	—	40,235
Unrealised fair value loss on FFA, net	—	141,071	—	—	—	—	—	141,071
Provision for onerous contracts, net	—	349,224	—	—	—	—	—	349,224
Addition to non-current assets	3,175,435	6,022,634	361,509	2,874,438	432,351	191,814	—	13,058,181

	As at 31 December 2010							
	Container shipping and related business	Dry bulk shipping and related business	Logistics	Container terminal operations and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance sheet								
Segment assets	49,082,742	51,230,207	9,007,440	7,477,924	11,167,131	26,813,663	(24,417,125)	130,361,982
Jointly controlled entities	309,309	710,330	387,907	3,052,388	—	—	—	4,459,934
Associates	30,946	108,256	510,822	5,222,255	—	5,037,871	—	10,910,150
Loans to jointly controlled entities and associates	—	14,731	—	1,058,587	—	—	—	1,073,318
Available-for-sale financial assets	64,019	155,893	242,270	165,568	—	—	—	627,750
Assets held for sale	—	—	—	146,216	—	—	—	146,216
Unallocated assets								1,962,465
Total assets								149,541,815
Segment liabilities	38,594,973	27,141,988	4,858,562	4,247,701	6,026,979	27,650,109	(24,417,125)	84,103,187
Unallocated liabilities								4,462,791
Total liabilities								88,565,978

	As at 31 December 2009							
	Container shipping and related business	Dry bulk shipping and related business	Logistics	Container terminal operations and related business	Container leasing, management, sale and related business	Corporate and other operations	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance sheet								
Segment assets	42,319,893	49,968,655	7,638,141	6,244,917	11,550,756	22,261,085	(19,456,550)	120,526,897
Jointly controlled entities	324,637	724,947	405,225	2,943,846	—	—	—	4,398,655
Associates	37,526	101,635	495,533	915,706	—	4,608,479	—	6,158,879
Loans to jointly controlled entities and associates	—	20,951	—	1,315,021	—	—	—	1,335,972
Available-for-sale financial assets	113,479	151,016	285,259	2,325,552	—	—	—	2,875,306
Unallocated assets								2,445,594
Total assets								137,741,303
Segment liabilities	35,735,638	27,333,061	5,352,662	4,071,499	6,549,753	21,619,492	(19,456,550)	81,205,555
Unallocated liabilities								3,950,933
Total liabilities								85,156,488

Geographical information

(a) Revenues

The Group's businesses are managed on a worldwide basis. The revenues generated from the world's major trade lanes for container shipping business mainly include Trans-Pacific, Asia-Europe, Intra-Asia, PRC coastal, Trans-Atlantic and others which are reported as follows:

Geographical	**Trade lanes**
America	Trans-Pacific
Europe	Asia-Europe(including Mediterranean)
Asia Pacific	Intra-Asia (including Australia)
China domestic	PRC coastal
Other international market	Trans-Atlantic and others

The revenues generated from provision of dry bulk shipping business services are classified into international shipping and PRC coastal shipping only.

For the geographical information, freight revenues from container shipping and dry bulk shipping are analysed based on the outbound cargoes or goods transport to each geographical territory.

In respect of logistics, container terminals operations, corporate and other operations, revenues are based on the geographical locations in which the business operations are located.

In respect of container leasing, the movements of containers under operating leases or finance leases are known through reports from the lessees but the Group is not able to control the movements of containers except to the degree that the movements are restricted by the terms of the leases or where safety of the containers is concerned. It is therefore impracticable to present financial information by geographical area and thus the revenues of which are presented as unallocated revenues.

	2010	2009
	RMB'000	*RMB'000*
Container shipping and related business		
- America	14,290,448	7,292,801
- Europe	12,666,954	6,524,495
- Asia Pacific	6,976,272	4,604,025
- China domestic	10,746,679	8,213,291
- Other international market	1,631,920	875,367
Dry bulk shipping and related business		
- International shipping	30,765,224	25,846,827
- PRC coastal shipping	2,011,734	1,520,419
Logistics, container terminal operations and related business, corporate and other operations		
- Europe	671,160	259,517
- Asia Pacific	203,459	34,879
- China domestic	15,610,821	12,624,482
Unallocated	863,873	666,411
Total	96,438,544	68,462,514

(b) Non-current assets

The Group's non-current assets, other than financial instruments and deferred income tax assets ("Geographical Non-Current Assets"), consist of its property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, jointly controlled entities and associates and other non-current assets (exclude finance lease receivables).

The container vessels, dry bulk vessels and containers (included in property, plant and equipment) are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, it is impractical to present the locations of the container vessels, dry bulk vessels and containers by geographical areas and thus the container vessels, dry bulk vessels, containers and vessels/containers under construction are presented as unallocated non-current assets.

In respect of the remaining Geographical Non-Current Assets, they are presented based on the geographical locations in which the business operations/assets are located.

	As at 31 December 2010 *RMB'000*	**As at 31 December 2009** *RMB'000*
China domestic	26,605,383	20,631,670
Non-China domestic	2,532,339	2,375,007
Unallocated	55,646,699	53,241,938
Total	84,784,421	76,248,615

4 Other income, net

	2010 *RMB'000*	**2009** *RMB'000*
Dividend income from listed and unlisted investments	16,585	160,361
Subsidy income	119,956	530,530
Gain on disposal of property, plant and equipment, net		
- container vessels	24,290	21,474
- dry bulk vessels	242,182	173,451
- containers	11,620	3,761
- others	24,808	35,676
(Loss)/gain on disposal of a subsidiary	(2)	436
Gain on disposal of available-for-sale financial assets	59,266	123,345
Gain on disposal of a jointly controlled entity and associates	743	41,291
Net gain on derivatives at fair value through profit or loss		
- FFA	35,269	989,206
- forward foreign exchange contracts	2,667	—
Reversal of provision for impairment of trade and other receivables	72,816	180,667
Net exchange (loss)/gain	(364,176)	97,258
Provision for impairment of trade and other receivables	(35,908)	(90,895)
Donations	(24,317)	(627)
Net gain on acquisition of a subsidiary	—	1,176
Others	85,046	(69,727)
Total	270,845	2,197,383

5 Expenses by nature

	2010	2009
	RMB'000	*RMB'000*
Cost of services and inventories sold		
Container shipping and dry bulk shipping costs		
- Equipment and cargo transportation costs	14,870,602	11,965,969
- Voyage costs	16,667,767	13,716,305
- Vessel costs	26,576,968	25,254,555
- Provision for onerous contracts	1,176,814	1,419,125
- Others	882,255	1,795,860
Freight forwarding and shipping agency costs	19,410,108	15,770,228
Terminal operating and other direct costs	1,047,113	574,922
Cost of inventories sold	1,958,897	717,812
Container depreciation and other direct costs	689,025	660,170
Business tax	772,906	522,893
Total	84,052,455	72,397,839
Selling, administrative and general expenses		
Administrative staff costs	3,330,141	2,950,211
Depreciation and amortisation	305,699	298,444
Rental expense	181,803	162,990
Office expense	187,120	175,011
Transportation and travelling expense	204,305	197,496
Entertainment expense	183,829	152,238
Legal and professional fees	105,697	188,437
Telecommunication and utilities	93,639	97,158
Repair and maintenance expense	55,065	59,800
Others	296,711	388,636
Total	4,944,009	4,670,421

6 Operating profit/loss

Operating profit/loss is stated after charging/(crediting) the following:

	2010	**2009**
	RMB'000	*RMB'000*
Amortisation		
- leasehold land and land use rights	52,324	32,732
- intangible assets	53,623	56,821
- concession	12,839	3,395
Cost of bunkers consumed	12,771,307	9,724,520
Cost of inventories sold		
- resaleable containers	171,637	134,817
- marine suppliers and others	102,551	99,791
- merchandises	1,684,709	483,204
Depreciation		
- container vessels	1,120,547	996,159
- dry bulk vessels	1,125,914	1,280,623
- containers	586,256	539,770
- other property, plant and equipment	474,523	471,980
- investment properties	26,355	37,400
Operating lease rentals		
- container vessels	3,489,910	3,376,862
- dry bulk vessels	16,808,124	19,891,694
- containers	906,027	427,126
- leasehold land and buildings	263,067	206,315
- other property, plant and equipment	260,721	60,334
Rental income of investment properties	(53,143)	(49,489)

7 Finance income and costs

	2010	2009
	RMB'000	*RMB'000*
Finance income		
Interest income from:		
- deposits with COSCO Finance Co., Ltd ("COSCO Finance")	(93,831)	(107,632)
- loans to jointly controlled entities	(10,895)	(24,574)
- loans to associates	(10,699)	(9,223)
- banks	(513,590)	(370,171)
Net exchange gain	(534,381)	—
	(1,163,396)	(511,600)
Finance costs		
Interest expenses on:		
- bank loans	773,048	789,241
- other loans wholly repayable within five years	2,243	4,697
- loans with COSCO Finance	22,279	63,563
- finance lease obligations	10,726	11,833
- notes	508,608	358,098
Fair value (gain)/loss on derivative financial instruments	(20,152)	52,321
Fair value adjustment of notes attributable to interest rate risk	26,260	(44,857)
	6,108	7,464
	1,323,012	1,234,896
Amortised amount of transaction costs on long-term borrowings	58,918	40,235
Amortised amount of discount on issue of notes	1,144	1,230
Other incidental borrowing costs and charges	42,598	46,798
Less: amount capitalised in construction in progress	(104,277)	(79,949)
	1,321,395	1,243,210
Net finance costs	157,999	731,610

8 Income tax expenses

	2010	2009
	RMB'000	*RMB'000*
Current income tax		
- PRC enterprise income tax (note a)	388,632	263,541
- Hong Kong profits tax (note b)	4,913	2,159
- Overseas taxation (note c)	146,334	63,683
Over provision in prior years	(661)	(23,055)
	539,218	306,328
Deferred income tax	649,812	144,258
	1,189,030	450,586

The Group's share of income tax expenses of jointly controlled entities and associates for the year totalling RMB134,198,000 (2009: RMB100,151,000) and RMB235,096,000 (2009: RMB78,423,000) are included in the consolidated income statement as share of profits less losses of jointly controlled entities and associates respectively.

Notes:

(a) PRC enterprise income tax ("EIT")

The provision for EIT is based on the statutory rate of 25% on the assessable income of each of the PRC companies of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the year, except for certain PRC companies, which are taxed at reduced rates ranging from 11% to 22% (2009: 10% to 20%) based on different local preferential policies on income tax and approval by relevant tax authorities.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits derived from or arising in Hong Kong for the year.

(c) Overseas taxation

Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 13% to 46% during the year (2009: 15% to 46%).

9 Distributions and dividends

(a) Distributions

	2010	2009
	RMB'000	*RMB'000*
Consideration in connection with the purchase of		
- Shanghai Ocean Shipping Company Limited	—	232,699
- China Ocean Shipping Agency Qinzhou Company Limited	—	850
	—	233,549

These represented consideration paid by the Group for acquisition of equity interests in subsidiaries from COSCO Group. These acquisitions were regarded as business combinations under common control.

(b) Dividends

	2010	2009
	RMB'000	*RMB'000*
Final dividend, proposed, of RMB0.09 (2009: RMB Nil) per share	919,465	—

Note:

At the meeting held on 29 March 2011, the Directors proposed a final cash dividend of RMB0.09 per share, totalling RMB919,465,000 for the year ended 31 December 2010.

At the meeting held on 22 April 2010, no dividend was proposed for the year ended 31 December 2009.

The amount of proposed dividend for 2010 has been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

10 Earnings/(loss) per share

(a) *Basic*

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the number of ordinary shares in issue during the year.

	2010	**2009**
Profit/(loss) attributable to equity holders of the Company (RMB)	6,858,465,000	(7,467,812,000)
Number of ordinary shares in issue	10,216,274,357	10,216,274,357
Basic earnings/(loss) per share (RMB)	0.6713	(0.7310)

(b) *Diluted*

Diluted earnings/(loss) per share is calculated based on the profit/(loss) attributable to equity holders of the Company after adjusting the effect for assumed issurance of shares on exercise of share options of a subsidiary and the number of ordinary shares in issue during the year.

	2010	**2009**
Profit/(loss) attributable to equity holders of the Company (RMB)	6,858,465,000	(7,467,812,000)
Adjustment on the effect of dilution	(161,793)	—
	6,858,303,207	(7,467,812,000)
Number of ordinary shares in issue	10,216,274,357	10,216,274,357
Diluted earnings/(loss) per share (RMB)	0.6713	(0.7310)

11 Trade and other receivables

	2010	2009
	RMB'000	*RMB'000*
Trade receivables (note a)		
- third parties	5,583,250	4,494,047
- subsidiaries of COSCO	209,453	160,163
- jointly controlled entities	27,523	38,400
- associates	11,662	3,355
- other related companies	73,156	135,583
	5,905,044	4,831,548
Bills receivables (note a)	190,358	97,339
	6,095,402	4,928,887
Prepayments, deposits and other receivables		
- third parties	3,860,894	3,122,005
- subsidiaries of COSCO (note b)	354,561	367,421
- jointly controlled entities (note b)	303,846	61,791
- associates (note b)	203,301	42,823
- other related companies (note b)	162,392	198,293
	4,884,994	3,792,333
Current portion of financial lease receivables	6,845	6,361
Total	10,987,241	8,727,581

Notes:

(a) The normal credit period granted to the trade receivables of the Group is generally within 90 days. Trade receivables primarily consisted of voyage-related and logistics receivables. As at 31 December 2010, the ageing analysis of trade and bills receivables is as follows:

	2010	**2009**
	RMB'000	*RMB'000*
1-3 months	5,844,177	4,644,036
4-6 months	148,271	227,413
7-12 months	88,758	93,302
1-2 years	63,544	81,228
2-3 years	36,210	24,159
Over 3 years	98,942	97,850
Trade and bills receivables, gross	6,279,902	5,167,988
Less: impairment of		
1-3 months	(35,276)	(36,078)
4-6 months	(1,225)	(12,611)
7-12 months	(4,023)	(16,956)
1-2 years	(19,851)	(58,150)
2-3 years	(28,693)	(18,065)
Over 3 years	(95,432)	(97,241)
Provision for impairment	(184,500)	(239,101)
	6,095,402	4,928,887

(b) The amounts due from related companies are unsecured, interest free and have no fixed term of repayment.

12 Trade and other payables

	2010	2009
	RMB'000	*RMB'000*
Trade payables (note a)		
- third parties	5,603,267	5,382,995
- subsidiaries of COSCO	863,189	1,199,286
- jointly controlled entities	133,326	196,762
- associates	52,129	104,237
- other related companies	51,567	45,746
	6,703,478	6,929,026
Bills payables (note a)	831,341	208,075
	7,534,819	7,137,101
Advances from customers	2,871,071	2,483,550
Other payables and accruals	9,350,649	7,615,940
Consideration payable to COSCO	92,699	92,699
Due to related companies (note b)		
- COSCO	—	163
- subsidiaries of COSCO	172,702	217,760
- jointly controlled entities	63,535	29,650
- associates	5,799	14,087
- other related companies	209,546	100,636
	451,582	362,296
Total	20,300,820	17,691,586

Notes:

(a) As at 31 December 2010, the ageing analysis of trade and bills payables is as follows:

	2010	**2009**
	RMB'000	*RMB'000*
1-6 months	6,956,638	6,761,981
7-12 months	243,497	169,162
1-2 years	227,323	160,932
2-3 years	71,373	20,791
Above 3 years	35,988	24,235
	7,534,819	7,137,101

(b) The amounts due to related companies are unsecured and interest free and have no fixed term of repayment.

13 Significant subsequent events

(a) COSCO Ports (Nansha) Limited ("CP Nansha") was a jointly controlled entity of COSCO Pacific Limited ("COSCO Pacific"). By virtue of the clause in an agreement entered into by COSCO Pacific and the other shareholder of CP Nansha, the joint control of CP Nansha expired on 31 December 2010 and COSCO Pacific has the power to govern the financial and operating policies of CP Nansha and its subsidiary, Guangzhou South China Oceangate Container Terminal Company Limited, from then onwards. Accordingly, the Group has accounted for CP Nansha as a subsidiary since 1 January 2011 onwards.

(b) On 3 March 2011, the Group and COSCO Corporation (Singapore) Limited entered into supplemental deeds to extend the completion period by 4 months and amend certain terms of the agreements for the acquisition of 70% equity interests in Costar Shipping Pte. Ltd. and Coslink (M) Sdn. Bhd.

(c) On 10 March 2011, COSCO Pacific entered into an agreement with Qingdao Port (Group) Co., Ltd., the other shareholder of Qingdao Cosport International Container Terminals Co., Ltd. ("Qingdao Cosport Terminal"), a jointly controlled entity, to dispose of its entire equity interest in Qingdao Cosport Terminal at a consideration of RMB184,000,000 (equivalent to approximately US$28,000,000). COSCO Pacific expects the disposal to be completed in the second quarter of 2011.

14 Comparatives

Certain comparative figures have been reclassified to conform to the current year's presentation.

The financial figures above in respect of the announcement of the Group's annual results for the year ended 31 December 2010 (the "Announcement") have been agreed by the Company's international auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2010. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the Announcement.

B. **Differences between financial information reported under A- and H-shares**

The Group's significant accounting policies, which adopted in the H-share and A-share financial statements, conform to the HKFRSs and China Accounting Standards ("CAS") issued by the Ministry of Finance of the PRC respectively. Differences between HKFRSs and CAS in the consolidated net profit/(loss) and consolidated equity attributable to equity holders of the Company are summarised as follows. The table below is extracted from the annual financial statements prepared under the CAS and audited by RSM China Certified Public Accountants Co., Ltd., the Company's PRC auditor.

Consolidated net profit/(loss) and consolidated equity attributable to equity holders of the Company

		Consolidated net profit/(loss) attributable to equity holders of the Company For the year ended 31 December		**Consolidated equity attributable to equity holders of the Company As at 31 December**	
		2010	**2009**	**2010**	**2009**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As prepared under CAS		6,760,957	(7,539,764)	47,752,465	42,829,248
1	Difference in recognition of cost basis of assets	810	(14,371)	220,085	248,574
2	Difference in recognition and treatment on functional currency	89,505	52,081	(1,463,997)	(1,078,286)
3	Difference in recognition of goodwill for transactions not under common control	—	(3,959)	—	—
4	Difference in treatment on employee retirement and medical benefit obligation of an overseas subsidiary	—	39,731	—	—
5	Difference in recognition of prior year adjustment to the non-controlling interests	7,193	(1,530)	—	(7,193)
Total differences		97,508	71,952	(1,243,912)	(836,905)
As prepared under HKFRSs		6,858,465	(7,467,812)	46,508,553	41,992,343

Notes:

1. In the HKFRS financial statements, assets are stated at historical costs less amortisation while under CAS financial statements assets are carried at revalued amount less amortisation.

2. In the HKFRS financial information, US Dollar is determined as the functional currency of certain PRC subsidiaries of the Group, and RMB is the presentation currency for presentation of financial information, whereas RMB is the functional currency and the financial statements presentation currency in the CAS financial statements.

3. The difference in the point of time for ceasing the amortisation on goodwill (the difference between purchase consideration and fair value of net assets acquired) and performing impairment testing between HKFRS and CAS financial statements had been eliminated in 2009.

4. The difference in recognising the employee retirement and medical benefit obligation of an overseas subsidiary between HKFRS and CAS financial statements had been eliminated in 2009.

5. In accordance with CAS Interpretation No. 4, the Group has made a prior year adjustment to the non-controlling interests and the equity attributable to the shareholders of the Company in the CAS financial statements. Since the amount was insignificant to the HKFRS financial statements, it was reflected in the current year results. The difference will have no impact to 2011 and subsequent years.

Management Discussion and Analysis

In 2010, the Group recorded revenues of RMB96,438,544,000, representing an increase of 40.9% as compared with 2009. Total net profit amounted to RMB8,084,572,000 while net profit attributable to equity holders of the Company amounted to RMB6,858,465,000.

Container Shipping and Related Business

Market review

In 2010, the global economic recovery and the increase in demand for global trade have driven the growth in the overall container shipping demand. The cautious allocation of container shipping capacity by container liners and slow steaming have improved the balance between supply and demand. The China Containerized Freight Index ("CCFI") rose from the lowest of 763 points in 2009 to almost the historically highest record of 1,200 points in August 2010, and the average was 1,131 points in 2010, representing an increase of 22.3% as compared to 2009. The potent rebound of container shipping volume and the rising freight rates have induced the overall global container shipping business to turn around from loss to profit in 2010. The profit of the container liners was mainly attributed to the increase of both shipping volume and freight rates of America and Europe routes.

Results performance

In 2010, shipping volume of the Group's container shipping and related business amounted to 6,215,371 TEUs, representing an increase of approximately 18.7% as compared to last year. Revenues amounted to RMB46,312,273,000, representing an increase of 68.3% as compared to the corresponding period last year.

Shipping volume by routes

	Year ended 31 December		
	2010	**2009**	**Change**
	(TEUs)	*(TEUs)*	*(%)*
Trans-Pacific	1,572,128	1,155,489	36.1
Asia-Europe (including Mediterranean)	1,287,481	1,193,422	7.9
Intra-Asia (including Australia)	1,617,463	1,386,378	16.7
Other international (including Trans-Atlantic)	202,073	184,774	9.4
PRC	1,536,226	1,314,229	16.9
Total	6,215,371	5,234,292	18.7

Revenues by routes

	Year ended 31 December		
	2010	**2009**	**Change**
	RMB'000	*RMB'000*	*(%)*
Trans-Pacific	14,284,238	7,289,171	96.0
Asia-Europe (including Mediterranean)	12,080,341	6,114,390	97.6
Intra-Asia (including Australia)	6,705,628	4,446,924	50.8
Other international (including Trans-Atlantic)	1,625,011	869,359	86.9
PRC	3,405,221	2,528,817	34.7
Sub-total	38,100,439	21,248,661	79.3
Chartering	478,141	496,175	-3.6
Related business	7,733,693	5,765,143	34.1
Total	46,312,273	27,509,979	68.3

Fleet development

The Group had 16 new container vessels with a total capacity of 101,313 TEUs delivered and put into operation in 2010. As at 31 December 2010, the Group operated 150 container vessels with a total capacity of 614,092 TEUs, representing an increase of 9.5% as compared to the year end of 2009. There was no new vessel order in 2010. As at the year end of 2010, the Group had an order book of 38 container vessels with a total capacity of 313,526 TEUs, which will be delivered in 2011 to 2013.

Order book of container vessels (as at 31 December 2010)

	Owned		Chartered-in		Total	
Year	**Number**	**TEUs**	**Number**	**TEUs**	**Number**	**TEUs**
2011	—	—	6	69,358	6	69,358
2012	13	82,550	4	52,368	17	134,918
2013	15	109,250	—	—	15	109,250
Total	28	191,800	10	121,726	38	313,526

In 2011, the Group expects to be made available 6 new vessels with a total capacity of 69,358 TEUs, representing 6 chartered-in 69,358 TEUs vessels.

Operation strategies

After the Group successfully implemented Vessel Pool plan during the low season to greatly reduce loss, the Group seized the opportunity of market recovery to reinforce cooperation with its alliance partners for restoration of shipping capacity of routes and reposition of the route structure. For instance, shipping space of Asia-Europe and Trans-Pacific routes increased by 40% and 43% respectively as compared to the low season. The Group operated extra routes for America and Europe routes for higher profit during the peak season. The Group took advantage of the market recovery to revise the freight rates. The contract freight rates of Trans-Pacific route increased to a reasonable level this year while those of Asia-Europe route were also restored at the beginning of the year. In June, the Group imposed surcharges for container repositioning for Southeast Asia routes, such surcharges were also extended to other routes.

As the Group focused on the balance of the shipping volume of containers, efficiency of containers management improved significantly. As the increasing rate of containers is far less than that of shipping volume, the overall ratio of containers to slot dropped to a historically record low.

In addition, the Group endeavoured to explore cargo sources with a high profit margin and strengthened its value-added services. Extensive promotion of application of e-commerce and low-carbon development help to develop the CKYH Green Alliance. In 2010, the Company increased the number of vessels and reduced the vessel speed of more than ten of its major long-haul routes, resulting in a decrease in fuel consumption of 338,000 tons as compared to the corresponding period last year. It also successfully developed and launched the "COSCON Carbon Emission Calculator"(中遠集運碳排放計算器).

Market outlook

The continuous global economic recovery in 2011 will lead to the growth of the global container shipping volume. According to forecast by certain authority, the global container shipping volume will increase by 8% to 10% and exceed 150 million TEUs. Among the two major eastern and western routes, the container shipping volume of Asia-Europe route will see the largest growth of up to 10.4%, while Trans-Pacific route will grow by 9.3%. In respect of shipping capacity, as reported by AXS-Alphaliner, there will be new container vessels with an additional shipping capacity of 1.3 million TEUs entering the market, representing an increase of 8.8% in the overall shipping capacity. It is noteworthy that the shipping capacity of the super post-Panamax vessels will substantially increase and contribute to the rising of shipping capacity in the two major eastern and western routes.

Overall speaking, the global container shipping market will remain cautious and optimistic in 2011. The container shipping market is expected to maintain its equilibrium due to the increase of cargo volume and reasonable management of delivery of carriers.

Operation plans

In 2011, the Company will continuously strengthen its cooperation with its alliance partners, optimise the arrangement of its routes, ensure the utilization rate of newly injected shipping capacity in order to incarnate the strength of large vessels. Other than insisting its domestic development strategy, the Company will put greater efforts to develop its business in the emerging markets and speed up the restructuring of the structure of its customer base and cargo sources. Service quality will be enhanced and low-cost transhipment routes will also be explored, to establish a competitive and comprehensive transportation service chain. Without sacrificing the operation efficiency, the number of containers will be kept to the minimum and the proper use and maintenance of equipment will be ensured. By taking advantage of the increasing shipping capacity, co-operating with the CKYH Alliance and inviting tenders, the Company will endeavour to negotiate with suppliers for competitive tariff rates. Fuel usage effectiveness will be enhanced by further increasing vessels and reducing speed, and reinforcing the research and application of energy-saving technologies. Fuel cost will also be managed through hedging the spot and forward bunker prices of fuel.

It is expected that the completed shipping volume of the Group's container business will reach 6,800,000 TEUs.

Dry Bulk Shipping Business

Market review

In 2010, the dry bulk shipping market fluctuated significantly due to several factors. With rising demand for coal, grain and iron ore, the dry bulk shipping market in the first half of the year picked up its growth momentum amid fluctuations. In late May, the Baltic Dry Index ("BDI") rose to 4,209 points, the highest level of the year. Following the expedited delivery of new vessels, the market dropped rapidly immediately and the BDI in mid July dropped to 1,700 points, the lowest level of the year. In 2010, the average BDI was 2,758 points, representing an increase of 5.4% as compared to the corresponding period last year.

The market performance of the different types of vessels was less consistent. In 2010, the average charter hire rate of Capesize vessels was approximately US$33,000/day, representing a decrease of nearly US$10,000/day as compared with 2009. Small- to medium-sized vessels were the main support of the BDI, the average charter hire rates of Panamax vessels, Handymax vessels and Handysize vessels amounted to approximately US$25,000/day, US$22,000/day and US$16,000/day, representing an increase of US$5,000/day as compared with the corresponding period last year, respectively.

Results performance

In 2010, the shipping volume of the Group's dry bulk shipping business kept increasing and reached 280,100,000 tons, representing an increase of 3.15% as compared with the corresponding period last year. Dry bulk shipment turnover was 1.42 trillion ton-nautical miles, representing an increase of 1.43% as compared with the corresponding period last year, of which coal shipping volume amounted to 88,750,000 tons, representing an increase of 4.25% as compared with the corresponding period last year. Metal ore shipping volume amounted to 128,570,000 tons, representing an increase of 5% as compared with the corresponding period last year. The Group generated revenue of RMB32,776,958,000, representing an increase of 19.8% as compared to the corresponding period last year. As at 31 December 2010, the fixed turnover ratio of dry bulk shipping business was 23.1% and fixed time chartering level of all vessels decreased by approximately 30% as compared to the average level in 2010.

Operation strategy

The Group proactively secured a high position in the market and entered into contracts when market opportunities arise to ensure future profits and minimise operation risks. Regarding operation, the Company insisted the philosophy of wise operation, to maximise the general benefit by monitoring chartered-in vessel arrangement and frequency and taking advantage of regional difference in freight rates and the time difference of various markets and operating flexibly based on vessel types, cargo types and cargo volume.

Based on the observation on the global cargo trend and changes in the industry, the Group increased its shipping capacity in the emerging markets and expanded, new cargo types and new ports.

The "Major Customer Strategy"（大客戶戰略） is extensively implemented to strengthen customers' loyalty and secure long-term shipment through personalised services.

The Group lowered costs of key cycles by streamlining its management. With meticulous resources allocation, rearrangement of port capacity, enhanced fuel management and costs control, the efficiency of single shipment increases continuously.

Fleet development

As at 31 December 2010, the Group operated a total of 450 dry bulk vessels with a total of 38,556,200 deadweight tons ("DWT"), among which 228 vessels were owned vessels totaling 17,888,600 DWT with an average age of 13.43 years. 222 vessels were chartered-in vessels totaling 20,667,600 DWT.

Capacity of the fleet (as at 31 December 2010)

	Owned			**Chartered-in**		**Total**	
Vessel type	**Number**	**DWT** *(ten thousands)*	**Average vessel age (years)**	**Number**	**DWT** *(ten thousands)*	**Number**	**DWT** *(ten thousands)*
Capesize	35	724.41	6.69	61	1,066.00	96	1,790.41
Panamax	75	533.94	14.03	91	681.49	166	1,215.43
Handymax	87	427.13	12.39	40	212.60	127	639.73
Handysize	31	103.38	21.22	30	106.67	61	210.05
Total	228	1,788.86	13.43	222	2,066.76	450	3,855.62

There was no new dry bulk vessel order in 2010. As at 31 December 2010, the Group had an orderbook of 18 dry bulk vessels, with a total capacity of 2,674,000 DWT. This comprises 8 Capesize vessels with a total capacity of 1,640,000 DWT, 8 Panamax vessels with a total capacity of 920,000 DWT and 2 Handymax vessels with a total capacity of 114,000 DWT. The above orders will be delivered in 2011 to 2014.

Orderbook of dry bulk vessels (as at 31 December 2010)

	2011		2012		2013 and subsequent years		Total	
Vessel type	**Number**	**DWT**	**Number**	**DWT**	**Number**	**DWT**	**Number**	**DWT**
Capesize	6	1,230,000	—	—	2	410,000	8	1,640,000
Panamax	—	—	5	575,000	3	345,000	8	920,000
Handymax	—	—	—	—	2	114,000	2	114,000
Total	6	1,230,000	5	575,000	7	869,000	18	2,674,000

THE STATUS OF THE COMPANY'S FFA

As at 31 December 2010, the total balance of liabilities under FFAs amounted to RMB61,024,000 which was accounted for as "derivative financial liabilities" in the balance sheet.

Market outlook

In 2011, the demand for major dry bulk cargoes, including iron ore, coal and steel will continue to increase. It is estimated that the global shipping volume of major dry bulk cargoes will increase by 6%.

The dry bulk shipping market will continue to be mainly affected by demand of China, where demand for resources and energy will remain strong. In 2011, the construction of social welfare housing will drive the demand for construction steel to raise by 30 million to 35 million tons. In 2011, the fixed asset investment plan of railway in China will amount to RMB850 billion in aggregate, representing an increase of approximately 3% as compared with the corresponding period last year. In response to the demand above, domestic crude steel production and import of iron ore will be boosted. As such, the demand of the market will be supported in 2011.

In 2011, the dry bulk shipping capacity is expected to increase by approximately 14%, which may affect the dry bulk shipping market. In addition, the dry bulk shipping market may continue to be subject to factors such as changing of iron ore demand, seasonal and climatic changes, scrap vessels and dissolution of old vessels, port congestion, etc.

Operation plans

The Group will put more efforts in market research. In order to provide scientific basis for our operating decisions, the Group will particularly strengthen first-hand information collection and collation by extending information collection coverage. Innovative development models will be adopted. The Group will carry out initiatives to grasp market trends and fluctuation rhythms. Through these initiatives, the Group can enhance its adaptability to market changes, make corresponding judgements, fortify the enforcement of its strategic decisions, optimise its internal operation structure to facilitate its comprehensive, coordinated and sustainable development. In light of the quick and immense market fluctuations of the dry bulk shipping market, the Group will keep track of market movement, pursue a leading position in the market and secure an upward market trend. With continuous service improvement, the Group's marketing efforts will focus on its Major Customer Strategy to further develop and strengthen its customer base. The Group will streamline its management and reduce cost.

The Group's dry bulk shipment turnover is expected to amounting to 959.0 billion ton-nautical miles in 2011.

Logistics Business

Market review

In 2010, China's logistics industry showed a better development and maintained a steady increasing rate. The total social logistics volume experienced a steady growth and reached RMB125.4 trillion during the year, representing a year-on-year increase of 15% based on comparable pricing. The increase was 3.7% higher than that of last year. With rapid resumption of the added-value of the logistics business, the annual added-value of the logistics business in aggregate reached RMB2.7 trillion, representing an increase of 13.1% as compared with the corresponding period last year. The increase was 2.5% higher than that of last year. The logistics business accounted for 6.9% of GDP and 16% of added-value of the service sector. It has valuable contribution to economic and social development.

Results performance

In 2010, operating revenue of the logistics business of the Group amounted to RMB15,212,320,000. The business volumes of each business segment of COSCO Logistics in 2010 are set out in the table below:

	2010	2009	Growth Rate %
Third party logistics			
Product logistics			
Home appliance logistics ('000 pcs)	79,633	51,106	56
Chemical logistics (RMB '000)	106,930	81,370	31
Project logistics (RMB million)	1,250	1,012	24
Shipping agency business (vessels)	166,698	144,985	15
Freight forwarding business			
Sea-freight			
Bulk cargoes ('000 tons)	196,828	166,648	18
Containers (TEUs)	2,288,405	1,923,702	19
Air-freight (tons)	97,849	93,782	4

Third party logistics

With respect to project logistics segment, the annual turnover of project logistics in 2010 increased by 24% as compared with 2009, primarily due to the increase in airbus and nuclear electricity projects.

With respect to product logistics segment, in 2010, the revenue of chemical logistics increased by 31%, and the business volume of home appliance logistics increased by 56%.

Shipping agency

In 2010, the Group provided agency services for 166,698 vessels, representing an increase of 15% as compared with 2009. It secured the year-on-year increase of revenue of its shipping agency business by enhancing its marketing efforts and improving service quality for customers.

Freight forwarding

In 2010, the maritime logistics business of the Group handled container cargoes totaling 2,288,405 TEUs, representing an increase of 19% as compared with the corresponding period of 2009. It handled bulk cargoes totalling 196,828,000 tons, representing an increase of 18% as compared with the corresponding period last year.

With respect to sea freight forwarding operations, the Group made remarkable progress in various areas such as developing the information platform, freight space booking system and railway-highway-seaway platform, establishing marketing mechanism, focusing on direct customers and exploring integrated freight forwarding projects.

With respect to air freight forwarding operations, the business volume of COSCO Logistics in 2010 increased by 4% as compared with 2009.

Market outlook

In 2011, the development of the logistics industry will maintain a steady growth with an upward trend but a slight slowdown. It is expected that the total annual social logistics volume, the total expenditures and the added value will increase by approximately 12%, 9% and 9%, respectively, in 2011.

Operation plans

The product logistics will focus on various market segments such as electronic appliances, chemical logistics and aviation logistics. More effort will be made for higher profit margin.

With respect to project logistics, the Group will make great efforts to further expand into core markets and promote the construction of national resources platform. The Group will also enhance its cooperation with major shipping companies and establish overseas operation bases to facilitate multi-lateral business cooperation and expand logistics business overseas.

With respect to shipping agency, the objective and requirement for the coming two years are to transform its comprehensive management into streamlined management for the provision of technology-based services instead of traditional operational services. It will change the agency relationship to strategic cooperation partnership and strive to become a comprehensive shipping service supplier instead of shipping agency.

With respect to freight forwarding, the Group will further strengthen its business platform to promote the resources integration based on the principle of "integration, focus and enhancement". It will further conduct business transformation and innovate development model for enhancing its ability and achieving business targets.

With respect to air-freight forwarding, the Group will continue to enhance the construction of port hubs to extend its service chain and speed up business transformation. By extending the application of modern technology, it will establish a national business network to facilitate investment projects.

Terminal and Related Business

Market review

In 2010, the global terminal business experienced an overall rebound as the global economy and trade gradually recovered. The global container throughputs in 2010 increased by 13.8%, with China and the US recording the fastest growth. In 2010, the container throughputs of China increased by 18.8%.

In 2010, the increased external demands boosted the growth of the external trading of China. Throughputs of the ports of China maintained rapid growth. According to the National Statistics Bureau of China, the throughputs of coastal ports in China reached 5,428,000,000 tons, representing an increase of 14.2% as compared to 2009, while the throughputs of exports were 2,247,000,000 tons, representing an increase of 13.5%.

Business review

COSCO Pacific Limited, the controlling subsidiary of the Group, strived for outstanding operational results in port business and achieved a new record in throughputs.

Container throughputs	**2010 (TEUs)**	**2009 (TEUs)**	**Year-on-year change %**
Bohai Rim	17,210,487	14,580,078	18.8
Qingdao Qianwan Container Terminal Co., Ltd.	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

Container throughputs	2010 (TEUs)	2009 (TEUs)	Year-on-year change %
Tianjin Five Continents International Container Terminals 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 Co., Ltd.	1,196,932	1,023,107	17.0
Yangtze River Delta	9,789,699	8,383,257	16.8
Shanghai Container Terminals Co., Ltd.	3,197,244	2,979,849	7.3
Shanghai Pudong International Container Terminals Co., Ltd.	2,450,176	2,291,281	6.9
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	889,515	715,413	24.3
Yangzhou Yuanyang International Terminals Co., Ltd.	302,617	221,046	36.9
Nanjing Port Longtan Container Co., Ltd.	1,245,559	1,058,499	17.7
Ningbo Yuan Dong Terminals Operation Co., Ltd.	1,704,588	1,117,169	52.6
Pearl River Delta and Southeast Coastal regions	16,094,776	13,308,775	20.9
COSCO-HIT Terminals (Hong Kong) Ltd.	1,535,923	1,360,945	12.9
Yantian International Container Terminals Ltd.	10,133,967	8,579,013	18.1
Guangzhou South China Oceangate Container Terminal Co., Ltd.	3,060,591	2,158,291	41.8
Quanzhou 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
COSCO-PSA Terminal Private Ltd.	1,091,639	904,829	20.6
Antwerp Gateway NV	795,534	639,957	24.3
Suez Canal Container Terminal S.A.E.	2,856,854	2,659,584	7.4
Piraeus Container Terminal S.A.	684,881	166,062	312.4
Total container terminal throughputs in China Mainland	43,094,962	36,272,610	18.8
Total container throughputs	48,523,870	40,643,042	19.4
Total Bulk cargoes throughputs (ton)	23,606,588	16,973,421	39.1
Throughputs of Dalian Automobile Terminal Co., Ltd. (unit)	121,887	50,110	143.2

Business expansion

The Group's equity interests in Yantian International Container Terminals increased by approximatey 10% and it had 15 parking berths with throughputs of 13,500,000 TEUs.

Outlook

As the global economic environment remains volatile, the terminal industry will be full of opportunities and challenges in 2011. The industry will continue to recover. COSCO Pacific will formulate and adjust its investment and operation strategies for further growth by paying close attention to changes of the global and national economic trends. The Group aim to further consolidate its leading position in the global market and develop terminal business as a major source of profit growth by developing the terminal industry, expanding its controlling interests, promoting diversified terminal investment and enhancing corporate value.

Container Leasing, Management and Sales Business

Results performance

Florens Container Holdings Limited and its subsidiary ("Florens") are subsidiaries of COSCO Pacific. Florens and its subsidiary continued to adopt a business model with the combination of owned containers, managed containers and sale and leaseback containers, which effectively controls the size of the container fleet. According to the report of Alphliner, in 2010 Florens has been the third largest container leasing company in the world in terms of container fleet size. The average total leasing rate of Florens in 2010 was 97.3%, representing an increase of 6.7 percentage points as compared to last year, which was higher than the average level in the industry.

As at 31 December 2010, the container fleet of Florens reached 1,631,783 TEUs, representing a year-on-year increase of 3.1%. A total of 499,106 TEUs (including sale and leaseback TEUs) were leased to COSCON, representing a year-on-year decrease of 5.5% and accounting for 30.6% of the total container fleet. Owned containers from non-COSCON container fleet amounted to 432,613 TEUs, representing a year-on-year increase of 30.1% and accounting for 26.5% of the total container fleet. Managed containers amounted to 700,064 TEUs, representing a year-on-year decrease of 3.1% and accounting for 42.9% of the total container fleet.

Size of container fleet (unit: TEUs)

As at 31 December 2010	Owned containers	Managed containers	Sale and leaseback containers	Total size of container fleet
COSCON	381,012	—	118,094	499,106
Non COSCON	432,613	700,064	—	1,132,677
Total size of container fleet	813,625	700,064	118,094	1,631,783

As at 31 December 2009	Owned containers	Managed containers	Sale and leaseback containers	Total size of container fleet
COSCON	409,797	—	118,094	527,891
Non COSCON	332,591	722,132	—	1,054,723
Total size of container fleet	742,388	722,132	118,094	1,582,614

Market outlook

Due to the global trend of deferred abandonment of old containers in recent years, the cumulative demand of containers in 2011 amounted to over 1,400,000 TEUs. It is expected that the shipping volume of containers will increase by approximately 8% to 10% in 2011 and the global capacity in the world will increase by over 1,300,000 TEUs. The demand of new containers will further increase and it is anticipated that the shortage of containers will occur seasonally in 2011. In 2010, 60% of new containers were procured by container leasing companies. It is expected that shipping companies will continue to lease a large quantity of containers. In 2011, the price of new containers is expected to remain high due to the strong demand of containers, appreciation of RMB and the increasing costs of raw materials.

Operational plans

Florens will continue to grasp favourable opportunities to expand the scale of its container fleet, particularly increase the proportion of owned containers with higher margins. It will also master the trend of the procurement and sales flexibly based on the market situation so as to increase the overall profitability. Since the leasing service of containers is in a great demand, it is expected that there will be a relatively high leasing rate. It is expected that the price of containers will still be high which will benefit the growth of revenue generating from container leasing business of the Group.

Container Manufacturing

The Group holds 21.8% equity interests in CIMC, which is the largest container manufacturer in the world. The price of new containers has increased significantly as the demand of new dry cargo containers exceeds the supply in 2010. The operational profits of dry cargo containers manufacturing business of CIMC increased drastically. Container manufacturing business contributed profit of RMB622,102,000 to the Group, representing an increase of 259.1% as compared to corresponding period of last year. It is expected that the demand of containers will remain high, and the prospects of the containers manufacturing market will be optimistic in 2011.

Production Safety

In 2010, the management of all levels and the entire staff of the Company overcame unfavourable factors such as the global economic crisis. To enhance the production services centre, the Company focused on its production safety measures and strengthened management. The Company has strived to execute its "Three Measures" in the promotion and education regarding overall production safety, and the supervision, inspection and implementation of production safety. It also carried out the "Three Developments" in production safety legal system, production safety prevention ability and safety supervision team. The Company identified and resolved major problems and inadequate processes in production safety. The Company also investigated the latent dangers imperiling the safety of its production. The Group had no material or substantial safety accidents, ensuring the continuous stability of the safety of its production system.

In 2010, pirates remained as its major threat. In the face of the ferocious pirate activities, China COSCO made defence against pirates as its priority for production safety. To efficiently secure the safety of its crew and vessels, it actively provided onshore support and comprehensive guidance to strictly monitor and defend its crew and vessels against pirate activities.

Incidents occurred in 2010 were as follows:

1. No general maritime incidents, representing a decrease of two incidents as compared with the corresponding period last year.

2. No engine incident, representing a decrease of one incident as compared with the corresponding period last year.

3. No pollution incidents.

4. Loading port inspections of 875 voyages, with no-defect confirmations issued for 638 voyages, representing a passing rate of 72.91%, and four held-up vessels, accounting for 0.4% of the total number of vessels and representing an increase of two cases as compared with the corresponding period last year.

5. No deaths and serious injuries were reported, representing a decrease of three reports as compared with the corresponding period last year.

6. Two pirate attacks and intrudence; no pirate hijack.

Energy Saving and Environmental Protection

The Group devoted to environmental protection and energy saving in 2010. With a focus on shipping companies with relatively higher fuel consumption and emission, the Group strengthened its fuel consumption management for container vessels and improved its system for reducing fuel consumption and pollutant discharge. It also proactively conducted research on new and clean energy sources, and established energy-saving and emission reduction standards. Through various measures such as applying technological findings, introducing technological inventions as well as increasing the use of advanced technology and reducing energy consumption, China COSCO successfully reduced operational costs.

According to the calculation based on the energy consumption index issued by the Ministry of Transport of the PRC, the fuel consumption of China COSCO was 4.12 kg/thousand ton-nautical miles in 2010, representing a decrease of 6.19% as compared with 4.39 kg/thousand ton-nautical miles of the corresponding period of 2009.

Technology Innovation

The Group actively participated in the establishment of facilities of innovative trial enterprises through technological advancement. It put effort to the research and development of national research projects, conducted research and development on production and operation by focusing on self-innovation and environmental protection. In addition, the Group further improved the information technology systems by focusing on the thorough development of information system, transforming the information system of its container shipping and bulk cargo shipping businesses from operational level to the decision making level. As such, corporate control was enhanced to safeguard, prevent and eliminate corporate risks and increase the contribution to the development of the Group through continuous enhancement in information system.

With respect to research and development, the Group participated in the "Demonstration and Development of Supply Chain Application Systems based on Intelligent Container Public Service System" (基於智能集裝箱公共服務系統的供應鏈應用系統開發與示範), a national key technology research and development project. It collected information of the public service system in a timely manner when developing effective supply chain system and integrated the information from the industry to generate the useful information for shipment, equipment and customer services. As such, the Group was able to set up the model of intelligent container public service system for applying it to the business operation. It also improved the service and management quality by utilising information technology and advanced methods. The project of "Transoceanic Shipping of Aircraft Components" (飛機大部件跨洋運輸) was honoured with the "Second Prize of Annual Scientific Technology Award" (年度科學技術二等獎) by China Institute of Navigation. The achievement of the project was applied to the A320 series of Airbus project. Self-innovated technology accounted for more than 90% of all the technologies applied. The "Third Party Subcontract for Logistics Information of COSCONET e-Logistics Co., Ltd" (中遠網絡物流信息科技第三方物流信息系統外包服務) was under smooth progress.

With respect to information technology, the Group completed the application of the first phase of SAP. It has initially established the database of COSCO Logistics SAP BW information platform, the consolidated financial statements reporting system and COSCON SAP BW financial analysis platform. It fully utilised the SAP BW information and the advantages of the current system, together with the experiences of the shipping and logistics industry, to establish an intelligent business system which is sustainable and easy to integrate. The system comprises organisation, workflow, modeling, reporting and implementation procedures. With the increasing container shipping capacity and the optimisation of operation and management, COSCON launched the research and development of the fourth generation of the container management system. COSCON started to establish the reporting analysis system for its financial operation in line with its demands and the principle of "overall planning and implementation in phases".

The continuous improvement of its innovation and information technologies further enhanced the competitiveness of China COSCO's shipping and logistics businesses.

Financial Review

In 2010, the operational revenue of the Group amounted to RMB96,438,544,000, representing an increase of RMB27,976,030,000 or 40.9% as compared to RMB68,462,514,000 of 2009. The profit attributable to the equity holders of the parent company was RMB6,858,465,000, representing an increase of RMB14,326,277,000 or 191.8% as compared to the loss attributable to the equity holders of the parent company of RMB7,467,812,000 of 2009. Owing to the recovery of global economy and shipping market, revenues from container shipping and related business as well as dry bulk shipping and related business increased by 68.3%

and 19.8% respectively during the period. Driven by the revenue growth, both business operation and efficiency of container shipping and dry bulk shipping were improved and profit of the Group recorded a significant increase as compared with the corresponding period last year.

Operating revenues

In 2010, the Group's operating revenue amounted to RMB96,438,544,000, representing a year-on-year increase of RMB27,976,030,000 or 40.9% as compared to RMB68,462,514,000 of 2009, among which:

- Revenue from container shipping and related business increased by 68.3% to RMB46,312,273,000. In 2010, container shipping volume of the Group amounted to 6,215,371 TEUs, representing an increase of 18.7% as compared to 2009. Average container freight rate amounted to RMB6,130 TEU, representing an increase of 51.0% as compared to 2009. All routes recorded a greater rate of increase in revenue as a result of the increasing shipping volume and average freight rate, among which the revenue from Trans-Pacific and Asia-Europe routes recorded increases of 96.0% and 97.6% respectively.

- Revenue from the dry bulk shipping and related business increased by 19.8% to RMB32,776,958,000, of which, revenue from time chartering increased by RMB4,293,498,000 or 29.5% and revenue from voyage chartering increased by RMB851,309,000 or 7.1%. In 2010, the average level of the BDI was 2,758 points, representing an increase of 5.4% as compared to the average of 2,617 points in 2009. The shipping volume and freight rate of the Group also increased, which attributable to the increase in more income.

- As compared with the revenues in 2009, revenue from logistics business increased by 25.4% to RMB15,212,320,000. In 2010, logistics business volume of the Group maintained steady growth which led to an increase in revenue.

- Revenue derived from the terminal and related business of COSCO Pacific recorded an increase of 62.0% to RMB1,254,555,000 as compared to RMB774,590,000 of 2009, mainly attributable to the revenue increases from the Piraeus Port. Throughputs handled by the Pier 2 of Piraeus Port, which was taken over by the Group on 1 October 2009, was 684,881 TEUs and contributed a revenue of RMB564,086,000 in 2010. Throughputs of Quanzhou Pacific Container Terminal Co., Ltd. increased and led to a growth in revenue of 19.3% to RMB303,248,000 as compared with last year.

- Revenue derived from the container leasing business operated and managed by COSCO Pacific increased by 29.6% to RMB863,873,000. During the period, rental income increased as container fleets of owned containers of COSCO Pacific increased from 742,388 TEUs at the end of 2009 to 813,625 TEUs at the end of 2010.

Operating cost

In 2010, the operating cost of the Group amounted to RMB84,052,455,000, representing an increase of 16.1% as compared with last year, of which:

- The operating cost of container shipping and related business amounted to RMB39,382,987,000, representing an increase of RMB7,132,146,000 or 22.1% as compared with last year. During the period, cargo and transhipment charges increased along with the increase in containers shipping volume. Bunker cost increased by RMB1,996,584,000 or 32.4% to RMB8,157,970,000, which was mainly due to the an increase of 29.6% in average oil price. In 2010, bunker cost accounted for 20.7% of the operating cost of container shipping and related business.

- Total operating cost of dry bulk shipping and related business amounted to RMB28,366,155,000, representing a year-on-year increase of RMB875,168,000 or 3.2%. Of which, the cost of chartered-in vessels dropped, resulting in a fall of the total vessel chartering expenses. In addition, income and cost were recognized based on the settlement of chartered-in/out contracts and the provision for onerous contracts of RMB1,415,525,000 in respect of the previous year was realized or reversed during the period. In respect of fuel, bunker cost increased by RMB1,050,203,000 or 29.5%, to RMB4,613,337,000 as a result of the increase of the international fuel prices. In 2010, bunker cost accounted for 16.3% of the operating cost of the dry bulk shipping business.

- The operating cost of the logistics business amounted to RMB13,653,744,000, representing a year-on-year increase of 26.5%. The increase was mainly due to the steady increase in logistics business volume.

- The operating cost of terminal and related business amounted to RMB1,047,113,000, representing an increase of 82.1%, as compared to last year. It was mainly due to the increase in the operating cost incurred by the Piraeus Port during the period. In addition, increase in container terminal and dry cargo throughputs also fuelled the increase of the related operating cost.

- The operating cost of container leasing business amounted to RMB860,662,000, as compared to RMB794,987,000 for the same period of last year.

Other income/(expenses), net

The net amount of other income and other expenses of the Group in 2010 amounted to RMB270,845,000, representing a decrease of RMB1,926,538,000 as compared to 2009, which was mainly attributable to the gains of RMB35,269,000 arising from FFAs held by the dry bulk shipping companies of the Group, as compared with the gain of RMB989,206,000 in the corresponding period in 2009.

Sales, administrative and general expenses

In 2010, the administrative expenses of the Group amounted to RMB4,944,009,000, representing an year-on-year increase of 5.9%, which was mainly attributable to an increase in staff cost.

Finance income

Finance income of the Group was mainly interest income from bank deposits. Finance income in 2010 amounted to RMB1,163,396,000, representing an increase of RMB651,796,000 as compared to 2009. The increase is due to the fluctuation of exchange rates of different currencies during the period resulting in an increase of exchange gain.

Finance costs

In 2010, the finance cost of the Group amounted to RMB1,321,395,000, representing a slightly increase as compared to last year.

Share of profits less losses of jointly controlled entities and associates

Net profit contribution from jointly controlled entities and associates to the Group amounted to RMB1,718,676,000 in 2010, representing an increase of 85.5% as compared to RMB926,473,000 for the same period in 2009. Due to the recovery of global economy and shipping market, investment returns from jointly controlled entities and associates increased correspondingly in 2010, of which the profit contribution of CIMC increased by 259.1% to RMB622,102,000 in 2010.

Income tax expenses

In 2010, income tax expenses of the Group were RMB1,189,030,000, representing an increase of RMB738,444,000 as compared to RMB450,586,000 in 2009. In 2010, income tax expenses increased as profit increased.

Financial position analysis

Cash flow

The net cash inflow generated from operating activities amounted to RMB11,007,740,000 in 2010, representing an increase of RMB19,443,837,000 compared with the net cash outflow of RMB8,436,097,000 in 2009.

The net cash outflow generated from investing activities amounted to RMB10,880,121,000 in 2010, representing an increase of RMB2,284,685,000 as compared to 2009. It was mainly attributable to the payment of US$520,000,000 (equivalent to approximately RMB3,500,000,000) in cash made by COSCO Pacific, a subsidiary of the Group, for the acquisition of 10% effective equity interests of Yantian Terminal during the period. Except for the increase in cash payment on investment, cash outflow of the Group spent on the acquisition of properties, plants and equipment have been subject to different levels of decrease.

In 2010, the net cash generated from financing activities amounted to RMB2,800,129,000, representing a decrease of RMB26,418,596,000 as compared to 2009. During the year, COSCO pacific, a subsidiary of the Group, recorded a cash inflow (net of direct issue expenses) of approximately US$584,000,000 (equivalent to approximately RMB3,950,000,000). In addition, the net cash inflow generated from borrowings and debenture issue were less than 2009.

Cash and cash equivalents

As at 31 December 2010, cash and cash equivalents of the Group increased by RMB2,452,882,000 or 5.6%, to RMB46,550,910,000 as compared to 31 December 2009.

The working capital and capital resources of the Group have all along been and will continue to be generated from cash flows of operating activities, proceeds from new share issue and loan facilities from banks. Cash of the Group has been and is expected to be utilised for uses such as payment of operating cost, purchases of container vessels, dry bulk vessels and containers, investment in terminals, logistics projects and repayment of loans.

Assets and liabilities

As at 31 December 2010, total assets of the Group amounted to RMB149,541,815,000, representing an increase of RMB11,800,512,000 as compared to RMB137,741,303,000 as at 31 December 2009. The total liability of the Group amounted to RMB88,565,978,000, representing an increase of RMB3,409,490,000 as compared to RMB85,156,488,000 as at 31 December 2009. The equity interest attributable to the equity holders of the Group amounted to RMB46,508,553,000, representing an increase of RMB4,516,210,000 as compared to RMB41,992,343,000 as at 31 December 2009.

As at 31 December 2010, total outstanding borrowings of the Group increased by RMB446,659,000 to RMB60,797,074,000 as compared to RMB60,350,415,000 as at 31 December 2009. Net current assets amounted to RMB32,056,207,000 as at 31 December 2010, representing an increase of RMB4,387,084,000 as compared to RMB27,669,123,000 as at 31 December 2009. Net debt of the Group amounted to RMB14,246,164,000 as at 31 December 2010, representing a decrease of RMB2,006,223,000 as compared with RMB16,252,387,000 as at 31 December 2009. As at 31 December 2010, net debt to equity ratio was 23.4% as compared to 30.9% as at 31 December 2009. Interest coverage of the Group in 2010 was 8.01 times, as compared to -4.03 times in 2009. The Group has pledged certain property, plant and equipment with net book value of RMB17,133,829,000 (31 December 2009: RMB16,919,986,000) to banks and financial institutions as collaterals for borrowings of total RMB12,705,663,000 (31 December 2009: RMB12,198,363,000), representing 25.9% (31 December 2009: 27.1%) of the total value of property, plant and equipment.

Debt analysis

By category	**As at 31 December 2010** *RMB'000*	**As at 31 December 2009** *RMB'000*
Short-term borrowings	1,669,381	3,703,366
Long-term borrowings and bonds payable		
Within one year	4,200,211	3,529,595
In the second year	21,234,030	5,583,538
In the third to fifth years	22,044,757	40,927,328
After the fifth year	11,648,695	6,606,588
Subtotal	59,127,693	56,647,049
Total	60,797,074	60,350,415

Breakdown of borrowings by category:

The secured borrowings of the Group amounted to RMB13,660,576,000, while unsecured borrowings amounted to RMB47,136,498,000, representing approximately 22.5% and 77.5% of the total borrowings, respectively.

Breakdown of borrowings by currency:

The Group had borrowings denominated in U.S. dollars equivalent to RMB39,700,520,000 and borrowings denominated in RMB amounting to RMB19,970,214,000, representing approximately 65.3% and 32.8% of the total borrowings, respectively.

Corporate guarantee and contingent liabilities

As at 31 December 2010, the Group had provided a guarantee on a bank borrowing granted to an associate in the amount of RMB195,403,000 (31 December 2009: RMB217,166,000). Other than the information disclosed in Note 44 to the consolidated financial statements, the Group had no other significant contingent liabilities.

Foreign exchange and interest rate risk management

In 2010, as the Group closely monitored the trends in financial market and changes in monetary policy, and maintained the existing loans at floating rates, our interest cost remained at a lower level.

With respect to exchange rate, the Group kept track of and conducted studies on the trends of various currencies so as to continue adjusting the currency structure between income and cost expenses, and between assets and liabilities. It also controlled foreign exchange risk through natural hedges of different currencies.

OTHER INFORMATION

Closure of Register of Members

The register of members of the Company will be closed from Sunday, 17 April 2011 to Tuesday, 17 May 2011, both days inclusive, during which period no transfer of shares will be effected. Holders of H shares of the Company whose names appear on the register of members of the Company on Friday, 15 April 2011 at 4:30 p.m. are entitled to attend the annual general meeting to be held on Tuesday, 17 May 2011.

The register of members of the Company will be closed from Tuesday, 21 June 2011 to Monday, 27 June 2011, both days inclusive, during which period no transfer of shares will be effected. Holders of H shares of the Company whose names appear on the register of members of the Company on Monday, 20 June 2011 at 4:30 p.m. are entitled to qualify for the proposed cash dividend of the Company for the year ended 31 December 2010.

Dividends

The Board resolved to propose for the year ended 31 December 2010 a cash dividend of RMB0.09 per share including tax to the shareholders whose names appear on the H share register on Monday, 20 June 2011 at 4:30 p.m. In order to qualify for the proposed final cash dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 20 June 2011.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance for the Group, and the Board is of the view that effective corporate governance makes an important contribution to corporate operational success and to enhancing shareholders' value.

The Company adopted its own code on corporate governance practices, which incorporates all the code provisions (other than the following deviation) and a majority of the recommended best practices in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Code requires separation of the roles of Chairman and Chief Executive Officer of a listed issuer. Mr. Wei Jiafu currently assumes the roles of both Chairman and CEO of the Company.

The Board considered that an abrupt segregation of the roles of the Chairman and CEO would involve a sharing of power and authority of the existing structure, which might affect the daily operations of the Company. Notwithstanding the above, the Board will review the current structure from time to time and shall make necessary arrangements when the Board considers appropriate.

The Code stipulates that every director should be subject to retirement by rotation at least once every three years.

The Company believes that to re-elect the directors of the Company (the "Directors") at annual general meetings is favourable to the sustainability of its operational strategies and systems. As such, the system of retirement by rotation for Directors has not been specified in the Articles of Association of the Company.

Save for the above deviation, none of the Directors is aware of any information that would reasonably indicate that the Company is not, or for any part of the period for the year ended 31 December 2010 has not been, in compliance with the Code.

Model Code for Securities Transactions by Directors

Since the listing of the Company on the Main Board of the Stock Exchange in 2005, the Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code for the dealings in securities transactions by the Directors. Having made specific enquiries with all Directors and supervisors of the Company, they have confirmed that they complied with the required standard set out in the Model Code throughout the year ended 31 December 2010.

Board Committees

The Company has established a strategic development committee, a risk management committee, an audit committee, a remuneration committee, a nomination committee and an executive committee.

Audit Committee

The audit committee of the Company (the "Audit Committee"), established in April 2005, comprises two independent non-executive Directors and one non-executive Director. It is chaired by Mr. Alexander Reid Hamilton and the other two members are Ms. Sun Yueying and Mr. Cheng Mo Chi. All members of the committee are competent and experienced in understanding, analysing and reviewing the financial reports of listed companies.

The annual results of the Company have been reviewed by the Audit Committee.

Purchase, Sale or Repurchase of Shares of the Company

During the reporting period, the Company did not redeem any of its shares. Neither the Company nor its subsidiaries repurchased or sold any shares of the Company during the year.

Service Contracts

Each of the Directors and supervisors of the Company has entered into a service contract with the Company.

Pre-emptive Rights

The articles of association of the Company and the laws of the PRC contain no provision for any pre-emptive rights, requiring the Company to offer new shares to shareholders on a pro-rata basis to their shareholdings.

Auditors

The Company has appointed PricewaterhouseCoopers and RSM China Certified Public Accountant Co., Ltd. as the international and PRC auditors of the Company respectively for the year ended 31 December 2010. PricewaterhouseCoopers has conducted the audit of the Group's financial statements which are prepared in accordance with HKFRS. Resolutions for the re-appointment of PricewaterhouseCoopers and RSM China Certified Public Accountants Co., Ltd. (now known as RSM China Certified Public Accountants, LLP.) as the international and PRC auditors of the Company respectively will be proposed at the forthcoming annual general meeting to be held on Tuesday, 17 May 2011.

PUBLICATION OF ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.chinacosco.com). An annual report for the year ended 31 December 2010 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders of the Company and will be available for review on the same websites in due course.

By Order of the Board
China COSCO Holdings Company Limited
ZHANG Yongjian
Company Secretary

Beijing, the People's Republic of China
29 March 2011

As at the date of this announcement, the executive directors of the Company are Mr. WEI Jiafu (Chairman and CEO) and Mr. ZHANG Liang (General Manager); the non-executive directors of the Company are Mr. ZHANG Fusheng (Vice-Chairman), Mr. XU Lirong, Ms. SUN Yueying and Mr. CHEN Hongsheng; and the independent non-executive directors of the Company are Ms. LI Boxi, Mr. Alexander Reid HAMILTON, Mr. CHENG Mo Chi and Mr. TEO Siong Seng.

* *The Company is registered as a non-Hong Kong company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under its Chinese name "中國遠洋控股股份有限公司" and its English name "China COSCO Holdings Company Limited".*