

Report of the Directors and Financial Statements

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Reports of the Directors

The board of directors of the Company (the "Board") submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2009.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in note 45 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in note 6 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31st December 2009 are set out in the consolidated income statement on page 106 of this annual report.

The directors declared an interim cash dividend of HK14.4 cents (equivalent to US1.862 cents) per share, totalling HK\$325,801,000 (equivalent to US\$41,802,000), which was paid on 22nd September 2009.

The directors recommend the payment of a final cash dividend of HK9.3 cents (equivalent to US1.199 cents) per share, totalling HK\$210,415,000 (equivalent to US\$27,128,000), payable on or before 10th June 2010.

Five-year Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 187 of this annual report.

Reserves

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 108 and 109 of this annual report.

Movements in the reserves of Company during the year are set out in note 24 to the consolidated financial statements.

Donations

Charitable and other donations made by the Group during the year amounted to US\$37,000.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group and the Company are set out in note 7 to the consolidated financial statements.

Share Capital

Details of the movements in share capital of the Company during the year are shown in note 22 to the consolidated financial statements.

Distributable Reserves

The distributable reserves of the Company as at 31st December 2009 calculated under the Companies Act of Bermuda amounted to US\$898,147,000.

Borrowings

Details of the borrowings of the Group are set out in note 25 to the consolidated financial statements.

Retirement Benefit Schemes

Details of retirement benefit schemes of the Group are set out in notes 3.23 and 36 to the consolidated financial statements.

Directors

The directors of the Company during the year and up to the date of this report were:

Mr. CHEN Hongsheng ² (<i>Chairman</i>)	
Mr. LI Jianhong ¹	
Mr. XU Lirong ²	
Ms. SUN Yueying ¹	
Mr. XU Minjie ¹ (<i>Vice Chairman and Managing Director</i>)	
Dr. SUN Jiakang ²	
Mr. HE Jiale ¹	(appointed on 1st January 2009)
Dr. WONG Tin Yau, Kelvin ¹	
Mr. WANG Zhi ¹	(resigned on 1st November 2009)
Mr. YIN Weiyu ¹	
Dr. LI Kwok Po, David ³	
Mr. CHOW Kwong Fai, Edward ³	
Mr. Timothy George FRESHWATER ³	
Dr. FAN HSU Lai Tai, Rita ³	(appointed on 1st January 2009)

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director

In accordance with Bye-laws 87(1) and (2) of the Bye-laws of the Company, Mr. XU Lirong, Dr. SUN Jiakang, Mr. YIN Weiyu, Dr. LI Kwok Po, David and Mr. Timothy George FRESHWATER, being directors in longest office, retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received annual confirmation from each of the independent non-executive directors concerning their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

Biographical Details of Directors and Senior Management

Biographical details of directors and senior management as at the date of this report are set out on pages 67 to 75 of this annual report.

Reports of the Directors

Directors' Service Contracts

Mr. XU Minjie has entered into a service agreement with COSCO Pacific Management Company Limited ("COSCO Pacific Management"), a wholly-owned subsidiary of the Company, on 24th January 2007 for a term of three years commencing from 24th January 2007. The agreement has been automatically renewed for a successive term of three years pursuant to the terms of the service agreement. The service agreement is subject to termination by either party giving not less than three months' notice in writing to the other party.

Dr. WONG Tin Yau, Kelvin has a service agreement with the Company commencing from 22nd July 1996. The agreement is terminable by either party giving to the other party not less than one month's prior notice in writing.

Mr. YIN Weiyu has an employment contract with COSCO Pacific Management commencing from 9th October 2006. Such contract is terminable by either party by giving to the other party not less than one month's prior notice in writing.

None of the directors has a service agreement or employment contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Share Options

At a special general meeting of the Company held on 23rd May 2003, the shareholders of the Company approved the adoption of a new share option scheme (the "2003 Share Option Scheme") and the termination of the share option scheme adopted by the shareholders of the Company on 30th November 1994.

On 5th December 2005, the shareholders of the Company approved the amendments to the 2003 Share Option Scheme at a special general meeting. The definitions of "Participant" and "relevant company" in paragraph 1 of the 2003 Share Option Scheme were amended by deleting all references to COSCO (Hong Kong) Group Limited and replacing them by China COSCO Holdings Company Limited ("China COSCO"), an intermediate holding company of the Company, and paragraph 8(e) of the 2003 Share Option Scheme was changed to allow a grantee who ceases to be an employee or an executive director of the relevant company (as defined in the 2003 Share Option Scheme) by reason of voluntary resignation from his employment, directorship, secondment or nomination to exercise the option up to his entitlement at the date of cessation within a period of three months following the date of such cessation pursuant to paragraph 7.3(a) of the 2003 Share Option Scheme. These amendments came into effect on 28th February 2006 after the approval of the shareholders of China COSCO at the general meeting held on the same date.

The following is a summary of the principal terms of the 2003 Share Option Scheme:

The 2003 Share Option Scheme is designed to attract, retain and motivate talented participants (the "Participants" or a "Participant") (as defined in note 1 below) to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time.

Under the 2003 Share Option Scheme, the Board may, at its discretion, invite any Participants to take up options. In determining the basis of eligibility of each Participant, the Board would mainly take into account the experience of the Participant on the Group's business, the length of service of the Participant with the Group or the length of business relationship the Participant has established with the Group and such other factors as the Board may at its discretion consider appropriate.

The maximum number of shares which may be issued upon exercise of all options to be granted under the 2003 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at the date of the adoption of the 2003 Share Option Scheme (the "Scheme Mandate Limit") unless the Company seeks approval of its shareholders in general meeting to refresh the Scheme Mandate Limit, such that the maximum number of shares which may be issued upon exercise of all options to be granted under the 2003 Share Option Scheme or any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval to refresh such limit. The Company may seek separate approval by its shareholders in general meeting for granting options beyond the 10% limit provided that the options in excess of such limit are granted only to Participants specifically identified by the Company before such approval is sought. Notwithstanding the above, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2003 Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time (or such higher percentage as may be allowed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")).

As at the date of this report, a total of 88,903,229 shares (representing approximately 3.93% of the existing issued share capital of the Company) may be issued upon exercise of all options which may be granted under the 2003 Share Option Scheme and a total of 41,441,000 shares (representing approximately 1.83% of the existing issued share capital of the Company) may be issued upon exercise of all options which had been granted and yet to be exercised under the 2003 Share Option Scheme.

The maximum entitlement for any one Participant (including both exercised, cancelled and outstanding options) in any twelve months' period shall not exceed 1% of the total number of shares in issue.

The period under which an option must be exercised shall be such period as the Board may in its absolute discretion determine at the time of grant, save that such period shall not be longer than ten years from the date on which an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme. The minimum period for which an option must be held before it can be exercised is determined by the Board upon the grant of an option. The amount payable on acceptance of an offer of the grant of an option is HK\$1.00. The full amount of the exercise price for the subscription of shares must be paid upon exercise of an option.

The exercise price in relation to each option shall be determined by the Board in its absolute discretion, but in any event shall be at least the highest of (i) the closing price of the shares as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date when an option is offered; (ii) a price being the average of the closing prices of the shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date on which an option is offered; and (iii) the nominal value of a share.

The 2003 Share Option Scheme will expire on 22nd May 2013.

Notes:

(1) As defined in the 2003 Share Option Scheme (as amended), "Participants" include:

- (i) any employee of the Group (including any executive director of the Group);
- (ii) any management of China COSCO, or China Ocean Shipping (Group) Company, the Company's parent company; and
- (iii) any person seconded or nominated by the Group to represent the Group's interest in any of the Group's associated companies or jointly controlled entities (as defined in note 2 below), or any other company or organisation.

As to whether a particular person falls within the definition of Participants, it shall be determined by the Board in its absolute discretion.

(2) Under the 2003 Share Option Scheme, associated companies and jointly controlled entities refer to those companies and/or enterprises which have defined and/or disclosed as associates and/or associated companies and joint ventures and/or jointly controlled entities of the Company in the latest audited financial statements of the Company.

Reports of the Directors

Movements of the options, which have been granted under the 2003 Share Option Scheme, during the year are set out below:

Category	Exercise price HK\$	Number of share options					Outstanding at 31st December 2009	% of total issued share capital	Exercisable period	Note
		Outstanding at 1st January 2009	Granted during the year	Exercised during the year	Transfer (to)/ from other categories during the year	Lapsed during the year				
Directors										
Mr. CHEN Hongsheng	13.75	1,000,000	-	-	-	-	1,000,000	0.044%	3.12.2004 -2.12.2014	(2), (4)
Mr. LI Jianhong	13.75	1,000,000	-	-	-	-	1,000,000	0.044%	2.12.2004 -1.12.2014	(2), (4)
Ms. SUN Yueying	13.75	1,000,000	-	-	-	-	1,000,000	0.044%	3.12.2004 -2.12.2014	(2), (4)
Mr. XU Minjie	19.30	800,000	-	-	-	-	800,000	0.035%	19.4.2007 -18.4.2017	(3), (4)
Dr. SUN Jiakang	13.75	700,000	-	-	-	-	700,000	0.031%	1.12.2004 -30.11.2014	(2), (4)
Dr. WONG Tin Yau, Kelvin	9.54	800,000	-	-	-	-	800,000	0.035%	28.10.2003 -27.10.2013	(1), (4)
	13.75	1,000,000	-	-	-	-	1,000,000	0.044%	2.12.2004 -1.12.2014	(2), (4)
	19.30	500,000	-	-	-	-	500,000	0.022%	18.4.2007 -17.4.2017	(3), (4)
Mr. YIN Weiyu	19.30	500,000	-	-	-	-	500,000	0.022%	19.4.2007 -18.4.2017	(3), (4)
Ex-director										
Mr. WANG Zhi*	13.75	550,000	-	-	(550,000)	-	-	0.024%	29.11.2004 -28.11.2014	(2), (4), (5)
	19.30	500,000	-	-	(500,000)	-	-	0.022%	18.4.2007 -17.4.2017	(3), (4), (5)
		8,350,000	-	-	(1,050,000)	-	7,300,000			
Continuous contract employees										
	9.54	1,611,000	-	(20,000)	-	(72,000)	1,519,000	0.067%	(refer to note 1)	(1), (6)
	13.75	14,072,000	-	-	(120,000)	(470,000)	13,482,000	0.596%	(refer to note 2)	(2)
	19.30	14,580,000	-	-	(160,000)	(510,000)	13,910,000	0.614%	(refer to note 3)	(3)
Others										
	9.54	50,000	-	-	-	-	50,000	0.002%	(refer to note 1)	(1)
	13.75	4,120,000	-	-	670,000	-	4,790,000	0.212%	(refer to note 2)	(2)
	19.30	-	-	-	660,000	-	660,000	0.029%	(refer to note 3)	(3)
		34,433,000	-	(20,000)	1,050,000	(1,052,000)	34,411,000			
		42,783,000	-	(20,000)	-	(1,052,000)	41,711,000			

* Mr. WANG Zhi resigned as an executive director of the Company with effect from 1st November 2009.

Notes:

- (1) The share options were granted during the period from 28th October 2003 to 6th November 2003 under the 2003 Share Option Scheme at an exercise price of HK\$9.54. The options are exercisable at any time within ten years from the commencement date which is the date on which an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme (the "Commencement Date"). The Commencement Date of the options was from 28th October 2003 to 6th November 2003.
- (2) The share options were granted during the period from 25th November 2004 to 16th December 2004 under the 2003 Share Option Scheme at an exercise price of HK\$13.75. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options was from 25th November 2004 to 16th December 2004.
- (3) The share options were granted during the period from 17th April 2007 to 19th April 2007 under the 2003 Share Option Scheme at an exercise price of HK\$19.30. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options was from 17th April 2007 to 19th April 2007.
- (4) These options represent personal interests held by the relevant directors as beneficial owners.
- (5) Mr. WANG Zhi resigned as an executive director of the Company on 1st November 2009. In this respect, the options granted to Mr. WANG Zhi were re-classified from the category of "directors" to the category of "others".
- (6) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$11.62.
- (7) No share options were granted or cancelled under the 2003 Share Option Scheme during the year ended 31st December 2009.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31st December 2009, the interests of the Company's directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules were as follows:

(a) Long positions in the shares of the Company

Name of director	Capacity	Nature of interest	Number of ordinary shares held	% of total issued share capital of the Company
Dr. LI Kwok Po, David	Beneficial owner	Personal	261,187	0.012%
Mr. Timothy George FRESHWATER	Beneficial owner	Personal	30,000	0.001%

(b) Long positions in underlying shares of equity derivatives of the Company

Share options were granted by the Company to certain directors of the Company pursuant to the 2003 Share Option Scheme. Details of the directors' interests in share options granted by the Company are set out under the section headed "Share Options" of this report.

Reports of the Directors

(c) Long positions in the shares of associated corporations

Name of associated corporation	Name of director	Capacity	Nature of interest	Number of H shares held	% of total issued H share capital of the relevant associated corporation
China COSCO Holdings Company Limited	Dr. FAN HSU Lai Tai, Rita	Beneficial owner	Personal	5,000	0.0002%

Name of associated corporation	Name of director	Capacity	Nature of interest	Number of shares held	% of total issued share capital of the relevant associated corporation
COSCO Corporation (Singapore) Limited	Mr. LI Jianhong	Beneficial owner	Personal	1,300,000 (Note)	0.058%
	Ms. SUN Yueying	Beneficial owner	Personal	1,400,000 (Note)	0.063%
COSCO International Holdings Limited	Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	815,529	0.054%

Note:

Adjustments were made to the number of shares held by these directors as a result of the approval of the sub-division of every 1 ordinary share of S\$0.20 each divided into 2 ordinary shares of S\$0.10 each by the shareholders of COSCO Corporation (Singapore) Limited ("COSCO Singapore"), an associated corporation of the Company listed on the Main Board of the Singapore Exchange, at the extraordinary general meeting held on 17th January 2006.

(d) Long positions in underlying shares of equity derivatives of associated corporations

- (i) Movements of the share options granted to the directors of the Company by associated corporations during the year are set out below:

Name of associated corporation	Name of director	Capacity	Nature of interest	Exercise price HK\$	Number of share options				Outstanding at 31st December 2009	% of total issued share capital of the relevant associated corporation	Note
					Outstanding at 1st January 2009	Granted during the year	Exercised during the year	Lapsed during the year			
COSCO International Holdings Limited	Mr. LI Jianhong	Beneficial owner	Personal	1.37	1,200,000	–	–	–	1,200,000	0.079%	(1)
	Dr. SUN Jiakang	Beneficial owner	Personal	1.37	800,000	–	–	–	800,000	0.053%	(1)
	Mr. HE Jiale	Beneficial owner	Personal	1.37	1,200,000	–	–	–	1,200,000	0.079%	(1)
	Dr. WONG Tin Yau, Kelvin	Beneficial owner	Personal	1.37	500,000	–	–	–	500,000	0.033%	(1)

Notes:

- (1) The share options were granted by COSCO International Holdings Limited (“COSCO International”), an associated corporation of the Company listed on the Stock Exchange, on 2nd December 2004 pursuant to the share option scheme of COSCO International adopted on 17th May 2002 and amended by the shareholders of COSCO International at the special general meeting held on 5th May 2005. The share options are exercisable at an exercise price of HK\$1.37 per share at any time between 29th December 2004 and 28th December 2014.
- (2) During the year, no share options mentioned above were cancelled.

Name of associated corporation	Name of director	Capacity	Nature of interest	Exercise price S\$	Number of share options				Outstanding at 31st December 2009	% of total issued share capital of the relevant associated corporation	Note
					Outstanding at 1st January 2009	Granted during the year	Exercised during the year	Lapsed during the year			
COSCO Corporation (Singapore) Limited	Mr. LI Jianhong	Beneficial owner	Personal	1.23	700,000	–	–	–	700,000	0.031%	(1)
	Ms. SUN Yueying	Beneficial owner	Personal	1.23	700,000	–	–	–	700,000	0.031%	(1)

Notes:

- (1) The share options were granted by COSCO Singapore on 21st February 2006 and are exercisable at any time between 21st February 2007 and 20th February 2011.
- (2) During the year, no share options mentioned above were cancelled.

Reports of the Directors

- (ii) Movements of the share appreciation rights granted to the directors of the Company by an associated corporation during the year are set out below:

Name of associated corporation	Name of director	Capacity	Nature of interest	Exercise price HK\$	Number of units of share appreciation rights			Outstanding at 31st December 2009	% of total issued H share capital of the relevant associated corporation	Note
					Outstanding at 1st January 2009	Granted during the year	Exercised during the year			
China COSCO Holdings Company Limited	Mr. CHEN Hongsheng	Beneficial owner	Personal	3.195	525,000	–	–	525,000	0.020%	(1)
				3.588	700,000	–	–	700,000	0.027%	(2)
				9.540	680,000	–	–	680,000	0.026%	(3)
	Mr. LI Jianhong	Beneficial owner	Personal	3.195	450,000	–	–	450,000	0.017%	(1)
				3.588	600,000	–	–	600,000	0.023%	(2)
				9.540	580,000	–	–	580,000	0.022%	(3)
	Mr. XU Lirong	Beneficial owner	Personal	3.195	375,000	–	–	375,000	0.015%	(1)
				3.588	500,000	–	–	500,000	0.019%	(2)
				9.540	580,000	–	–	580,000	0.022%	(3)
	Ms. SUN Yueying	Beneficial owner	Personal	3.195	450,000	–	–	450,000	0.017%	(1)
				3.588	600,000	–	–	600,000	0.023%	(2)
				9.540	580,000	–	–	580,000	0.022%	(3)
	Mr. XU Minjie	Beneficial owner	Personal	3.195	75,000	–	–	75,000	0.003%	(1)
				3.588	90,000	–	–	90,000	0.003%	(2)
	Dr. SUN Jiakang	Beneficial owner	Personal	3.195	375,000	–	–	375,000	0.015%	(1)
				3.588	500,000	–	–	500,000	0.019%	(2)
				9.540	480,000	–	–	480,000	0.019%	(3)
	Mr. HE Jiale	Beneficial owner	Personal	3.195	375,000	–	–	375,000	0.015%	(1)
				3.588	500,000	–	–	500,000	0.019%	(2)
				9.540	480,000	–	–	480,000	0.019%	(3)
	Mr. YIN Weiyu	Beneficial owner	Personal	3.195	100,000	–	–	100,000	0.004%	(1)
				3.588	65,000	–	–	65,000	0.003%	(2)

Notes:

- (1) The share appreciation rights were granted by China COSCO Holdings Company Limited ("China COSCO"), an associated corporation of the Company and a company listed on the Stock Exchange and the Shanghai Stock Exchange, in units with each unit representing one H share of China COSCO, on 16th December 2005 pursuant to the share appreciation rights plan adopted by China COSCO (the "Plan"). Under the Plan, no shares will be issued. The share appreciation rights are exercisable at HK\$3.195 per unit at any time between 16th December 2007 and 15th December 2015.
- (2) The share appreciation rights were granted by China COSCO in units with each unit representing one H share of China COSCO on 5th October 2006 pursuant to the Plan. Under the Plan, no shares will be issued. The share appreciation rights are exercisable at HK\$3.588 per unit at any time between 5th October 2008 and 4th October 2016.
- (3) The share appreciation rights were granted by China COSCO in units with each unit representing one H share of China COSCO on 4th June 2007 pursuant to the Plan. Under the Plan, no shares will be issued. The share appreciation rights are exercisable at HK\$9.540 per unit at any time between 4th June 2009 and 3rd June 2017.
- (4) During the year, no share appreciation rights mentioned above were lapsed or cancelled.

Save as disclosed above, as at 31st December 2009, none of the directors or chief executive of the Company had any interests or short positions in any shares or underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Directors' Interests in Competing Business

The COSCO Group (excluding the COSCO Logistics Group (as defined below)) carry on, among others, the businesses of shipping agency, freight forwarding and/or third party logistics and supporting services relating to the aforesaid services (the "Logistics Businesses"), details of which are disclosed in the circular on connected transactions issued by the Company dated 13th October 2003. The core of such businesses is unlikely to be in competition with the businesses carried on by COSCO Logistics Co., Ltd. ("COSCO Logistics") and its subsidiaries, jointly controlled entities and associates (collectively the "COSCO Logistics Group"). The relevant member of the Group as vendor and China COSCO as purchaser entered into an agreement for the sale and purchase of 49% equity interest in COSCO Logistics (the "Transfer"), details of which are disclosed in the announcement and circular issued by the Company on 27th August 2009 and 17th September 2009 respectively. As at 31st December 2009, the Transfer had not been completed, and China COSCO and the Group had 51% and 49% equity interests in COSCO Logistics respectively.

As at 31st December 2009, Mr. CHEN Hongsheng, Mr. LI Jianhong, Mr. XU Lirong, Ms. SUN Yueying, Mr. XU Minjie, Dr. SUN Jiakang and Mr. HE Jiale, all being Directors, held directorships and/or senior management posts in the COSCO Group and/or other companies which have interests in container terminals (the "Container Terminal Interests").

The Board is of the view that the Group is capable of carrying on its businesses independently of the Logistics Businesses and/or the Container Terminal Interests. When making decisions on the logistics businesses and/or the container terminal business of the Group, the relevant Directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best interests of the Group.

Substantial Interests in the Share Capital of the Company

As at 31st December 2009, the interests of shareholders in the shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Nature of interests	Number of ordinary shares/Percentage of total issued share capital			
			Long positions	%	Short positions	%
COSCO Investments Limited	Beneficial owner	Beneficial interest	202,592,613	8.95	–	–
COSCO Pacific Investment Holdings Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,158,303,338	51.20	–	–
China COSCO Holdings Company Limited	Interest of controlled corporation	Corporate interest	1,158,303,338	51.20	–	–
China Ocean Shipping (Group) Company	Interest of controlled corporation	Corporate interest	1,158,303,338	51.20	–	–

Note:

The 1,158,303,338 shares relate to the same batch of shares of the Company. COSCO Investments Limited ("COSCO Investments") is a wholly-owned subsidiary of COSCO Pacific Investment Holdings Limited ("COSCO Pacific Investment"). Accordingly, the 202,592,613 shares of the Company held by COSCO Investments are also included as part of COSCO Pacific Investment's interests in the Company. COSCO Pacific Investment is a wholly-owned subsidiary of China COSCO and it itself held 955,710,725 shares of the Company beneficially. Accordingly, COSCO Pacific Investment's interests in relation to the 1,158,303,338 shares of the Company are also recorded as China COSCO's interests in the Company. China Ocean Shipping (Group) Company ("COSCO") held 54.55% interest of the issued share capital of China COSCO as at 31st December 2009, and accordingly, COSCO is deemed to have the interests of 1,158,303,338 shares of the Company held by COSCO Pacific Investment.

Save as disclosed above, as at 31st December 2009, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

Reports of the Directors

Public Float

Based on information that is publicly available to the Company and within the knowledge of its directors, as at the date of this report, there is sufficient public float of the shares of the Company with not less than 25% of the total issued shares of the Company as required under the Listing Rules.

Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the year.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Bye-laws of the Company and there are no restrictions against such rights under the laws in Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Major Suppliers and Lessees

The percentage of the Group's container purchases and leasing income attributable to major suppliers and lessees are as follows:

Percentage of container purchases attributable to the Group's largest supplier	21.55%
Percentage of container purchases attributable to the Group's five largest suppliers	69.13%
Percentage of leasing income attributable to the Group's largest lessee, which is a subsidiary of COSCO	67.80%
Percentage of leasing income attributable to the Group's five largest lessees	81.12%

None of the directors or their associates has interests in any of the suppliers or lessees of the Group.

During the year ended 31st December 2009, the Group and COSCO have equity interest in China International Marine Containers (Group) Co., Ltd., the holding company of the aforesaid three suppliers of the Group. In 2009, these three suppliers attributed 35.73% of container purchases of the Group.

Save as disclosed above, none of the shareholders (which to the knowledge of the directors owns more than 5% of the Company's shares) has interest in any of the suppliers and lessees of the Group.

Corporate Governance

The Company is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interests. The Company has fully complied with the code provisions of the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules throughout the year ended 31st December 2009.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 48 to 66 of this annual report.

Connected Transactions

During the year, the Group entered into the following connected transactions and continuing connected transactions:

(a) Connected transactions

Disposal of 49% Equity Interest in COSCO Logistics Co., Ltd.

On 27th August 2009, COSCO Pacific Logistics Company Limited (“CP Logistics”), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the “Equity Transfer Agreement”) with China COSCO Holdings Company Limited (“China COSCO”), pursuant to which CP Logistics conditionally agreed to sell and China COSCO conditionally agreed to purchase CP Logistics’ entire 49% equity interest in COSCO Logistics Co., Ltd. (“COSCO Logistics”), a company then owned by China COSCO and CP Logistics as to 51% and 49% respectively, at a cash consideration of RMB2,000,000,000. Apart from the aforesaid cash consideration, CP Logistics is entitled to receive a special distribution of an additional cash amount equivalent to 273/365 (representing the first nine months of 2009) of 49% of 90% of the audited consolidated net profit after tax and minority interests of COSCO Logistics for the year ended 31st December 2009 as shown in the audited consolidated accounts of COSCO Logistics for the year ended 31st December 2009 prepared in accordance with the accounting standards of the People’s Republic of China (the “PRC”). The payment shall be made by COSCO Logistics on or before 30th June 2010, and coordinated by China COSCO.

As China COSCO is a substantial shareholder of the Company and therefore a connected person of the Company, the transaction contemplated under the Equity Transfer Agreement constituted a connected transaction of the Company under the Listing Rules. The transaction also constituted a major disposal of the Company.

Pursuant to the Equity Transfer Agreement, all conditions precedent (the “Conditions”) to the completion of transactions contemplated under the Equity Transfer Agreement (the “Completion”) shall be fulfilled by 20th December 2009 (the “Long Stop Date”). As at 20th December 2009, all of the Conditions, except for the obtaining by COSCO Logistics of the approval of the Ministry of Commerce of the PRC or its authorized departments in respect of the transfer; and the completion of the procedures regarding change in business registration of COSCO Logistics and the obtaining of a new business licence by COSCO Logistics, had been fulfilled. Pursuant to the relevant clauses of the Equity Transfer Agreement, China COSCO and CP Logistics negotiated for an extension of the Long Stop Date and the date of the Completion (the “Completion Date”). As at 15th January 2010, the approval of the authorized department of Ministry of Commerce of the PRC had been obtained. As more time was required to complete the procedures regarding change in business registration of COSCO Logistics and to obtain a new business licence by COSCO Logistics, China COSCO and CP Logistics agreed to extend the deadline for fulfillment of the Conditions to 17th March 2010 and the Completion Date to no later than 31st March 2010. The Completion eventually took place in March 2010.

Transactions entered into by Guangzhou South China Oceangate Container Terminal Company Limited

(1) *Dredging Project Management Services Agreement between GZ South China and GZ Port Project Management*

On 4th November 2009, Guangzhou South China Oceangate Container Terminal Company Limited (“GZ South China”), a subsidiary (as defined under the Listing Rules) of the Company, entered into an agreement with Guangzhou Port Water Transportation Project Management Company (廣州港水運工程監理公司) (“GZ Port Project Management”), a subsidiary of Guangzhou Port Holding Company Limited (廣州港集團有限公司) (“GZ Port Holding”), pursuant to which GZ Port Project Management shall supervise the project concerning the maintaining of the depth of the water area connecting the phase 2 terminal at the Nansha Port, Guangzhou, the PRC (the “Nansha Port Terminal Phase 2”) and the dredging of the channel thereunder. The project management period was 395 days from 30th April 2009 and the fee for supervising the conducting of the project was RMB450,000. The warranty management period was from 30th April 2009 to 31st May 2010 and the fee for supervising the maintenance work shall not exceed 5% of the total fee for supervising the conducting of the project.

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(2) Lighting Project Agreement between GZ South China and GZ Port Construction Project

On 4th November 2009, GZ South China entered into an agreement with Guangzhou Port Construction Project Company (廣州港建設工程公司) ("GZ Port Construction Project"), a subsidiary of GZ Port Holding, in respect of the engagement of GZ Port Construction Project by GZ South China to carry out the project concerning the construction of lamp posts and the installation of the related electricity facilities at certain areas of the Nansha Port Terminal Phase 2 for a term of 68 days from the date of such agreement plus a warranty period of 1 year after the completion of the project. The fee for the project was RMB3,800,000.

As GZ Port Holding is a substantial shareholder of GZ South China, GZ Port Project Management and GZ Port Construction Project, which are subsidiaries of GZ Port Holding, are connected persons of the Company. Accordingly, the Dredging Project Management Services Agreement and the Lighting Project Agreement and the respective transactions contemplated thereunder constituted connected transactions of the Company under the Listing Rules.

(b) Continuing connected transactions

Container related services and shipping related services transactions

COSCO is the ultimate controlling shareholder of the Company. COSCO Container Lines Company Limited ("COSCON") is a subsidiary of COSCO. Accordingly, COSCO and COSCON and their respective associates (excluding the Group) are connected persons of the Company. APM Terminals Invest Company Limited ("APMT"), which is a subsidiary of A.P. Møller-Maersk A/S ("APM"), has been a substantial shareholder of a subsidiary of the Company since 5th September 2006. Entities trading under the names of Maersk Line, Safmarine, MCC or any other future names with majority ownership by APM (collectively the "Line") are majority-owned by APM and are therefore associates of APMT. Accordingly, the Line is a connected person of the Company. Each of the master agreements referred to below and the transactions contemplated thereunder constituted continuing connected transactions (the "Continuing Connected Transactions") for the purpose of the Listing Rules and are subject to the reporting, announcement and independent shareholders approval requirements set out in Chapter 14A of the Listing Rules. The Continuing Connected Transactions for the years 2007 to 2009 were approved by the independent shareholders at the Special General Meeting held on 17th May 2007.

- (1) The Shipping Services Master Agreement entered into between COSCO, COSCON and COSCO Ports (Holdings) Limited ("COSCO Ports", a wholly-owned subsidiary of the Company) on 23rd March 2007 in respect of provision of the shipping related services provided by COSCO Ports and its subsidiaries to COSCO and COSCON and their respective associates (excluding the Group but including COSCON) for a term of three years from 1st January 2007 to 31st December 2009 at rates no less favourable to COSCO Ports and its subsidiaries than that at which COSCO Ports and its subsidiaries charge independent third parties for the relevant services. The annual caps of the shipping related services transactions for the years ended 31st December 2007, 2008 and 2009 are US\$34,929,000, US\$51,272,000 and US\$52,629,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2009 was US\$34,373,000.
- (2) The Shipping Services Master Agreement entered into between COSCO Ports and the Line on 23rd March 2007, in respect of provision of the shipping related services provided by COSCO Ports and its subsidiaries to the Line for a term of three years from 1st January 2007 to 31st December 2009 on normal commercial terms. The annual caps of the shipping related services transactions for the years ended 31st December 2007, 2008 and 2009 are US\$15,000,000, US\$34,000,000 and US\$46,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2009 was US\$9,743,000.

- (3) The Container Services Master Agreement (as amended on 23rd March 2007) entered into between COSCO, COSCON and Plangreat Limited (“Plangreat”, a wholly-owned subsidiary of the Company) commencing from 1st January 2005 and which was effectively renewed from 23rd March 2007 to expire on 31st December 2009, in respect of provision of the container related services by Plangreat and its subsidiaries to COSCO, COSCON and their respective associates (excluding the Group but including COSCON) at rates no less favourable to Plangreat and its subsidiaries than that at which Plangreat and its subsidiaries charge independent third parties for the relevant services. The annual cap of the container related services transactions for each of the years ended 31st December 2007, 2008 and 2009 is US\$7,501,000. The total amount of the aforesaid transactions for the year ended 31st December 2009 was US\$2,940,000.

Logistics services provided by Yangzhou Ports Modern Logistics Centre

On 20th April 2007, Yangzhou Yuanyang International Ports Co. Ltd. (“Yangzhou Yuanyang”), a subsidiary of the Company, entered into a new Ancillary Loading and Unloading Transportation Services Agreement with Yangzhou Ports Modern Logistics Centre (“Yangzhou Ports Modern Logistics”), a wholly-owned subsidiary of Jiangsu Province Yangzhou Port Group Co., Ltd. (江蘇省揚州港務集團有限公司) which holds 40% equity interest in Yangzhou Yuanyang, in respect of provision of logistics services by Yangzhou Ports Modern Logistics to Yangzhou Yuanyang for a term from 1st March 2007 to 31st December 2009. The services fees charged by Yangzhou Ports Modern Logistics were payable monthly by reference to the volume of work handled by Yangzhou Ports Modern Logistics. The annual caps of the aforesaid transactions for the years ended 31st December 2007, 2008 and 2009 are US\$3,735,000, US\$4,109,000 and US\$4,518,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2009 was US\$4,089,000.

Rental of office premises

On 28th November 2008, COSCO Pacific Management Company Limited (“COSCO Pacific Management”), a wholly-owned subsidiary of the Company, as tenant entered into a tenancy agreement with Wing Thye Holdings Limited (“Wing Thye”) as landlord (the “Tenancy Agreement”) in respect of the leasing of Units 4901, 4902A and 4903 situated at 49th Floor of COSCO Tower, 183 Queen’s Road Central, Hong Kong (the “Premises”).

Pursuant to the Tenancy Agreement, COSCO Pacific Management agreed to rent from Wing Thye the Premises for a term of three years commencing from 29th November 2008 at a monthly rental of HK\$846,846.00 exclusive of government rent, rates and management fees payable to Wing Thye. The monthly management fees payable to Wing Thye is HK\$72,586.80. During the subsistence of the Tenancy Agreement, the maximum aggregate annual value of the rental and the management fees is HK\$11,033,193.60. The Tenancy Agreement does not provide for renewal clauses.

The Company intended to continue to occupy the Premises on a long term basis as the head office of itself and its subsidiaries and as its principal place of business in Hong Kong. In negotiating the rental under the Tenancy Agreement, the directors of the Company made reference to the professional opinion given by DTZ Debenham Tie Leung Limited (“DTZ”), an independent professional valuer engaged by COSCO Pacific Management and Wing Thye. DTZ opined that the monthly rental for the Premises was at market level and was fair and reasonable.

Wing Thye is a wholly-owned subsidiary of COSCO (Hong Kong) Group Limited (“COSCO Hong Kong”). COSCO is a controlling shareholder of both the Company and COSCO Hong Kong. Accordingly, COSCO, COSCO Hong Kong and Wing Thye are all connected persons of the Company. The Tenancy Agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under the Listing Rules.

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Transactions entered into by Zhangjiagang Win Hanverky Container Terminal Co., Ltd.

(1) Supply of electricity by Zhangjiagang Port Group Co., Ltd.

On 3rd September 2009, Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ("Zhangjiagang Win Hanverky"), a subsidiary of the Company, entered into an agreement with Zhangjiagang Port Group Co., Ltd. (張家港港務集團有限公司) ("Zhangjiagang Port Group") in respect of supply of electricity at designated areas of the terminal owned and operated by Zhangjiagang Win Hanverky at the Zhangjiagang Port, Jiangsu province, the PRC (the "Zhangjiagang Port Terminal") by Zhangjiagang Port Group to Zhangjiagang Win Hanverky for a term of three years from 1st January 2009 to 31st December 2011 at a unit price to be determined by Zhangjiagang Port Group in accordance with the relevant documents issued by Jiangsu Price Bureau and the actual situation of Zhangjiagang Port Group. The annual caps of the aforesaid electricity supply transactions for the years ended/ending 31st December 2009, 2010 and 2011 are RMB3,200,000, RMB3,900,000 and RMB4,500,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2009 was approximately RMB2,325,000.

(2) Supply of fuel by Zhangjiagang Port Group Co., Ltd. Gangkou Industrial Branch

On 3rd September 2009, Zhangjiagang Win Hanverky entered into an agreement with Zhangjiagang Port Group Co., Ltd. Gangkou Industrial Branch (張家港港務集團有限公司港口實業分公司) ("Zhangjiagang Port Industrial Branch"), a branch of Zhangjiagang Port Group, in respect of supply of diesel oil and gasoline by Zhangjiagang Port Industrial Branch to vehicles of Zhangjiagang Win Hanverky at the gas stations operated by Zhangjiagang Port Industrial Branch at Zhangjiagang Port Terminal for a term of three years from 1st January 2009 to 31st December 2011 at adjustable prices. The annual caps of the aforesaid fuel supply transactions for the years ended/ending 31st December 2009, 2010 and 2011 are RMB9,000,000, RMB10,800,000 and RMB14,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2009 was approximately RMB6,694,000.

(3) Repairing services provided by Zhangjiagang Port Industrial Branch

On 3rd September 2009, Zhangjiagang Win Hanverky entered into an agreement with Zhangjiagang Port Industrial Branch in respect of provision of repairing services by Zhangjiagang Port Industrial Branch to Zhangjiagang Win Hanverky for the Zhangjiagang Port Terminal for a term of three years from 1st January 2009 to 31st December 2011 at fee rates not higher than those at which Zhangjiagang Port Industrial Branch charges independent third parties and those at which independent third parties charge Zhangjiagang Win Hanverky for the provision of the same or similar repairing services. The annual cap of the aforesaid repairing services transactions for each of the years ended/ending 31st December 2009, 2010 and 2011 is RMB1,000,000. The total amount of the aforesaid transactions for the year ended 31st December 2009 was approximately RMB499,000.

(4) Manpower services provided by Zhangjiagang Port Group

On 3rd September 2009, Zhangjiagang Win Hanverky entered into an agreement with Zhangjiagang Port Group in respect of provision of manpower services by Zhangjiagang Port Group to Zhangjiagang Win Hanverky by appointing management officials to Zhangjiagang Win Hanverky for a term of three years from 1st January 2009 to 31st December 2011 at an annual services fee of RMB1,470,000. The management officials appointed to Zhangjiagang Win Hanverky under such agreement would remain as employees of the Zhangjiagang Port Group and would not be employees of Zhangjiagang Win Hanverky. The annual cap of the aforesaid manpower services transactions for each of the three years ended/ending 31st December 2009, 2010 and 2011 is RMB1,470,000. The total amount of the aforesaid transactions for the year ended 31st December 2009 was approximately RMB1,470,000.

(5) Cleaning services provided by Zhangjiagang Port Group Co., Ltd Port Property Branch

On 3rd September 2009, Zhangjiagang Win Hanverky entered into an agreement with Zhangjiagang Port Group Co., Ltd. Port Property Branch (張家港港務集團有限公司港房分公司) ("Zhangjiagang Port Property Branch"), a branch of Zhangjiagang Port Group, in respect of provision of cleaning services at the office building of Zhangjiagang Win Hanverky at the Zhangjiagang Port Terminal by Zhangjiagang Port Property Branch to Zhangjiagang Win Hanverky for a term of three years from 1st January 2009 to 31st December 2011 at an annual service fee of RMB186,700. The annual cap of the aforesaid cleaning services transactions for each of the three years ended/ending 31st December 2009, 2010 and 2011 is RMB186,700. The total amount of the aforesaid transactions for the year ended 31st December 2009 was approximately RMB186,700.

(6) Management services provided by Zhangjiagang Port Industrial Branch

On 3rd September 2009, Zhangjiagang Win Hanverky entered into an agreement with Zhangjiagang Port Industrial Branch in respect of provision of management services by Zhangjiagang Port Industrial Branch to Zhangjiagang Win Hanverky regarding a power substation of Zhangjiagang Win Hanverky at the Zhangjiagang Port Terminal for a term of one year from 1st January 2009 to 31st December 2009 at an annual management fee of RMB60,000, payable annually. The annual cap of the aforesaid management services transactions for the year ended 31st December 2009 is RMB60,000. The total amount of the aforesaid transactions for the year ended 31st December 2009 was approximately RMB60,000.

(7) Lease of property by Zhangjiagang Win Hanverky from Zhangjiagang Port Group

On 3rd September 2009, Zhangjiagang Win Hanverky as lessee and Zhangjiagang Port Group as lessor entered into an agreement in respect of leasing of a piece of land and the container berth no. 15 situated at the Zhangjiagang Port Terminal for a term of three years from 1st January 2008 to 31st December 2010. Pursuant to such agreement, Zhangjiagang Win Hanverky will pay to Zhangjiagang Port Group (a) the annual rental of RMB5,000,000; and (b) the land use tax and the sales tax (including the town facility maintenance tax and the education surcharges), which shall be the tax payable by Zhangjiagang Port Group to the relevant taxation authority of the PRC government in respect of such leased property, and which amount shall be calculated with reference to the land area and the rates of the relevant taxes. The annual cap of the aggregate amounts of rental and taxes payable by Zhangjiagang Win Hanverky for each of the two years ended/ending 31st December 2009 and 2010 is RMB6,200,000. The total amounts of the aforesaid rental and taxes for the year ended 31st December 2009 were RMB5,000,000 and RMB660,000 respectively.

As Zhangjiagang Port Group holds a 49% equity interest in Zhangjiagang Win Hanverky, Zhangjiagang Port Group and its subsidiaries, branches (which include Zhangjiagang Port Industrial Branch and Zhangjiagang Port Property Branch) and associates are connected persons of the Company. Accordingly, the transactions under sub-paragraphs (1) to (7) above constituted continuing connected transactions of the Company under the Listing Rules.

Lease of property by Quan Zhou Pacific Container Terminal Co., Ltd. from Quanzhou Harbour Container Co., Ltd.

Quan Zhou Pacific Container Terminal Co., Ltd ("QZ Pacific"), a subsidiary of the Company, as lessee and Quanzhou Harbour Container Co., Ltd. (泉州港務集裝箱股份有限公司) ("Quanzhou Harbour Co") as lessor entered into an agreement on 17th January 2007 in relation to the leasing of certain berths, trestle bridge, container storage space, terminal structures and ancillary facilities and other properties at the Quanzhou Houzhu Port Container Operation Zone (the "Houzhu operation Zone") (the "Leased Property") for a term expiring on 31st August 2009. On 7th September 2009, QZ Pacific as lessee entered into an agreement with Quanzhou Harbour Co as lessor in respect of the leasing of the Leased Property at a monthly rental of RMB690,000 (the "Lease Agreement"). Pursuant to the Lease Agreement, the water area use fee levied by the relevant authority as regards the use of the water area of Houzhu Operation Zone shall be borne by QZ Pacific. The maximum aggregate amounts of the rental payable for the year ended 31st December 2009 and for the period from 1st January 2010 to 31st March 2010 are RMB7,560,000 and RMB2,070,000 respectively. The total amount of the aforesaid rental for the year ended 31st December 2009 was approximately RMB7,560,000.

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As Quanzhou Harbour Co is a substantial shareholder of QZ Pacific, Quanzhou Harbour Co is a connected person of the Company. Accordingly, the leasing of the Lease Property pursuant to the Lease Agreement constituted continuing connected transaction of the Company.

Depot services provided to Florens Container Services Company Limited by certain subsidiaries of COSCO

On 14th September 2009, Florens Container Services Company Limited ("Florens"), a subsidiary of the Company, entered into agreements (the "Depot Services Agreements") with certain subsidiaries of COSCO (namely, COSCO Yingkou Container Repairs Co., Ltd. (營口中遠集裝箱維修工程有限公司), Dalian Xin Sanly Container Co., Ltd. (大連鑫三利集裝箱有限公司), Guangzhou Yuantai Xin Sanly Container Engineering Co., Ltd. (廣州遠太鑫三利集裝箱工程有限公司), Ningbo Xin Sanly Reefer Container Technical Co., Ltd. (寧波鑫三利冷箱技術有限公司), Qingdao Ocean & Great Asia Logistics Co., Ltd. (青島遠洋大亞物流有限公司), Qingdao Xin Sanly Reefer Container Technical Co., Ltd. (青島鑫三利冷箱技術有限公司), Shanghai Ya Tai International Container Freight Station & Transportation Co., Ltd. (上海亞太國際集裝箱儲運有限公司), Tianjin Binhai COSCO Container Logistics Co., Ltd. (天津濱海中遠集裝箱物流有限公司) and Tianjin Tian Chang Marine Service Engineering Co., Ltd. (天津天昌船務工程有限公司)) as the operators for the provision of interchanging, storing, handling and repairing services by the aforesaid operators for the container of which Florens or one of its subsidiaries and/or affiliates is the owner, lessee or manager for a term of three years from 1st January 2009.

The fees for the aforesaid depot services are determined in accordance with the current market rates. The annual caps of the aforesaid depot services transactions for the three years ended/ending 31st December 2009, 2010 and 2011 are USD1,310,000, USD1,507,000 and USD1,732,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2009 was approximately USD1,010,000.

As COSCO is the ultimate controlling shareholder of the Company, its subsidiaries are connected persons of the Company. Accordingly, the provision of depot services pursuant to the Depot Services Agreements constituted continuing connected transactions of the Company under the Listing Rules.

Transactions entered into by GZ South China

(1) Purchase of diesel oil from China Marine Bunker Supply Guangzhou Company

On 8th April 2009, GZ South China entered into an agreement with China Marine Bunker Supply Guangzhou Company (中國船舶燃料供應廣州公司) ("CM Supply") in respect of the purchase of diesel oil by GZ South China from CM Supply for a term from 1st January 2009 to 31st December 2009. The annual cap of the transactions under such agreement for the year ended 31st December 2009 is RMB16,560,000. The total amount of the aforesaid transactions for the year ended 31st December 2009 was approximately RMB6,626,000.

As CM Supply is owned as to 50% by COSCO which is the ultimate controlling shareholder of the Company, CM Supply is a connected person of the Company. Accordingly, the aforesaid purchase of diesel oil by GZ South China from CM Supply constituted continuing connected transactions of the Company under the Listing Rules.

(2) Purchase of diesel oil from Guangzhou Port Group Co., Ltd. Resources Branch Co

On 8th April 2009, GZ South China entered into an agreement with Guangzhou Port Group Co., Ltd. Resources Branch Co (廣州港集團有限公司物資分公司) ("GZ Port Resources"), a branch of GZ Port Holding, in respect of the purchase of diesel oil by GZ South China from GZ Port Resources for a term from 1st January 2009 to 31st December 2009. The annual cap of the transactions under such agreement for the year ended 31st December 2009 is RMB16,560,000. The total amount of the aforesaid transactions for the year ended 31st December 2009 was approximately RMB10,931,000.

(3) Port related services between GZ South China and GZ Port Holding and its subsidiaries (the “GZ Port Group”)

On 8th April 2009, GZ South China entered into an agreement (the “Port Related Services Agreement No.1”) with GZ Port Holding and Guangzhou Port Nansha Port Affairs Company Limited (廣州港南沙港務有限公司) (“GZ Port Nansha Affairs”), a subsidiary of GZ Port Holding, in respect of the mutual provision of port related services by GZ South China and GZ Port Nansha Affairs to the other at the Nansha Port terminals for a term from 1st January 2009 to 31st December 2009. The service fees charged were determined according to the agreed fee scale applicable to the types of services provided and the types and number of containers handled.

On 8th April 2009, GZ South China entered into another agreement (the “Port Related Services Agreement No.2”) with Guangzhou Port Holding Logistics Company Limited (廣州港集團物流有限公司) (“GZ Port Logistics”), a subsidiary of GZ Port Holding, in respect of the provision of port related services by GZ South China to GZ Port Logistics (and its branch companies) at Nansha Port Terminal Phase 2 for the period from 1st January 2009 to 31st December 2009. The service fees charged by GZ South China to GZ Port Logistics were determined according to the agreed fee scales applicable to the types of services provided and the volume of work handled.

The annual cap for the aggregate amount receivable by GZ South China from GZ Port Nansha Affairs and GZ Port Logistics under the Port Related Services Agreement No.1 and the Port Related Services Agreement No.2 for the year ended 31st December 2009 is RMB4,800,000. The total amount received by GZ South China from GZ Port Nansha Affairs and GZ Port Logistics under the aforesaid agreements for the year ended 31st December 2009 was approximately RMB4,086,000. The annual cap for the aggregate amount payable by GZ South China to GZ Port Nansha Affairs under the Port Related Services Agreement No.1 for the year ended 31st December 2009 is RMB100,000. The total amount paid by GZ South China to GZ Port Nansha Affairs under the Port Related Services Agreement No.1 for the year ended 31st December 2009 was approximately RMB96,000.

(4) “Shuttle bus” services cooperation agreements between GZ South China and the GZ Port Group

On 8th April 2009, GZ South China entered into an agreement (the “GZ Port “Shuttle Bus” Services Cooperation Agreement”) with GZ Port Holding and GZ Port Nansha Affairs in respect of the cooperation in the management and operation of “shuttle bus” services in connection with the transportation services provided at the Nansha Port terminals for the period from 1st January 2009 to 31st December 2009.

Pursuant to the GZ Port “Shuttle Bus” Services Cooperation Agreement, GZ South China and GZ Port Nansha Affairs should bear their own expenses incurred for cargo handling in respect of “shuttle buses” using services at their own terminals at Nansha Port. GZ South China and GZ Port Nansha Affairs should charge the relevant shipping companies using the “shuttle bus” services the loading and unloading fees incurred in respect of the use of such services at their respective terminals, and should not charge Guangzhou Port Holding Shipping Affairs Company Limited (廣州港集團船務有限公司) (“GZ Port Shipping Affairs”), a subsidiary of GZ Port Holding, any fee. GZ South China and GZ Port Nansha Affairs should pay GZ Port Shipping Affairs subsidies for the containers transported between the Pearl River Delta region and the Nansha Port terminals at the rate of RMB100 per container. The annual cap for the aggregate amount payable by GZ South China to GZ Port Shipping Affairs under the GZ Port “Shuttle Bus” Services Cooperation Agreement for the year ended 31st December 2009 is RMB4,000,000. The total amount paid by GZ South China to GZ Port Shipping Affairs under the GZ Port “Shuttle Bus” Services Cooperation Agreement in respect of the year ended 31st December 2009 was approximately RMB2,848,000.

On 8th April 2009, GZ South China entered into another agreement (as amended by a supplemental agreement dated 17th September 2009, the “HK Route “Shuttle Bus” Services Cooperation Agreement”) with GZ Port Nansha Affairs and GZ Port Shipping Affairs in respect of the cooperation in the management and operation of Hong Kong route of the “shuttle bus” services in connection with the transportation services provided at the Nansha Port terminals for the period from 1st January 2009 to 31st December 2009.

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Pursuant to the HK Route "Shuttle Bus" Services Cooperation Agreement, cargo handling expenses arising from the Hong Kong route "shuttle buses" using the terminals of GZ Port Holding and GZ South China at Nansha Port should be the responsibility of GZ Port Nansha Affairs and GZ South China respectively. If according to the mode of transportation, GZ Port Shipping Affairs was responsible for the loading and unloading fees incurred in respect of the use of the respective terminals of GZ Port Nansha Affairs and GZ South China in connection with the Hong Kong route of the "shuttle bus" services, GZ Port Shipping Affairs should pay such loading and unloading fees to GZ Port Nansha Affairs or GZ South China (as the case may be) at the agreed fee scales applicable to the types and number of the containers handled. GZ Port Nansha Affairs and GZ South China should not charge any berthing fees in relation to the Hong Kong route of the "shuttle bus" services. The annual cap for the aggregate amount receivable by GZ South China from GZ Port Shipping Affairs under the HK Route "Shuttle Bus" Services Cooperation Agreement for the year ended 31st December 2009 is RMB1,500,000. The total amount received by GZ South China from GZ Port Shipping Affairs under the HK Route "Shuttle Bus" Services Cooperation Agreement in respect of the year ended 31st December 2009 was approximately RMB1,468,000.

(5) Surveying services provided by Guangzhou Navigation Route Engineering Co.

On 4th November 2009, GZ South China entered into an agreement with Guangzhou Navigation Route Engineering Co. (廣州航道工程公司) ("GZ Engineering"), a subsidiary of GZ Port Holding, in respect of the provision of surveying services by GZ Engineering to GZ South China at the designated areas of the Nansha Port Terminal Phase 2 for the period from 1st February 2009 to 31st January 2010 at fees determined according to the agreed fee scale and actual area surveyed. The annual caps of the aforesaid surveying services transactions for the years ended/ending 31st December 2009 and 31st December 2010 are RMB460,000 and RMB1,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2009 was approximately RMB460,000.

(6) Joint establishment of a commercial centre

On 4th November 2009, GZ South China entered into an agreement (the "Commercial Centre Cooperation Agreement") with certain members of GZ Port Group (namely, GZ Port Holding, GZ Port Nansha Affairs, Guangzhou Container Terminal Company Limited (廣州集裝箱碼頭有限公司) ("GZ Container Terminal"), which is a subsidiary of GZ Port Holding, Guangzhou Port Holding Company Limited Huangpu Port Affairs Branch (廣州港集團有限公司黃埔港務分公司) ("GZ Port Huangpu Branch"), which is a branch of GZ Port Holding, GZ Port Logistics and GZ Port Shipping Affairs) in respect of the joint establishment of the commercial centre (營銷中心) for market expansion, sales and promotion and external coordination for a term of one year from 1st January 2009 to 31st December 2009.

Pursuant to the Commercial Centre Cooperation Agreement, GZ Port Holding shall provide office premises and the requisite facilities for the commercial centre free of charge. A commercial fund (營銷基金) at an annual budget of RMB3,300,000 for the year ended 31st December 2009 shall be set up for meeting expenses, which fund shall be contributed by GZ South China as to 35%, and by GZ Port Nansha Affairs, GZ Container Terminal, GZ Port Huangpu Branch, GZ Port Logistics and GZ Port Shipping Affairs as to 35%, 10%, 10%, 5% and 5% respectively. The annual cap for the amount payable by GZ South China pursuant to the Commercial Centre Cooperation Agreement for the year ended 31st December 2009 was RMB1,150,000. The total amount paid by GZ South China for the year ended 31st December 2009 was approximately RMB673,000.

(7) Lease of pontoon to GZ Port Nansha Affairs and GZ South China by GZ Port Shipping Affairs

On 4th November 2009, GZ South China entered into an agreement with GZ Port Shipping Affairs and GZ Port Nansha Affairs in respect of the leasing of a pontoon by GZ Port Shipping Affairs to GZ Port Nansha Affairs and GZ South China for a term of one year from 1st October 2008, which has been extended for the period from 1st October 2009 to 30th September 2010. The pontoon was leased at a monthly rental of RMB10,000 borne by GZ Port Nansha Affairs and GZ South China in equal shares. The annual cap for the aforesaid pontoon leasing transactions for each of the years ended/ending 31st December 2009 and 2010 is RMB60,000. The total amount of the aforesaid transactions for the year ended 31st December 2009 was approximately RMB60,000.

(8) Security services provided by Guangzhou Port Security Services Co.

On 4th November 2009, GZ South China entered into an agreement with Guangzhou Port Security Services Co. (廣州港保安服務公司) ("GZ Port Security"), a subsidiary of GZ Port Holding, in respect of the provision of security services at the Nansha Port Terminal Phase 2 by GZ Port Security to GZ South China for a term from 10th November 2008 to 9th November 2009 at fees determined according to the agreed fee rate and the actual number of security guards provided. The annual cap for the aforesaid security services transactions for the year ended 31st December 2009 was RMB1,200,000. The total amount of the aforesaid transactions for the year ended 31st December 2009 was approximately RMB1,038,000.

(9) Inspection Centre Related Agreements between GZ South China and certain members of the GZ Port Group

On 4th November 2009, GZ South China entered into the following agreements with certain subsidiaries of GZ Port Holding, all in relation to services provided in connection with the central inspection centre (查驗中心) at the Nansha Port where cargo inspection services are provided (the "Inspection Centre"):

- (i) an agreement with GZ Port Nansha Affairs and GZ Port Logistics in relation to the cooperation in the management and operation of the Inspection Centre for the provision of cargo inspection services for customs clearance purpose for a term from 1st September 2008 to 31st December 2009 (the "Inspection Centre Services Agreement"). GZ South China and GZ Port Nansha Affairs shall provide the premises and resources (including facilities and equipment) for the operation of the Inspection Centre; and bear the related expenses for the expansion of the Inspection Centre and the purchase and modification of inspection facilities and equipment under their prior approval, which expenses shall be shared between them on a fair and reasonable basis. GZ Port Logistics shall bear certain expenses in relation to the provision of the cargo inspection services by the customs officials and the relevant border officers and the expenses for the maintenance of the premises of, and facilities and equipment at, the Inspection Centre.
- (ii) an agreement with GZ Port Nansha Affairs and GZ Port Logistics in respect of the leasing of machinery and the provision of drivers and operation officers in relation to the operation of such machinery by GZ South China and GZ Port Nansha Affairs to GZ Port Logistics for a term from 1st March 2009 to 31st December 2009 (the "Inspection Centre Machinery Lease Agreement"). The fees under the Inspection Centre Machinery Lease Agreement were determined according to the agreed fee scale, the number of machinery and officers provided and the time used.
- (iii) an agreement with GZ Port Logistics in respect of the provision of services by GZ South China to GZ Port Logistics for transporting the cargoes into and/or out of the Inspection Centre for a term from 1st April 2009 to 31st December 2009 (the "Inspection Centre Transportation Services Agreement") at a monthly service fee of RMB200,000.

No fee is expected to be receivable by GZ South China for the transactions under the Inspection Centre Services Agreement and therefore no annual cap amount is set in this regard. The annual cap for the aggregate amount payable by GZ South China to GZ Port Logistics under the Inspection Centre Services Agreement for the year ended 31st December 2009 is RMB1,000,000. For the year ended 31st December 2009, GZ South China did not pay any fees to GZ Port Logistics under the Inspection Centre Services Agreement. The annual cap for the aggregate amount receivable by GZ South China from GZ Port Logistics under the Inspection Centre Machinery Lease Agreement and the Inspection Centre Transportation Services Agreement is RMB3,600,000. For the year ended 31st December 2009, GZ South China did not receive any fees from GZ Port Logistics under the Inspection Centre Machinery Lease Agreement. The total amount received by GZ South China from GZ Port Logistics under the Inspection Centre Transportation Services Agreement for the year ended 31st December 2009 was RMB1,800,000.

Reports of the Directors

(10) Cleaning services provided by Guangzhou Port Haiyin Property Management Co., Ltd.

GZ South China entered into the following agreements with Guangzhou Port Haiyin Property Management Co., Ltd. (廣州港海印物業管理有限公司) (“GZ Port Property Management”), a subsidiary of GZ Port Holding, in respect of provision of cleaning services (collectively the “Cleaning Services Agreements”):

- (i) an agreement entered into on 1st October 2007 in respect of the provision of day-to-day cleaning and pest control services for certain office building, apartment and hostels of GZ South China located at the Nansha Port Terminal Phase 2 for a term from 1st October 2007 to 30th September 2009 (the “Office and Residential Area Cleaning Services Agreement”). The monthly service fees were RMB71,000 for the period from 1st October 2007 to 31st December 2007 and RMB73,000 for the period from 1st January 2008 to 30th September 2009 respectively.
- (ii) a supplemental agreement entered into on 4th November 2009 in respect of the provision of sanitary items at certain areas of the office building of GZ South China at the Nansha Port Terminal Phase 2 for a term from 1st October 2007 to 30th September 2009 at a monthly fee of RMB950.
- (iii) a supplemental agreement entered into on 4th November 2009 in respect of the extension of provision of service scope under the Office and Residential Area Cleaning Services Agreement to cover an additional floor of the office building of GZ South China at the Nansha Port Terminal Phase 2 for a term from 1st January 2009 to 30th September 2009 at an additional monthly fee of RMB840.
- (iv) an agreement entered into on 1st October 2007 in respect of the provision of day-to-day cleaning and pest control services in certain buildings located at, and certain areas of, the Nansha Port Terminal Phase 2 for a term from 1st October 2007 to 30th September 2009. The monthly service fees were RMB33,000 for the period from 1st October 2007 to 31st December 2007 and RMB36,000 for the period from 1st January 2008 to 30th September 2009 respectively. An addition amount of RMB5,600 was paid for the pest control services.
- (v) an agreement entered into on 4th November 2009 in respect of the provision of day-to-day cleaning services in certain buildings, apartments, hostels and other areas located at the Nansha Port Terminal Phase 2 for a term from 1st October 2009 to 30th September 2012 at the monthly service fee of RMB104,600.

The annual caps for the aggregate amount payable by GZ South China to GZ Port Property Management under the Cleaning Services Agreements for the years ended/ending 31st December 2009, 2010, 2011 and 2012 are RMB1,450,000, RMB1,500,000, RMB1,600,000 and RMB1,700,000 respectively. The aggregate amount of the transactions under the Cleaning Services Agreements for the year ended 31st December 2009 was RMB1,212,000.

(11) Cargo handling services provided by Guangzhou Ocean Shipping Tally Company

On 4th November 2009, GZ South China entered into an agreement with Guangzhou Ocean Shipping Tally Company (廣州外輪理貨有限公司) (“GZ Tally”), a subsidiary of GZ Port Holding, in respect of the provision of cargo handling services at the Nansha Port Terminal Phase 2 by GZ Tally to GZ South China for a term of one year from 1st January 2009 to 31st December 2009. The service fees charged by GZ Tally under such agreement were determined according to the agreed fee scale applicable to the types of vessels and the number of cargoes handled. The annual caps for the aforesaid cargo handling services transactions for the years ended/ending 31st December 2009 and 2010 are RMB4,800,000 and RMB9,000,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2009 was RMB4,313,000.

(12) Portable Terminal Equipment Usage Agreement between GZ South China and GZ Tally

On 4th November 2009, GZ South China entered into an agreement with GZ Tally in respect of the granting of the usage right of certain portable terminal equipment by GZ South China to GZ Tally for a term of one year from 1st January 2009 to 31st December 2009, which has been extended for the year ending 31st December 2010. No fee is expected to be receivable by GZ South China from GZ Tally under such agreement and therefore no annual cap amount is set in this regard. For the year ended 31st December 2009, GZ South China did not receive any fees from GZ Tally pursuant to such agreement.

(13) Port Related Fees Agreement between GZ South China and GZ Port Holding

On 4th November 2009, GZ South China entered into an agreement with GZ Port Holding in respect of the appointment of GZ South China by GZ Port Holding to charge on behalf of GZ Port Holding the port construction fee (港口建設費) and the high-frequency communication fee (甚高頻通訊費) for a term of one year from 1st January 2009 to 31st December 2009 (the "Port Related Fees Agreement"). GZ South China shall receive from GZ Port Holding the handling fee for the above appointment at a rate pursuant to relevant fee requirement as applicable from time to time. The annual cap for the aggregate amount payable by GZ South China under the Port Related Fees Agreement for the year ended 31st December 2009 was RMB19,800,000. The annual cap for the aggregate amount receivable by GZ South China under the Port Related Fees Agreement for the year ended 31st December 2009 was RMB3,000,000. The total amount paid by GZ South China under the Port Related Fees Agreement for the year ended 31st December 2009 was RMB17,781,000. The total amount received by GZ South China under the Port Related Fees Agreement for the year ended 31st December 2009 was RMB2,247,000.

(14) APM Logistic Project Cooperation Agreement between GZ South China, GZ Port Nansha Affairs and GZ Port Logistics

On 4th November 2009, GZ South China entered into an agreement with GZ Port Nansha Affairs and GZ Port Logistics in respect of the provision of handling services by GZ Port Logistics in respect of customs declaration and inspection declaration formalities for the Line in relation to the containers to be exported by the phase 1 terminal at the Nansha Port and the Nansha Port Terminal Phase 2 for the period from 1st September 2009 to 31st December 2009. The annual cap for the aforesaid logistic handling services transactions for the year ended 31st December 2009 was RMB150,000. For the year ended 31st December 2009, GZ South China did not pay any fees to GZ Port Logistics pursuant to such agreement.

(15) Lease of terminal areas to Guangzhou Port Nansha Vehicle Terminal Company Limited

On 4th November 2009, GZ South China entered into an agreement with Guangzhou Port Nansha Vehicle Terminal Company Limited (廣州港南沙汽車碼頭有限公司) ("GZ Port Vehicle"), an associate of GZ Port Holding, in respect of the provision of berths and the leasing of the relevant terminal areas at the Nansha Port Terminal Phase 2 by GZ South China to GZ Port Vehicle for the operation of GZ Port Vehicle's stevedoring business in respect of commercial vehicles for a term from 12th September 2009 to 31st March 2010. The fees were determined according to the agreed monthly rental. The annual caps for the aforesaid terminal areas leasing transactions for the year ended/ending 31st December 2009 and 2010 are RMB600,000 and RMB800,000 respectively. The total amount of the aforesaid transactions for the year ended 31st December 2009 was RMB418,000.

(16) Manpower services provided by Guangzhou Port Container Comprehensive Development Co., Ltd.

On 31st March 2008, GZ South China entered into an agreement with Guangzhou Port Container Comprehensive Development Co., Ltd. (廣州港集裝箱綜合發展有限公司) ("GZ Port Development"), a subsidiary of GZ Port Holding, in respect of the provision of manpower services by GZ Port Development to GZ South China by appointing management officials to GZ South China (such management officials remain as employees of GZ Port Development and will not be employees of GZ South China) for a term expiring on 31st December 2010 at an annual service fee of RMB2,050,000. The annual cap for the aforesaid manpower services transactions for each of the year ended/ending 31st December 2009 and 2010 is RMB2,050,000. The total amount of the aforesaid transactions for the year ended 31st December 2009 was RMB2,050,000.

As GZ Port Holding is a substantial shareholder of GZ South China, members of GZ Port Holding (which includes GZ Port Holding, GZ Container Terminal, GZ Engineering, GZ Port Construction Project, GZ Port Development, GZ Port Huangpu Branch, GZ Port Logistics, GZ Port Nansha Affairs, GZ Port Property Management, GZ Port Resources, GZ Port Security, GZ Port Shipping Affairs, GZ Port Vehicle and GZ Tally) are connected persons of the Company. Accordingly, the transactions under sub-paragraphs (2) to (16) above constituted continuing connected transactions of the Company.

Reports of the Directors

Long term container leasing transactions (with waiver granted by the Stock Exchange)

During the year, long term container leasing transactions were entered into between COSCO Group and the Group in respect of the provision of long term container leases by the Group to COSCO Group to which the Stock Exchange had, subject to certain conditions, granted waiver dated 14th December 1994 to the Company from strict compliance with the requirements stipulated in the then Chapter 14 of the Listing Rules to disclose details of such connected transactions by press notice and/or circular and/or to obtain prior independent shareholders' approval. The total consideration of the aforesaid transactions for the year ended 31st December 2009 amounted to US\$134,285,000. In the opinion of the directors of the Company, the aforesaid transactions were conducted in the ordinary and normal course of business of the Group and using average leasing rates by reference to, if applicable, the average of the available leasing rates quoted from two independent container leasing companies.

Opinion from the independent non-executive directors on the continuing connected transactions

Pursuant to the conditions of the waiver in relation to long term container leasing transactions and Rule 14A.37 of the Listing Rules, the independent non-executive directors of the Company have reviewed the above continuing connected transactions and opined that:

- (i) the long term container leasing transactions had been conducted in the ordinary course of business of the Group and using average market rates by reference to, if applicable, the average of the available leasing rates quoted from two independent container leasing companies and were fair and reasonable so far as the shareholders of the Company were concerned; and
- (ii) the container related services transactions, shipping related services transactions, logistics services transactions, rental of the office premises transactions, the transactions entered into by Zhangjiagang Win Hanverky, the rental of premises at Houzhu Operation Zone by QZ Pacific, the depot services transactions entered into by Florens and the transactions entered into by GZ South China were:
 - entered into in the ordinary and usual course of the Group's businesses;
 - entered into on terms no less favourable to the Group than terms available from/to independent third parties; and
 - entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Report from the auditor on the continuing connected transactions

For the purposes of the conditions of the waiver in relation to long term container leasing transactions and Rule 14A.38 of the Listing Rules in relation to the other continuing connected transactions, the Board engaged the auditor of the Company to perform certain agreed-upon procedures on the above continuing connected transactions as identified by management for the year ended 31st December 2009 (the "Relevant Year") in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants and the auditor reported that:

- (i) the long term container leasing transactions for the Relevant Year had been conducted in the ordinary and normal course of business of the Group and by reference to, if applicable, the average of the available leasing rates quoted from two independent container leasing companies; and
- (ii) the container related services transactions, shipping related services transactions, logistics services transactions, rental of the office premises transactions, the transactions entered into by Zhangjiagang Win Hanverky, the rental of premises at Houzhu Operation Zone by QZ Pacific, the depot services transactions entered into by Florens and the transactions entered into by GZ South China for the Relevant Year:

- had been approved by the Executive Committee on behalf of the Board;
- had been conducted in accordance with the pricing policies of the Group, if applicable (for the samples selected);
- had been entered into in accordance with the terms of the relevant agreements governing such continuing connected transactions (for the samples selected); and
- had not exceeded the respective annual caps (as revised where applicable) as set out in the Company's announcements published in that regard.

Disclosure under Rule 13.22 of Chapter 13 of the Listing Rules

In relation to the financial assistance granted by the Group to certain affiliated companies, a proforma combined balance sheet of the affiliated companies as at 31st December 2009 required to be disclosed under Rule 13.22 of Chapter 13 of the Listing Rules is set out below:

	US\$'000
Non-current assets	2,436,192
Current assets	417,776
Current liabilities	(1,210,915)
Non-current liabilities	(924,029)
Net assets	<u>719,024</u>
Share capital	489,972
Reserves	116,958
Minority interest	112,094
Capital and reserves	<u>719,024</u>

As at 31st December 2009, the Group's attributable interests in these affiliated companies amounted to US\$350,351,000.

Audit Committee

As at the date of this report, the Audit Committee of the Company consists of four independent non-executive directors.

The Audit Committee reviews the systems of internal controls throughout the Group, the completeness and accuracy of its financial statements and liaises on behalf of the Board with external auditor and the Group's internal auditor. During the year, the Audit Committee members met regularly with management, external auditor and the Group's internal auditor and reviewed the internal and external audit reports and the interim and annual consolidated financial statements of the Group.

Auditor

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

XU Minjie

Vice Chairman and Managing Director

Hong Kong, 30th March 2010