China Shipping Container Lines Company Limited
中海集裝箱運輸股份有限公司

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

Stock Code : 2866

Pursuing Sustainable OPPORTUNITIES

Annual Report 2010

Company Profile

China Shipping Container Lines Company Limited ("CSCL" or the "Company") is a specialized corporation affiliated to China Shipping (Group) Company ("China Shipping Group"), involved in container liner services and other related services, including vessel chartering, cargo canvassing and booking, customs clearance, storage, container construction, repair and sales, operating container terminal and other related domains. CSCL was established in Shanghai in 1997, converted into a joint stock limited company on 3 March 2004 and successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 June 2004. On 12 December 2007, CSCL listed its A shares on the Shanghai Stock Exchange.

CSCL has a young and modern fleet, which as at 31 December 2010 comprised of 143 vessels with a total operating capacity of 506,000TEU, among which the container vessels, each with a capacity of over 4,000TEU, accounted for 83.6% of its total shipping capacity. CSCL enjoys a distinct advantage in terms of its container vessels with large shipping capacity. CSCL has inaugurated over 70 international major trade lanes and feeders, including the American, European, Mediterranean, African and Australian routes. CSCL has over 300 agency points, which are located in the main trade regions in the world. With its superior capability, CSCL is a dominant player in the domestic container shipping market in China.

CSCL is stepping steadily towards the target of getting stronger and bigger, with the ultimate target to become a top-tier global shipping company. During over 10 years of development, CSCL has continuously followed its principle of unifying development and management to enhance efficiency and return. In addition, CSCL is committed to contributing to society and building its credibility among customers. Its advanced equipment, high technology and good management will surely lead it to a bright future, to achieve its target of being one of the leading liner shipping companies in the world.

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Corporate Information

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Li Shaode *(Chairman)*
Mr. Zhang Guofa *(Vice Chairman)*
Mr. Huang Xiaowen
Mr. Zhao Hongzhou

NON-EXECUTIVE DIRECTORS

Mr. Ma Zehua *(Vice Chairman)*
Mr. Zhang Jianhua
Mr. Lin Jianqing
Mr. Wang Daxiong
Mr. Xu Hui
Mr. Yan Zhichong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shen Kangchen
Mr. Jim Poon (also known as Pan Zhanyuan)
Mr. Shen Zhongying
Mr. Wu Daqi
Ms. Zhang Nan

SUPERVISORS

Mr. Chen Decheng *(Chairman)*
Mr. Kou Laiqi
Mr. Yao Guojian
Mr. Wang Xiuping
Mr. Hua Min
Ms. Pan Yingli

INVESTMENT STRATEGY COMMITTEE

Mr. Li Shaode *(Chairman)*
Mr. Ma Zehua
Mr. Zhang Guofa
Mr. Lin Jianqing
Mr. Wang Daxiong
Mr. Huang Xiaowen
Ms. Zhang Nan
Mr. Jim Poon (also known as Pan Zhanyuan)
Mr. Shen Zhongying

NOMINATION COMMITTEE

Mr. Shen Zhongying *(Chairman)*
Ms. Zhang Nan
Mr. Jim Poon (also known as Pan Zhanyuan)
Mr. Zhang Guofa
Mr. Wang Daxiong

REMUNERATION COMMITTEE

Mr. Shen Kangchen *(Chairman)*
Mr. Zhang Jianhua
Mr. Wu Daqi

AUDIT COMMITTEE

Mr. Wu Daqi *(Chairman)*
Mr. Shen Kangchen
Mr. Wang Daxiong

SHARE APPRECIATION RIGHTS COMMITTEE

Mr. Zhang Jianhua *(Chairman)*

COMPANY SECRETARY

Mr. Ye Yumang

CHIEF ACCOUNTANT

Mr. Zhao Xiaoming

AUTHORISED REPRESENTATIVES

Mr. Li Shaode
Mr. Huang Xiaowen

LEGAL ADDRESS IN THE PRC

Room A-538, Yangshan International Trade Center
No. 188 Ye Sheng Road
Yangshan Free Trade Port Area
Shanghai
The PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

27th Floor
450 Fu Shan Road
Pudong New District
Shanghai
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

59/F, One Island East
18 Westlands Road
Island East
Hong Kong

INTERNATIONAL AUDITOR

PricewaterhouseCoopers

DOMESTIC AUDITOR

Baker Tilly China

LEGAL ADVISERS TO THE COMPANY

King & Wood

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China
Industrial and Commerce Bank of China
Citibank
China Merchants Bank
Shanghai Pudong Development Bank
Bank of Communications

TELEPHONE NUMBER

86 (21) 6596 6105

FAX NUMBER

86 (21) 6596 6813

COMPANY WEBSITE

www.cscl.com.cn

H SHARE LISTING PLACE

Main Board of The Stock Exchange of Hong Kong Limited

LISTING DATE

16 June 2004

NUMBER OF H SHARES IN ISSUE

3,751,000,000 H Shares

BOARD LOT

1,000 shares

HONG KONG STOCK EXCHANGE STOCK CODE

02866

A SHARE LISTING PLACE

Shanghai Stock Exchange

LISTING DATE

12 December 2007

NUMBER OF A SHARES IN ISSUE

7,932,125,000 A Shares

BOARD LOT

100 shares

SHANGHAI STOCK EXCHANGE STOCK CODE

601866

* 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 and the English name "China Shipping Container Lines Company Limited".

Financial Highlights

COMPARISON OF 2010 AND 2009 KEY FINANCIAL FIGURES

Consolidated Results Under Hong Kong Financial Reporting Standards ("HKFRS")

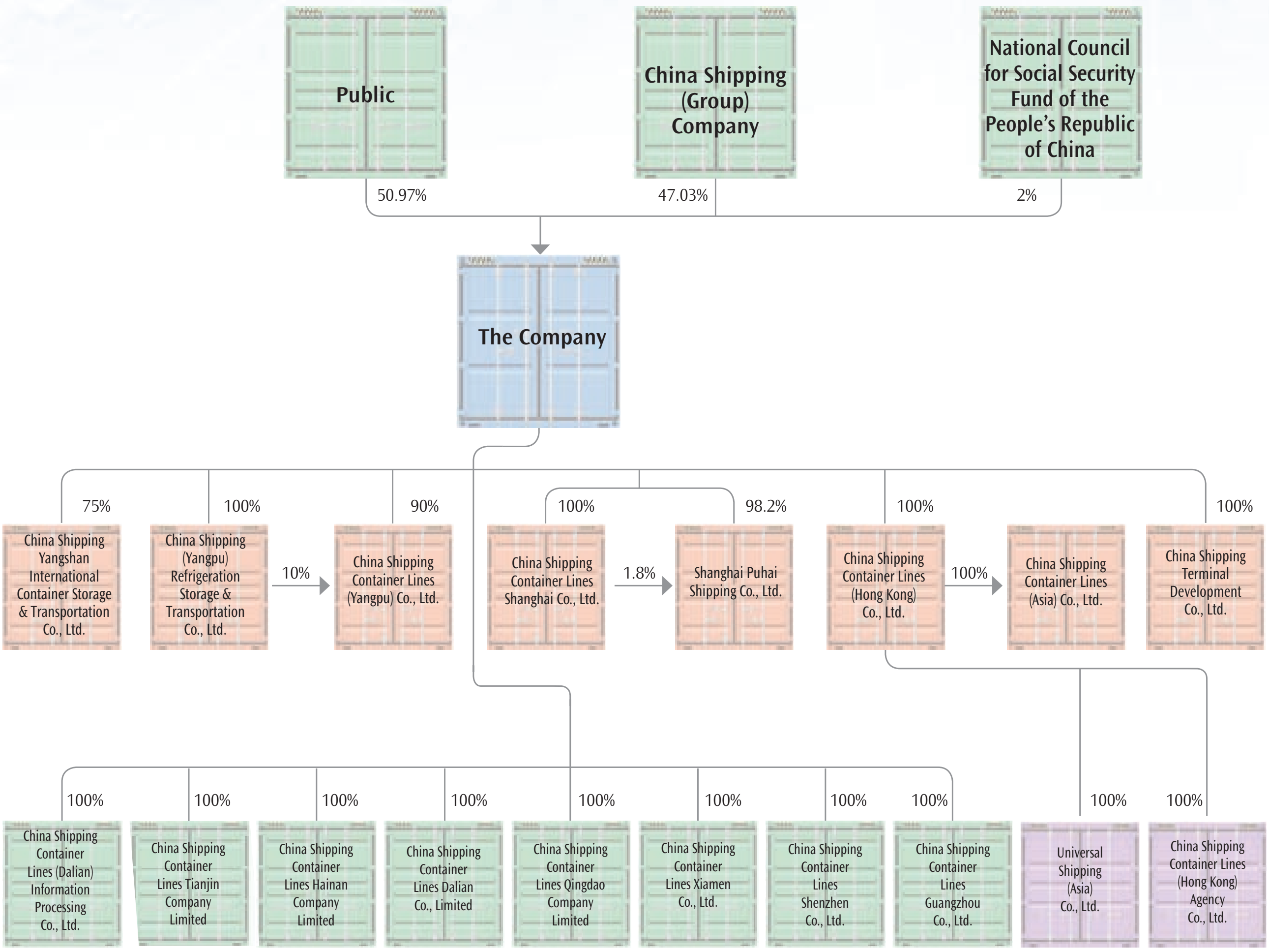
For the year ended 31 December	**2010** **RMB'000**	2009 RMB'000	Change (%)
Revenue	**34,808,706**	19,740,331	76.3%
Operating profit/(loss)	**4,466,298**	(6,231,995)	(171.7%)
Profit/(loss) before income tax	**4,319,708**	(6,449,276)	(167.0%)
Profit/(loss) for the year attributable to equity holders	**4,203,134**	(6,489,048)	(164.8%)
Basic earnings/(loss) per share	**RMB0.360**	RMB(0.555)	(164.9%)
Gross profit margin	**14.4%**	(29.1%)	(149.5%)
Profit before income tax margin	**12.4%**	(32.7%)	(137.9%)
Gearing ratio	**10.6%**	24.8%	(57.3%)

Consolidated Assets and Liabilities Under HKFRS

As at 31 December	**2010** **RMB'000**	2009 RMB'000	Change (%)
Total assets	**49,016,125**	44,292,302	10.7%
Non-current assets	**35,498,563**	34,779,624	2.1%
Current assets	**13,517,562**	9,512,678	42.1%
Total liabilities	**19,053,882**	18,314,104	4.0%
Current liabilities	**8,654,025**	7,608,711	13.7%
Net current assets	**4,863,537**	1,903,967	155.4%
Net assets	**29,962,243**	25,978,198	15.3%

Shareholding Structure

The following chart shows the simplified corporate and shareholding structure of the Company and its principal subsidiaries:



Brief particulars of the subsidiaries, associated companies and jointly controlled entities of the Company are contained in Note 40 to the consolidated financial statements.

2010 Major Events

JANUARY

On 15 January 2010 in Beijing, CSCL, being the only one in the shipping industry, was granted "China's Sixty-Year-Old Brand Image Award" at the "Rising Chinese Brands and the 2009 (Second) Chinese Brand Forum" conducted jointly by the China Enterprise News, Chinese Private Economy Forum, Chinese Cultural and Creative Industry Research Centre of Tsing Hua University and BNBrand.com.

On 29 January 2010, the Agency Meeting of CSCL for 2010 was held at Supreme Tower Hotel.

FEBRUARY

On 1 February 2010, the 2010 Working Conference and the First Meeting of the Fourth Session of CSCL Employees Congress was held at conference room A of the Company.

MARCH

From 5 to 12 March 2010, Mr. Bao Hongxiang, Director of the Eleventh Office of the Supervisory Committee of SASAC, paid a work-inspection visit to CSCL. The Inspecting Group highly appreciated the preparations that CSCL made for the inspection.

APRIL

On 21 April 2010, the 11th meeting of the Second Session of the Board of Supervisors of the Company was held. The meeting was presided by Mr. Chen Decheng, Chairman of the Board of Supervisors.

On 21 April 2010, the 31st meeting of the Second Session of the Board of Directors of the Company was held. The Meeting was presided by Mr. Li Shaode, Chairman of the Board of Directors.

On 22 April 2010, CSCL announced its annual results for the year ended 31 December 2009. Mr. Li Shaode, Chairman of the Board of Directors and Mr. Huang Xiaowen, Managing Director of the Company attended the press conference and investor referral conference held at Conrad Hong Kong Hotel.

MAY

On 26 May 2010, the Annual Meeting for Establishment of Defect Punishment and Prevention System of CSCL and the Regular Working Meeting of the Party Secretaries of the Directly-Controlled Entities was held in Shanghai.

JUNE

On 25 June 2010, the annual general meeting of CSCL for the year 2009 was held at Mingxuan Hall, 1st Floor, Supreme Tower Hotel, No. 600, Lao Shan Road, Shanghai.

JULY

On the evening of 5 July 2010, the Cocktail Party for Celebrating the 1st Anniversary of Establishment of European Trade Lanes Cooperation and Signing of Trade Lane Cooperation Framework Agreement between CSCL and Evergreen Group was held at Shanghai International Convention Centre.

On the morning of 14 July 2010, the Mid-year Working Meeting of CSCL for 2010 was held at Hotel Zhongyou International Shanghai.

On the afternoon of 14 July 2010, the Mid-year Working Meeting of CSCL for 2010 was held at Hotel Zhongyou International Shanghai.

On the afternoon of 14 July 2010, the Mid-year Special Meeting of Regional Companies and Directly-Controlled Entities of CSCL for 2010 was held at Hotel Zhongyou International Shanghai.

On the Morning of 27 July 2010, the Officials' Meeting of CSCL on Rectifying the Little Treasury and Implementing the Three Important and One Crucial was held at conference room A of the Company.

AUGUST

On 25 August 2010, the second meeting of the Third Session of the Board of Directors and the second meeting of the Third Session of the Board of Supervisors of the CSCL were held respectively.

On 26 August 2010, China Shipping Container Lines Company Limited announced its interim results for the six months ended 30 June 2010. Mr. Li Shaode, Chairman of the Board of Directors and Mr. Huang Xiaowen, Managing Director of the Company attended the press conference and investor referral conference held at Conrad Hong Kong Hotel.

On 30 August 2010, the Signing Ceremony of Agreement on Strategic Cooperation between China Longgong and CSCL was held at Minxi Hotel, Longyan, Fujian.

OCTOBER

From 21 to 22 October 2010, the Special Meeting on Promotion of the African and American Trade Lanes of CSCL for 2011 was held at Hotel Zhongyou International Shanghai.

NOVEMBER

On 15 November 2010, the Opening Ceremony of Shanghai China Shipping International Container Storage and Transportation Co., Ltd. was held.

On the morning of 16 November 2010, the China Shipping Group Deployment Meeting for 2011 was held at Qiandaohu.

DECEMBER

On 17 December 2010, the Year-end Theory Discussion Meeting of CSCL was held.


EUROGATE
CSCL STAR
HONGKONG
CHINA SHIPPING


CHINA SHIPPING LINE
EVERGREEN
EVERGREEN

Chairman's Statement

In 2010, the global financial crisis receded to some extent, each of the major economies was gradually back on track to recovery and the container shipping industry saw its chance to turn around as demand resumed. By timely adjusting its strategy to seize the opportunities arising from regional economic recovery together with the growth pattern of this industry, the Group successfully implemented the philosophy of refined management into each of its operation processes and achieved remarkable results in 2010.

For the year 2010, the Group's revenue was RMB34,808,706,000, representing an increase of 76.3% as compared with 2009. The Group's loaded container volume was 7,208,055TEU, representing an increase of 6.9% as compared with 2009. Net profit after tax was RMB4,233,241,000 and earnings per share were RMB0.36.

OPERATION REVIEW

Since 2010, the container shipping market was characterized by: proactively idling excess shipping capacity by shipping companies; universal application of extra slow steaming in long haul; increase in cooperative trade lanes; shortage of containers in the industry and improved competitive relationship due to the fact that supply of containers for respective could not catch up with the growth in cargo volume. Such traits and a reviving global economy, the container shipping market thus became prosperous swiftly.

By leveraging on the favorable conditions, the Group further implemented refined management and adopted various measures to cope with the changing shipping market.

1. The Group proactively idled its shipping capacity in face of a weak market condition in early 2010, with the highest idle rate exceeding 10%. On one hand, it reduced the operating loss of the Group due to unreasonably low transportation price, on the other hand, it relieved the pressure in the shipping market due to supply.

2. The Group rationally analyzed the market and optimized overall trade lane arrangement and shipping capacity based on effectiveness. The Group continued to put its flexible and highly efficient operation characters into play, response rapidly and implement effectively and enhance the effectiveness of its trade lanes. For example, the Group increased the measures, such as the interchange of shipping capacity between domestic and international trade lanes

in a changing market environment and so forth, so as to increase the effectiveness of trade lanes.

3. The Group increased the number of trade lanes, expanded the coverage of trade lanes and market share in the regional markets through exchanging and buying shipping space as well as jointly bidding vessels and other various manner.

4. The Group continued to implement the strategy of "Large Clients, Large Cooperation", broaden the area of cooperation, expand sea-to-rail transportation network and further stabilise cooperation with major clients around the world.

5. The Group achieved effective control over various costs under the guidance of philosophy of refined management. For example, in terms of container management costs, the Group accurately predicted the market and decisively purchased 30,000TEU containers at a low price and locked 45,000TEU leased containers at a low price. Such move not only relieved the overall container shortage in the industry, but also procured that the container management cost per container of the Group as compared with 2009 increased merely by 2.6% which is far lower than the degree of inflation in container price. Other costs such as port cost and transhipment cost also decreased to a certain extent.

6. The Group proactively promoted an extra slow steaming based on the existing slow steaming, which reduced fuel cost and fulfilled the Group's social responsibility for saving energy and reducing emissions.

7. The Group also improved its organization set-up, optimized working mechanism and ensure successful implementation of decisions and enhanced operational efficiency.

FUTURE PROSPECT

In 2011, the global economy is in face of the changing situation in the Middle East and attacks due to geographical disasters such as the earthquake in Japan, which cast various uncertainties on the recovery of industry. The container transportation market is also facing new challenges, such as rapid rise in oil price, continuously high container price, gap between demand and supply and changes in competitive relationship and so forth. Therefore, in the next two to three years, the container shipping market would be in the process of striving to stabilise development and gradually attain a balance between market demand and market supply.

In 2011, the Group will continue to watch the market closely and adopt proactive measures in respect of profitability, cost control, brand service, human resource and information in a timely manner so as to enhance the overall competitiveness of the Group:

1. Continue to optimize fleet structure and promote healthy and steady development of fleet. In 2011, we will have six vessels each with a capacity of 14,100TEU and three vessels each with a capacity of 4,700TEU delivered and to be in use. In 2012, we will have two vessels each with a capacity of 14,100TEU and five vessels each with a capacity of 4,700TEU delivered and to be in use. Upon which, fleet structure of the Company will be further optimized and would be more prominent in terms of its large size.

2. Strive to enhance operational efficiency of trade lanes. In 2011, the Group will continue to make full use of its advantages, arrange its shipping capacity flexibly, adjust overall arrangement of trade lanes, broaden trade lane cooperation and strive to improve the operational efficiency of trade lanes.

3. Continue to strengthen the cost control. The Group will continue to implement refined management, strictly control cost expenditure, promote the proposal of reducing voyage speed in order to reduce fuel consumption. The Group will take effective measures to manage containers, control port cost, transhipment cost and so forth.

4. Broaden and deepen external cooperation. The Group will continue to implement the strategy of "Large Clients, Large Cooperation", commence external cooperation extensively, complement each other with its advantages, provide extended services, construct the sea-to-rail transportation network. Moreover, the Group will further stabilise cooperation with its clients, actively maintain existing clients, deepen cooperation with large clients and smooth out the impact of market fluctuations on its operating results.

5. Strengthen construction of overseas sales network. The Group will focus on the construction of two domestic and international sales network, strengthening the construction of overseas sales team and acquisition of returned cargo and transportation of cargo through a third country.

6. Continue to adjust and optimise the structure and arrangement of container terminals, extend container transportation industrial chain, optimise the Group's function as a global carrier.

7. Strengthen personnel training, improve assessment mechanism, strengthen team building and corporate culture building. Establish talent pool, improve talent selection, exchange and training and so forth, so as to ensure a sustainable development of the Group.

8. Strengthen brand service, further establish universal service standards, set up consistent team value, establish integrated brand for the Company, maintain good public relations, value corporate social responsibility.

9. Speed up overall planning and implementation in different stages of information technology system. Promote the upgrade of information infrastructure of the Company.

2011 will be a critical year for the development of container transportation business. It presents both opportunities arising from the global macro-economic recovery as well as tremendous challenges due to regional uncertainties. With its professionalism and diligence and under the guidance of refined management philosophy, the Group is committed to create value for its shareholders.

Li Shaode
Chairman

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


中海之星
CSCL STAR
CHINA SHIPPING LINE
EVERGREEN

Management Discussion and Analysis

REVIEW ON OVERALL OPERATIONAL PERFORMANCE

For the year ended 31 December 2010, the Group recorded a revenue of RMB34,808,706,000, representing an increase of 76.3% as compared with 2009; profit before income tax was RMB4,319,708,000; profit attributable to equity holders of the Company amounted to RMB4,203,134,000 , up significantly as compared with 2009. Loaded cargo volume for the whole year amounted to 7,208,055TEU, representing an increase of 6.9% as compared with 2009. For the year ended 31 December 2010, the average freight rate per TEU for international trade lanes of the Group amounted to RMB7,105, representing an increase of 76.4% as compared with 2009. It was primarily due to increase in demand for container transportation directly driven by better than expected global economic recovery, universal application of extra slow steaming in long haul, increase in cooperative trade lanes, overall shortage of containers in each trade lane, improved competitive relationships and so forth. As a result, freight rate significantly improved and remained steady for a prolonged period. The average freight rate per TEU for domestic trade lanes in Mainland China amounted to RMB1,574, representing an increase of 22.1% as compared with 2009.

For the year ended 31 December 2010, the total shipping capacity of the Group amounted to 505,872TEU, representing an increase of 0.7% as compared with 2009.

FINANCIAL REVIEW

REVENUE

The Group's revenue was increased by RMB15,068,375,000 from RMB19,740,331,000 in 2009 to RMB34,808,706,000 in 2010, representing an increase of 76.3%. The increase in revenue was primarily due to:

Increased volume of loaded cargoes

The volume of loaded cargoes in 2010 amounted to 7,208,055TEU, representing an increase of 6.9% as compared with 2009. It was primarily due to the rapid growth in China's import and export trade and the gradual improvement of external economic environment, leading to a stable increase of demand in containers.

Below is an analysis of loaded container volume by trade lanes:

Principal Markets	**2010 *(TEU)***	2009 *(TEU)*	Changes *(%)*
Pacific trade lanes	**1,422,957**	1,195,986	19%
Europe/Mediterranean trade lanes	**1,183,421**	1,050,079	12.7%
Asia Pacific trade lanes	**1,327,892**	1,320,862	0.5%
China domestic trade lanes	**3,187,152**	3,049,392	4.5%
Others	**86,633**	125,471	-31%
Total	**7,208,055**	6,741,790	6.9%

Increase in freight rate

The Group's average freight rate per TEU in 2010 amounted to RMB4,660, representing an increase of 67% as compared with 2009. Among which, the average freight rate per TEU for international trade lanes amounted to RMB7,105, representing an increase of approximately 76.4%. The increase in cargo volume driven by economic recovery in 2010, an upward adjustment of freight rate as the Company timely seized the opportunities in the market, persistent cooperation with leading shipping companies and effective control of its shipping capacity such as shipping at a low speed enabled the freight rate of Europe/America trade lanes to increase persistently over a longer period. During the year, the freight rate for single container of Europe/Mediterranean trade lanes increased significantly by 116.4% as compared with 2009, the freight rate for Pacific trade lanes increased significantly by 65.1% as compared with the corresponding period of 2009. The average freight rate per TEU for China domestic trade lanes increased by RMB285 to RMB1,574 owing to a reviving market in the Mainland China.

COST ANALYSIS

For the year ended 31 December 2010, total costs of services amounted to RMB29,792,886,000, representing an increase of 16.9% as compared with 2009. Due to the effective control of costs by the Group, costs of services per TEU amounted to RMB4,133, representing a mere increase of 9.3% as compared with 2009.

The increase in the costs of services was due to the following reasons:

- Container and cargo costs amounted to RMB11,450,918,000, representing an increase of 15.8% as compared with RMB9,889,030,000 for the same period of 2009, mainly due to the increase in the volume of loaded cargoes. The port costs amounted to RMB1,964,859,000, representing an increase of 12.7% as compared with the corresponding period of 2009 as a result of the increase in trade lanes and the number of voyages. Due to an increase in the volume of loaded cargoes for international trade lanes, the Group's stevedore charges for loaded and empty containers amounted to RMB6,818,812,000, representing an increase of 19.4% as compared with the corresponding period of 2009. Due to an increase in container capacity, charges for repositioning empty containers and rental fees of containers, the container management cost amounted to RMB2,667,247,000, representing an increase of 9.7% as compared with the corresponding period of 2009.

- Vessel and voyage costs for the year ended 31 December 2010 amounted to RMB12,782,325,000, representing an increase of 24.9% as compared with the corresponding period of 2009, mainly due to the increase in fuel costs. For the year ended 31 December 2010, fuel costs amounted to RMB7,990,518,000, representing an increase of 41.8% as compared with the corresponding period of 2009. The increase in fuel costs was mainly due to the continuous increase in international crude oil price. In 2010, the Group locked 745,000 tones of fuel which offset part of effects from the increase in oil price.

- For the year ended 31 December 2010, sub-route and other costs amounted to RMB5,559,643,000, representing an increase of 3.6% as compared with the corresponding period of 2009. The increase was mainly due to the increase in door-to-door transportation services provided by the Group, which led to an increase in the sub-route cost.

GROSS PROFIT

Due to the above reasons, the Group recorded a gross profit of RMB5,015,820,000 in 2010, up RMB10,761,101,000 as compared with 2009.

INCOME TAX EXPENSE

For the period from 1 January 2010 to 31 December 2010, the CIT rate applicable to the Company was 22%. Under the new CIT law, except for certain subsidiaries whose CIT rates will increase gradually to 25% within 5 years from 2008 to 2012, the CIT rates for other subsidiaries have been changed to 25% since 1 January 2008.

Pursuant to relevant CIT regulations, the profits derived from the Company's foreign subsidiaries shall be subject to CIT when dividends were declared by its foreign subsidiaries. The Company uses an applicable tax rate according to relevant CIT regulations to pay the tax on profits of the foreign subsidiaries.

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

For the year ended 31 December 2010, the Group's selling, administrative and general expenses were RMB840,388,000, representing an increase of 22.2% as compared with 2009. The increase was mainly due to relatively significant increase in employees' salaries and benefit expenses.

NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

Due to the above reasons, the net profit attributable to the equity holders of the Company for the year 2010 was RMB4,203,134,000, representing an increase of RMB10,692,182,000 as compared with a loss of RMB6,489,048,000 in 2009.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's principal sources of working capital are the operating cash inflow and bank borrowings. Cash is mainly used in costs of finance services, new vessels construction, purchase of containers, payment of dividends and the repayment of principal and interest for bank borrowings and finance leases.

As at 31 December 2010, the Group's total borrowings were RMB11,501,356,000. The maturity profile is spread over a period between 2010 and 2021 with RMB3,225,248,000 repayable within one year, RMB3,701,890,000 repayable within the second year, RMB2,764,767,000 repayable within the third to the fifth year, and RMB1,809,451,000 repayable after the fifth year. The Group's long-term bank borrowings are mainly used to finance the construction of vessels and ports.

As at 31 December 2010, the Group's long-term bank borrowings were secured by mortgages over certain containers, container vessels, and port and depot infrastructure with a book value of RMB2,074,524,000 (as at 31 December 2009: RMB2,254,348,000).

As at 31 December 2010, the Group's bonds payable in ten-year period amounted to RMB1,784,176,000, all proceeds from the bonds were used in the construction of vessels. The issue of bonds are guaranteed by the Bank of China, Shanghai branch.

As at 31 December 2010, the Group's RMB borrowings at fixed interest rates amounted to RMB2,315,150,000; USD borrowings at fixed interest rates amounted to RMB629,730,000 and USD borrowings at floating interest rates amounted to RMB8,556,476,000. The Group's borrowings are denominated in RMB or USD, and cash and cash equivalents are mainly denominated in these two currencies.

As at 31 December 2010, the Group's obligations under finance leases amounted to RMB550,086,000, with the maturity profile ranging from 2010 to 2017. The amount repayable within one year is RMB210,574,000; the amount repayable within the second year is RMB208,475,000; the amount repayable within the third to the fifth year is RMB116,079,000 and the amount repayable after the fifth year is RMB14,958,000. The Group's obligations under the finance leases are substantially used in the lease of new containers, while the remaining small portion is used in the construction of ports and depot infrastructure.

NET CURRENT ASSETS

As at 31 December 2010, the Group's net current assets amounted to RMB4,863,537,000. Current assets are mainly comprised of inventories of RMB883,275,000, trade and notes receivables of RMB1,791,791,000, prepayments and other receivables of RMB181,100,000 and cash and bank deposits of RMB10,648,396,000. Current liabilities are mainly comprised of trade payables of RMB4,339,287,000, accrual and other payables of RMB788,118,000, current income tax liabilities of RMB59,439,000, long-term bank borrowings due in one year of RMB2,695,432,000, short-term bank borrowings of RMB529,816,000, finance lease obligations payable in one year of RMB210,574,000 and provisions of RMB31,359,000.

CASH FLOW

For the year 2010, the Group's net cash inflow generated from operating activities was RMB5,438,384,000, denominated principally in RMB and USD, representing an increase of RMB9,172,897,000 as compared with 2009. Cash and cash equivalents balances at the end of 2010 increased by RMB3,711,688,000 as compared with the same period in 2009, mainly reflecting a greater inflow of net cash from operating activities and financing activities than the net cash outflow used in investing activities. The cash inflow from financing activities of the Group during this year is mainly from bank borrowings, the above-mentioned capital for the purposes of short-term business and purchase and construction of vessels, containers and port infrastructure. Net cash generated from operations, when not required to allocate as working capital, is principally held as short-term and demand deposit at banks.

The following table provides the information regarding the Group's cash flow for the years ended 31 December 2009 and 2010:

Unit: RMB

	2010	2009
Net cash generated from/(used in) operating activities	**5,438,384,000**	(3,734,513,000)
Net cash used in investing activities	**(1,999,449,000)**	(1,311,288,000)
Net cash generated from financing activities	**408,750,000**	296,322,000
Impact on cash due to changes in foreign exchange rates	**(135,997,000)**	(791,000)
Net increase/(decrease) in cash and cash equivalents	**3,711,688,000**	(4,750,270,000)

NET CASH GENERATED FROM OPERATING ACTIVITIES

For the year ended 31 December 2010, the net cash inflow from operating activities was RMB5,438,384,000, representing an increase of RMB9,172,897,000 from the net cash outflow of RMB3,734,513,000 in 2009. The increase in the net cash generated from operating activities of the Group was attributable to the significant increase in the Group's revenue and the operating profit margin in 2010.

NET CASH USED IN INVESTING ACTIVITIES

For the year ended 31 December 2010, net cash used in investing activities was RMB1,999,449,000, representing an increase of RMB688,161,000 from investing activities for the year 2009 of RMB1,311,288,000. The increase was mainly due to the Group's larger capital expenditure on vessels, containers and other construction in progress and capital expenditure on external investment as compared with 2009.

NET CASH GENERATED FROM FINANCING ACTIVITIES

For the year ended 31 December 2010, net cash generated from financing activities was RMB408,750,000, representing an increase of RMB112,428,000 as compared with the net cash generated from financing activities of RMB296,322,000 in 2009. In 2010, Group's bank borrowings amounted to RMB4,379,253,000, and repayment of bank borrowings amounted to RMB3,367,921,000 and repayment of principal of finance leases of RMB253,884,000.

AVERAGE TURNOVER DAYS OF TRADE AND NOTES RECEIVABLES

As at 31 December 2010, the gross balance of trade and notes receivables of the Group amounted to RMB1,867,932,000, representing an increase of RMB252,138,000 as compared with the corresponding period of 2009, and the balance of trade receivables from related parties amounted to RMB169,730,000, representing a decrease of RMB61,684,000 as compared with the corresponding period of 2009. Despite the significant increase in the Group's revenue in 2010, the Group's average debtor turnover days manifestly decrease as compared with 2009 due to the implementation of automatic fund transfer arrangements from the ship-owners accounts by the Company's management and further enhancement of credit control over the customers.

GEARING RATIO

As at 31 December 2010, the Group's gearing ratio (i.e. net debts over shareholders' equity) was 10.6%, which was lower than 24.8% in 2009. The decrease in gearing ratio was mainly due to the fact that the net cash inflow from operating activities and financing activities was more than the cash outflow used in investing activities; and the Group's profit in 2010 increased its net asset and all these factors resulted in the decrease in the gearing ratio.

FOREIGN EXCHANGE RISK AND HEDGING

Most of the revenue of the Group are settled in USD. The Group recorded a net exchange loss of approximately RMB27,822,000, which was mainly due to fluctuations of exchange rate in Euro Zone and the exchange difference which charged to shareholders' equity amounted to RMB245,347,000.

The Group will continue to watch closely the exchange rate fluctuation of RMB and major international currencies and convert net foreign cash inflow from operating activities into RMB in a timely manner so as to minimize the losses brought by foreign exchange fluctuations, and take appropriate measures where necessary to reduce its foreign exchange risk.

CAPITAL EXPENDITURE

During the year ended 31 December 2010, expenditure on the purchase of container vessels and vessels under construction amounted to RMB1,541,639,000, purchase of containers amounted to RMB347,479,000, purchase of other office equipment and vehicles amounted to RMB159,263,000 and equity investment amounted to RMB168,000,000.

CAPITAL COMMITMENTS

As at 31 December 2010, capital commitments of the Group which had been contracted but not made provisions for in relation to vessels under construction were RMB6,608,210,000; investment commitments had been approved but not contracted were RMB283,891,130. Furthermore, the operating lease commitments of the Group relating to land and buildings, and vessels and containers are RMB137,471,000 and RMB13,643,171,000, respectively.

CONTINGENT LIABILITIES

As at 31 December 2010, the Group had provisions of RMB31,359,000 for onerous contracts and legal claims.

EMPLOYEES, TRAINING AND BENEFITS

As at 31 December 2010, the Group had 4,351 employees. Total expenses were approximately RMB1,468,042,000. In addition, the Group had entered into contracts with a number of subsidiaries of China Shipping Group, pursuant to which these subsidiaries provided the Group with approximately 2,891 crew members in total who mainly worked on the Group's self-owned or bare boat chartered vessels.

Remuneration of the Group's employees includes basic salaries, other allowances and performance-based bonuses. The Group has adopted a performance-linked bonus scheme for its employees. The scheme links the employees' financial benefits with certain business performance indicators. Such indicators may include, but not limited to, the profit target of the Group.

Details of such performance-linked bonus scheme vary among the employees of the Group. The Group sets out certain performance indicators for each of its subsidiaries to achieve and formulate detailed performance-based remuneration policies according to its own circumstances.

The Group has adopted a compensation scheme on 12 October 2005 and amended the same on 20 June 2006, 26 June 2007 and 20 June 2008, which is to be satisfied by cash payments and is share-based, known as the "H Share Share Appreciation Rights Scheme" ("Rights Scheme"). The fair value change of the rights is recognised as an expense or income of the Group. Employees might in the future be entitled to the compensation in the form of cash payment, which is calculated based on the appreciation in the price of the Group's H share from the date of grant to the date of exercising the rights.

Biographies of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

MR. LI SHAODE (李紹德), AGE 60

Chairman and executive Director of the Company. He is responsible for the overall management of the Group's operations and formulation of the business strategies of the Group. Mr. Li is also currently the president and the vice Party secretary of China Shipping Group and the chairman of China Shipping Development Company Limited. He joined Shanghai Maritime Bureau in 1968 and began his career in the shipping industry. During period from 1968 to 1988, he was vice Party secretary, vice chief and chief of the labour department of the Oil Tanker Fleet of the Shanghai Maritime Bureau. From 1988 to 1995, he was the deputy director general of the Shanghai Maritime Bureau and the deputy general manager of Shanghai Shipping (Group) Company respectively. From 1995 to 1997, he was the general manager of Shanghai Shipping (Group) Company. From 1997 to 2003, he was the vice president of China Shipping Group. From 2003 to June 2006, he was the Party secretary and vice president of China Shipping Group, from June 2006 to November 2006, he was the Party secretary and president of China Shipping Group. From November 2006 till now, he is the president and vice Party secretary of China Shipping Group. Mr. Li has over 40 years of experience in the shipping industry. He graduated from Shanghai Maritime University in 1983, majoring in Sea Transportation Management. In 1997, he obtained a Master's Degree in engineering, majoring in Sea Transportation. He has been awarded "State Council's Special Contribution Allowance" since 1999. He was elected as the vice-chairman of China Ship-owners' Society in 2001. Mr. Li joined the Company in October 1997.

MR. ZHANG GUOFA (張國發), AGE 54

Vice chairman and executive Director of the Company. Mr. Zhang is also the vice president and a Party member of China Shipping Group and a director of China Shipping Development Company Limited. He began his career in the shipping industry in 1980. From 1991 to 2000, he began working in the Water Transport Department of the Ministry of Communications and has held the posts of deputy department head, department head, deputy section chief, section chief. From July 2000 to November 2001, he was an assistant to the director in the Department of the Department of Water Transport. From November 2001 to November 2004, he was the deputy director of the Water Transport Department of the Ministry of Communications. Since November 2004, he became the vice president of China Shipping Group, and the Party member of China Shipping (Group) Company since December 2005. Mr. Zhang has extensive management experience. Mr. Zhang graduated from Wuhan University in 1988, obtained a Master's degree in 1991 and a Doctorate degree in 1997. Mr. Zhang joined the Company in February 2005.

MR. HUANG XIAOWEN (黃小文), AGE 48

General Manager, executive Director and vice Party secretary of the Company. He is in charge of the overall administration of the Company. Mr. Huang started his shipping career in 1981, and was appointed as manager of Container Shipping Section of Guangzhou Ocean Shipping Company, deputy general manager and general manager of Container Transportation Department of China Ocean Shipping Company during 1981-1997, and was appointed as deputy general manager of the Company during 1997-2006. He became the executive Director since 2005 and the General Manager of the Company since January 2006. He became the vice Party secretary of the Company since January 2007. Mr. Huang specialises in container shipping industry and management, and his "bulk container shipping methodology" was granted 2002 New Product for Hong Kong maritime administration, Gold Medal in New Technology International Exhibition and Practical New Design patent by State Intellectual Property Office in 2000, and in 2002 his "multi-purpose vehicle container shipping methodology" was also granted Practical New Design patent by State Intellectual Property Office. He was awarded "Shanghai Labor Model for 2001-2003" by Shanghai Municipal People's Government and "Excellent Party Member in Shanghai for 2002-2003" by Shanghai Party Committee. Mr. Huang graduated from Qingdao Ocean Seaman Institute with a major in Vessel Piloting in 1981, and obtained an EMBA from China Europe International Business School in September 2010. He joined the Company in October 1997.

MR. ZHAO HONGZHOU (趙宏舟), AGE 43

Deputy General Manager and executive Director of the Company. Mr. Zhao assists the general manager of the Company and is responsible for the Company's production, operation and administrative work. He began his career in the shipping industry in 1993. In 1994, he took on the role of the department head of Container Shipping main office of China Ocean Shipping (Group) Company. From 1997 to 2002, he was the vice department head and department head of the executive department of China Shipping Group. Since November 2002 he became the deputy general manager of the company and the executive Director since February 2005. He accumulated a lot of experience in relation to business operation and management. Mr. Zhao graduated in 1993 from Shanghai Maritime University, majoring in transportation management and engineering, where he obtained a Master's degree in engineering. Mr. Zhao joined the Company in November 2002.

NON-EXECUTIVE DIRECTORS

MR. MA ZEHUA (馬澤華), AGE 58

Vice chairman and non-executive Director of the Company. Mr. Ma is the Party secretary and the vice president of China Shipping Group. During March 1987 to March 1993, he served as the deputy head of the Shipping Division and the deputy manager of the shipping department of China Ocean Shipping Company respectively. From March 1993 to February 1995, he was the general manager of Development Department and the assistant to president of China Ocean Shipping (Group) Company. From February 1995 to August 1997, he was the Party secretary and the president of China Ocean Shipping (Group) Company, American Branch. During December 1997 to December 1999, he served as a member of the Party committee and the deputy general manager of Guangzhou Ocean Shipping Company. From December 1999 to February 2000, he served as a member of the Party committee and the general manager of Qingdao Ocean Shipping Company. From February 2000 to November 2000, he served as the Party secretary and the general manager of Qingdao Ocean Shipping Company. From November 2000 to September 2001, he was a member of the Party committee and the general manager of Qingdao Ocean Shipping Company. From August 2001 to November 2006, he served as a member of the Party committee and the vice president of China Ocean Shipping (Group) Company. From November 2006 to present, he served as the Party secretary and the vice president of China Shipping Group. Mr. Ma has accumulated extensive experience in the shipping industry. Mr. Ma graduated from Shanghai Maritime University with a master's degree. He joined the Company in June 2007.

MR. ZHANG JIANHUA (張建華), AGE 60

Non-executive Director of the Company. He is also currently the vice president and a member of the Party committee of China Shipping Group. He began his career in the shipping industry from 1973. During the period from 1975 to 1983, he was the vice secretary and secretary of Tianjin Ocean Shipping Company. From 1985 to 1992, he was the vice Party secretary of Tianjin Ocean Shipping Company. From 1992 to 1997, he was the general manager of China Seaman Foreign Technology Services Company and Party secretary from 1993 to 1997. From 1997 to August 2000, he was the vice president and a member of the Party committee of China Shipping Group. From August 2008 to present, he is the vice president and a Party member of China Shipping Group. Mr. Zhang has accumulated over 30 years of experience in shipping transportation and crew management. He is also experienced in business management. Mr. Zhang graduated in 1985 from the Dalian Maritime University. Mr. Zhang joined the Company in October 1997.

MR. LIN JIANQING (林建清), AGE 57

Non-executive Director of the Company. Mr. Lin is also the vice president and a Party member of China Shipping Group, vice chairman of China Shipping Development Company Limited. Mr. Lin entered the Guangzhou Maritime Bureau in 1982. From 1982 to 1993, he was the ship third engineer, second engineer, first engineer, chief engineer of Guangzhou Maritime Bureau successively. From September 1993 to October 1994, he was the ship chief engineer, deputy engineering unit head, engineering unit head of Guangzhou Shipping (Group) Company successively. From October 1994 to July 1997, he was the assistant to general manager, deputy general manager of Guangzhou Shipping (Group) Company successively. From July 1997 to July 1998, he was the vice president and a Party member of China Shipping Group, and deputy general manager of Guangzhou Shipping (Group) Company. From July 1998 to August 2000, he was the vice president and a Party member of China Shipping Group. From August 2000 to April 2005, he was the vice president of China Shipping Group. From April 2005 till now, he is the vice president and a Party member of China Shipping Group. He has almost 30 years of experience in the shipping industry. Mr. Lin graduated from Dalian Maritime College in 1982, majoring in Engineering, obtained a Master's degree in 1999 at Dalian Maritime University Transportation Plan and Management Department, obtained a Doctor's degree in 2003 at South China Normal University Industry and Commerce Management Department. Mr. Lin joined the Company in February 2008.

MR. WANG DAXIONG (王大雄), AGE 50

Non-executive Director of the Company. Mr. Wang is also the vice president and Party member of China Shipping Group, a director of China Shipping Development Company Limited, chairman of China Shipping (Hainan) Haisheng Shipping/Enterprises Co., Ltd., chairman of China Shipping Group Investment Company Limited and a director of China Merchants Bank. Mr. Wang began his career in the shipping industry from 1983. From 1983 to 1995, he was the deputy department head, department head and division head of the Finance Division of the Guangzhou Maritime Bureau. From January 1996 to April 1996, he was the chief accountant of Guangzhou Shipping (Group) Company. Between April 1996 and January 1998, he was the chief accountant and head of finance department of Guangzhou Shipping (Group) Company. From 1998 to 2001, he was the chief accountant and a member of the Party committee of China Shipping Group. From 2001 to April 2005, he was the vice president of China Shipping Group, and Party member of China Shipping Group from April 2005 on. Mr. Wang has extensive experience in financial management. He served as the president of the Shanghai Transportation Accounting Association and a committee member of the Senior Accountant Assessment Committee of the MOC. Mr. Wang graduated from Shanghai Maritime University in 1983, majoring in maritime finance and accounting. Mr. Wang joined the Company in February 2004.

MR. XU HUI (徐輝), AGE 48

Non-executive Director of the Company, general manager of Shanghai Shipping (Group) Company. He began his career in the shipping industry in 1982. Between December 1990 and January 1996, Mr. Xu held the post of chief engineer of Shanghai Maritime Bureau Oil Tanker Company. Between January 1996 and December 1996, Mr. Xu held the posts of assistant to general manager and guidance chief director of Shanghai Maritime Bureau Oil Tanker Company. From December 1996 to October 1997, he was the vice manager of the technical department of Shanghai Haixing Shipping Company. Between October 1997 and January 1998, Mr. Xu held the post of manager of the technical department of Shanghai Shipping (Group) Company. Between January 1998 and June 2002, Mr. Xu held the post of deputy general manager of both Shanghai Shipping (Group) Company and China Shipping Development Co., Ltd Tanker Company. Between June 2002 and March 2005, Mr. Xu held the post of deputy general manager of Shanghai Shipping (Group) Company. From March 2005 to January 2009, he was the general manager and Party secretary of Shanghai Shipping (Group) Company. From January 2009 till now, he is the general manager of Shanghai Shipping (Group) Company. Mr. Xu graduated from Jimei University in 1982, majoring in engineering. Mr. Xu joined the Company in October 2005.

MR. YAN ZHICHONG (嚴志沖), AGE 53

Non-executive Director of the Company, the general manager of China Shipping Development Company Limited, a director of China Shipping Haisheng Co., Ltd. and the chairman of Guangzhou Maritime Transport (Group) Co., Ltd.. Mr. Yan started his shipping career in 1978. From August 1996 to July 2001, he was the general manager of Guangzhou Branch of China Shipping Development Co., Ltd Tanker Company. From July 2001 to March 2003, he was the department head of transport department of China Shipping Group. From March 2003 to November 2004, he was the vice president of China Shipping (Hong Kong) Holdings Co., Ltd.. From November 2004 to January 2007, he was the general manager of China Shipping International Ship Management Co., Ltd.. From January 2007 to January 2011, he was the general manager of Guangzhou Shipping (Group) Company. He is also the chairman of Guangzhou Shipping (Group) Company from August 2007 to the present. From October 2007 to January 2011, he was a supervisor of China Shipping Development Company Limited. He is the general manager of China Shipping Development Company Limited from January 2011 till now. Mr. Yan graduated from Dalian Maritime University, majoring in Maritime Vessel Piloting and obtained the Bachelor’s degree in engineering in 1982. Mr. Yan joined the Company in August 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. SHEN KANGCHEN (沈康辰), AGE 70

Independent non-executive Director of the Company. Mr. Shen was principal of Shanghai Maritime University. He graduated from East China Institute of Water Conservation with undergraduate student experience in water lane and port, and obtained his graduate degree in engineering mechanics from September 1957 to April 1968. He was previously an instructor, lecturer and associate professor, successively in Chongqing Jiaotong University and Institute of Architecture and Engineering from September 1966 to December 1979, and a visiting scholar to Carnegie Mellon University and University of Florida respectively from August 1981 to August 1983. He served as the vice president of Chongqing Jiaotong University from August 1983 to January 1985, and a professor, the Secretary of the CPC Committee and the dean of faculty of Shanghai Maritime University during February 1985 to February 1988. During March 1988 to November 1991, he was a professor and the vice president of Shanghai Maritime University. From December 1991 to April 1999, he was a professor and the president of Shanghai Maritime University. He has been invited to act as a visiting scholar of New Jersey Industry College from August 1997 to January 1998. He was the head of Network Computing Institute of Shanghai Maritime University from May 1999 to July 2002. From 2004 to December 2008, he was the chief engineer of Shanghai Branch of CABR Technology Co., Ltd.. Mr. Shen joined the Company in June 2007.

MR. JIM POON (盤占元), AGE 71

Independent non-executive Director of the Company. Mr. Jim Poon was the senior head and the managing director for Orient Overseas Container Line ("OOCL") based in New York, London and Hong Kong, respectively over his entire shipping career life. He served the Board of Directors of OOCL and it's subsidiaries for several terms and was involved in international commerce activities. During his tenure in Europe from 1994 to 1998, he was appointed by the EU Competition Commission (DG IV, or Directorate 4) as member of the "Wiseman" Committee. This committee of five members had the mandates to serve and advise the directorate on general competition policies involving the container shipping/maritime industry, pan-European Union. He retired from OOCL in 2001. After retirement, Mr. Poon was appointed by the Hong Kong SAR government, respectively, as member of the "Hong Kong Maritime Board", the "Logistics Council", the "Port Development Council", and the "Maritime Industry Council". He served these various roles successively ranging from four to six years until 2006. Mr. Poon also was elected, successively for three terms, from 2000 until 2005, the chairman of the Hong Kong Liner Shipping Association. Mr. Poon has more than 30 years of experience in the shipping industry. Mr. Jim Poon (also known as Pan Zhanyuan) joined the Company in June 2007.

Biographies of Directors, Supervisors and Senior Management

MR. SHEN ZHONGYING (沈重英), AGE 66

Independent non-executive Director of the Company. Mr. Shen graduated from Shanghai Industrial College. From June 1972 to December 1982, he was the deputy director of the smelting workshop of Xian Iron and Steel Factory. From December 1982 to December 1985, he was the Party secretary of Shaanxi Computing Center (陝西省計算中心) and the deputy director of Shaanxi Planning Committee from December 1985 to December 1990. He served as chairman of Hong Kong Li Shan Company Limited from December 1990 to May 1994, the deputy director of Shanghai Planned Economy Research Institution from June 1994 to February 1996, the deputy office manager and office manager of Shanghai Supervision Management Office of Securities and Future from February 1996 to October 1998, the Party secretary of the CPC Committee and the head of CSRC Shanghai Securities Management Office and the chief of CSRC Shanghai Inspection Bureau from October 1998 to June 2003. During July 2003 to August 2006, he was a non-member governor of Shanghai Stock Exchange and the Head of the Shanghai Stock Exchange Member Management Committee. From March 2003 to January 2008, he was a member of the No.12 Standing Committee of the Shanghai Municipal People's Congress. Mr. Shen joined the Company in October 2007.

MR. WU DAQI (吳大器), AGE 56

Independent non-executive Director of the Company. Mr. Wu graduated from department of accounting of Shanghai College of Finance and Economics in 1983, and is a Chinese Certified Public Accountant. From July 1983 to December 1985, he was an assistant lecturer of the Department of Accounting and Law of the Faculty of Liberal Arts of Shanghai University. From December 1985 to May 1991, he was an assistant lecturer and a lecturer of the Department of Management of Shanghai University of Electric Power. From May 1991 to October 1993, he was the deputy head of the Department of Management of Shanghai University of Electric Power. From October 1993 to December 1995, he was the deputy head of the Department of Electric Power of Shanghai University of Electric Power. From December 1995 to January 1997, he was the head of the Department of Electric Power of Shanghai University of Electric Power. From January 1997 to February 1997, he was the head of the Department of Management of Shanghai University of Electric Power. From March 1997 to May 2004, he was the vice president of Shanghai University of Electric Power. From May 2004, he is the vice president of Shanghai Finance University. Mr. Wu Daqi is currently a member of the Financial Expert Committee of Accounting Society of China, the vice president of Shanghai Financial Legal Seminar, a special auditor of Shanghai, a director of Shanghai Accounting Society, the vice chairman of Shanghai Universities Accounting Teaching Committee and a director of China Electrical Enterprise Management Association. He joined the Company in December 2009.

MS. ZHANG NAN (張楠), AGED 62

Independent non-executive Director of the Company. Ms. Zhang, graduated from the Party School of the CPC Central Committee with a major in economic management and the Chinese Academy of Social Sciences with a major in economic law and is an senior economist. From March 1969 to August 1975, she was a worker, the deputy secretary and secretary of the Communist Youth League, and the deputy director of political office in the Second Chemical Factory of Beijing Yanhua Corporation. From August 1975 to December 1978, she was the director of office of political department of Beijing Yanhua Corporation. From December 1978 to November 1983, she was the deputy director of office of Beijing Electronics & Instrument Industrial Bureau Device Company. From November 1983 to March 1988, she was the deputy director of professional department on electronic devices and deputy director of office of Beijing Computer Industry Corporation. From March 1988 to July 1992, she was the deputy director of audit and compliance division of Beijing Electronic Industry Office. From July 1992 to June 1993, she was the deputy director of research office of State Council Production Office and State Council Economics and Trade Office. From June 1993 to March 2003, she was the director of division of economic law and regulations, the deputy director of economic research center, the deputy director of the enterprise supervision bureau, and the director of economics officer training center of State Economic and Trade Commission. From March 2003 to June 2009, she was the director of economics officer training center and a supervisor (bureau class) of the supervisory board for large state-owned enterprises of State-owned Assets Supervision and Administration Commission. Ms. Zhang is currently the deputy director of the Management Modernisation Working Committee of China Association of Enterprises, a part-time professor of the law school of Hunan University, a researcher of China Center for Comparative Politics and Economics and a special invited member of scientific management committee and enterprise risk management specialist committee of Sinohydro Corporation. Ms. Zhang joined the Company in June 2010.

SUPERVISORS

MR. CHEN DECHENG (陳德誠), AGE 61

Chairman of Supervisory Committee. He started his shipping career from October 1968. Between 1984 and 1992 he was vice director, then director of Party Committee Office of Shanghai Shipping Bureau. Between 1992 and 1995 he held the posts of managing deputy general manager and Party secretary of Shanghai Shipping (Group) Industrial Company. Between 1995 and 1998 he was Chairman of Trade Union and a Party member of Shanghai Shipping (Group) Company. From March 1998 to August 2000 he was chairman of Trade Union and a Party member of China Shipping Group. From August 2000 to November 2010 he held the post of Chairman of Trade Union of China Shipping Group. From February 2001 to May 2010, he was a Party member of China Shipping Group. He was an executive member of the 13th and 14th session of All China Federation of Trade Unions. Mr. Chen studied in Cadre Education Class, Chinese Department, East China Normal University majoring in secretarial business during September 1982 to August 1984, and started his on-the-job study in East China University of Science and Technology majoring in administrative management during September 1997 to July 2000. He joined the Company in August 2006.

MR. KOU LAIQI (寇來起), AGE 60

Supervisor of the Company, member of Party Committee, leader of the Party Disciplinary Group of China Shipping Group, and the chairman of supervisory committee of China Shipping Development Company Limited. Mr. Kou was the deputy head of the Organizing Department and the officer of the Human Resources Department of Shanghai Marine Bureau, head of the Organization Department of China Shipping Group. From December 1997 to August 2000, Mr. Kou was the secretary to the disciplinary committee and a member of Party Committee of China Shipping Group. Since August 2000, Mr. Kou has been a Party member and the leader of the Party Disciplinary Group of China Shipping Group with extensive experience in management of shipping enterprises. Mr. Kou graduated from Correspondence College of the Party School of the Communist Party of China, majoring in Economic Management in 2001 and joined the Company in June 2008.

MR. YAO GUOJIAN (姚國建), AGE 57

Supervisor of the Company. He is also the vice Party secretary and secretary of the Disciplinary Committee of the Company. He started his shipping career in 1977. During April 1978 to September 1985, he was the deputy head of workshop, vice Party secretary and head of the administration section of Lifeng Ship Factory under Shanghai Marine Bureau. During September 1987 to October 1994, he served as the chief steward, the head of supervisory section and the head of administration section of Shanghai Marine Bureau. From October 1994 to July 1997, he acted as the supervisor of disciplinary examination committee of Shanghai Marine Shipping (Group) Company, the secretary of disciplinary committee of vessel company No. 2 under Shanghai Marine Shipping (Group) Company, the secretary to disciplinary committee and the chairman of Trade Union of Container Branch Company under Shanghai Hai Xing Shipping Co., Ltd.. From July 1997 to March 2002, he was the deputy head of supervision & auditing division of China Shipping Group and the vice Party secretary and secretary to the disciplinary committee of China Shipping Group. Between March 2002 and January 2003, he was a member of the Party committee, secretary to the disciplinary committee and chairman of the Labour Union of China Shipping Logistics Co., Ltd.. He has accumulated extensive experience in management. Mr. Yao Guojian, graduated from East China Normal University in administrative management from September 1985 to September 1987. He joined the Company in January 2003.

MR. WANG XIUPING (王修平), AGE 47

Supervisor of the Company and General Manager of the stowage center of the Company. He is a senior economist and a senior engineer. Mr. Wang joined the Shanghai Maritime Bureau in 1982, and between 1990 and 1998, he was the third officer, the second officer and the chief officer of ocean shipping vessels. Between 2000 and 2003, he has been the deputy unit head, the unit head, assistant manager and executive assistant manager of the stowage center of the Company. From January 2004 to January 2011, he was the general manager of the Enterprise Strategic Planning Division of the Company and the general manager of the stewage center of the Company since February 2011. Mr. Wang has over 20 years of experience in shipping industry. He graduated from Shanghai Maritime Staff University in 1990, majoring in vessel piloting and graduated from China Central Radio and TV University and Dongbei University of Financial & Economics in 2006, majoring in business administration. He obtained an EMBA from Fudan University in June 2009. Mr. Wang was awarded the Golden Anchor Award in 2002 by the National Committee of the China Seamen's Union. Mr. Wang joined the Company in January 1999.

MR. HUA MIN (華民), AGE 60

Supervisor of the Company. Mr. Hua earned a Bachelor's degree in economics from Fudan University in 1982 and a Ph.D. in Global Economy from Fudan University in 1993. Prior to his education at Fudan University, Mr. Hua served in the People's Liberation Army Air Force and as a cadre at a Shanghai factory. Between 1982 and 1990, Mr. Hua was a lecturer at East China Normal University. Mr. Hua studied for his Ph.D. at Fudan University between 1990 and 1993. From 1993 to 2000, Mr. Hua was assistant professor, professor at the Fudan University Global Economy Department and promoted to department head successively. From 2000 to October 2009, Mr. Hua joined Fudan University as dean of the Department of Global Economy and principal of Global Economic Research Institute. He is the principal of Fudan University Global Economic Research Institute from October 2009. Mr. Hua joined the Company in March 2004.

MS. PAN YINGLI (潘英麗), AGE 55

Supervisor of the Company. Ms. Pan is a professor at Shanghai Communications University Antai Economics & Administration College, engaging in teaching and researching of finance and macro economy. Ms. Pan studied at East China Normal University since the Spring of 1978, got Bachelor and Master degree, and began teaching at the Economic Department in 1984. In 1991, she was promoted to deputy professor. Ms. Pan obtained a Doctor's degree in Economics in 1992 and in 1994, she became a professional professor. In November 2005, she moved to Shanghai Communications University. Ms. Pan joined the Company in March 2004.

COMPANY SECRETARY

MR. YE YUMANG (葉宇芒), AGE 45

Company Secretary of the Company and General Manager of the Directorate Secretary Office of the Company, a senior economist. From 1989 to 1996, he engaged in vessel technique and administrative matters in Shanghai Shipping (Group) Company. From May 1995 to August 1995, Mr. Ye was the assistant company secretary of China Shipping Development Company Limited. From August 1995 to April 2000, he was the joint company secretary of China Shipping Development Company Limited. From April 2001 to March 2003, he was the company secretary for China Shipping Development Company Limited. Mr. Ye graduated from Shanghai Maritime University in 1989, with a Master's degree in mechanical engineering. In March 2007, Mr. Ye got his master's degree in EMBA from the Shanghai Finance & Economy University. Mr. Ye became a fellow of the Hong Kong Institute of Chartered Secretaries in November 2008. Mr. Ye joined the Company in November 2002.

SENIOR MANAGEMENT

MR. HUANG XINMING (黃新明), AGE 57

Party secretary and deputy general manager of the Company, a senior engineer. He began his career in the shipping industry in 1971. From July 1985 to October 1993, he was deputy section chief and section chief of Shanghai Bureau of Maritime Transportation Administration. From October 1993 to December 1995, he was general manager of organisation division and general manager of the human resources division of Shanghai Maritime Transport (Group) Company. From December 1995 to December 1998, he was deputy general manager of Shanghai Maritime Transport (Group) Company, general manager and Party secretary of China Shipping Agency Company Limited. From December 1998 to January 2000, he was general manager of China Shipping Agency Company Limited. From January 2000 to November 2004, he was assistant to the president of China Shipping Group, general manager and deputy Party secretary of China Shipping Logistics Co., Ltd.. Mr. Huang has accumulated experience in management. Mr. Huang graduated from the post-graduate class of East China Normal University in January 1997, majoring in global economics and obtained a Master's degree in business administration from Australia International Public University in October 1999. Mr. Huang joined the Company in December 2004.

MR LI ZHIGANG (李志剛), AGE 46

Deputy General Manager of the Company. Mr. Li assists General Manager of the Company and is responsible for the production and operation of the Company. Mr. Li started his career in the shipping industry in 1987. From 1987 to 1997, he held the posts of marine navigator of Shanghai Xinhai Shipping Company Limited, and captain of Thailand Shengtai Haiyun Company Limited. From October 1997 to January 2000, he was appointed as a department manager of Shanghai Office of China Department of Rich Shipping Co., Ltd.. From January 2001 to December 2003, he held the posts of general manager and deputy general manager (wording level leader) of Shanghai Puhai, a subsidiary of the Company. From January 2004 to January 2006, he was appointed as general manager of Shanghai Puhai. From January 2006 to December 2009, he served as director and general manager of Shanghai Puhai. From June 2009 to now, he serred as deputy general manager of the Company, and gained extensive experiences in operation and management. Mr. Li graduated from the department of navigation of Shanghai Maritime College majoring in navigation in July 1987, and obtained MBA degree from Shanghai Maritime University in July 2004. He joined the Company in June 2009.

MR. FENG XINGGUO (馮幸國), AGE 53

Deputy General Manager of the Company. Mr. Feng assists the General Manager of the Company and is responsible for the security and technology work of the Company. Mr. Feng joined the Shanghai Maritime Bureau in 1975. From 1981 to 1996, he subsequently served as the third officer, the second officer and the chief officer of Shanghai Maritime Bureau; the captain, captain supervisor, assistant to general manager and deputy general manager of vessel company No. 2 under Shanghai Haixing Shipping Company. Mr. Feng was the deputy general manager of Container Branch Company under Shanghai Hai Xing Shipping Co., Ltd. from November 1996 to September 1997; general manager of security and technology department of the Company from September 1997 to January 2007; the assistant to the general manager of the vessel administration center and the general manager of the security and technology department of the Company from January 2007 to August 2007; the deputy general manager of vessel administration center and general manager of crew management department of the Company from August 2007 to February 2009; the chief captain, deputy general manager of vessel administration center of the Company from February 2009 to January 2010. From 2010 till now, he is the deputy general manager, a member of the Party committee and chief captain of the Company. Mr. Feng has accumulated extensive experience in security and technology management. Mr. Feng graduated from Shanghai Maritime Staff University in August 1981, majoring in vessel piloting. He joined the Company in September 1997.

MR. ZHAO XIAOMING (趙小明), AGE 55

Chief Accountant of the Company. Mr. Zhao generally assists the General Manager and is responsible for accounting management and supervision. Mr. Zhao started his shipping career in 1983, he worked in finance section of Shanghai Shipping Bureau during 1983-1993. From 1993 to 1996 he was deputy head of the finance section. From January 1997 to January 1998 he was section head of finance division of Shang Haixing Shipping Company Limited. During January 1998 to July 1999 he was deputy head of Finance Department of China Shipping Group. He held the posts of vice CFO and CFO of CSCL during July 1999 to January 2003, and CFO of CSHK and China Shipping Container Lines (Hong Kong) Forwarding Limited, chief accountant of China Shipping (Hong Kong) Holdings Limited, general manager of finance department and director of Hong Kong Settlement Center, China Shipping Group Settlement Center during 2003-2006. He accumulated rich experience in finance management and supervision. Mr. Zhao graduated from Shanghai Maritime University majoring in finance/accounting in 1983, and got his Master's degree in monetary/banking from Shanghai Finance & Economy University in June 1996 with the title of senior accountant. Mr. Zhao joined the Company in July 1999.

Report of the Directors

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Group are owning, chartering and operating container vessels for the provision of international and domestic container marine transportation services and operating container terminal. The principal activities of the subsidiaries are set out in Note 40 to the consolidated financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 5 to the consolidated financial statements.

RESULTS

The results of the Group for the year are set out in the consolidated income statement on page 70 of this annual report.

DIVIDENDS

No profit will be distributed for the year 2010 and none of the capital accumulation fund will be converted into additional share capital. The distributable profit for the year is retained for distribution in future and is subject to approval at the annual general meeting.

RESERVES

Movement of the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on pages 72 and 73 of this annual report and Note 19 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in Note 6 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 18 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

In accordance with the PRC Company Law, the Company may only distribute dividends out of its distributable profits (i.e. the Company's profit after income tax after offsetting: (i) the accumulated losses brought forward from the previous years; and (ii) the allocations to the statutory surplus reserve and, if any, the discretionary common reserve (in such order of priorities) before payment of any dividend on shares).

According to the Company's articles of association, for the purpose of determining profit distribution, the profit distribution of the Company is the lesser of its profit after income tax determined in accordance with: (i) the PRC accounting standard and regulations; and (ii) accounting principles generally accepted in Hong Kong.

As at 31 December 2010, distributable reserves of the Company, calculated based on the above principles, amounted to approximately RMB638,014,000, which is prepared in accordance with the PRC accounting standard and regulations.

PRE-EMPTIVE RIGHTS

Under the articles of association of the Company and the laws of the PRC, no pre-emptive rights exist which require the Company to offer new shares to its existing shareholders in proportion to their shareholdings.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 164.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2010, the Group has not purchased, sold or redeemed any of the Company's listed securities.

H SHARE SHARE APPRECIATION RIGHTS SCHEME

In accordance with the "Resolution Regarding Adoption and Approval of the H Share Share Appreciation Rights Scheme and Implementation Methods" passed at the Company's second extraordinary general meeting held on 12 October 2005, the Company implemented the Scheme as appropriate incentive policy.

In accordance with the Scheme and its amendments dated 20 June 2006, 26 June 2007 and 26 June 2008, the eligible grantees are: the Directors (other than independent non-executive Directors), the Supervisors of the Company (the "Supervisors") (other than independent Supervisors), the senior management of the Company, the head in charge of department of each of the operational and management departments of the Company and the general managers and deputy general managers of the Company's subsidiaries.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors who held office during the year and up to the date of this annual report are:

EXECUTIVE DIRECTORS:

Mr. Li Shaode
Mr. Zhang Guofa
Mr. Huang Xiaowen
Mr. Zhao Hongzhou

NON-EXECUTIVE DIRECTORS:

Mr. Ma Zehua
Mr. Zhang Jianhua
Mr. Lin Jianqing
Mr. Wang Daxiong
Mr. Xu Hui
Mr. Yan Zhichong

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Shen Kangchen
Mr. Jim Poon *(also known as Pan Zhanyuan)*
Mr. Shen Zhongying
Mr. Wu Daqi
Mr. Zhang Nan

SUPERVISORS:

Mr. Chen Decheng
Mr. Kou Laiqi
Mr. Yao Guojian
Mr. Wang Xiuping
Mr. Hua Min
Ms. Pan Yingli

According to the articles of association of the Company, the term of service of the Directors and Supervisors shall be 3 years.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors of the Board and the Supervisory Committee for this term has a service contract with the Company until the conclusion of the annual general meeting for the year 2012, i.e. in or around June 2013.

The Company did not enter into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) with any Director or Supervisor.

DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACTS

No contracts of significance (as defined in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")), in which a Director or a Supervisor is or was materially interested, directly or indirectly, subsisted during the year or at the end of the year.

Saved as disclosed in the report of the directors (including but not limited to the continuing connected transactions stated below), no contracts of significance in which the Company or any of its subsidiary and its controlling shareholders (as defined in Appendix 16 to the Listing Rules) or a subsidiary of its controlling shareholders was a party, subsisted during the year or at the end of the year.

No contracts of significance in relation to the service provided by controlling shareholders or their subsidiaries to the Company or its subsidiaries, subsisted during the year or at the end of the year.

None of or no contracts of the Company in which the Company, its subsidiary, its holding company or a subsidiary of its holding company was a party and in which a Director or a Supervisor is or was interested in any way at any time during the year, directly or indirectly (provided that in any one of such cases, a Director or a Supervisor is of the opinion that any such contract is significantly related to the Company's business and in which such Director or Supervisor is or was materially interested), subsisted at any time during the year or at the end of the year. Any contract referred to above excludes a service contract with a Director or a Supervisor, or a contract between the Company with another corporate, and in which such Director or Supervisor is or was interested merely by means of his/her directorship or supervisorship in that corporate.

None of a Director or a Supervisor is interested in any way, which is material, directly or indirectly, in a contract or proposed contract with the Company.

No arrangements to which the Company, its subsidiary, its holding company or a subsidiary of its holding company is or was a party, and the purposes or one of the purposes of which are or is to enable the Directors or Supervisors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate subsisted at any time during the year or at the end of the year.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors, Supervisors and senior management of the Company are set out on pages 22 to 33 of this annual report.

Each of Li Shaode, Ma Zehua, Zhang Jianhua, Lin Jianqing, Wang Daxiong and Zhang Guofa was as at 31 December 2010 the president, a vice-president, a vice-president, a vice-president, a vice-president and a vice-president respectively of China Shipping Group, which was a company having, as at 31 December 2010, an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO").

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No arrangements to which the Company, its subsidiary, its holding company or a subsidiary of its holding company is or was a party to enable the Directors, Supervisors or chief executives of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate subsisted at the end of the year or at any time during the year.

DIRECTORS', SUPERVISORS' INTERESTS IN SHARES

According to the Scheme adopted on 12 October 2005 and amended on 20 June 2006, 26 June 2007 and 26 June 2008, 10 Directors and 4 Supervisors were granted the Rights in H shares under the Scheme. Details of the Scheme were set out in the Company's circular to shareholders dated 26 August 2005 and the amended Scheme was produced to the annual general meetings of the Company held on 20 June 2006, 26 June 2007 and 26 June 2008.

As at 31 December 2010, the Directors, Supervisors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or 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 are 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 kept by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as follows:

NAME	Number of Underlying H shares	Capacity	Percentage in total H share capital
Directors:			
Li Shaode	3,382,100	Beneficial owner	0.090% (Long position)
Zhang Guofa	2,218,050	Beneficial owner	0.059% (Long position)
Huang Xiaowen	3,334,050	Beneficial owner	0.089% (Long position)
Zhao Hongzhou	2,604,000	Beneficial owner	0.069% (Long position)
Ma Zehua	1,520,550	Beneficial owner	0.041% (Long position)
Zhang Jianhua	1,240,000	Beneficial owner	0.033% (Long position)
Lin Jianqing	525,450	Beneficial owner	0.014% (Long position)
Wang Daxiong	1,240,000	Beneficial owner	0.033% (Long position)
Xu Hui	1,085,000	Beneficial owner	0.029% (Long position)
Yan Zhichong	348,750	Beneficial owner	0.009% (Long position)
Supervisors:			
Chen Decheng	948,600	Beneficial owner	0.025% (Long position)
Kou Laiqi	156,550	Beneficial owner	0.004% (Long position)
Yao Guojian	2,480,000	Beneficial owner	0.066% (Long position)
Wang Xiuping	1,395,000	Beneficial owner	0.037% (Long position)

Note:

1. Disclosed above are interests in H shares of the Company held by the Directors and Supervisors of the Company according to the Rights in H shares granted under the Scheme.

2. Saved as disclosed above, as at 31 December 2010, none of the Directors, Supervisors or chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or 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 are 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 kept by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2010, so far as was known to the Directors, Supervisors or chief executives of the Company, shareholders (other than Directors, Supervisors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or interests or short positions which were required to be recorded in the register pursuant to section 336 of the SFO were as follows:

Name of Shareholder	Class of shares	Name of shares/ underlying shares held	Capacity	Percentage in the relevant class of share capital	Percentage in total share capital
China Shipping (Group) Company	A	5,361,837,500 (Long position)	Beneficial owner	67.60%	45.89%
Blackrock, Inc.	H	198,497,582 (Long position)	Interests of a controlled corporation	5.29%	1.70%
		9,966,689 (Short position)	Interests of a controlled corporation	0.27%	0.09%
JP Morgan Chase & Co	H	15,708,284 (Long position)	Beneficial owner	0.42%	0.13%
		3,479,440 (Short position)	Beneficial owner	0.09%	0.03%
		130,250,000 (Long position)	Investment manager	3.47%	1.11%
		144,364,200 (Long position)	Custodian	3.85%	1.24%
Credit Suisse Group AG	H	184,974,799 (Long position)	Interests of a controlled corporation	4.93%	1.58%
		199,169,420 (Short position)	Interests of a controlled corporation	5.31%	1.70%

Save as disclosed above, as at 31 December 2010, so far as was known to the Directors, Supervisors or chief executives of the Company, no person (other than Directors, Supervisors or chief executives) had any interest or short position in any shares of the Company or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO nor any shareholders (other than Directors, Supervisors or chief executives) had any interest or short positions which were required to be recorded in the register kept by the Company pursuant to section 336 of the SFO.

DIRECTOR OR EMPLOYEE OF THE SUBSTANTIAL SHAREHOLDERS

Certain Directors and Supervisors of the Company are the director or employee of the China Shipping Group, and China Shipping Group have interests in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information that is within the knowledge of the Company and also known to the Directors, as at the date of this annual report, there was sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

MANAGEMENT CONTRACTS

No contracts were entered into and subsisted (other than the service contracts with any Directors or Supervisors or any of the full-time staff of the Company), and pursuant to which, the management and administration of the whole or any substantial part of the business of the Company were undertaken by any individuals, firms or body corporates.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased in the aggregate less than 30% of its goods and services from its 5 largest suppliers and sold in the aggregate less than 30% of its goods and services to its 5 largest customers.

For the year ended 31 December 2010, none of the Directors, Supervisors, their respective associates or any Shareholder (who to the knowledge of the Board owns more than 5% of the share capital of the Company) had any interest in the 5 largest customers or the 5 largest suppliers of the Group.

CONTINUING CONNECTED TRANSACTIONS

The Stock Exchange granted a waiver (the "Waiver") to the Company for a period of three years ended on 31 December 2006 in connection with certain continuing connected transactions. The Waiver has been revised and approved at the general meeting of the Company held on 10 April 2007 and the extraordinary general meetings held on 6 August 2008 and 15 December 2009. (Details of the revisions were set out in the Company's announcement dated 24 January 2007, circular dated 16 February 2007, announcement dated 10 April 2007, announcement dated 2 June 2008, circular dated 20 June 2008, announcement dated 6 August 2008, announcement dated 8 October 2009, circular dated 29 October 2009, announcement dated 15 December 2009 and announcement dated 16 December 2010).

The following tables set out the relevant annual caps approved by the Stock Exchange and subsequently revised and approved at the aforesaid shareholder's meeting and the actual annual figures for the year ended 31 December 2010 in relation to those continuing connected transactions. Terms used in the following tables shall have the same meanings as defined in the Company's Prospectus and announcement dated 24 January 2007.

CONTINUING CONNECTED TRANSACTIONS

No.	Particulars of transaction	Nature of transaction	Transaction amount for the year ended 31 December 2010 RMB'000	Annual cap amount for the year ended 31 December 2010 RMB'000
(A)	**Revenue from connected transactions**			
1	Master Liner Services Agreement in respect of services provided by the Group	Revenue from liner services	473,997	665,800
(B)	**Cost of connected transactions**			
2	Master Supply Agreement in respect of products etc. provided to the Group	Supply of fresh water, vessel fuel, lubricants, spare parts and other materials	1,474,367	1,711,200
3	First Master Liner and Cargo Agency Agreement in respect of services provided to the Group	Cargo and liner agency services	545,319	704,860
4	First Master Container Management Agreement in respect of services provided to the Group; and	Container management services	111,637	140,740
5	(i) First Master Loading and Unloading Agreement and (ii) Second Master Loading and Unloading Agreement in respect of services provided to the Group	Loading and unloading services	483,778	702,450
6	Original Master Provision of Containers Agreement in respect of containers leased to the Group	Lease of containers	301,536	420,090
7	Original Master Provision of Containers Agreement in respect of containers sold to the Group	Manufacture of containers	336,434	984,860

No.	Particulars of transaction	Nature of transaction	Transaction amount for the year ended 31 December 2010 RMB'000	Annual cap amount for the year ended 31 December 2010 RMB'000
8	Master Provision of Chassis Agreement in respect of container chassis provided to the Group	Provision of container chassis	25,705	28,350
9	Master Ship Repair Services Agreement in respect of ship repair services provided to the Group	Ship repair services	52,875	95,610
10	Master Provision of Crew Members Agreement in respect of crew members provided to the Group	Provision of crew members	27,553	36,240
11	First Master IT Service Agreement in respect of products and services provided to the Group	Telecommunication	62,429	70,600
(C)	**Connected transactions for financial services**			
12	Financial Service Framework Agreement in respect of maximum daily outstanding balance of deposits (including accrued interest and handling fee) placed by the Group	Deposit services	4,005,117	5,000,000
13	Financial Service Framework Agreement in respect of maximum daily outstanding balance of loans (including accrued interest and handling fee) granted to the Group	Loan services	80,000	1,500,000

For further details regarding the above continuing connected transactions, please refer to Note 39 to the consolidated financial statements.

The independent non-executive Directors of the Company, Ms. Zhang Nan, Mr. Jim Poon, Mr. Wu Daqi, Mr. Shen Kangchen and Mr. Shen Zhongying have reviewed the above continuing connected transactions and confirm that these transactions have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether the above continuing connected transactions are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(3) in accordance with the relevant agreement of the above continuing connected transactions governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole.

For the purpose of Rule 14A.38 of the Listing Rules, PricewaterhouseCoopers, the international auditor of the Company, has confirmed to the Company regarding the continuing connected transactions disclosed above that nothing has come to the auditor's attention that causes them to believe that:

1. the disclosed continuing connected transactions have not been approved by the Company's board of directors;

2. the transactions were not, in all material respects, in accordance with the pricing policies of the Company;

3. the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

4. the disclosed continuing connected transactions have exceeded the maximum aggregate annual cap amount disclosed in the previous announcements dated 8 October 2009 and 16 December 2010 made by the Company in respect of each of the disclosed continuing connected transactions.

The Company confirmed that it has disclosed the details of the continuing connected transactions mentioned above pursuant to the disclosure requirements of Chapter 14A of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has made an annual confirmation of his independence pursuant to the Listing Rules. The Company is of the view that all the independent non-executive Directors had been in compliance with the requirements of guidelines regarding independence as set out in the Listing Rules and are independent in accordance with the provisions of the guidelines.

PENSION SCHEME

Details of the Group's pension scheme for the year ended 31 December 2010 are set out in Note 2.21(a) to the consolidated financial statements.

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2010, the Group had not placed any designated deposits with any financial institution in the PRC, nor had it failed to collect any time deposits upon maturity during the year.

TAX RELIEF AND EXEMPTION

The Company is not aware that holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES (THE "CG CODE")

Please refer to the Corporate Governance Report on pages 46 to 61 for details.

AUDIT COMMITTEE

Details of the Company's Audit Committee are set out in the Corporate Governance Report on pages 46 to 61.

AUDITORS

The financial statements set out in this annual report have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

CHARITY DONATIONS

The Company and its subsidiaries made donations amounting to RMB2,765,000.

On behalf of the Board

Li Shaode
Chairman

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

Corporate Governance Report

The Board has reviewed the corporate governance documents it has adopted and is of the view that such documents have incorporated the principles and code provisions of the CG Code as set out in Appendix 14 to the Listing Rules.

The Company confirms that, except for Rule A.1.1 of the CG Code as set out in Appendix 14 to the Listing Rules on The Stock Exchange, the Company has been in compliance with all other code provisions of the CG Code set out in Appendix 14 to the Listing Rules. The Company failed Rule A.1.1 of the CG Code as the Company incurred significant losses during the year ended 31 December 2009, and Directors traveled frequently and were unable to attend in personal or via telephone the meetings of the Board due to jet lag that only two of eight meetings of the Board were regularly convened by the Company during the year ended 31 December 2010.

A. BOARD OF DIRECTORS

1. (1) COMPOSITION OF THE SECOND SESSION OF THE BOARD

As approved by the annual general meeting for the year 2006, the second session of the Board consists of four executive Directors, five non-executive Directors and four independent non-executive Directors. As approved by the second extraordinary general meeting for the year 2007, Mr. Shen Zhongying was also appointed as an independent non-executive Director for the second session of the Board. As approved by the first extraordinary general meeting for the year 2008, Mr. Lin Jianqing was appointed as a non-executive Director for the second session of the Board. As approved by the second extraordinary general meeting for the year 2008, Mr. Yao Zuozhi resigned as a non-executive Director of the Company, and Mr. Yan Zhichong was appointed as a non-executive Director for the second session of the Board of the Company. As approved by the first extraordinary general meeting for the year 2009, Mr. Wang Zongxi resigned as an independent non-executive Director of the Company, and Mr. Wu Daqi was appointed as an independent non-executive Director for the second session of the Board of the Company.

Executive Directors:
Mr. Li Shaode *(Chairman)*
Mr. Zhang Guofa *(Vice Chairman)*
Mr. Huang Xiaowen
Mr. Zhao Hongzhou

Non-executive Directors:
Mr. Ma Zehua *(Vice Chairman)*
Mr. Zhang Jianhua
Mr. Lin Jianqing
Mr. Wang Daxiong
Mr. Xu Hui
Mr. Yan Zhichong

Independent non-executive Directors:
Mr. Hu Hanxiang
Mr. Wu Daqi
Mr. Shen Kangchen
Mr. Jim Poon (also known as Pan Zhanyuan)
Mr. Shen Zhongying

(2) COMPOSITION OF THE THIRD SESSION OF THE BOARD

As approved by the annual general meeting for the year 2009, the third session of the Board consists of four executive Directors, six non-executive Directors and five independent non-executive Directors.

Executive Directors:
Mr. Li Shaode *(Chairman)*
Mr. Zhang Guofa *(Vice Chairman)*
Mr. Huang Xiaowen
Mr. Zhao Hongzhou

Non-executive Directors:
Mr. Ma Zehua *(Vice Chairman)*
Mr. Zhang Jianhua
Mr. Lin Jianqing
Mr. Wang Daxiong
Mr. Xu Hui
Mr. Yan Zhichong

Independent non-executive Directors:
Mr. Shen Kangchen
Mr. Jim Poon *(also known as Pan Zhanyuan)*
Mr. Shen Zhongying
Mr. Wu Daqi
Ms. Zhang Nan

The list of Directors (including names, duties and brief biographies) is shown on the Company's website: http://www.cscl.com.cn.

Each independent non-executive Director has reconfirmed his/her independence to the Company in accordance with the Listing Rules. Based on their confirmation, the Company considers that they are independent.

In 2010, the Board had at least three independent non-executive Directors in accordance with the Listing Rules, of whom one had appropriate professional qualifications or accounting or related financial management expertise.

2. RESPONSIBILITIES OF THE BOARD

The Board is responsible for managing the businesses and affairs of the Group with an aim of enhancing shareholder value; presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects as set out in the annual and interim reports, and other involved price-sensitive announcements and the reports submitted and other financial information to be disclosed pursuant to the Listing Rules; and reporting to regulators information which is required to be disclosed as per statutory requirements.

The Board owes fiduciary and statutory duties to the Company and the Group. Other duties include: formulating the overall strategy and policies of the Group, and the establishment of corporate and management goals, major operational measures and risk management policies in accordance with the strategic objectives of the Group; supervision and monitoring of the operational and financial performance of the Group; and approval of expenditure budget and key capital spending, key investments, major acquisitions and disposals of assets, corporate or financial reorganization, major finance consent and management matters.

The Board is the executive body of the Company which manages the operations of the Company by means of regular and extraordinary meetings under the authority granted by the General Meeting and the Articles of Association, and is accountable and reports its work to the General Meeting.

Under the authority granted by the Board or the Articles of Association, the management of the Company, e.g. General Manager etc., are responsible for the daily operations of the Company, and shall report in a timely manner to the Board in respect of the execution of the material contracts, use of capital, profit or loss as well as material litigation, arbitration or administration punishments of the Company, and shall be responsible for the truthfulness and accuracy of the same.

The Board has set up the audit committee, the remuneration committee, the Investment Strategy Committee and the nomination committee. Please refer to the following paragraphs for the composition and duties of the Audit Committee, the Remuneration Committee, the Investment Strategy Committee and the Nomination Committee. Each committee should present its recommendations to the Board in accordance with its own duties; such recommendations should be ultimately determined by the Board, unless prescribed clearly in each committee's terms of references or prohibited due to legal or regulatory restrictions (e.g. disclosures restricted by the regulatory requirements).

The Company Secretary provides information regarding the latest developments in relation to the Listing Rules and other applicable regulatory requirements for all Directors. Any Director may require the Company Secretary to arrange independent professional advice at the expense of the Company to assist the Director(s) in discharging his/their duties to the Company effectively.

3. CHAIRMAN AND GENERAL MANAGER

In 2010, Mr. Li Shaode served as the Chairman of the Company, and Mr. Huang Xiaowen was the General Manager and both of them were executive Directors of the Company. The Articles of Association of the Company requires that the Chairman and the General Manager should perform their responsibilities separately. For the biographies of Mr. Li Shaode and Mr. Huang Xiaowen, please refer to "Biographies of Directors, Supervisors and the Management of the Company".

4. BOARD MEETINGS

The Company failed Rule A.1.1 of the CG Code set out in Appendix 14 to the Listing Rules as the Company incurred significant losses during the year ended 31 December 2009, and Directors traveled frequently and were unable to attend in personal or via telephone the meetings of the Board due to jet lag that only two of eight meetings of the Board were regularly convened by the Company during the year ended 31 December 2010. The Directorate Secretary Office would provide an official agenda of items to be considered and determined by the Board before any Board meeting. Notice would be given at least 14 days before each regular board meeting. Directors may include related matters in the agenda for discussion at the board meeting. The Company Secretary assists the Chairman of the Company to prepare an agenda for each board meeting and ensures it is prepared in accordance with applicable statutory requirements and regulations in relation to the meeting. The ultimate agenda and board papers would be sent to all Directors at least 3 days before the board meeting.

The second session of the Board held four meetings during 2010. The average attendance rate of the Directors was 100%. Record of attendance for each Director is set out as follows:

Executive Directors

Directors	**Number of meetings attended**	**Attendance rate**
Li Shaode	4	100%
Zhang Guofa	4	100%
Huang Xiaowen	4	100%
Zhao Hongzhou	4	100%

Non-executive Directors

Directors	**Number of meetings attended**	**Attendance rate**
Ma Zehua	4	100%
Zhang Jianhua	4	100%
Lin Jianqing	4	100%
Wang Daxiong	4	100%
Xu Hui	4	100%
Yan Zhichong	4	100%

Independent non-executive Directors

Directors	Number of meetings attended	Attendance rate
Hu Hanxiang	4	100%
Wu Daqi	4	100%
Shen Kangchen	4	100%
Jim Poon (also known as Pan Zhanyuan)	4	100%
Shen Zhongying	4	100%

The third session of the Board held four meetings during 2010. The average attendance rate of the Directors was 100%. Record of attendance for each Director is set out as follows:

Executive Directors

Directors	Number of meetings attended	Attendance rate
Li Shaode	4	100%
Zhang Guofa	4	100%
Huang Xiaowen	4	100%
Zhao Hongzhou	4	100%

Non-executive Directors

Directors	Number of meetings attended	Attendance rate
Ma Zehua	4	100%
Zhang Jianhua	4	100%
Lin Jianqing	4	100%
Wang Daxiong	4	100%
Xu Hui	4	100%
Yan Zhichong	4	100%

Independent non-executive Directors

Directors	Number of meetings attended	Attendance rate
Shen Kangchen	4	100%
Jim Poon (also known as Pan Zhanyuan)	4	100%
Shen Zhongying	4	100%
Wu Daqi	4	100%
Zhang Nan	4	100%

Any Director with a conflicting interest in any resolution to be considered by the Board should abstain from voting on such resolution.

5. SUPPLY OF AND ACCESS TO INFORMATION

All Directors are entitled to have access to the relevant documents and other information of the Board from the Company Secretary in order to make informed decisions.

6. APPOINTMENT AND RESIGNATION OF DIRECTORS

The Board reviews its structure, size and composition regularly. The Company appoints new directors to the Board in accordance with a formal, well thought-out and transparent procedure.

The Board held one meeting in 2010 to review the appointment and resignation of the directors and make recommendation hereon, and the average attendance rate of the Directors was 100%. Record of attendance for each Director is set out as follows:

Executive Directors

Directors	Number of meetings attended	Attendance rate
Li Shaode	1	100%
Zhang Guofa	1	100%
Huang Xiaowen	1	100%
Zhao Hongzhou	1	100%

Non-executive Directors

Directors	Number of meetings attended	Attendance rate
Ma Zehua	1	100%
Zhang Jianhua	1	100%
Lin Jianqing	1	100%
Wang Daxiong	1	100%
Xu Hui	1	100%
Yan Zhichong	1	100%

Independent non-executive Directors

Directors	Number of meetings attended	Attendance rate
Hu Hanxiang	1	100%
Wu Daqi	1	100%
Shen Kangchen	1	100%
Jim Poon (also known as Pan Zhanyuan)	1	100%
Shen Zhongying	1	100%

7. BOARD COMMITTEES

(1) AUDIT COMMITTEE

On 26 June 2007, a resolution was passed to elect the members of the second session of the Audit Committee at the first meeting of the second session of the Board. The Audit Committee consists of Mr. Wang Zongxi and Mr. Shen Kangchen, who are independent non-executive Directors, and Mr. Wang Daxiong, who is a non-executive Director. Mr. Wang Zongxi is the Chairman of the Audit Committee. On 16 December 2009, a resolution was passed to change the members of the second session of the Audit Committee at the 27th meeting of the second session of the Board, and as a result the Audit Committee consists of Mr. Wu Daqi and Mr. Shen Kangchen, who are independent non-executive Directors, and Mr. Wang Daxiong, who is a non-executive Director. Mr. Wu Daqi is the Chairman of the Audit Committee. The primary duties of the Audit Committee are to oversee the integrity of the financial reports, annual and interim reports of the Company, and review the financial control and internal control procedures of the Company.

The second session of the Audit Committee held three meetings in 2010. The average attendance rate was 100%. The attendance rate of each member of the Audit Committee is set out as follows:

Directors	**Number of meetings attended**	**Attendance rate**
Wu Daqi *(Chairman)*	3	100%
Shen Kangchen	3	100%
Wang Daxiong	3	100%

On 2 July 2010, a resolution was passed to elect the members of the third session of the Audit Committee at the first meeting of the third session of the Board. The Audit Committee consists of Mr. Wu Daqi and Mr. Shen Kangchen, who are independent non-executive Directors, and Mr. Shen Kangchen, who is a non-executive Director. Mr. Wu Daqi is the Chairman of the Audit Committee. The primary duties of the Audit Committee are to oversee the integrity of the financial reports, annual and interim reports of the Company, and review the financial control and internal control procedures of the Company.

The third session of the Audit Committee held one meeting in 2010. The average attendance rate was 100%. The attendance rate of each member of the Audit Committee is set out as follows:

Directors	**Number of meetings attended**	**Attendance rate**
Wu Daqi *(Chairman)*	1	100%
Shen Kangchen	1	100%
Wang Daxiong	1	100%

(2) REMUNERATION COMMITTEE

On 26 June 2007, a resolution was passed to elect the members of the second session of the Remuneration Committee at the first meeting of the second session of the Board. The Remuneration Committee consisted of Mr. Wang Zongxi and Mr. Shen Kangchen, who were independent non-executive Directors, and Mr. Zhang Jianhua, who was a non-executive Director. Mr. Zhang Jianhua was the Chairman of the Remuneration Committee. On 8 August 2007, a resolution was passed to change the chairman of the Remuneration Committee at the second meeting of the second session of the Board, whereby Mr. Shen Kangchen, who is a non-executive Director, will be the Chairman of the Remuneration Committee. On 16 December 2009, a resolution was passed to adjust the members of the second session of the Remuneration Committee at the 27th meeting of the second session of the Board. The re-elected Remuneration Committee consisted of Mr. Shen Kangchen and Mr. Wu Daqi, who are independent non-executive Directors, and Mr. Zhang Jianhua, who is a non-executive Director. Mr. Shen Kangchen was the Chairman of the Remuneration Committee. On 2 July 2010, a resolution was passed to elect the members of the third session of the Remuneration Committee at the first meeting of the third session of the Board. The Remuneration Committee consisted of Mr. Shen Kangchen and Mr. Wu Daqi, who were independent non-executive Directors, and Mr. Zhang Jianhua, who was a non-executive Director. Mr. Shen Kangchen was the Chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are: (i) to make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and Supervisors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) to have the delegated responsibility by the Board to determine the specific remuneration packages of Directors and senior management holding positions in the Company, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors. The Remuneration Committee will consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the group and desirability of performance-based remuneration; (iii) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; (iv) to review and approve the compensation payable to executive Directors and Supervisors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the issuer; (v) to review and approve compensation arrangements relating to dismissal or removal of Directors or Supervisors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and (vi) to ensure that no Director or Supervisors any of his associates is involved in deciding his own remuneration.

The Remuneration Committee held two meetings in 2010. The average attendance rate was 100%. The working performance of senior management of the Company in the year 2010 was evaluated the report regarding production and operation indicators for the year 2010 and refined rules of senior management evaluation was heard at the meeting. The resolution regarding remuneration of the Directors and Supervisors for the year 2010 was reviewed at the meeting and was recommended to the Board for approval. The attendance rate of each member of the Remuneration Committee is set out as follows:

Directors	Number of meetings attended	Attendance rate
Shen Kangchen *(Chairman)*	2	100%
Wu Daqi	2	100%
Zhang Jianhua	2	100%

(3) INVESTMENT STRATEGY COMMITTEE

On 6 August 2008, a resolution on establishing the second session of Investment Strategy Committee was passed at the 14th meeting of the second session of the Board of the Company. The Investment Strategy Committee consisted of Mr. Li Shaode, Mr. Ma Zehua, Mr. Zhang Guofa, Mr. Lin Jianqing, Mr. Wang Daxiong, Mr. Huang Xiaowen, Mr. Hu Hanxiang, Mr. Jim Poon (also known as Pan Zhanyuan) and Mr. Shen Zhongying. Mr. Li Shaode was the Chairman of the Investment Strategy Committee. On 2 July 2010, a resolution on establishing the Investment Strategy Committee of the third session of the Board was passed at the 1st meeting of the third session of the Board of the Company. The Investment Strategy Committee consisted of Mr. Li Shaode, Mr. Ma Zehua, Mr. Zhang Guofa, Mr. Lin Jianqing, Mr. Wang Daxiong, Mr. Huang Xiaowen, Mr. Jim Poon (also known as Pan Zhanyuan), Mr. Shen Zhongying and Ms. Zhang Nan. Mr. Li Shaode was the Chairman of the Investment Strategy Committee.

The primary duties of the Investment Strategy Committee are to consider and make recommendations on the strategic plan for the Company's long-term development; the material investments and financing plans and material capital operation and asset operating project, which are subject to the Board's approval, in accordance with the articles of association of the Company.

The Investment Strategy Committee did not hold any meeting in 2010.

(4) NOMINATION COMMITTEE

On 6 August 2008, a resolution on establishing the second session of Nomination Committee was passed at the 14th meeting of the second session of the Board. The Nomination Committee consists of Mr. Shen Zhongying, Mr. Hu Hanxiang, Mr. Jim Poon (also known as Pan Zhanyuan), Mr. Zhang Guofa and Mr. Wang Daxiong. Mr. Shen Zhongying is the chairman of the Nomination Committee. On 2 July 2010, a resolution on establishing the third session of Nomination Committee was passed at the 1st meeting of the third session of the Board. The Nomination Committee consists of Mr. Shen Zhongying, Mr. Jim Poon (also known as Pan Zhanyuan), Ms. Zhang Nan, Mr. Zhang Guofa and Mr. Wang Daxiong. Mr. Shen Zhongying is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include: to make recommendations to the Board on the head count and composition of the Board and the composition of senior management in accordance with the Company's business activities, assets size and shareholding structure; to consider and make recommendations to the Board on the selection criteria and procedures of the Directors and the members of senior management; to review and make recommendations on the qualifications of the candidates of the Directors and the members of senior management; and to assess the independence of the independent non-executive Directors.

In 2010, the second session of Nomination Committee held two meetings. The average attendance rate was 100%. The resolutions regarding change of Deputy General Manager of the Company and nomination of members of the third session of the Board of Directors were reviewed and passed at the meetings. All resolutions mentioned above were agreed to be submitted to the Board for further review.

The attendance rate of each member of the Nomination Committee is set out as follows:

Directors	Number of meetings attended	Attendance rate
Shen Zhongying *(Chairman)*	2	100%
Hu Hanxiang	2	100%
Jim Poon (also known as Pan Zhanyuan)	2	100%
Zhang Guofa	2	100%
Wang Daxiong	2	100%

In 2010, the third session of Nomination Committee held one meeting. The average attendance rate was 100%. The resolutions regarding change of nomination of secretary to the third session of the Board and nomination of members of the new management were reviewed and passed at the meetings. All resolutions mentioned above were agreed to be submitted to the Board for further review. The attendance rate of each member of the Nomination Committee is set out as follows:

Directors	Number of meetings attended	Attendance rate
Shen Zhongying *(Chairman)*	1	100%
Jim Poon (also known as Pan Zhanyuan)	1	100%
Zhang Nan	1	100%
Zhang Guofa	1	100%
Wang Daxiong	1	100%

8. THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company had adopted a set of standards, which is not lower than the Mode Code as set out in Appendix 10 to the Listing Rules as the standards for the Directors' and Supervisors' securities transactions. The Company confirmed, having made specific enquiries with all Directors and Supervisors, that for the year ended 31 December 2010, its Directors and Supervisors have complied with the requirements relating to Directors' and Supervisors' dealing in securities as set out in the Model Code.

9. H SHARE APPRECIATION RIGHTS SCHEME

To motivate the Directors, Supervisors, members of senior management and other important personnel of the Company to work for the Company's development and the shareholders' long-term interest, the Company adopted the H Share Appreciation Rights Scheme on 12 October 2005. Details of the Scheme were set out in the Company's circular to shareholders dated 26 August 2005 and the revised Appreciation Rights Scheme was submitted to the annual general meetings dated 20 June 2006, 26 June 2007 and 26 June 2008.

10. THE TERM OF OFFICE FOR NON-EXECUTIVE DIRECTORS OF THE SECOND SESSION OF THE BOARD

Non-executive Directors	Term of office starting date	Term of office expiration date
Ma Zehua	26 June 2007	25 June 2010
Zhang Jianhua	26 June 2007	25 June 2010
Lin Jianqing	21 February 2008	25 June 2010
Wang Daxiong	26 June 2007	25 June 2010
Xu Hui	26 June 2007	25 June 2010
Yan Zhichong	6 August 2008	25 June 2010

11. THE TERM OF OFFICE FOR NON-EXECUTIVE DIRECTORS OF THE THIRD SESSION OF THE BOARD

Non-executive Directors	Term of office starting date	Term of office expiration date
Ma Zehua	25 June 2010	until the conclusion of the annual general meeting for the year 2012, i.e. in or around June 2013
Zhang Jianhua	25 June 2010	until the conclusion of the annual general meeting for the year 2012, i.e. in or around June 2013
Lin Jianqing	25 June 2010	until the conclusion of the annual general meeting for the year 2012, i.e. in or around June 2013
Wang Daxiong	25 June 2010	until the conclusion of the annual general meeting for the year 2012, i.e. in or around June 2013
Xu Hui	25 June 2010	until the conclusion of the annual general meeting for the year 2012, i.e. in or around June 2013
Yan Zhichong	25 June 2010	until the conclusion of the annual general meeting for the year 2012, i.e. in or around June 2013

B. ACCOUNTABILITY AND AUDITING

1. EXTERNAL AUDITORS

PricewaterhouseCoopers was re-appointed as the international auditor of the Company at the 2009 Annual General Meeting by the shareholders until the conclusion of the next Annual General Meeting.

The Company has paid PricewaterhouseCoopers RMB7,860,000 as remuneration for its auditing service and related service provided for the year 2010. During the same year, PricewaterhouseCoopers did not provide any significant non-auditing service to the Company.

The Company has paid Baker Tilly China RMB5,880,000 as remuneration for its auditing service and related service provided for the year 2010.

2. ACKNOWLEDGEMENT OF THE DIRECTORS AND AUDITORS

All Directors have confirmed their responsibility for preparing the financial statements of the Company for the year ended 31 December 2010.

PricewaterhouseCoopers, the international auditor of the Company, has confirmed its reporting responsibilities as set out in the auditor's report in the financial statements of the Company for the year ended 31 December 2010.

3. REVIEW OF INTERNAL CONTROL SYSTEM

The Board has reviewed through the Audit Committee the effectiveness of the Group's internal control system for the year ended 31 December 2010, including all significant financial, operational and regulatory controls as well as risk management functions, and was satisfied that such systems were efficient and sufficient.

C. COMMUNICATION WITH SHAREHOLDERS

The Company has put particular emphasis on communication with shareholders. All information related to the operation, business strategies, and development of the Group is provided in the Company's annual report and interim report. The Company encourages shareholders to attend the Annual General Meeting and each extraordinary general meeting, which should serve as valuable communication forums for each other and with the management.

In 2010, the latest general meeting was the annual general meeting for the year 2009 held on 25 June 2010 at Mingxuan Hall, 1st Floor, Supreme Tower Hotel, No. 600, Lao Shan Road, Pudong New District, Shanghai. The following resolutions were passed at that meeting and the results of the poll is as follows:

	No. of Votes (approximate %)		
Summary of Resolutions (Extracted)	**For**	**Against**	**Abstain**
Ordinary Resolutions			
1. To approve the audited financial statements and the report of the auditors of the Company for the year ended 31 December 2009.	6,020,456,144 (99.9997%)	6,250 (0.0001%)	13,850 (0.0002%)
2. To approve the Profit Appropriation Scheme of the Company for the year ended 31 December 2009.	6,056,866,349 (99.9996%)	12,450 (0.0002%)	13,850 (0.0002%)
3. To approve the Directors' Report for the year ended 31 December 2009.	6,056,668,899 (99.9996%)	10,900 (0.0002%)	13,850 (0.0002%)
4. To approve the Report of the Supervisory Committee of the Company for the year ended 31 December 2009.	6,056,668,899 (99.9996%)	10,900 (0.0002%)	13,850 (0.0002%)
5. To approve the Annual Report of the Company for the year ended 31 December 2009 prepared in accordance with the requirements of the place where the Company's shares are listed.	6,020,451,494 (99.9996%)	10,900 (0.0002%)	13,850 (0.0002%)
6. To approve the appointment of PricewaterhouseCoopers, Certified Public Accountants, Hong Kong as the international auditor of the Company for the year 2010 and authorise the Audit Committee of the Board of Directors to fix their remuneration.	6,056,872,549 (99.9997%)	6,250 (0.0001%)	13,850 (0.0002%)

Summary of Resolutions (Extracted)	No. of Votes (approximate %) For	Against	Abstain
7. To approve the appointment of Baker Tilly China as the PRC auditor of the Company for the year 2010 and authorise the Audit Committee of the Board of Directors to fix their remuneration.	6,056,866,349 (99.9996%)	10,900 (0.0002%)	15,400 (0.0003%)
8. To approve the annual remuneration of the directors and supervisors for the year ended 31 December 2010.	6,056,663,349 (99.9995%)	16,450 (0.0003%)	13,850 (0.0002%)

	For (in accumulative votes)	Against	Abstain
9. To approve the appointment of the following directors, whose terms of office begin on the conclusion of the Annual General Meeting for this year and end on the conclusion of the Annual General Meeting for the year 2012 (i.e. in or around June 2013), in accordance with Article 10.2 of the Company's Articles of Association:			
(a) Mr. Li Shaode (Executive director);	6,043,062,573 (99.7717%)	12,939,765 (0.2136%)	890,311 (0.0147%)
(b) Mr. Ma Zehua (Non-executive director);	6,043,062,353 (99.7717%)	12,939,765 (0.2136%)	890,531 (0.0147%)
(c) Mr.Zhang Guofa (Executive director);	6,027,223,353 (99.5102%)	28,778,765 (0.4751%)	890,531 (0.0147%)
(d) Mr. Zhang Jianhua (Non-executive director);	6,027,223,353 (99.5102%)	28,778,765 (0.4751%)	890,531 (0.0147%)
(e) Mr. Lin Jianqing (Non-executive director);	6,043,062,353 (99.7717%)	12,939,765 (0.2136%)	890,531 (0.0147%)
(f) Mr. Wang Daxiong (Non-executive director);	6,027,223,353 (99.5102%)	28,778,765 (0.4751%)	890,531 (0.0147%)
(g) Mr. Huang Xiaowen (Executive director);	6,043,062,353 (99.7717%)	12,939,765 (0.2136%)	890,531 (0.0147%)

			For (in accumulative votes)	Against	Abstain
	(h)	Mr. Zhao Hongzhou (Executive director);	6,043,062,353 (99.7717%)	12,939,765 (0.2136%)	890,531 (0.0147%)
	(i)	Mr. Yan Zhichong (Non-executive director);	6,043,062,353 (99.7717%)	12,939,765 (0.2136%)	890,531 (0.0147%)
	(j)	Mr. Xu Hui (Non-executive director);	6,043,062,353 (99.7717%)	12,939,765 (0.2136%)	890,531 (0.0147%)
	(k)	Mr. Shen Zhongying (Independent non-executive director);	6,056,869,499 (99.9996%)	9,300 (0.0002%)	13,850 (0.0002%)
	(l)	Mr. Shen Kangchen (Independent non-executive director);	6,056,869,499 (99.9996%)	9,300 (0.0002%)	13,850 (0.0002%)
	(m)	Mr. Jim Poon (Independent non-executive director);	6,056,867,729 (99.9996%)	9,300 (0.0002%)	15,620 (0.0003%)
	(n)	Mr. Wu Daqi (Independent non-executive director); and	6,056,869,499 (99.9996%)	9,300 (0.0002%)	13,850 (0.0002%)
	(o)	Ms. Zhang Nan (Independent non-executive director).	6,056,867,949 (99.9996%)	10,850 (0.0002%)	13,850 (0.0002%)
10.	To approve the appointment of the following supervisors, whose terms of office begin on the conclusion of the Annual General Meeting for this year and end on the conclusion of the Annual General Meeting for the year 2012 (i.e. in or around June 2013), in accordance with Article 14.2 of the Company's Articles of Association:				
	(a)	Mr. Chen Decheng;	6,052,611,349 (99.9293%)	4,068,450 (0.0672%)	212,850 (0.0035%)
	(b)	Mr. Kou Laiqi;	6,052,611,349 (99.9293%)	4,068,450 (0.0672%)	212,850 (0.0035%)
	(c)	Mr. Hua Min; and	6,056,668,949 (99.9963%)	10,850 (0.0002%)	212,850 (0.0035%)
	(d)	Ms. Pan Yingli.	6,056,670,499 (99.9963%)	9,300 (0.0002%)	212,850 (0.0035%)

Report of the Supervisory Committee

To the shareholders:

WORKING STATUS OF THE SUPERVISORY COMMITTEE DURING 2010

During the Reporting Period, pursuant to the articles of association of the Company, rules of procedures of the Supervisory Committee and the working practice, the Supervisory Committee examined the Company's business operation and financial condition, and reviewed the Company's annual financial report, half-year financial report and quarterly reports. In 2010, the Supervisory Committee held the 4 following meetings in total:

I. On 21 April 2010, the eleventh meeting of the second session of the Supervisory Committee was held in Shanghai. During the meeting, we reviewed and approved resolutions regarding the Company's financial report for the year 2009, the Company's profit distribution for the year 2009, the Company's annual report for the year 2009 (the full text and summary), the Supervisory Committee's report for the year 2009 and the re-election of the members of Supervisory Committee of the Company.

II. On 28 April 2010, the twelfth meeting of the second session of the Supervisory Committee was held in Shanghai. During the meeting, we reviewed and approved resolution regarding the Company's first quarterly report for the year 2010.

III. On 2 July 2010, the first meeting of the third session of the Supervisory Committee was held in Shanghai. During the meeting, we reviewed and approved resolutions regarding the Company's interim financial report for the year 2010 and the Company's half-year report (the full text and summary) for the year 2010.

IV. On 25 August 2010, the second meeting of the third session of the Supervisory Committee was held in Shanghai. During the meeting, we reviewed and approved resolutions regarding the Company's first half-year financial report for the year 2010, the Company's half-year report (the full text and summary) for the year 2010 and the resignation of Mr. Hua Min from the office of supervisor.

V. On 27 October 2010, the tenth meeting of the second session of the Supervisory Committee was held in Shanghai. During the meeting, we reviewed and approved resolutions regarding the Company's third quarterly report for the year 2010.

During the Reporting Period, our members attended all the Company's board meetings and general meetings held in 2010.

INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE

OPERATING STATUS OF THE COMPANY

We monitored and reviewed the execution of the resolutions approved by the Company's general meetings and board meetings, paid close attention to the internal management system of the Company and supervised the performance of duties of the Company's senior management in accordance with the relevant laws and regulations of the places of listing and the articles of association of the Company. We are of the view that during the Reporting Period, the Company's decision-making procedures are legal and its internal control system was strictly implemented and improved. The Company strictly complied with the relevant laws and regulations of the State and operated in accordance with the applicable laws and regulations of the places of listing of the Company. The Company's directors and senior management have duly and diligently carried out their duties under good practices. We have not identified any violation of relevant laws or regulations or the articles of association of the Company by any of them or any acts of any of them being against the interests of the Company.

FINANCIAL STATUS OF THE COMPANY

We monitored and reviewed the Company's financial management system and financial status in accordance with the law. We are of the view that the Company's financial report for the year 2010 objectively and accurately reflected the Company's financial status and operating results for the year 2010. Baker Tilly China and PricewaterhouseCoopers issued standard and unqualified audit opinion respectively.

INDEPENDENT OPINION ON ACTUAL USE OF PROCEEDS FROM THE COMPANY'S LATEST CAPITAL RAISING EXERCISE

During the Reporting Period, the Company did not raise any capital.

ACQUISITIONS, DISPOSALS AND CONNECTED TRANSACTIONS OF THE COMPANY

During the Reporting Period, we are of the view that the prices the Company paid or received for transactions relating to acquisitions and disposals of assets were reasonable and no insider dealing was found. We are further of the view that the Company's connected transactions were entered into in the ordinary course of business and on normal commercial terms that are fair and reasonable for the Company and its shareholders.

REVIEWING STATUS OF THE SELF-ASSESSMENT REPORT ON INTERNAL CONTROL

The Supervisory Committee reviewed the Company's Self-assessment Report on Internal Control submitted by the Board and has no objection to such report.

In 2011, we will continue to perform strictly the supervisory functions endowed on us by the relevant laws and regulations and the articles of association of the Company and practically protect and safeguard the legitimate interests of the Company and its shareholders.

China Shipping Container Lines Company Limited
Supervisory Committee

29 March 2011

Independent Auditor's Report

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

TO THE SHAREHOLDERS OF
CHINA SHIPPING CONTAINER LINES COMPANY LIMITED
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of China Shipping Container Lines Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 66 to 163, which comprise the consolidated and company balance sheets as at 31 December 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2011

Consolidated Balance Sheet

As at 31 December 2010

	Note	As at 31 December 2010 RMB'000	2009 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	**33,704,542**	33,234,405
Leasehold land and land use rights	*7*	**97,795**	100,214
Intangible assets	*8*	**26,416**	26,227
Deferred income tax assets	*23*	**15,606**	19,699
Available-for-sale financial assets	*9*	**362,140**	163,300
Investments in associated companies	*11*	**84,720**	113,704
Investments in jointly controlled entities	*12*	**1,207,344**	1,122,075
		35,498,563	34,779,624
Current assets			
Inventories	*15*	**883,275**	874,400
Trade and notes receivables	*16*	**1,791,791**	1,573,176
Prepayments and other receivables		**181,100**	128,394
Loan to a jointly controlled entity	*13*	**13,000**	–
Cash and cash equivalents	*17*	**10,648,396**	6,936,708
		13,517,562	9,512,678
Total assets		**49,016,125**	44,292,302
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*18*	**11,683,125**	11,683,125
Other reserves	*19(a)*	**17,478,560**	17,664,548
Retained earnings/(accumulated losses)	*19(b)*	**23,254**	(4,120,974)
		29,184,939	25,226,699
Non-controlling interests		**777,304**	751,499
Total equity		**29,962,243**	25,978,198

Consolidated Balance Sheet

As at 31 December 2010

	Note	As at 31 December 2010 RMB'000	2009 RMB'000
LIABILITIES			
Non-current liabilities			
Long-term borrowings	*20*	**8,276,108**	8,351,685
Domestic corporate bonds	*21*	**1,784,176**	1,781,724
Finance lease obligations	*22*	**339,512**	571,901
Deferred income tax liabilities	*23*	**61**	83
		10,399,857	10,705,393
Current liabilities			
Trade payables	*24*	**4,339,287**	4,071,296
Accrual and other payables		**788,118**	743,498
Short-term bank borrowings	*20*	**529,816**	136,564
Long-term bank borrowings – current portion	*20*	**2,695,432**	2,296,220
Finance lease obligations – current portion	*22*	**210,574**	232,069
Current income tax liabilities		**59,439**	36,971
Provisions	*25*	**31,359**	92,093
		8,654,025	7,608,711
Total liabilities		**19,053,882**	18,314,104
Total equity and liabilities		**49,016,125**	44,292,302
Net current assets		**4,863,537**	1,903,967
Total assets less current liabilities		**40,362,100**	36,683,591

The notes on pages 75 to 163 are an integral part of these consolidated financial statements.

Li Shaode
Director

Huang Xiaowen
Director

Balance Sheet

As at 31 December 2010

	Note	As at 31 December 2010 RMB'000	2009 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*6*	**17,468,584**	17,817,519
Leasehold land and land use rights	*7*	**11,575**	11,924
Intangible assets	*8*	**4,316**	5,179
Deferred income tax assets	*23*	**6,250**	6,250
Investments in subsidiaries	*10*	**14,826,697**	15,504,272
Investments in associated companies	*11*	**75,000**	113,530
Investment in a jointly controlled entity	*12*	**37,000**	37,000
		32,429,422	33,495,674
Current assets			
Inventories	*15*	**475,491**	424,530
Trade and notes receivables	*16*	**859,407**	857,314
Prepayments and other receivables		**78,712**	21,570
Loan to a jointly controlled entity	*13*	**13,000**	–
Cash and cash equivalents	*17*	**5,449,384**	2,938,132
		6,875,994	4,241,546
Total assets		**39,305,416**	37,737,220
EQUITY			
Share capital	*18*	**11,683,125**	11,683,125
Other reserves	*19(a)*	**19,012,889**	18,953,983
Retained earnings	*19(b)*	**865,464**	359,627
Total equity		**31,561,478**	30,996,735

Balance Sheet

As at 31 December 2010

	Note	As at 31 December 2010 RMB'000	2009 RMB'000
LIABILITIES			
Non-current liabilities			
Domestic corporate bonds	*21*	**1,784,176**	1,781,724
Current liabilities			
Trade payables	*24*	**5,366,066**	4,492,103
Accrual and other payables		**331,970**	291,189
Short-term bank borrowings	*20*	**198,681**	136,564
Current income tax liabilities		**38,045**	13,905
Provision	*25*	**25,000**	25,000
		5,959,762	4,958,761
Total liabilities		**7,743,938**	6,740,485
Total equity and liabilities		**39,305,416**	37,737,220
Net current assets/(liabilities)		**916,232**	(717,215)
Total assets less current liabilities		**33,345,654**	32,778,459

The notes on pages 75 to 163 are an integral part of these consolidated financial statements.

Li Shaode
Director

Huang Xiaowen
Director

Consolidated Income Statement

For the year ended 31 December 2010

	Note	Year ended 31 December 2010 RMB'000	2009 RMB'000
Revenue	5	**34,808,706**	19,740,331
Costs of services	26	**(29,792,886)**	(25,485,612)
Gross profit/(loss)		**5,015,820**	(5,745,281)
Other gains, net	27	**139,834**	43,258
Other income	28	**151,032**	158,016
Selling, administrative and general expenses	26	**(840,388)**	(687,988)
Operating profit/(loss)		**4,466,298**	(6,231,995)
Finance costs	31	**(214,147)**	(254,147)
Share of results of associated companies	11	**42,490**	(211)
Share of results of jointly controlled entities	12	**25,067**	37,077
Profit/(loss) before income tax		**4,319,708**	(6,449,276)
Income tax expense	32	**(86,467)**	(22,466)
Profit/(loss) for the year		**4,233,241**	(6,471,742)
Profit attributable to:			
Equity holders of the Company		**4,203,134**	(6,489,048)
Non-controlling interests		**30,107**	17,306
		4,233,241	(6,471,742)
Earnings/(losses) per share for profit/(loss) attributable to equity holders of the Company			
(Expressed in RMB per share)			
– Basic and diluted	35	**RMB0.360**	RMB(0.555)

The notes on pages 75 to 163 are an integral part of these consolidated financial statements.

Dividends	34	**–**	–

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	Note	Year ended 31 December 2010 RMB'000	2009 RMB'000
Profit/(loss) for the year		**4,233,241**	(6,471,742)
Other comprehensive income/(loss)			
Share of other comprehensive income of a jointly controlled entity	*12*	**453**	2,829
Currency translation differences, net of tax	*19*	**(245,347)**	(25,268)
Total comprehensive income/(loss) for the year		**3,988,347**	(6,494,181)
Attributable to:			
Equity holders of the Company		**3,958,240**	(6,511,487)
Non-controlling interests		**30,107**	17,306
Total comprehensive income/(loss) for the year		**3,988,347**	(6,494,181)

The notes on pages 75 to 163 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 December 2010

	Note	Attributable to owners of the parent					
		Share capital	Other reserves	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2009		11,683,125	17,709,662	2,368,074	31,760,861	735,050	32,495,911
(Loss)/profit for the year		–	–	(6,489,048)	(6,489,048)	17,306	(6,471,742)
Currency translation differences, net of tax		–	(25,268)	–	(25,268)	–	(25,268)
Share of other comprehensive income of a jointly controlled entity	*12*	–	2,829	–	2,829	–	2,829
Total comprehensive (loss)/income for the year ended 31 December 2009		–	(22,439)	(6,489,048)	(6,511,487)	17,306	(6,494,181)
Transactions with owners:							
Deemed distributions relating to business combination under common control		–	(21,678)	–	(21,678)	–	(21,678)
Acquisition of non-controlling interests in a subsidiary		–	(997)	–	(997)	(9,417)	(10,414)
Capital injection from the non-controlling interests		–	–	–	–	13,750	13,750
Dividends to non-controlling interests		–	–	–	–	(5,190)	(5,190)
Balance at 31 December 2009		11,683,125	17,664,548	(4,120,974)	25,226,699	751,499	25,978,198

The notes on pages 75 to 163 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

For the year ended 31 December 2010

	Note	Attributable to owners of the parent					
		Share capital	Other reserves	(Accumulated losses)/ Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2010		11,683,125	17,664,548	(4,120,974)	25,226,699	751,499	25,978,198
Profit for the year		–	–	4,203,134	4,203,134	30,107	4,233,241
Currency translation differences, net of tax		–	(245,347)	–	(245,347)	–	(245,347)
Share of other comprehensive income of a jointly controlled entity	12	–	453	–	453	–	453
Total comprehensive income for the year ended 31 December 2010		–	(244,894)	4,203,134	3,958,240	30,107	3,988,347
Profit appropriation to statutory reserves		–	58,906	(58,906)	–	–	–
Transactions with owners:							
Dividends to non-controlling interests		–	–	–	–	(4,302)	(4,302)
Balance at 31 December 2010		11,683,125	17,478,560	23,254	29,184,939	777,304	29,962,243

The notes on pages 75 to 163 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2010

	Note	Year ended 31 December 2010 RMB'000	2009 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	*36(a)*	**5,498,286**	(3,418,661)
Income tax paid		**(59,902)**	(315,852)
Net cash generated from/(used in) operating activities		**5,438,384**	(3,734,513)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		**(2,115,113)**	(1,413,809)
Proceeds from disposal of property, plant and equipment	*36(b)*	**154,406**	58,071
Cash paid for business combination under common control		**–**	(83,777)
Increase in investments in a jointly controlled entity and associated companies		**(168,000)**	(99,000)
Increase in loan to a jointly controlled entity	*13*	**(13,000)**	–
Proceeds from liquidation of an associated company	*11*	**71,474**	–
Cash received from a jointly controlled entity due to capital reduction		**–**	7,000
Acquisition of non-controlling interest of a subsidiary		**–**	(10,414)
Dividends received from jointly controlled entities		**8,017**	2,541
Dividends received from available-for-sale financial assets	*28*	**10,161**	20,393
Interest received		**52,606**	207,707
Net cash used in investing activities		**(1,999,449)**	(1,311,288)
Cash flows from financing activities			
Interest paid		**(293,576)**	(160,095)
Capital injection from the non-controlling shareholders		**–**	13,750
Proceeds from short-term and long-term borrowings		**4,379,253**	7,134,600
Repayments of short-term and long-term bank borrowings		**(3,367,921)**	(4,753,203)
Capital element of finance lease payments		**(253,884)**	(1,850,183)
Interest element of finance lease payments		**(50,820)**	(83,357)
Dividends paid to non-controlling interests		**(4,302)**	(5,190)
Net cash generated from financing activities		**408,750**	296,322
Net increase/(decrease) in cash and cash equivalents		**3,847,685**	(4,749,479)
Cash and cash equivalents at beginning of year	*17*	**6,936,708**	11,686,978
Exchange losses on cash and cash equivalents		**(135,997)**	(791)
Cash and cash equivalents at end of year	*17*	**10,648,396**	6,936,708

The notes on pages 75 to 163 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

China Shipping Container Lines Company Limited (the "Company") was incorporated in the People's Republic of China (the "PRC") on 28 August 1997 as a company with limited liability under the Company Law of the PRC. On 3 March 2004, the Company was transformed into a joint stock limited company under the Company Law of the PRC. In 2004, the Company issued overseas public shares ("H Share"), which were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") on 16 June 2004. In 2007, the Company issued PRC domestic public shares ("A Share"), which were listed on the Shanghai Stock Exchange on 12 December 2007.

The address of the Company's registered office is Room A-538, Yangshan International Trade Center, No.188 Ye Sheng Road, Yangshan Free Trade Port Area, Shanghai, the PRC.

The Company and its subsidiaries (together, the "Group") are principally engaged in owning, chartering and operating container vessels for the provision of international and domestic container marine transportation services, and the operation of container terminals.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the "Board") on 29 March 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 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 ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of cash-settled share-based compensation plan.

The preparation of financial statements in conformity with HKFRS 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

Changes in accounting policy and disclosures

(a) New and amended standards and interpretation to existing standard effective in 2010 and relevant to the Group

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. This standard does not have any impact on the Group's consolidated financial statements for the year ended 31 December 2010, as the Group has not entered into any business combination during the year.

  HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no impact on the Group's consolidated financial statements for the year ended 31 December 2010, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity.

- HKFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective from 1 January 2010. In addition to incorporating HK(IFRIC) 8, 'Scope of HKFRS 2', and HK(IFRIC) 11, 'HKFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of group arrangements that were not covered by that interpretation. The amendment does not have a material impact on the Group's consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

Changes in accounting policy and disclosures (continued)

(a) New and amended standards and interpretation to existing standard effective in 2010 and relevant to the Group *(continued)*

- HKAS 17 (amendment), 'Leases', deletes 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 lease 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. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and considered this amendment did not have any impact on the Group as all the leases of land should still be classified as operating lease under HKAS 17 (amendment).

(b) New and amended standards and interpretation to existing standard effective in 2010 but not currently relevant to the Group

- 'Additional exemptions for first-time adopters' (Amendment to HKFRS 1) is effective for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing HKFRS preparer.

- HK(IFRIC) 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009).

- HK(IFRIC) 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009.

- HK(IFRIC) 9, 'Reassessment of embedded derivatives' and HKAS 39, 'Financial instruments: Recognition and measurement', effective 1 July 2009.

- HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009.

- HKAS 38 (amendment), 'Intangible assets', effective 1 January 2010.

- HKAS 1 (amendment), 'Presentation of financial statements'.

- HKAS 36 (amendment), 'Impairment of assets', effective 1 January 2010.

- HKFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'.

- HK – Int 5, 'Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause'

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

Changes in accounting policy and disclosures (continued)

(c) New standards, new interpretations and amendments to standards and interpretations that are relevant to the Group's operations and have been issued but not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- HKFRS 9, 'Financial instruments', issued in November 2009. The standard is not applicable until 1 January 2013.

- 'Classification of rights issues' (amendment to HKAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. The Group will apply the amended standard from 1 January 2011.

- HK (IFRIC) – Int 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The Group will apply the interpretation from 1 January 2011.

- 'Prepayments of a minimum funding requirement' (amendments to HK (IFRIC) – Int 14). The amendments correct an unintended consequence of HK (IFRIC) – Int 14, HKAS 19 – 'The limit on a defined benefit asset, minimum funding requirements and their interaction'. The amendments are not applicable until 1 January 2011.

(d) New standard that are relevant to the Group's operations and not effective for the financial year beginning 1 January 2010, but has been early adopted:

- Revised HKAS 24 (revised), 'Related party disclosures', effective 1 January 2011. The revised standard exempts disclosures in relation to related party transactions and outstanding balances, including commitments, with a government that has control, joint control or significant influence over the reporting entity and another entity that is related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. The Group has elected to early adopt the partial exemption in paragraphs 25-27 of the revised standard for government related entities from 1 January 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

(a) *Merger accounting for business combination under common control*

The Group has applied merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" to account for the purchase of the equity interests in the acquired subsidiaries under common control ("Acquired Subsidiaries"), as if the acquisitions had been occurred and the Acquired Subsidiaries had been combined from the beginning of the earliest financial period presented.

The net assets of the Group and the Acquired Subsidiaries are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of the Group's interest in the net fair value of the Acquired Subsidiaries' identifiable assets, liabilities and contingent liabilities over cost of acquisition at the time of the business combinations under common control. The consolidated income statement includes the results of the Group and the Acquired Subsidiaries from the earliest date presented, regardless of the date of the business combinations under common control.

The comparative amounts in the consolidated balance sheets are restated and presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Transaction costs, such as professional fees, registration fees, or costs of furnishing information to shareholders, incurred in relation to business combinations under common control that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

(b) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 CONSOLIDATION *(continued)*

(b) *Subsidiaries (continued)*

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries from parties not under common control. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.9). Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(c) *Transactions with non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 CONSOLIDATION *(continued)*

(d) Associated companies and jointly controlled entities

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associated companies includes goodwill identified on acquisition, net of any accumulated impairment loss. See Note 2.9 for the impairment of non-financial assets including goodwill.

Jointly controlled entities are joint ventures that involve the establishment of corporation in which the Group and other venturers have their respective interests. The jointly controlled entities operate in the same way as other entities, except that a contractual agreement between the Group and other venturers established joint control and none of the participating parties has unilateral control over the economic activity of the jointly controlled entities.

The Group's share of its associated companies and jointly controlled entities' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company and jointly controlled entity equals or exceeds its interest in the associated company and jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company and jointly controlled entity.

Unrealised gains on transactions between the Group and its associated companies and jointly controlled entities are eliminated to the extent of the Group's interest in the associated companies and jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies and jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in associated companies and jointly controlled entities are stated at cost less provision for impairment losses (Note 2.9). The results of the associated companies and jointly controlled entities are accounted by the Company on the basis of dividend received and receivable.

Dilution gains and losses arising in investments in associated companies and jointly controlled entities are recognised in the income statement.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that make strategic decisions.

2.4 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the"functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses are presented in the consolidated income statement within 'other gains, net'.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 FOREIGN CURRENCY TRANSLATION *(continued)*

(c) Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

2.5 PROPERTY, PLANT AND EQUIPMENT

(a) Vessels under construction

Vessels under construction are stated at cost less accumulated impairment losses. Cost of vessel under construction includes all direct costs relating to the construction and acquisition of vessels incurred by the Group. No depreciation is provided for vessels under construction until such time as the relevant vessels are completed and ready for intended use. Vessels under construction are transferred to container vessels upon the completion of the construction.

(b) Construction in progress

Construction in progress represents office building under renovation and other property, plant and equipment under construction or pending installation and is stated at cost less accumulated impairment losses. Cost includes the cost of acquisition and construction of the building and the actual renovation costs incurred during the year. No depreciation is provided for construction in progress until such time as the relevant assets are completed and available for intended use. When the assets are ready for their intended use, the costs are transferred to building or other property, plant and equipment and depreciated in accordance with the policy as stated below.

(c) Vessel repairs and surveys

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next dry-docking are identified and these costs are depreciated over the period to the next estimated dry-docking date. Costs incurred on the subsequent dry-docking of vessels are capitalised and depreciated over the period to the next estimated dry-docking date. When significant dry-docking costs are incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

(d) Other property, plant and equipment

All other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(d) Other property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the consolidated income statement during the financial period in which they are incurred.

Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

	Estimated useful lives
Container vessels	25 years from the date of first registration
Improvements on vessels under operating leases	5 years or the period of the lease, whichever is the shorter
Building	30 to 40 years
Containers	8 to 10 years
Port and depot infrastructure	20 to 50 years
Loading machineries	8 to 20 years
Motor vehicles, computer, office equipment and furniture	3 to 8 years

The residual values of property, plant and equipment and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

(e) Gain or loss on disposal

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains, net', in the consolidated income statement.

2.6 LEASEHOLD LAND AND LAND USE RIGHTS

All land in the PRC is state-owned or collectively-owned and no individual land ownership exists. The Group acquires the right to use certain land. The premiums paid for such right are treated as prepayment for operating lease and recorded as leasehold land and land use rights, which are amortised over the lease period using the straight-line method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 INTANGIBLE ASSETS

(i) Port line use rights

Port line use rights are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration paid for the rights to use the port lines for periods of 50 years. Amortisation of port line use rights are calculated on the straight-line method over the period of the port line use rights.

(ii) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

– it is technically feasible to complete the software product so that it will be available for use;

– management intends to complete the software product and use or sell it;

– there is an ability to use or sell the software product;

– it can be demonstrated how the software product will generate probable future economic benefits;

– adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

– the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed eight years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 ASSETS UNDER LEASES

(i) Where the Group is a lessee

(a) Finance lease

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities. The interest element of the finance cost is recognised in the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets held under finance leases are depreciated over the shorter of their estimated useful lives and the lease periods.

(b) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(ii) Where the Group is a lessor

Operating lease

Assets leased out under operating leases are included in property, plant and equipment in the consolidated balance sheet and when applicable, are depreciated in accordance with the Group's depreciation policies, as set out in Note 2.5 above. Rental income, net of any incentives given to lessees, is recognised on a straight line basis over the period of the lease.

(iii) Sale and leaseback transactions – where the Group is the lessee

A sale and leaseback transaction involves the sale of an asset by the Group and the lease of the same asset back to the Group. The lease payments and the sale price are usually closely interrelated as they are negotiated as a package.

Sale and leaseback arrangements that result in the Group retaining the majority of the risks and rewards of ownership of assets are accounted for as finance leases. Any excess of sales proceeds over the carrying amount is deferred and amortised over the period of lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries, associated companies or jointly controlled entities is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, associated companies or jointly controlled entities in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.10 FINANCIAL ASSETS

(i) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 FINANCIAL ASSETS *(continued)*

(i) Classification (continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

The Group's loans and receivables are classified as ''trade and notes receivables", "cash and cash equivalents", "prepayments and other receivables" and "loan to a jointly controlled entity'' in the consolidated balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the balance sheet date.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Available-for-sale financial assets of the Group are investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost less provision for impairment, if any.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated income statement within 'other gains, net', in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 FINANCIAL ASSETS *(continued)*

(ii) Recognition and measurement (continued)

Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

2.11 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.12 IMPAIRMENT OF FINANCIAL ASSETS

(a) Assets carried at amortised cost

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 IMPAIRMENT OF FINANCIAL ASSETS *(continued)*

(a) Assets carried at amortised cost (continued)

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(b) Assets classified as available for sale

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.13 INVENTORY

Inventory represents bunker and other materials which are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value of inventories is the expected amount to be realised from use as estimated by the management.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 CASH AND CASH EQUIVALENTS

In the consolidated cash flow statement, cash and cash equivalents includes cash in hand and deposits held at call with banks.

2.16 SHARE CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, associated companies and jointly controlled entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associated companies and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 BORROWING COSTS

Borrowing costs incurred for the construction or acquisition of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed and charged in the consolidated income statements when they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21 EMPLOYEE BENEFITS

(a) Pension obligations

The full-time employees of the Group employed in Mainland China are covered by various government-sponsored pension plans under which the employees are entitled to a monthly pension based on certain formulae. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans based on percentages of the total salary of employees, subject to a certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year.

The Group also operates a defined contribution Mandatory Provident Fund ("MPF") scheme for its employees employed in Hong Kong. The Group and the employees both contribute 5% of the employees' relevant income per month as required by the Hong Kong MPF Scheme Ordinance subject to a maximum of HKD1,000 per person.

The Group's contributions to the above defined contribution schemes are charged to the consolidated income statement as incurred.

(b) Housing benefits

All full-time employees of the Group employed in Mainland China are entitled to participate in various government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of the employees on a monthly basis, subject to a certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the funds are expensed as incurred.

(c) Share-based compensation

The Group operates a cash-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of share appreciation rights is recognised as expense. The employees are entitled to a future cash payment, based on the increase in the Company's H Share price from a specified level over a specified period of time.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share appreciation rights, by applying an option pricing models, taking into account the terms and condition on which the share appreciation rights were granted, and the extent to which the employees have rendered service to date.

At each balance sheet date, the Group measures the services acquired and the liability incurred at the fair value of the liabilities. The fair value of the liabilities are re-measured at each balance sheet date and at the date of settlement, with any changes in fair value, if any, recognised in the consolidated income statement over the vesting period or for the year, where appropriate (Note 29).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of business taxes, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group recognises revenues on the following bases:

(i) *Liner services*

Freight revenues from the operation of the international and domestic containerised transportation business are recognised on a percentage of completion basis, which is determined on the time proportion method of each individual vessel voyage.

(ii) *Chartering*

Income from chartering of vessels under operating leases is recognised over the periods of the respective leases on a straight-line basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 REVENUE RECOGNITION *(continued)*

(iii) Container terminal operations

Revenue from container terminal operations are recognised when the services are rendered.

(iv) Interest income

Interest income is recognised using the effective interest method.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.24 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.25 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's equity holders or directors, where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.26 GOVERNMENT GRANT

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2.27 FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of a subsidiary to secure loans and other banking facilities.

Financial guarantees are initially recognised in the separate financial statements of the Company at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the separate income statement of the Company within other operating expenses.

Where guarantees in relation to loans and other banking facilities of a subsidiary are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Company.

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and bunker price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB and United States Dollars ("USD") and Hong Kong Dollars ("HKD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group is considering using forward contracts to cover the foreign currency exposures in the future, where appropriate.

At 31 December 2010, if RMB had strengthened/weakened by 5% against the USD/HKD with all other variables held constant, post-tax profit for the year would have been RMB106,157,902 (2009: RMB66,925,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of USD/HKD-denominated trade and notes receivables, prepayments and other receivables and cash and cash equivalents, and foreign exchange gains/losses on translation of USD/HKD-denominated bank borrowings, trade payables, finance lease obligations and accrual and other payables.

(ii) Cash flow and fair value interest rate risk

Other than the short-term deposits placed with bank balances, cash at bank and loans to a jointly controlled entity, the Group has no other significant interest bearing assets. The risk on the Group's income and operating cash flows from changes in market interest rates is low.

The Group's interest rate risk arises from borrowings, domestic corporate bonds, and finance lease obligations. Bank borrowings and finance lease obligations issued at variable rates expose the Group to cash flow interest rate risk. As at 31 December 2010 and 2009, around 38% and 42% of the Group's borrowings, domestic corporate bonds, and finance lease obligations were at fixed rates respectively. During 2010 and 2009, the Group's bank borrowings at variable rate were denominated in USD. The weighted average effective interest rates and terms of repayment of the Group's borrowings are disclosed in Note 20.

At 31 December 2010, if interest rates had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been RMB71,377,000 (2009: RMB65,005,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate bank borrowings.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 FINANCIAL RISK FACTORS *(continued)*

(a) Market risk (continued)

(iii) Bunker price risk

The Group is also exposed to fluctuations in bunker prices. Bunker cost is part of the voyage exports and is a significant cost item to the Group. Management monitors conditions and bunker price fluctuations and where appropriate, bunker forward contracts are used to lock up the price of part of the Group's bunker requirements. As at 31 December 2010, the Group had no bunker forward contracts (2009: Nil).

(b) Credit risk

The Group has no significant concentration of credit risk. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group has policies that limit the amount of credit exposure to any financial institutions. The carrying amount of trade and notes receivables, prepayment and other receivables and cash and cash equivalents represent the maximum credit exposure of the Group. The Group has also policies in place to ensure that services are rendered to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group's historical experience in collection of trade and notes receivables and prepayment and other receivables falls within the recorded allowances.

Maximum credit risk exposure relating to off-balance sheet financial guarantee is related to the Company which provides to a wholly owned subsidiary loans and other banking facilities amounting to approximately RMB7,874 million as at 31 December 2010, being the face value of the borrowings and facilities under guarantee and with a maturity term to year 2013. As at 31 December 2010, the credit exposure on those financial guarantees is minimal.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents (Note 17)) on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; monitoring balance sheet liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 FINANCIAL RISK FACTORS *(continued)*

(c) *Liquidity risk (continued)*

The table below analyses the Group and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest calculated based on the interest rate at the balance sheet date). Balances of trade payables and accruals and other payables due within 12 months equal their carrying balances, as the impact of discounting is not significant.

The Group

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
At 31 December 2010				
Borrowings *(Note 20)*	**3,225,248**	**3,701,890**	**2,764,767**	**1,809,451**
Domestic corporate bonds *(Note 21)*	**–**	**–**	**–**	**1,800,000**
Interest payables in relation to the borrowings and domestic corporate bonds	**225,694**	**243,165**	**572,253**	**463,865**
Finance lease obligations *(Note 22)*	**241,710**	**225,590**	**123,587**	**15,807**
Trade payables *(Note 24)*	**4,276,562**	**62,725**	**–**	**–**
Accrual and other payables	**788,118**	**–**	**–**	**–**
At 31 December 2009				
Bank borrowings *(Note 20)*	2,432,784	2,511,700	3,908,254	1,931,731
Domestic corporate bonds *(Note 21)*	–	–	–	1,800,000
Interest payables in relation to the bank borrowings and domestic corporate bonds	203,007	241,909	608,411	576,382
Finance lease obligations *(Note 22)*	279,547	255,003	350,355	25,873
Trade payables *(Note 24)*	4,071,296	–	–	–
Accrual and other payables	743,498	–	–	–

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 FINANCIAL RISK FACTORS *(continued)*

(c) Liquidity risk (continued)

The Company

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
At 31 December 2010				
Bank borrowings *(Note 20)*	**198,681**	**–**	**–**	**–**
Domestic corporate bonds *(Note 21)*	**–**	**–**	**–**	**1,800,000**
Interest payables in relation to the bank borrowings and domestic corporate bonds	**36,280**	**81,180**	**243,540**	**162,360**
Trade payables *(Note 24)*	**5,365,519**	**547**	**–**	**–**
Accrual and other payables	**331,970**	**–**	**–**	**–**
Financial guarantee contracts	**2,298,077**	**3,443,804**	**2,132,509**	**–**
At 31 December 2009				
Bank borrowings *(Note 20)*	136,564	–	–	–
Domestic corporate bonds *(Note 21)*	–	–	–	1,800,000
Interest payables in relation to the bank borrowings and domestic corporate bonds	82,154	81,180	243,540	243,540
Trade payables (Note 24)	4,492,103	–	–	–
Accrual and other payables	291,189	–	–	–
Financial guarantee contracts	1,857,270	819,384	3,414,000	–

3.2 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stockholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 CAPITAL RISK MANAGEMENT *(continued)*

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings, domestic corporate bonds and finance lease obligations as shown in the consolidated balance sheet) less cash and cash equivalents.

The gearing ratios of the Group at 31 December 2010 and 2009 were as follows:

	2010	2009
	RMB'000	RMB'000
Borrowings *(Note 20)*	**11,501,356**	10,784,469
Domestic corporate bonds *(Note 21)*	**1,784,176**	1,781,724
Finance lease obligations *(Note 22)*	**550,086**	803,970
Less: Cash and cash equivalents *(Note 17)*	**(10,648,396)**	(6,936,708)
Net debt	**3,187,222**	6,433,455
Total equity	**29,962,243**	25,978,198
Gearing ratio (Net debt/total equity)	**10.6%**	24.8%

Note:

The decrease of gearing ratio is mainly due to the increase of cash and cash equivalents as a result of operating profit.

3.3 FAIR VALUE ESTIMATION

The fair value measurements of financial instruments by level of the following fair value measurements hierarchy:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 December 2010 and 2009, the Group did not have any financial asset or liability that was measured at fair value.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(I) IMPAIRMENT OF VESSELS AND CONTAINERS

The Group assesses whether vessels and containers have any indication of impairment, in accordance with the accounting policy stated in Note 2.9 in the annual financial statements for the year ended 31 December 2010. As at 31 December 2010, after reviewing the external and internal evidences, the directors considered there was no indication of impairment, accordingly no assessment of the recoverable amounts of the assets has been conducted.

(II) USEFUL LIVES AND RESIDUAL VALUES OF PROPERTY, PLANT AND EQUIPMENT

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment by reference to the Group's business model, its assets management policy, the industry practice, expected usage of the asset, and the current scrap values of steels in an active market at each measurement date. The depreciation expense will change where the useful lives or residual values of property, plant and equipment are different from the previous estimate.

Were the useful lives to differ by 10% from management's estimates as at 31 December 2010 with all other variables held constant, the estimated depreciation expense of property, plant and equipment for the year would be approximately RMB128,012,000 lower or RMB166,949,000 higher for the year ended 31 December 2010.

Were the residual values to differ by 10% from management's estimates as at 31 December 2010 with all other variables held constant, the estimated depreciation expense of property, plant and equipment for the year would be approximately RMB41,477,000 lower or higher for the year ended 31 December 2010.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

(III) INCOME TAXES AND DEFERRED INCOME TAX

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Recognition of deferred income tax assets depends on the management's expectation of future taxable profit that will be available against which the deferred income tax assets can be utilised. The outcome of their actual utilisation may be different.

(IV) PROVISION OF COST OF SERVICES

Cost of services, which comprise container and cargo costs, vessel and voyage costs, sub-route and other costs, are recognised on a percentage of completion basis as set out in Note 2.23. Invoices in relation to these expenses are normally received several months after the expenses have been incurred. Consequently, recognition of costs of services is based on the rendering of services as well as the latest tariff agreed with vendors. If the actual expenses of a voyage differ from the estimated expenses, this will have an impact on cost of services in future periods.

5 REVENUE AND SEGMENT INFORMATION

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

The chief operating decision-maker considers from business prospective and assesses the performance of container shipping and related business and container terminal and related business.

The chief operating decision-maker assesses the performance of the operating segments based on a measure of operating profit/(loss), which is reconciled to profit/(loss) before tax. This measurement is consistent with that in the annual financial statements.

5 REVENUE AND SEGMENT INFORMATION *(continued)*

Segment assets are those operating assets that are employed by a segment in its operating activities. They exclude investments in associates not related to the segment and deferred income tax assets. Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities do not include deferred income tax liabilities and current income tax liabilities.

Unallocated assets mainly represent investments in associates not related to the segment and deferred income tax assets. Unallocated liabilities mainly represent deferred income tax liabilities and current income tax liabilities.

Revenue from the world major shipping lanes is set out below:

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Pacific	**12,627,818**	6,427,004
Europe/Mediterranean	**10,491,167**	4,302,682
Asia Pacific	**4,753,985**	3,345,492
China Domestic	**5,342,060**	4,168,956
Others	**1,593,676**	1,496,197
Turnover	**34,808,706**	19,740,331

5 REVENUE AND SEGMENT INFORMATION *(continued)*

The segment information for the year ended 31 December 2010 is as follows:

	Container shipping and related business RMB'000	Container terminal and related business RMB'000	Inter-segment elimination RMB'000	Group RMB'000
Income statement				
Total segment revenue	34,498,808	458,313	(148,415)	34,808,706
Less: inter-segment revenue	–	(148,415)	148,415	–
Revenue of the Group, from external customers	34,498,808	309,898	–	34,808,706
Segment operating profit	4,240,988	225,310	–	4,466,298
Finance costs	(164,393)	(49,754)	–	(214,147)
Share of results of				
– An associated company	32,770	–	–	32,770
– Jointly controlled entities	1,017	24,050	–	25,067
Segment profit before income tax	4,110,382	199,606	–	4,309,988
Unallocated share of results of				
– An associated company				9,720
Profit before income tax				4,319,708
Income tax expense				(86,467)
Profit for the year				4,233,241
Other items				
Depreciation and amortisation	1,301,718	79,544	–	1,381,262
Additions to non-current assets (other than financial instruments and deferred income tax assets)	2,190,227	240,318	–	2,430,545

5 REVENUE AND SEGMENT INFORMATION *(continued)*

	Container shipping and related business RMB'000	Container terminal and related business RMB'000	Inter-segment elimination RMB'000	Group RMB'000
Balance sheet				
Other segment assets	43,400,800	4,021,881	(76,366)	47,346,315
Jointly controlled entities	39,819	1,167,525	–	1,207,344
Available-for-sale financial assets	–	362,140	–	362,140
Total segment assets	43,440,619	5,551,546	(76,366)	48,915,799
Unallocated assets				
– An associated company				84,720
– Deferred income tax assets				15,606
Total assets				49,016,125
Segment liabilities	16,627,438	2,443,310	(76,366)	18,994,382
Unallocated liabilities				
– Deferred income tax liabilities				61
– Current income tax liabilities				59,439
Total liabilities				19,053,882

5 REVENUE AND SEGMENT INFORMATION *(continued)*

The segment information for the year ended 31 December 2009 is as follows:

	Container shipping and related business RMB'000	Container terminal and related business RMB'000	Inter-segment elimination RMB'000	Group RMB'000
Income statement				
Total segment revenue	19,502,679	389,932	(152,280)	19,740,331
Less: inter-segment revenue	–	(152,280)	152,280	–
Revenue of the Group, from external customers	19,502,679	237,652	–	19,740,331
Segment operating (loss)/profit	(6,346,452)	114,457	–	(6,231,995)
Finance costs	(196,023)	(58,124)	–	(254,147)
Share of results of				
– An associated company	(211)	–	–	(211)
– Jointly controlled entities	1,438	35,639	–	37,077
Segment (loss)/profit before income tax	(6,541,248)	91,972	–	(6,449,276)
Income tax expense				(22,466)
Loss for the year				(6,471,742)
Other items				
Depreciation and amortisation	1,476,730	81,132	–	1,557,862
Additions to non-current assets (other than financial instruments and deferred income tax assets)	1,091,629	404,642	75,000	1,571,271

5 REVENUE AND SEGMENT INFORMATION *(continued)*

	Container shipping and related business RMB'000	Container terminal and related business RMB'000	Inter-segment elimination RMB'000	Group RMB'000
Balance sheet				
Other segment assets	38,880,976	4,014,826	(22,278)	42,873,524
Jointly controlled entities	39,035	1,083,040	–	1,122,075
An associated company	38,704	–	–	38,704
Available-for-sale financial assets	–	163,300	–	163,300
Total segment assets	38,958,715	5,261,166	(22,278)	44,197,603
Unallocated assets				
– An associated company				75,000
– Deferred income tax assets				19,699
Total assets				44,292,302
Segment liabilities	15,965,521	2,333,807	(22,278)	18,277,050
Unallocated liabilities				
– Deferred income tax liabilities				83
– Current income tax liabilities				36,971
Total liabilities				18,314,104

The directors of the Company consider that the nature of the Group's business precludes a meaningful allocation of the Group's non-current assets of container shipping business to specific geographical segments as they mainly include container vessels and containers which are utilised across geographical markets for shipment of cargoes throughout the world. All of the Group's container terminals are located in the PRC.

6 PROPERTY, PLANT AND EQUIPMENT

The Group

	Container vessels RMB'000	Vessels under construction RMB'000	Improvement on vessels under operating leases RMB'000	Building RMB'000	Construction in progress RMB'000	Containers RMB'000	Port and depot infrastructure RMB'000	Loading machineries RMB'000	Motor vehicles, computer, office equipment and furniture RMB'000	Total RMB'000
At 1 January 2009										
Cost	23,010,906	5,099,106	182,721	257,077	1,605,204	5,910,131	1,035,727	878,670	363,751	38,343,293
Accumulated depreciation and impairment losses	(3,015,252)	–	(149,937)	(24,792)	–	(1,268,056)	(53,812)	(163,630)	(218,126)	(4,893,605)
Net book amount	19,995,654	5,099,106	32,784	232,285	1,605,204	4,642,075	981,915	715,040	145,625	33,449,688
Year ended 31 December 2009										
Opening net book amount	19,995,654	5,099,106	32,784	232,285	1,605,204	4,642,075	981,915	715,040	145,625	33,449,688
Exchange difference	(3,317)	(4,986)	(10)	–	(6)	(3,525)	–	–	(25)	(11,869)
Transfers	842,227	(842,227)	2,606	1,047	(68,446)	14,673	21,453	–	28,667	–
Additions	5,037	933,728	6,666	4,915	422,644	65,102	–	564	10,943	1,449,599
Disposals	(94,196)	–	(2,606)	(1,251)	–	(1,911)	–	(208)	(575)	(100,747)
Depreciation *(Note 26)*	(906,227)	–	(16,753)	(8,868)	–	(506,623)	(23,117)	(46,871)	(43,807)	(1,552,266)
Closing net book amount	19,839,178	5,185,621	22,687	228,128	1,959,396	4,209,791	980,251	668,525	140,828	33,234,405
At 31 December 2009										
Cost	23,637,913	5,185,621	88,764	261,788	1,959,396	5,976,838	1,057,180	878,969	391,118	39,437,587
Accumulated depreciation and impairment losses	(3,798,735)	–	(66,077)	(33,660)	–	(1,767,047)	(76,929)	(210,444)	(250,290)	(6,203,182)
Net book amount	19,839,178	5,185,621	22,687	228,128	1,959,396	4,209,791	980,251	668,525	140,828	33,234,405
Year ended 31 December 2010										
Opening net book amount	19,839,178	5,185,621	22,687	228,128	1,959,396	4,209,791	980,251	668,525	140,828	33,234,405
Exchange difference	(85,947)	(130,987)	(35)	–	–	(140,195)	–	–	(781)	(357,945)
Transfers	138,511	(138,511)	–	29,140	(432,334)	331,294	–	–	71,900	–
Additions	3,128	1,538,511	2,333	9,914	597,735	16,185	1,668	1,428	87,363	2,258,265
Disposals	(25,856)	–	–	–	–	(27,935)	(81)	(68)	(1,491)	(55,431)
Depreciation *(Note 26)*	(856,246)	–	(11,866)	(9,396)	–	(385,305)	(17,668)	(48,332)	(45,939)	(1,374,752)
Closing net book amount	19,012,768	6,454,634	13,119	257,786	2,124,797	4,003,835	964,170	621,553	251,880	33,704,542
At 31 December 2010										
Cost	23,646,964	6,454,634	91,062	300,842	2,124,797	6,081,212	1,056,814	878,705	535,377	41,170,407
Accumulated depreciation and impairment losses	(4,634,196)	–	(77,943)	(43,056)	–	(2,077,377)	(92,644)	(257,152)	(283,497)	(7,465,865)
Net book amount	19,012,768	6,454,634	13,119	257,786	2,124,797	4,003,835	964,170	621,553	251,880	33,704,542

6 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	The Company					
	Container vessels RMB'000	Vessels under construction RMB'000	Building RMB'000	Construction in progress RMB'000	Motor vehicles, computer, office equipment and furniture RMB'000	Total RMB'000
At 1 January 2009						
Cost	19,322,530	440,103	195,881	23,540	158,231	20,140,285
Accumulated depreciation and impairment losses	(2,603,057)	–	(20,027)	–	(99,698)	(2,722,782)
Net book amount	16,719,473	440,103	175,854	23,540	58,533	17,417,503
Year ended 31 December 2009						
Opening net book amount	16,719,473	440,103	175,854	23,540	58,533	17,417,503
Transfers	842,227	(842,227)	1,047	(29,684)	28,637	–
Additions	4,471	421,862	101	6,144	1,704	434,282
Transfer from a subsidiary	–	813,018	–	–	–	813,018
Disposals	(71,417)	–	(1,251)	–	(108)	(72,776)
Depreciation	(750,694)	–	(6,936)	–	(16,878)	(774,508)
Closing net book amount	16,744,060	832,756	168,815	–	71,888	17,817,519
At 31 December 2009						
Cost	20,026,733	832,756	195,778	–	187,177	21,242,444
Accumulated depreciation and impairment losses	(3,282,673)	–	(26,963)	–	(115,289)	(3,424,925)
Net book amount	16,744,060	832,756	168,815	–	71,888	17,817,519
Year ended 31 December 2010						
Opening net book amount	**16,744,060**	**832,756**	**168,815**	**–**	**71,888**	**17,817,519**
Transfers	**138,017**	**(138,017)**	**–**	**(13,126)**	**13,126**	**–**
Additions	**1,922**	**369,846**	**–**	**13,549**	**8,565**	**393,882**
Disposals	**(1,124)**	**–**	**–**	**–**	**(634)**	**(1,758)**
Depreciation	**(719,895)**	**–**	**(6,738)**	**–**	**(14,426)**	**(741,059)**
Closing net book amount	**16,162,980**	**1,064,585**	**162,077**	**423**	**78,519**	**17,468,584**
At 31 December 2010						
Cost	**20,165,546**	**1,064,585**	**195,778**	**423**	**193,574**	**21,619,906**
Accumulated depreciation and impairment losses	**(4,002,566)**	**–**	**(33,701)**	**–**	**(115,055)**	**(4,151,322)**
Net book amount	**16,162,980**	**1,064,585**	**162,077**	**423**	**78,519**	**17,468,584**

6 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) As at 31 December 2010, the net book value of the Group's containers held under finance lease amounted to approximately RMB808,389,737 (2009: RMB1,043,583,000).

(b) As at 31 December 2010, the net book value of container vessels, containers and port and depot infrastructure of the Group pledged as securities for the bank borrowings amounted to approximately RMB2,074,524,000 (2009: RMB2,254,348,000) (Note 20).

(c) As at 31 December 2010, the net book value of the assets leased out under operating leases, where the Group and the Company is the lessor, comprised vessels under chartering arrangements amounting to RMB1,960,560,000 and RMB5,119,307,000, respectively (2009: RMB1,976,184,000 and RMB3,989,463,000, respectively).

(d) In the year ended 31 December 2010, the capitalised borrowing costs of the Group and the Company included in vessels under construction and construction in progress amounted to approximately RMB150,573,000 and RMB38,094,000 (2009: RMB138,646,000 and RMB40,840,000) respectively.

(e) As at 31 December 2010, the accumulated impairment losses of the container vessels of the Group and the Company included under "accumulated depreciation and impairment losses" amounted to RMB26,363,000 (2009: RMB26,363,000).

(f) Depreciation expenses of RMB1,340,517,000 (2009: RMB1,497,270,000) has been charged to consolidated income statement within costs of services, and RMB34,235,000 (2009: RMB54,996,000) has been charged to consolidated income statement within selling, administrative and general expenses (Note 26).

7 LEASEHOLD LAND AND LAND USE RIGHTS

The Group and the Company's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book value are analysed as follows:

	The Group RMB'000	The Company RMB'000
Year ended 31 December 2009		
Opening net book value	96,397	12,274
Addition	5,966	–
Amortisation charge for the year	(2,149)	(350)
Closing net book amount	100,214	11,924
At 31 December 2009		
Cost	107,889	13,918
Accumulated amortisation	(7,675)	(1,994)
Net book amount	100,214	11,924
Year ended 31 December 2010		
Opening net book value	**100,214**	**11,924**
Amortisation charge for the year	**(2,419)**	**(349)**
Closing net book amount	**97,795**	**11,575**
At 31 December 2010		
Cost	**107,889**	**13,918**
Accumulated amortisation	**(10,094)**	**(2,343)**
Net book amount	**97,795**	**11,575**

The Group's leasehold land and land use rights are located in the PRC, and are held on lease periods ranging from 30 to 50 years. The amortisation of leasehold land and land use rights has been charged to "Selling, administrative and general expenses".

8 INTANGIBLE ASSETS

	The Group			The Company
	Port line use rights	Compute Software	Total	Computer Software
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2009				
Opening net book value	2,043	10,925	12,968	4,890
Additions	850	15,856	16,706	1,000
Amortisation charge for the year	(56)	(3,391)	(3,447)	(711)
Closing net book amount	2,837	23,390	26,227	5,179
At 31 December 2009				
Cost	2,903	28,342	31,245	6,589
Accumulated amortisation	(66)	(4,952)	(5,018)	(1,410)
Net book amount	2,837	23,390	26,227	5,179
Year ended 31 December 2010				
Opening net book value	**2,837**	**23,390**	**26,227**	**5,179**
Additions	**–**	**4,280**	**4,280**	**–**
Amortisation charge for the year	**(48)**	**(4,043)**	**(4,091)**	**(863)**
Closing net book amount	**2,789**	**23,627**	**26,416**	**4,316**
At 31 December 2010				
Cost	**2,903**	**32,622**	**35,525**	**6,589**
Accumulated amortisation	**(114)**	**(8,995)**	**(9,109)**	**(2,273)**
Net book amount	**2,789**	**23,627**	**26,416**	**4,316**

The Group's port line use rights are located in Jinzhou, the PRC, and can be used for 50 years since the year 2008.

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS – THE GROUP

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Unlisted equity securities	**362,140**	163,300

The available-for-sale financial assets represent investments in unlisted equity securities in the PRC that offer the Group the opportunity for return through dividend income. They included a 14% equity interest in Tianjin Universal International Port Co., Ltd. of RMB160,300,000 (2009: RMB160,300,000), a 15% equity interest in Lianyungang Electronic Port Information Development Co., Ltd. of RMB3,000,000 (2009: RMB3,000,000) and a 3.9% equity interest in Yantai Port., Ltd. ("Yantai Port") of RMB198,840,000 (Notes 12 and 27). In the opinion of the directors of the Company, the Group cannot exercise any significant influence on these companies and hence has classified these companies as available-for-sale financial assets of the Group.

As the investments did not have a quoted market price in an active market, the range of reasonable fair value estimate is so significant and the probabilities of the various estimates cannot be reasonably assessed, the directors of the Company are of the opinion that their fair values cannot be reliably measured.

10 INTERESTS IN SUBSIDIARIES – THE COMPANY

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Investment in subsidiaries – unlisted shares, at cost	**14,826,697**	14,821,452
Loan to a subsidiary	**–**	682,820
	14,826,697	15,504,272

The fair value of share options benefits amounting to approximately RMB5,245,000 attributable to directors and employees (Note 29) of subsidiaries is recorded as investments in subsidiaries.

The list of the principal subsidiaries of the Company as at 31 December 2010 is set out in Note 40(A).

11 INVESTMENT IN ASSOCIATED COMPANIES

THE GROUP

	2010 RMB'000	2009 RMB'000
Beginning of year	**113,704**	38,915
Additions	**–**	75,000
Liquidation of an associated company	**(71,474)**	–
Share of results of associated companies	**42,490**	(211)
End of year	**84,720**	113,704

THE COMPANY

	As at 31 December 2010 RMB'000	As at 31 December 2009 RMB'000
Unlisted investment, at cost	**75,000**	113,530

Shanghai Hai Xin Yuan Cang International Logistics Co., Ltd. ("Hai Xin Yuan Cang"), an associated company of the Group, completed its liquidation process on 13 August 2010. As a result, the Group recovered all of its investment in Hai Xin Yuan Cang with the carrying amount of RMB71,474,000 from the liquidation proceeds during the year ended 31 December 2010.

The Group's share of the result of its associated companies, all of which are unlisted, and the aggregated assets and liabilities, are as follows:

	As at and for the year ended 31 December					
	2010			2009		
	Shanghai HaiXin YuanCang International Logistics Co., Ltd. RMB'000	**China Shipping Finance Co., Ltd. RMB'000**	**Total RMB'000**	Shanghai HaiXin YuanCang International Logistics Co., Ltd. RMB'000	China Shipping Finance Co., Ltd. RMB'000	Total RMB'000
Total assets	**–**	**1,629,182**	**1,629,182**	131,792	75,000	206,792
Total liabilities	**–**	**1,544,462**	**1,544,462**	93,088	–	93,088
Revenue	**–**	**42,263**	**42,263**	–	–	–
Net profit/(loss)	**32,770**	**9,720**	**42,490**	(211)	–	(211)
Percentage of interest held	**40%**	**25%**		40%	25%	

The details of the associated company of the Group as at 31 December 2010 are set out in Note 40(B).

12 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

THE GROUP

	2010 RMB'000	2009 RMB'000
Beginning of year	**1,122,075**	1,073,811
Increase in investment in a jointly controlled entity	**168,000**	24,000
Decrease in investment in a jointly controlled entity *(Note 27)*	**(106,568)**	(7,000)
Share of results of jointly controlled entities		
– profit before income tax	**29,393**	40,430
– income tax expense	**(4,326)**	(3,353)
	25,067	37,077
Share of other comprehensive income	**453**	2,829
Dividends declared by jointly controlled entities	**(1,683)**	(8,642)
End of year	**1,207,344**	1,122,075

THE COMPANY

	As at 31 December 2010 RMB'000	2009 RMB'000
Investment in a jointly controlled entity		
– unlisted investments, at cost	**37,000**	37,000

There are no significant contingent liabilities relating to the Group and the Company's investments in the jointly controlled entity, and no significant contingent liabilities of the ventures themselves.

In March 2010, the Group increased its capital investment in its jointly controlled entity, Dalian International Container Terminal Co., Ltd. by cash injection of RMB168,000,000.

The investments in jointly controlled entities as at 31 December 2010 included goodwill of RMB31,959,000 (2009: RMB31,959,000).

12 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

The Group's share of the results of its jointly controlled entities, all of which are unlisted, and their aggregated assets and liabilities (including goodwill), are as follows:

	As at and for the year ended 31 December							
	2010				2009			
	Guangzhou Nansha Port Stevedoring Corporation Limited	Dalian International Container Terminal Co., Ltd.	Others	Total	Guangzhou Nansha Port Stevedoring Corporation Limited	Dalian International Container Terminal Co., Ltd.	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	1,216,328	862,205	410,699	2,489,232	1,284,887	873,302	619,212	2,777,401
Total liabilities	735,922	463,368	82,598	1,281,888	830,867	637,999	186,460	1,655,326
Net assets	480,406	398,837	328,101	1,207,344	454,020	235,303	432,752	1,122,075
Revenue	218,878	54,464	157,762	431,104	219,569	69	156,085	375,723
Net profit/(loss)	26,388	(4,482)	3,161	25,067	30,832	(2,153)	8,398	37,077
Percentage of interest held	40%	30%	30%~50%		40%	30%	30%~50%	

The details of the jointly controlled entities of the Group as at 31 December 2010 are set out in Note 40(C).

13 LOAN TO A JOINTLY CONTROLLED ENTITY

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Loan to a jointly controlled entity	13,000	–

At 31 December 2010, an entrusted loan of RMB13,000,000 (2009: Nil) was made to a jointly controlled entity. The loan bears interest at 4.78% per annum and is wholly repayable on 19 August 2011.

14A FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	The Group		**The Company**	
	As at 31 December		**As at 31 December**	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Assets per balance sheet:				
Available-for-sale financial assets *(Note 9)*	**362,140**	163,300	**–**	–
Loans and receivables				
– Loan to a jointly controlled entity *(Note 13)*	**13,000**	–	**13,000**	–
– Trade and notes receivables *(Note 16)*	**1,791,791**	1,573,176	**859,407**	857,314
– Other receivables	**65,284**	31,139	**43,721**	16,335
– Cash and cash equivalents *(Note 17)*	**10,648,396**	6,936,708	**5,449,384**	2,938,132
	12,880,611	8,704,323	**6,365,512**	3,811,781
Liabilities per balance sheet:				
Other financial liabilities at amortised cost				
– Trade payables *(Note 24)*	**4,339,287**	4,071,296	**5,366,066**	4,492,103
– Accrual and other payables	**327,996**	343,771	**80,911**	75,915
– Borrowings *(Note 20)*	**11,501,356**	10,784,469	**198,681**	136,564
– Domestic corporate bonds *(Note 21)*	**1,784,176**	1,781,724	**1,784,176**	1,781,724
– Finance lease obligations *(Note 22)*	**550,086**	803,970	**–**	–
	18,502,901	17,785,230	**7,429,834**	6,486,306

14B CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter party default rates.

(A) TRADE RECEIVABLES

As at 31 December 2010, the Group's trade receivables of RMB1,618,516,000 (2009: RMB1,396,028,000) and the Company's trade receivables of RMB858,062,000 (2009: RMB743,180,000) were within three months. Trade receivables that were within three months mainly represent those due from customers with good credit history and low default rate. Trade receivables that were either past due or impaired were disclosed in Note 16.

None of the financial assets that are fully performing has been renegotiated in the last year.

(B) CASH AND CASH EQUIVALENTS

The Group categorises its cash in banks into the following:

- Group 1 – Major International banks (Citibank, ABN AMRO Bank and etc.)
- Group 2 – Top 4 banks in the PRC (China Construction Bank, Bank of China, Agricultural Bank of China and Industrial and Commercial Bank of China)
- Group 3 – Other PRC reputable banks

The management considered the credit risks in respect of cash and bank deposits with financial institutions are relatively minimum as each counter party either bears a high credit rating or is a large PRC bank. The management believes the state is able to support the PRC banks in the event of crisis.

	The Group		**The Company**	
	As at 31 December		**As at 31 December**	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Group 1	**1,546,005**	1,100,070	**237,212**	254,904
Group 2	**820,174**	1,858,023	**435,404**	914,445
Group 3	**8,282,217**	3,978,615	**4,776,768**	1,768,783
	10,648,396	6,936,708	**5,449,384**	2,938,132

15 INVENTORIES

	The Group As at 31 December		The Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bunkers	**874,042**	861,951	**475,491**	424,530
Other materials	**9,233**	12,449	**–**	–
	883,275	874,400	**475,491**	424,530

16 TRADE AND NOTES RECEIVABLES

	The Group As at 31 December		The Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables				
– Subsidiaries	**–**	–	**137,796**	227,950
– Fellow subsidiaries *(Note 39(c))*	**142,470**	224,472	**65,972**	130,572
– Third parties	**1,375,844**	1,153,584	**467,353**	390,524
	1,518,314	1,378,056	**671,121**	749,046
Notes receivables	**273,477**	195,120	**188,286**	108,268
	1,791,791	1,573,176	**859,407**	857,314

16 TRADE AND NOTES RECEIVABLES *(continued)*

The ageing analysis of the trade and notes receivables based on invoice dates is as follows:

	The Group As at 31 December		The Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 3 months	**1,618,516**	1,396,028	**858,062**	743,180
4 to 6 months	**55,084**	81,146	**8**	39,656
7 to 9 months	**71,393**	66,113	**58**	41,819
10 to 12 months	**97,103**	72,507	**143**	39,955
Over 1 year	**25,836**	–	**6,639**	–
	1,867,932	1,615,794	**864,910**	864,610
Less: provision for impairment of receivables	**(76,141)**	(42,618)	**(5,503)**	(7,296)
	1,791,791	1,573,176	**859,407**	857,314

The carrying amounts of trade and notes receivables approximate their fair values as at the balance sheet dates.

The carrying amounts of the trade and notes receivables are denominated in the following currencies:

	The Group As at 31 December		The Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
RMB	**982,911**	928,617	**670,587**	562,494
HKD	**59**	31,736	**–**	8
USD	**712,876**	557,843	**163,546**	275,335
Other currencies	**95,945**	54,980	**25,274**	19,477
	1,791,791	1,573,176	**859,407**	857,314

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

16 TRADE AND NOTES RECEIVABLES *(continued)*

CREDIT POLICY

Credit terms in the range within 3 months are granted to those customers with good payment history. There is no concentration of credit risk with respect to trade receivables, as the Group and the Company have a large number of customers, internationally dispersed.

As at 31 December 2010, based on the invoice date, trade receivables of the Group and the Company that were aged over 3 months amounted to RMB249,416,000 and RMB6,848,000 (2009: RMB219,766,000 and RMB121,430,000), respectively. They are regarded as over-due and partially impaired, and the related amounts of provisions, estimated by management based on historic experiences of credit losses amounted to RMB76,141,000 and RMB5,503,000 (2009: RMB42,618,000 and RMB7,296,000) respectively.

The movements in the provision for impairment of trade and notes receivables are as follows:

	The Group		**The Company**	
	As at 31 December		**As at 31 December**	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**42,618**	82,288	**7,296**	11,003
Provision for/(reversal of) impairment of trade receivables *(Note 26)*	**33,523**	(39,670)	**(1,793)**	(3,707)
At 31 December	**76,141**	42,618	**5,503**	7,296

The creation and release of provision for impaired receivables have been included in 'selling, administrative and general expenses' in the consolidated income statement (Note 26).

17 CASH AND CASH EQUIVALENTS

	The Group		**The Company**	
	As at 31 December		**As at 31 December**	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and in hand	**4,370,396**	4,376,179	**1,330,344**	808,132
Short-term bank deposits	**6,278,000**	2,560,529	**4,119,040**	2,130,000
	10,648,396	6,936,708	**5,449,384**	2,938,132

17 CASH AND CASH EQUIVALENTS *(continued)*

Cash and cash equivalents are denominated in the following currencies:

	The Group As at 31 December		The Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
RMB	**6,027,497**	3,246,114	**4,970,353**	2,471,832
HKD	**101,614**	46,440	**15**	24
USD	**4,113,277**	3,375,412	**393,849**	381,698
Other currencies	**406,008**	268,742	**85,167**	84,578
	10,648,396	6,936,708	**5,449,384**	2,938,132

18 SHARE CAPITAL

	The Group and the Company			
	Number of shares	**A Share of RMB1 each**	**H Share of RMB1 each**	**Total**
	(thousand)	RMB'000	RMB'000	RMB'000
Issued and fully paid:				
At 1 January 2009, 31 December 2009 and 2010	11,683,125	7,932,125	3,751,000	11,683,125

As at 31 December 2010, all issued shares are registered, fully paid and divided into 11,683,125,000 shares (2009: 11,683,125,000 shares) of RMB1.00 each, comprising 7,932,125,000 A Share and 3,751,000,000 H Share (2009: 7,932,125,000 A Share and 3,751,000,000 H Share).

19 OTHER RESERVES AND RETAINED EARNINGS

(A) OTHER RESERVES

	The Group			
	Capital surplus	Statutory surplus reserve	Translation	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2009	17,049,633	1,296,857	(636,828)	17,709,662
Currency translation difference, net of tax	–	–	(25,268)	(25,268)
Share of other comprehensive income of a jointly controlled entity	2,829	–	–	2,829
Transaction with owners:				
Deemed distribution to the controlling shareholder	(21,678)	–	–	(21,678)
Acquisition of non-controlling interest of a subsidiary	(997)	–	–	(997)
Balance at 31 December 2009	17,029,787	1,296,857	(662,096)	17,664,548
Balance at 1 January 2010	**17,029,787**	**1,296,857**	**(662,096)**	**17,664,548**
Currency translation difference, net of tax	**–**	**–**	**(245,347)**	**(245,347)**
Profit appropriation to statutory reserves	**–**	**58,906**	**–**	**58,906**
Share of other comprehensive income of a jointly controlled entity	**453**	**–**	**–**	**453**
Balance at 31 December 2010	**17,030,240**	**1,355,763**	**(907,443)**	**17,478,560**

19 OTHER RESERVES AND RETAINED EARNINGS *(continued)*

(A) OTHER RESERVES *(continued)*

	The Company		
	Capital surplus	Statutory surplus reserve	Total
	RMB'000	RMB'000	RMB'000
Balance at 1 January till 31 December 2009	17,657,126	1,296,857	18,953,983
Profit appropriation to statutory reserves	–	58,906	58,906
Balance at 31 December 2010	**17,657,126**	**1,355,763**	**19,012,889**

(B) RETAINED EARNINGS/(ACCUMULATED LOSSES)

	The Group		The Company	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**(4,120,974)**	2,368,074	**359,627**	1,033,262
Profit/(loss) for the year	**4,203,134**	(6,489,048)	**564,743**	(673,635)
Profit appropriation to statutory reserves	**(58,906)**	–	**(58,906)**	–
At 31 December	**23,254**	(4,120,974)	**865,464**	359,627

Capital surplus mainly represents share premium and reserves arising from business combinations under common control.

In accordance with the PRC regulations and the articles of association of the companies of the Group, before distributing the net profit of each year, companies of the Group registered in the PRC are required to set aside 10% of its statutory net profit for the year after offsetting any prior year's losses as determined under relevant PRC accounting standards to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of each company's share capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' losses or to issue bonus shares. However, such statutory surplus reserve fund must be maintained at a minimum of 25% of the entity's share capital after such issuance.

The Company appropriated RMB58,906,257 (2009: Nil), being 10% of its net profit under relevant PRC accounting standards for the year ended 31 December 2010 to the statutory reserves.

20 BORROWINGS

	The Group As at 31 December		The Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-Current				
Long-term bank borrowings	**8,196,108**	8,351,685	**–**	–
Loan from a related party *(Note 39(c))*	**80,000**	–	**–**	–
	8,276,108	8,351,685	**–**	–
Current				
Short-term bank borrowings	**529,816**	136,564	**198,681**	136,564
Long-term bank borrowings – current portion	**2,695,432**	2,296,220	**–**	–
	3,225,248	2,432,784	**198,681**	136,564
	11,501,356	10,784,469	**198,681**	136,564
Representing:				
Loan from a related party – unsecured	**80,000**	–	**–**	–
Bank borrowings				
– unsecured	**9,929,512**	8,899,107	**198,681**	136,564
– secured	**1,491,844**	1,885,362	**–**	–
	11,501,356	10,784,469	**198,681**	136,564

The maturity periods of the borrowings are as follows:

	The Group As at 31 December		The Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within one year	**3,225,248**	2,432,784	**198,681**	136,564
In the second year	**3,701,890**	2,511,700	**–**	–
In the third to fifth year	**2,764,767**	3,908,254	**–**	–
After fifth year	**1,809,451**	1,931,731	**–**	–
	11,501,356	10,784,469	**198,681**	136,564

20 BORROWINGS *(continued)*

The exposure of the Group and the Company's borrowings to interest-rate changes and the contractual repricing dates is as follows:

	The Group		The Company	
	As at 31 December		As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 6 months	**8,756,476**	7,924,813	**198,681**	136,564
6 to 12 months	**2,115,150**	2,134,000	**–**	–
After fifth year	**629,730**	725,656	**–**	–
	11,501,356	10,784,469	**198,681**	136,564

As at 31 December 2010, the secured long-term bank borrowings of the Group were secured by the following collaterals:

(i) Legal mortgage over certain container vessels, containers and port and depot infrastructure of the Group with net book value of approximately RMB2,074,524,000 (2009: RMB2,254,348,000) (Note 6(b)), and

(ii) Charges over shares of certain vessels owning subsidiaries of the Group.

An analysis of the carrying amounts of the Group and the Company's borrowings by type and currency is as follows:

	The Group		The Company	
	As at 31 December		As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
RMB				
– at fixed rates	**2,315,150**	2,268,000	**–**	–
USD				
– at fixed rates	**629,730**	725,656	**–**	–
– at floating rates	**8,556,476**	7,790,813	**198,681**	136,564
	11,501,356	10,784,469	**198,681**	136,564

20 BORROWINGS *(continued)*

The weighted average effective interest rates at the respective balance sheet dates are set out as follows:

	The Group As at 31 December		The Company As at 31 December	
	2010	2009	**2010**	2009
Bank borrowings				
– RMB	**5.35%**	5.31%	**–**	–
– USD	**1.15%**	1.06%	**1.20%**	0.85%
Loan from a related party				
– RMB	**5.53%**	–	**–**	–

The carrying amounts of the current bank borrowings approximate their fair value as at the balance sheet date as the impact of discounting is not significant.

The carrying amounts and the fair values of the non-current borrowings, which are based on cash flows discounted using a rate of 6.40% (2009: 5.94%), are as follows:

	The Group As at 31 December		The Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Carrying amounts	**10,971,540**	10,647,905	**–**	–
Fair values	**10,966,360**	10,600,047	**–**	–

The Group has the following undrawn borrowing facilities:

	The Group	
	2010	2009
	RMB'000	RMB'000
Floating rate:		
– Expiring within one year	**1,417,099**	–
– Expiring beyond one year	**–**	1,024,230
Fixed rate:		
– Expiring within one year	**–**	36,000
– Expiring beyond one year	**428,850**	611,000
	1,845,949	1,671,230

21 DOMESTIC CORPORATE BONDS

	The Group and The Company	
	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Non-current domestic corporate bonds	**1,784,176**	1,781,724

On 12 June 2007, the Company issued domestic corporate bonds in the PRC with face value of RMB1,800,000,000, pursuant to the approval obtained from the National Development and Reform Commission of the PRC. The bonds are dominated in RMB, for a ten-year period fully repayable by 12 June 2017, and bear interest at a fixed rate of 4.51% per annum. The bonds are guaranteed by Bank of China, Shanghai branch, and have been listed on the interbank bond market in the PRC.

The bonds were initially recognised at its fair value of RMB1,800,000,000, after deducting the transaction cost that are directly attributable to the bonds amounting to approximately RMB24,512,000.

As at 31 December 2010, the estimated fair value of the bonds is approximately RMB1,708,118,000 (2009: RMB1,691,385,000). The fair value is calculated based on the discounted cash flows using applicable discount rates from the prevailing market interest rates offered to the Group for debts with substantially the same characteristics and maturity dates. The discount rate used was approximately 6.40% (2009: 5.94%) per annum.

22 FINANCE LEASE OBLIGATIONS – THE GROUP

	As at 31 December 2010			As at 31 December 2009		
	Minimum lease payment RMB'000	**Finance charges RMB'000**	**Net present value of minimum lease payment RMB'000**	Minimum lease payment RMB'000	Finance charges RMB'000	Net present value of minimum lease payment RMB'000
Finance lease obligations						
Within one year	**241,710**	**31,136**	**210,574**	279,547	47,478	232,069
In the second year	**225,590**	**17,115**	**208,475**	255,003	33,069	221,934
In the third to fifth year	**123,587**	**7,508**	**116,079**	350,355	24,141	326,214
After fifth year	**15,807**	**849**	**14,958**	25,873	2,120	23,753
	606,694	**56,608**	**550,086**	910,778	106,808	803,970
Less: within one year (current portion)	**(241,710)**	**(31,136)**	**(210,574)**	(279,547)	(47,478)	(232,069)
	364,984	**25,472**	**339,512**	631,231	59,330	571,901

22 FINANCE LEASE OBLIGATIONS – THE GROUP *(continued)*

The average effective interest rate of finance lease obligations of the Group is 6.92% per annum (2009: 6.94%).

The carrying amounts of finance lease obligations approximate their fair value as at the year-end dates. The fair values were determined based on discounted cash flow using average borrowing rates.

All finance lease obligations are dominated in USD.

23 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	The Group As at 31 December		**The Company As at 31 December**	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Deferred income tax assets:				
– Deferred income tax assets to be settled after more than 12 months	**15,606**	19,699	**6,250**	6,250
Deferred income tax liabilities:				
– Deferred income tax liabilities to be settled after more than 12 months	**(61)**	(83)	**–**	–
Deferred income tax assets, net	**15,545**	19,616	**6,250**	6,250

23 DEFERRED INCOME TAX *(continued)*

The movements in the deferred income tax assets/(liabilities) are as follows:

	The Group		The Company	
	As at 31 December		As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Beginning of year	**19,616**	33,377	**6,250**	6,250
(Charged)/credited to consolidated income statement *(Note 32)*	**(4,071)**	7,350	**–**	–
Charged directly to equity	**–**	(21,111)	**–**	–
End of year	**15,545**	19,616	**6,250**	6,250

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets:

	Losses of overseas subsidiaries	**Tax losses of PRC subsidiaries**	**Others**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
The Group				
At 1 January 2009	70,346	4,052	12,514	86,912
(Charged)/credited to consolidated income statement	(55,520)	–	3,133	(52,387)
Charged directly to equity	(14,826)	–	–	(14,826)
At 31 December 2009	–	4,052	15,647	19,699
Charged to consolidated income statement	–	–	(4,093)	(4,093)
At 31 December 2010	**–**	**4,052**	**11,554**	**15,606**
The Company				
At 1 January 2009, 31 December 2009 and 2010	–	–	6,250	6,250

23 DEFERRED INCOME TAX *(continued)*

The Group and the Company did not recognise deferred income tax assets of RMB648,553,922 and RMB110,646,567, respectively, in respect of cumulative tax losses amounting to approximately RMB2,594,215,689 and RMB442,586,266, respectively, because it is estimated that the temporary differences cannot be reversed in the foreseeable future. Cumulative tax losses amounting to approximately RMB601,404,524 and RMB1,992,811,165 of the Group will expire within and above 5 years from 1 January 2011, respectively. All tax losses of the Company will expire within 5 years from 1 January 2011.

Deferred income tax liabilities:

	Profits of overseas subsidiaries	**Others**	**Total**
	RMB'000	RMB'000	RMB'000
The Group			
At 1 January 2009	(53,447)	(88)	(53,535)
Credited to consolidated income statement	59,732	5	59,737
Credited directly to equity	(6,285)	–	(6,285)
At 31 December 2009	–	(83)	(83)
Credited to consolidated income statement	–	22	22
At 31 December 2010	**–**	**(61)**	**(61)**
The Company			
At 1 January 2009, 31 December 2009 and 2010	–	–	–

24 TRADE PAYABLES

	The Group As at 31 December		**The Company As at 31 December**	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables				
– Subsidiaries	**–**	–	**4,084,054**	3,367,579
– Fellow subsidiaries *(Note 39(c))*	**1,671,588**	1,636,424	**686,422**	328,551
– Third parties	**2,667,699**	2,434,872	**595,590**	795,973
	4,339,287	4,071,296	**5,366,066**	4,492,103

24 TRADE PAYABLES *(continued)*

The ageing analysis of the trade payables based on invoice dates is as follows:

	The Group As at 31 December		The Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 3 months	**4,243,731**	3,929,336	**5,357,088**	4,419,865
4 to 6 months	**6,940**	72,196	**6,915**	39,990
7 to 9 months	**8,229**	69,764	**312**	32,248
10 to 12 months	**17,662**	–	**1,204**	–
1 to 2 years	**62,725**	–	**547**	–
	4,339,287	4,071,296	**5,366,066**	4,492,103

The carrying amounts of the trade payables are denominated in the following currencies:

	The Group As at 31 December		The Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
RMB	**1,929,485**	1,395,929	**1,994,990**	2,263,826
HKD	**27**	53,636	**1,153**	3,476
USD	**1,856,328**	2,438,001	**3,310,667**	2,189,853
Other currencies	**553,447**	183,730	**59,256**	34,948
	4,339,287	4,071,296	**5,366,066**	4,492,103

The carrying amounts of the trade payables approximate their fair values as at the balance sheet date.

25 PROVISIONS

	Onerous contracts RMB'000	Legal claims RMB'000	Total RMB'000
The Group			
Year ended 31 December 2009			
At 1 January 2009	–	25,000	25,000
Provided during the year	67,093	–	67,093
At 31 December 2009	67,093	25,000	92,093
Year ended 31 December 2010			
At 1 January 2010	**67,093**	**25,000**	**92,093**
Utilised during the year	**(60,734)**	**–**	**(60,734)**
At 31 December 2010	**6,359**	**25,000**	**31,359**
The Company			
At 1 January 2009, 31 December 2009 and 2010	–	25,000	25,000

The onerous contracts provision of RMB67,093,000 as at 1 January 2010 represented the amount of the unavoidable costs under the vessels chartering in contracts that exceed the future economic benefits expected to be received under the vessels chartering out contracts. Provision amounting to RMB60,734,000 was utilised and credited to the consolidated income statement within costs of services for the year ended 31 December 2010.

The provision for legal claims of RMB25,000,000 is related to legal claim brought against the Company by customers of the Company. In the opinion of the Company's directors, after taking into account of the legal advice, the outcome of this legal claim will not give rise to any significant loss beyond the amounts provided as at 31 December 2010.

26 COSTS AND EXPENSES BY NATURE

Costs of services, selling, administrative and general expenses are analysed as follows:

	For the year ended 31 December 2010 RMB'000	2009 RMB'000
Costs of services		
Container repositioning and management	**8,839,475**	7,431,982
Bunkers consumed	**7,990,518**	5,633,080
Operating lease rentals	**3,434,219**	3,526,604
Port charges	**1,964,859**	1,743,726
Depreciation (Note 6)	**1,340,517**	1,497,270
Employee benefit expenses (Note 29)	**1,020,117**	1,007,964
(Utilisation of)/provision for onerous contracts (Note 25)	**(60,734)**	67,093
Sub-route costs and others	**5,263,915**	4,577,893
	29,792,886	25,485,612
Selling, administrative and general expenses		
Employee benefit expenses *(Note 29)*	**481,007**	399,800
Rental expenses	**72,402**	50,971
Telecommunication and utilities expenses	**41,101**	30,392
Depreciation *(Note 6)*	**34,235**	54,996
Repair and maintenance expenses	**4,092**	2,948
Auditors' remuneration	**13,740**	10,450
Amortisation *(Notes 7, 8)*	**6,510**	5,596
Provision for/(reversal of) impairment of trade receivables *(Note 16)*	**33,523**	(39,670)
Office expenses and others	**153,778**	172,505
	840,388	687,988
	30,633,274	26,173,600

27 OTHER GAINS, NET

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Gains/(losses) on disposal of property, plant and equipment	**75,384**	(42,676)
Net foreign exchange (losses)/gains	**(27,822)**	85,934
Gains on disposal of investment in a jointly controlled entity	**92,272**	–
	139,834	43,258

During the year ended 31 December 2010, China Shipping Terminal Development Co., Ltd. ("China Shipping Terminal"), a subsidiary of the Group, disposed all of its 35% equity interests in a jointly controlled entity, CSX World Terminal Yan Tai Co., Ltd. ("CSX") to Yantai Port in exchange for Yantai Port's issue of 131,230,000 shares, representing 3.9% of Yantai Port's total paid-in capital, to China Shipping Terminal, credited as fully paid. The investment in Yantai Port is accounted for as an available-for-sale financial asset of the Group and a gain of RMB92,272,000 on disposal of interest in CSX was recognised in the consolidated income statement for the year ended 31 December 2010. The gain on disposal was determined based on the difference between the fair value of the shares of Yantai Port amounting to approximately RMB198,840,000 and the carrying amount of China Shipping Terminal's investment in CSX upon disposal amounting to RMB106,568,000.

28 OTHER INCOME

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Interest income	**84,324**	100,922
Government grant related to income	**36,255**	36,701
Dividends income from available-for-sale financial assets	**10,161**	20,393
Interest income from loan to a jointly controlled entity	**232**	–
Information technology services fees	**20,060**	–
	151,032	158,016

29 EMPLOYEE BENEFIT EXPENSES

An analysis of staff costs, including directors' and supervisors' emoluments, is set out below:

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Staff salaries and hiring of crews	**935,217**	890,881
Social welfare benefits	**532,825**	440,232
Change in fair value of share-based compensation liabilities	**33,082**	76,651
	1,501,124	1,407,764

In accordance with the "Resolution Regarding Adoption and Approval of the H Share Share Appreciation Rights Scheme and Implementation Methods" passed at the Company's second Special General Meeting held on 12 October 2005, the Company implemented a H Share share appreciation rights scheme as an incentive to its directors and employees. Under this scheme, which was adopted by the shareholders of the Company on 12 October 2005, and amended by the shareholders on 20 June 2006, 26 June 2007 and 26 June 2008, the H Share share appreciation rights (the "Rights") are granted in units with each unit representing one H Share. No shares will be issued under the share appreciation rights scheme. Upon exercise of the Rights, the grantee will receive a cash payment from the Company in RMB, subject to any applicable withholding tax, translated from the HKD amount equal to the number of units of Rights exercised multiplied by the appreciation, if any, in the market price of the Company's H Share, representing the market price in excess of the exercise price of the Rights, based on the applicable exchange rate between RMB and HKD at the date of the exercise.

The stipulated lock-up period for exercising the Rights is two years after the date of grant. Not more than 30%, 60% and 100% of the Rights can be exercised during the third year, fourth year and fifth year, respectively. The Rights can be exercised before the expiration of the term of the scheme (10 years). The Rights which have not been exercised after the expiration of the term of the scheme shall lapse.

Until the liabilities relating to the Rights are settled, the Group re-measures the fair value of the liabilities at each balance sheet date by using the Binomial option valuation models. Changes in fair value of the liabilities are recognised in the consolidated income statement.

29 EMPLOYEE BENEFIT EXPENSES *(continued)*

Movements in the number of share appreciation rights outstanding and their related weighted average exercise prices are as follows:

	For the year ended 31 December			
	2010		2009	
	Average exercise price (HK dollar per share)	**Unit of Rights (thousands)**	Average exercise price (HK dollar per share)	Unit of Rights (thousands)
At 1 January	**2.80**	**109,405**	2.79	111,566
Granted	**–**	**–**	3.34	1,083
Forfeited	**2.49**	**(6,457)**	2.61	(3,244)
At 31 December	**2.82**	**102,948**	2.80	109,405

Up to 31 December 2010, no Rights granted have been exercised or expired (2009: Nil). As at 31 December 2010, the expiry dates of the outstanding Rights were between 2012 and 2015.

The fair value of the Rights is estimated on each balance sheet date by using the Binomial option valuation models based on the expected volatility of 60%, exercise price shown above, an expected dividend yield of 2% and risk-free interest rates from 0.95% to 1.26%. The volatility compared with the valuation report measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices of the Company and other comparable companies.

During the year ended 31 December 2010, the Group recognised a loss of approximately RMB33,082,000 (2009: a loss of RMB76,651,000) as a result of the increase in fair value of the share-based compensation liability related to the Rights from approximately RMB95,701,000 as at 31 December 2009 to approximately RMB128,783,000 as at 31 December 2010. As at 31 December 2010, the unrecognised compensation cost of the outstanding Rights is approximately RMB6,137,000 (2009: RMB16,007,000) which is expected to be recognised within the next 3 years.

30 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(A) DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration of every director and supervisor is set out below:

Name of Director and Supervisor	Fees RMB'000	Salary RMB'000	Pension and other social welfare RMB'000	Total RMB'000	Unit of the Rights granted *(Note 29)*
For the year ended 31 December 2010					
Directors					
Mr. Li Shaode	–	–	–	–	3,382,100
Mr. Zhang Guofa	–	–	–	–	2,218,050
Mr. Huang Xiaowen	–	1,100	222	1,322	3,334,050
Mr. Zhao Hongzhou	–	800	187	987	2,604,000
Mr. Ma Zehua	–	–	–	–	1,520,550
Mr. Zhang Jianhua	–	–	–	–	1,240,000
Mr. Wang Daxiong	–	–	–	–	1,240,000
Mr. Xu Hui	–	–	–	–	1,085,000
Mr. Yan Zhichong	–	–	–	–	348,750
Mr. Lin Jianqing	–	–	–	–	525,450
Mr. Hu Hanxiang	50	–	–	50	–
Mr. Wu Daqi	100	–	–	100	–
Mr. Shen Kangchen	100	–	–	100	–
Mr. Jim Poon	300	–	–	300	–
Mr. Shen Zhongying	100	–	–	100	–
Mr. Zhang Nan	50	–	–	50	–
Supervisors					
Mr. Chen Decheng	–	–	–	–	948,600
Mr. Kou Laiqi	–	–	–	–	156,550
Mr. Hua Min	100	–	–	100	–
Ms. Pan Yingli	100	–	–	100	–
Mr. Wang Xiuping	–	465	135	600	1,395,000
Mr. Yao Guojian	–	800	187	987	2,480,000
	900	3,165	731	4,796	22,478,100

30 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(continued)*

(A) DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(continued)*

Name of Director and Supervisor	Fees RMB'000	Salary RMB'000	Pension and other social welfare RMB'000	Total RMB'000	Unit of the Rights granted *(Note 29)*
For the year ended 31 December 2009					
Directors					
Mr. Li Shaode	–	–	–	–	3,382,100
Mr. Zhang Guofa	–	–	–	–	2,218,050
Mr. Huang Xiaowen	–	631	158	789	3,334,050
Mr. Zhao Hongzhou	–	584	132	716	2,604,000
Mr. Ma Zehua	–	–	–	–	1,520,550
Mr. Zhang Jianhua	–	–	–	–	1,240,000
Mr. Wang Daxiong	–	–	–	–	1,240,000
Mr. Xu Hui	–	–	–	–	1,085,000
Mr. Yan Zhichong	–	–	–	–	348,750
Mr. Lin Jianqing	–	–	–	–	525,450
Mr. Hu Hanxiang	100	–	–	100	–
Mr. Wu Daqi	4	–	–	4	–
Mr. Shen Kangchen	100	–	–	100	–
Mr. Jim Poon	300	–	–	300	–
Mr. Shen Zhongying	100	–	–	100	–
Mr. Wang Zongxi	96	–	–	96	–
Supervisors					
Mr. Chen Decheng	–	–	–	–	948,600
Mr. Kou Laiqi	–	–	–	–	156,550
Mr. Hua Min	100	–	–	100	–
Ms. Pan Yingli	100	–	–	100	–
Mr. Wang Xiuping	–	387	107	494	1,395,000
Mr. Yao Guojian	–	584	132	716	2,480,000
	900	2,186	529	3,615	22,478,100

No directors or supervisors of the Company waived any emoluments during the year ended 31 December 2010 (2009: Nil). No discretionary bonus was paid to any of the directors or supervisors of the Company during the year ended 31 December 2010 (2009: Nil).

In year 2010, fair value of the Rights granted to the directors and supervisors of the Company increased by approximately RMB7,223,165 (2009: increased by approximately RMB14,920,000).

30 EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT *(continued)*

(B) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include one directors (2009: two) and one supervisor (2009: one). The emoluments payable to the remaining three (2009: two) individuals during the year are as follows:

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Basic salaries and allowances	**2,672**	1,390
Pension and others welfare	**596**	279
Total	**3,268**	1,669

The emoluments (excluding change in fair value of the Rights) of the above three (2009: two) individuals fall within the following bands:

	Number of individuals For the year ended 31 December	
	2010	2009
Nil to HKD1,000,000 (equivalent to approximately RMB850,930)	**3**	2

(C) During the year ended 31 December 2010, no emoluments were paid by the Group to any of the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2009: Nil).

31 FINANCE COSTS

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Interest expenses:		
– borrowings and domestic corporate bonds	**313,900**	309,436
– finance lease obligations	**50,820**	83,357
Total interest expenses	**364,720**	392,793
Less: amount capitalised in vessels under construction and construction in progress	**(150,573)**	(138,646)
	214,147	254,147

The capitalisation rate applied to funds borrowed and bonds issued generally and utilised for the vessels under construction is 1.68% (2009: 2.05%) per annum for the year ended 31 December 2010.

32 INCOME TAX EXPENSE

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Current income tax		
– Hong Kong profits tax *(note (a))*	**6,725**	1,787
– PRC enterprise income tax *(note (b))*	**75,671**	28,029
Deferred income tax *(Note 23)*	**4,071**	(7,350)
	86,467	22,466

Note:

(a) Hong Kong profits tax

Hong Kong profits tax is provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits of the Group's companies operated in Hong Kong for the year ended 31 December 2010.

32 INCOME TAX EXPENSE *(continued)*

Note: (continued)

(b) PRC corporate income tax ("CIT")

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"), which was effective from 1 January 2008.

The Company is a joint stock limited company under the Company Law of the PRC and is registered in the Yangshan Free Trade Port Area, Shanghai PuDong New Area. The original CIT rate applicable to the Company was 15%. Under the new CIT Law, the CIT rate applicable to the Company will increase gradually to 25% within 5 years from 2008 to 2012. The applicable income tax rate of the Company for 2010 is 22%. Under the new CIT Law, except for certain subsidiaries whose CIT rates will increase gradually to 25% within 5 years from 2008 to 2012, the CIT rates for other subsidiaries has been changed to 25% since 1 January 2008.

Pursuant to relevant CIT regulations, the profits derived from the Company's overseas subsidiaries are subject to CIT when dividends declared by these overseas subsidiaries. The Company uses an applicable tax rate according to CIT regulations on the profits of the overseas subsidiaries for CIT purposes.

(c) The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate applicable to the Company as follows:

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Profit/(loss) before income tax	**4,319,708**	(6,449,276)
Less: Share of (profit)/loss of associated companies	**(42,490)**	211
Share of profits of jointly controlled entities	**(25,067)**	(37,077)
	4,252,151	(6,486,142)
Tax calculated at an income tax rate of 22% (2009:20%)	**935,473**	(1,297,228)
Tax losses for which no deferred income tax asset was recognised	**–**	1,296,511
Utilization of tax losses for which no deferred income tax asset was recognised	**(811,860)**	–
Dividend income not subject to tax	**(2,231)**	(4,079)
Effect of different tax rate or tax base of subsidiaries and others	**(34,915)**	27,262
	86,467	22,466

33 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB564,743,000 (2009: loss of RMB673,635,000).

34 DIVIDENDS

The directors do not recommend a dividend in respective of the year ended 31 December 2010 (2009: Nil).

35 EARNINGS/(LOSSES) PER SHARE

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

	For the year ended 31 December	
	2010	2009
Profit/(loss) attributable to equity holders of the Company (RMB'000)	**4,203,134**	(6,489,048)
Weighted average number of ordinary shares in issue (thousands)	**11,683,125**	11,683,125
Basic earnings/(loss) per share (RMB)	**0.360**	(0.555)

Diluted earnings/(losses) per share is the same as the basic earnings/(losses) per share, as the Company does not have any potential dilutive ordinary shares during the year ended 31 December 2010 (2009:Nil).

36 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

(a) Reconciliation of the profit/(loss) before income tax to net cash generated from/(used in) operations:

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Profit/(loss) before income tax	**4,319,708**	(6,449,276)
Depreciation *(Notes 6, 26)*	**1,374,752**	1,552,266
Amortisation *(Notes 7, 8, 26)*	**6,510**	5,596
Dividends income from available-for-sale financial assets *(Note 28)*	**(10,161)**	(20,393)
Gains on disposal of a jointly controlled entity *(Note 27)*	**(92,272)**	–
Share of results of associated companies *(Note 11)*	**(42,490)**	211
Share of results of jointly controlled entities *(Note 12)*	**(25,067)**	(37,077)
Interest expense *(Note 31)*	**163,327**	170,790
Finance charge of finance lease obligations *(Note 31)*	**50,820**	83,357
Interest income *(Note 28)*	**(84,556)**	(100,922)
Change in fair value of share-based compensation liability *(Note 29)*	**33,082**	76,651
Provision for/(reversal of) impairment of trade receivables *(Note 26)*	**33,523**	(39,670)
(Gains)/losses on disposal of property, plant and equipment *(Note 27)*	**(75,384)**	42,676
(Utilisation of)/provision for onerous contracts *(Note 26)*	**(60,734)**	67,093
Operating profit/(loss) before working capital changes	**5,591,058**	(4,648,698)
Increase in inventories	**(8,875)**	(402,765)
(Increase)/decrease in trade and notes receivables	**(254,258)**	731,246
(Increase)/decrease in prepayments and other receivables	**(24,984)**	200,112
Increase in trade payables	**225,255**	787,463
Decrease in accruals and other payables	**(29,910)**	(86,019)
Net cash generated from/(used in) operations	**5,498,286**	(3,418,661)

36 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS *(continued)*

(b) Proceeds from disposal of property, plant and equipment comprise:

	2010	2009
	RMB'000	RMB'000
Net book amount *(Note 6)*	**55,431**	100,747
Gains/(losses) on disposal of property, plant and equipment *(Note 27)*	**75,384**	(42,676)
Increase of receipts in advance	**23,591**	–
Proceeds from disposal of property, plant and equipment	**154,406**	58,071

37 COMMITMENTS

(A) CAPITAL COMMITMENTS

As at 31 December 2010 and 2009, the Group and the Company had the following significant capital commitments which were not provided for in the balance sheets:

	The Group As at 31 December		**The Company As at 31 December**	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Contracted but not provided for:				
– Plant under construction	**–**	12,984	**–**	–
– Vessels under construction	**6,608,210**	8,165,053	**2,780,739**	3,058,160
	6,608,210	8,178,037	**2,780,739**	3,058,160

37 COMMITMENTS *(continued)*

(B) LEASE COMMITMENTS – THE GROUP IS THE LESSEE

As at 31 December 2010 and 2009, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	The Group As at 31 December		The Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Land and buildings:				
– Within one year	**62,379**	54,251	**7,031**	7,031
– In the second to fifth year	**57,634**	65,188	**7,062**	14,093
– After fifth year	**17,458**	22,547	**–**	–
	137,471	141,986	**14,093**	21,124
Vessels chartered-in and containers under operating leases:				
– Within one year	**2,482,213**	2,621,860	**594,912**	658,618
– In the second to fifth year	**6,426,439**	6,452,390	**1,073,863**	1,081,340
– After fifth year	**4,734,519**	4,835,858	**611,185**	750,242
	13,643,171	13,910,108	**2,279,960**	2,490,200
	13,780,642	14,052,094	**2,294,053**	2,511,324

37 COMMITMENTS *(continued)*

(C) FUTURE OPERATING LEASE ARRANGEMENTS – THE GROUP IS THE LESSOR

As at 31 December 2010 and 2009, the Group and the Company had future aggregate minimum lease receipts under non-cancellable operating leases, where the Group is the lessor as follows:

	The Group As at 31 December		The Company As at 31 December	
	2010 **RMB'000**	2009 RMB'000	**2010** **RMB'000**	2009 RMB'000
Vessels chartered-out under operating leases:				
– Within one year	**511,823**	378,218	**728,762**	799,637
– In the second to fifth year	**797,713**	59,719	**1,163,953**	2,013,226
– After fifth year	**608,870**	–	**480,543**	718,381
	1,918,406	437,937	**2,373,258**	3,531,244

(D) OTHER COMMITMENTS

As at 31 December 2010 and 2009, the Group had the following significant commitments which were not provided for in the balance sheets:

	The Group As at 31 December	
	2010 **RMB'000**	2009 RMB'000
Investments		
– Contracted but not provided for	**–**	168,000
– Authorised but not contracted for (Note)	**283,891**	200,000

Note:

As at 31 December 2010, the investment commitments included capital commitments in relation to the Group's interests in a jointly controlled entity and associated companies amounting to RMB283,891,000.

38 CONTINGENT LIABILITIES

As at 31 December 2010, the Group and the Company have no significant contingent liabilities.

39 SIGNIFICANT RELATED-PARTY TRANSACTIONS

The Group is part of a larger group of companies under China Shipping Group has extensive transactions and relationships with members of the China Shipping Group incorporated in the PRC. China Shipping Group itself is a state-owned enterprise and is controlled by the PRC government. Neither of them produces financial statements for public use.

As the Group is controlled by China Shipping Group, it is considered to be indirectly controlled by the PRC government, which controls a substantial number of entities in the PRC. In accordance with HKAS 24 "Related Party Disclosure", state-owned enterprises and their subsidiaries, other than China Shipping Group and its subsidiaries, directly or indirectly controlled by the PRC Government are also deemed as related parties of the Group ("other state-owned enterprises"). The Group has early applied the revised standard of HKAS 24 "Related Party Disclosure" from 1 January 2010. When the revised standard is applied, the Group and the Company need not to disclose details of all transactions with the government and other government-related entities.

39 SIGNIFICANT RELATED-PARTY TRANSACTIONS *(continued)*

(A) For the years ended 31 December 2010 and 2009, the Directors are of the view that the following companies are significant related parties of the Group:

Name	Relationship with the Group
China Shipping (Group) Company	Parent and Ultimate holding company
Rich Shipping Co., Ltd.	Fellow subsidiary
China Shipping (Turkey) Agency Co., Ltd.	Fellow subsidiary
China Shipping (Group) Mediterranean Shipping Rep. Office	Fellow subsidiary
China Shipping (Group) Africa Rep. Office	Fellow subsidiary
China Shipping Development Co., Ltd.	Fellow subsidiary
China Shipping Logistics Co., Ltd.	Fellow subsidiary
China Shipping Agency Co., Ltd.	Fellow subsidiary
China Shipping Air Cargo Co., Ltd.	Fellow subsidiary
China Shipping Industry Co., Ltd.	Fellow subsidiary
China Shipping Investment Co., Ltd.	Fellow subsidiary
China Shipping International Trading Co., Ltd.	Fellow subsidiary
China Shipping Telecommunications Co., Ltd.	Fellow subsidiary
Dong Fang International Investment Co., Ltd.	Fellow subsidiary
China Shipping Agency (Australia) Holdings Pte Ltd.	Fellow subsidiary
China Shipping Japan Co., Ltd.	Fellow subsidiary
China Shipping Agency (Korea) Co., Ltd.	Fellow subsidiary
China Shipping (Europe) Holding GmbH	Fellow subsidiary
China Shipping (Hong Kong) Holdings Co., Ltd.	Fellow subsidiary
China Shipping (North America) Holding Co., Ltd.	Fellow subsidiary
China Shipping (Western Asia) Holdings Co., Ltd.	Fellow subsidiary
China Shipping (South Eastern Asia) Holding Co., Ltd.	Fellow subsidiary
Shanghai Universal Logistics Equipment Co., Ltd.	Fellow subsidiary
China Shipping International Ship Management Co., Ltd.	Fellow subsidiary
China Shipping & Sinopec Suppliers Co., Ltd.	Fellow subsidiary
China Shipping Finance Co., Ltd. ("CS Finance")	Fellow subsidiary and associated company
Dalian Vanguard International Logistics Co., Ltd.	Jointly controlled entity

In addition to the related party information shown elsewhere in these consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the years and balances arising from related party transactions for the year ended 31 December 2010 and 2009.

39 SIGNIFICANT RELATED-PARTY TRANSACTIONS *(continued)*

(B) The following significant transactions were carried out with related parties:

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Transactions with fellow subsidiaries		
Revenue:		
Information technology services	**20,060**	–
Liner services	**473,997**	317,038
Expenditure:		
Lease of containers	**301,536**	344,729
Lease of chassis	**25,705**	25,920
Cargo and liner agency services	**545,319**	504,857
Container management services	**111,637**	127,941
Bareboat charter services	**–**	4,068
Ship repair services	**52,875**	51,133
Supply of fresh water, vessel fuel, lubricants, spare parts and other materials	**1,474,367**	1,299,951
Depot services	**12,317**	22,497
Information technology services	**62,429**	37,734
Provision of crew members	**27,553**	27,179
Loading and unloading services	**483,778**	447,623
Ground container transport costs	**5,986**	5,161
Purchase of containers	**336,434**	352,240
Transactions with CS Finance		
Interest income	**45,453**	–

39 SIGNIFICANT RELATED-PARTY TRANSACTIONS *(continued)*

(C) BALANCES WITH RELATED PARTIES

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Balances with fellow subsidiaries *(note)*		
Trade receivables	**169,730**	231,414
Less: provisions	**(27,260)**	(6,942)
	142,470	224,472
Trade payables	**(1,671,588)**	(1,636,424)
	(1,529,118)	(1,411,952)

Note:

These balances are unsecured and interest free.

	As at 31 December	
	2010	2009
	RMB'000	RMB'000
Balances with CS Finance		
Interest receivables	**28,817**	–
Deposits	**3,994,545**	–
Loan from a related party	**(80,000)**	–
Balances with a jointly controlled entity		
Loan to a jointly controlled entity	**13,000**	–

39 SIGNIFICANT RELATED-PARTY TRANSACTIONS *(continued)*

(D) TRANSACTIONS WITH OTHER STATE-OWNED ENTERPRISES:

The Group has transactions with other state-controlled entities including but not limited to the following:

- Purchases of services, bunker and spare parts etc
- Purchase of assets
- Bank deposits and borrowings
- Interest income and expense

These transactions are conducted in the ordinary course of business.

(E) KEY MANAGEMENT COMPENSATION:

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Basic salaries and allowances	**8,781**	6,507
Pension and others welfare	**1,781**	1,326
Fair value of the Rights *(Note 29)*	**7,223**	22,224
	17,785	30,057

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

(A) SUBSIDIARIES

As at 31 December 2010, the Company has direct and indirect interests in the following subsidiaries:

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest		Principal activities
				Directly held	Indirectly held	
Established and operate in the PRC						
China Shipping Container Lines Dalian Co., Ltd.	5 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Guangzhou Co., Ltd.	26 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Hainan Company Limited	14 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Qingdao Company Limited	13 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Shanghai Co., Ltd.	13 January 2003	Limited liability company	RMB71,140,000	100%	–	Cargo and liner agency
China Shipping Container Lines Shenzhen Co., Ltd.	15 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Tianjin Company Limited	3 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines Xiamen Co., Ltd.	6 January 2003	Limited liability company	RMB10,000,000	100%	–	Cargo and liner agency
China Shipping Container Lines (Yangpu) Co., Ltd.	5 December 2002	Limited liability company	RMB38,000,000	90%	10%	Cargo and liner agency

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Attributable equity interest Indirectly held	Principal activities
Shanghai Puhai Shipping Lines Co., Ltd.	19 November 1992	Limited liability company	RMB682,911,111	98.2%	1.8%	International container shipping
China Shipping Container Lines (Fuzhou) Co., Ltd.	20 May 2003	Limited liability company	RMB1,550,000	10%	90%	Cargo and liner agency
China Shipping Container Lines (Haikou) Co., Ltd.	5 November 2003	Limited liability company	RMB3,000,000	–	100%	Cargo and liner agency
China Shipping Container Lines (Jiangsu) Co., Ltd.	19 September 2003	Limited liability company	RMB6,500,000	45%	55%	Transportation
China Shipping Container Lines Lianyungang Co., Ltd.	12 March 2003	Limited liability company	RMB5,000,000	10%	90%	Cargo and liner agency
China Shipping Container Lines (Qinhuangdao) Co., Ltd.	6 May 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
China Shipping Container Lines (Rizhao) Co., Ltd.	18 July 2003	Limited liability company	RMB500,000	–	100%	Cargo and liner agency
Lianyungang New Oriental International Terminal Co., Ltd.	11 July 2007	Limited liability company	RMB470,000,000	–	55%	Operation of container terminal
Lianyungang Xinsanli Container Service Co., Ltd.	17 June 2003	Limited liability company	RMB1,000,000	–	40%	Debugging services for containers

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest		Principal activities
				Directly held	Indirectly held	
Lianyungang Sea-railway Multi-modal Transportation Co., Ltd.	24 February 1998	Limited liability company	RMB1,000,000	–	51%	Cargo and liner agency
China Shipping Container Terminal (Shanghai) Co., Ltd.	18 February 2008	Limited liability company	RMB1,000,000	–	100%	Operation of container terminal
Shanghai China Shipping Container Terminal Co., Ltd.	16 March 2000	Limited liability company	RMB30,000,000	–	50%	Operation of container terminal
Nanning China Shipping Container Lines Co., Ltd.	18 September 2008	Limited liability company	RMB1,000,000	–	100%	Cargo and liner agency
China Shipping Container Lines (Dalian) Information Processing Co., Ltd	17 April 2009	Limited liability company	RMB2,000,000	100%	–	Provision of information processing service
China Shipping Container Lines (Zhejiang) Co., Ltd.	18 June 2003	Limited liability company	RMB7,000,000	45%	55%	Cargo and liner agency
Dandong China Shipping Container Lines Co., Ltd.	18 April 2003	Limited liability company	RMB500,000	–	100%	Cargo and liner agency
Dongguan China Shipping Container Lines Co., Ltd.	14 May 2004	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
Fangchenggang China Shipping Container Lines Co., Ltd.	6 May 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest		Principal activities
				Directly held	Indirectly held	
Jiangmen China Shipping Container Lines Co., Ltd.	21 August 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
Jinzhou China Shipping Container Lines Co., Ltd.	18 March 2003	Limited liability company	RMB1,500,000	–	100%	Cargo and liner agency
Quanzhou China Shipping Container Lines Co., Ltd.	2 September 2003	Limited liability company	RMB1,550,000	10%	90%	Cargo and liner agency
Shantou China Shipping Container Lines Co., Ltd.	18 April 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
Yingkou China Shipping Container Lines Co., Ltd.	9 January 2003	Limited liability company	RMB1,000,000	10%	90%	Cargo and liner agency
Zhanjiang China Shipping Container Lines Co., Ltd.	23 May 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
Zhongshan China Shipping Container Lines Co., Ltd.	15 May 2003	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
Weihai China Shipping Container Lines Co., Ltd.	8 September 2004	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
Yantai China Shipping Container Lines Co., Ltd.	21 December 2006	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
Longkou China Shipping Container Lines Co., Ltd.	23 February 2006	Limited liability company	RMB500,000	10%	90%	Cargo and liner agency
China Shipping Container Lines Chongqing Co., Ltd.	25 April 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
Changsha China Shipping Container Lines Co., Ltd.	13 April 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Attributable equity interest Indirectly held	Principal activities
China Shipping Container Lines Qinzhou Co., Ltd.	26 March 2010	Limited liability company	RMB1,500,000	–	100%	Cargo and liner agency
Zhangzhou China Shipping Container Lines Co., Ltd.	11 June 2010	Limited liability company	RMB1,550,000	–	100%	Cargo and liner agency
Tangshan China Shipping Container Lines Co., Ltd.	27 August 2010	Limited liability company	RMB500,000	–	100%	Cargo and liner agency
China Shipping Container Lines Wuhu Co., Ltd.	29 March 2005	Limited liability company	RMB1,500,000	–	100%	Cargo and liner agency
Nantong China Shipping Container Lines Co., Ltd.	21 June 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
China Shipping Container Lines Wuhan Co., Ltd.	26 May 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
Jiujiang China Shipping Container Lines Co., Ltd.	27 April 2005	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
Zhangjiagang China Shipping Container Lines Co., Ltd.	15 March 2005	Limited liability company	RMB5,500,000	–	100%	Cargo and liner agency
China Shipping (Yangpu) Refrigeration Storage & Transportation Co., Ltd.	13 December 2001	Limited liability company	RMB6,000,000	100%	–	Transportation, storage and other services

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Attributable equity interest Indirectly held	Principal activities
China Shipping Yangshan International Container Storage& Transportation Co., Ltd.	8 November 2006	Limited liability company	RMB119,000,000	75%	–	Placement, storage and other services for refrigerated containers
Shanghai Inchon International Ferry Co., Ltd.	4 July 1998	Limited liability company	USD2,000,000	–	75.5%	Transportation
China Shipping Terminal Development Co., Ltd.	18 April 2001	Limited liability company	RMB2,039,705,065	100%	–	Operation of container terminal
China Shipping Container Lines (Shenzhen) Agency Co., Ltd.	15 June 2006	Limited liability company	RMB5,000,000	–	100%	Cargo and liner agency
Universal Logistics (China Shipping, Shenzhen) Co., Ltd.	25 July 2006	Limited liability company	RMB5,000,000	–	100%	Provision of shipping services
Shenzhen China Shipping Refrigeration Storage & Transportation Co., Ltd.	27 October 2006	Limited liability company	RMB2,000,000	–	100%	Provision of shipping services
Jinzhou New Age Container Terminal Co., Ltd.	29 September 2001	Limited liability company	RMB320,843,634	–	51%	Operation of container terminal
Lianyungang China Shipping Container Terminal Co., Ltd.	27 April 2000	Limited liability company	RMB600,000,000	–	55%	Operation of container terminal

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest Directly held	Attributable equity interest Indirectly held	Principal activities
Incorporated and operate in Hong Kong						
China Shipping Container Lines (Hong Kong) Co., Ltd.	3 July 2002	Limited liability company	HKD1,000,000 and USD1,627,558,800	100%	–	International container shipping and liner agency
China Shipping Container Lines (Hong Kong) Agency Co., Ltd.	11 June 1999	Limited liability company	HKD10,000,000	–	100%	Cargo and liner agency
Universal Shipping (Asia) Co., Ltd.	11 June 1999	Limited liability company	HKD10,000	–	100%	Provision of shipping services
Shanghai Puhai Shipping (Hong Kong) Co., Ltd.	4 July 2007	Limited liability company	HKD1,000,000 and USD52,550,000	–	100%	International container shipping and liner agency
Incorporated and operate in Panama						
PH. Xiang Zhu Shipping S.A.	8 August 2008	Limited liability company	USD2	–	100%	International container shipping and liner agency
PH. Xiang Da Shipping S.A.	8 August 2008	Limited liability company	USD2	–	100%	International container shipping and liner agency
PH. Xiang Xiu Shipping S.A.	8 August 2008	Limited liability company	USD2	–	100%	International container shipping and liner agency

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES *(continued)*

(A) SUBSIDIARIES *(continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/registered and fully paid up share capital	Attributable equity interest		Principal activities
				Directly held	Indirectly held	
PH. Xiang Wang Shipping S.A.	8 August 2008	Limited liability company	USD2	–	100%	International container shipping and liner agency
PH. Xiang Xing Shipping S.A.	8 August 2008	Limited liability company	USD2	–	100%	International container shipping and liner agency
Incorporated in the British Virgin Islands						
China Shipping Container Lines (Asia) Co., Ltd.	28 October 2002	Limited liability company	USD514,465,000	–	100%	Sales, purchase and lease of vessels and containers
Yangshan A Shipping Company Limited	23 December 2003	Limited liability company	USD50,000	–	100%	Owning of vessel
Yangshan B Shipping Company Limited	23 December 2003	Limited liability company	USD50,000	–	100%	Owning of vessel
Yangshan C Shipping Company Limited	23 April 2004	Limited liability company	USD50,000	–	100%	Owning of vessel
Yangshan D Shipping Company Limited	23 April 2004	Limited liability company	USD50,000	–	100%	Owning of vessel
Incorporated in the Marshall Island						
Yangshan E Shipping Company Limited	11 September 2007	Limited liability company	USD50,000	–	100%	Owning of vessel
Incorporated in the Republic of Cyprus						
Arisa Navigation Company Limited	18 June 2002	Limited liability company	CYP1,000	–	100%	Owning of vessel

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES *(continued)*

(B) ASSOCIATED COMPANY

As at 31 December 2010, the Group and the Company has equity interests in the following associated companies:

Name	Date of establishment	Type of legal entity	Place of operation	Registered capital	Attributable equity interest	Principal activities
Established in the PRC						
China Shipping Finance Co., Ltd.	30 December 2009	Limited liability company	PRC	RMB300,000,000	25%	Provision of finance service

(C) JOINTLY CONTROLLED ENTITIES

As at 31 December 2010, the Group has direct equity interests in the following jointly controlled entities:

Name	Date of establishment	Type of legal entity	Place of operation	Registered capital	Attributable equity interest	Principal activities
Established in the PRC						
China International Ship Management Co., Ltd	18 January 2006	Limited liability company	PRC	HKD100,000	50%	Provide monitoring, maintenance, and management services for vessels
China Shipping Zhanjianggang Container Terminal Co., Ltd.	24 November 1999	Limited liability company	PRC	RMB10,000,000	50%	Operation of container terminal
Dalian Vanguard International Logistics Co., Ltd.	8 October 2008	Limited liability company	PRC	RMB74,000,000	50%	Logistics
Yingkou New Century Container Terminal Co., Ltd.	24 December 2007	Limited liability company	PRC	RMB40,000,000	40%	Operation of container terminal

40 PARTICULARS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES *(continued)*

(C) JOINTLY CONTROLLED ENTITIES *(continued)*

Name	Date of establishment	Type of legal entity	Place of operation	Registered capital	Attributable equity interest	Principal activities
Dalian Dagang Container Terminal Co., Ltd.	7 July 1999	Limited liability company	PRC	RMB10,000,000	35%	Operation of container terminal
Guangzhou Nanshan Port Stevedoring Corporation Limited	17 March 2003	Limited liability company	PRC	RMB1,260,000,000	40%	Operation of container terminal
Qinhuangdao Port New Harbour Container Terminal Co., Ltd.	30 October 2007	Limited liability company	PRC	RMB400,000,000	30%	Operation of container terminal
Dalian International Container Terminal Co., Ltd.	17 October 2007	Limited liability company	PRC	RMB1,400,000,000	30%	Operation of container terminal

Note:

Dalian Vanguard International Logistics Co., Ltd. is a jointly controlled entity directly held by the Company.

The English names of certain subsidiaries associated companies and jointly controlled entities referred to in these financial statements represent management's best efforts at translating the Chinese names of these companies as no English names have been registered.

41 EVENTS AFTER THE BALANCE SHEET DATE

In February 2011, the Board approved the capital injection totaling RMB75,000,000 to CS Finance, an associated company of the Group. After the capital injection, CS Finance will still be owned by the Group with interests of 25%.

Five Years Financial Summary

CONSOLIDATED RESULTS

	2006 RMB'000	2007 RMB'000	2008 RMB'000 (Restated)	2009 RMB'000	**2010 RMB'000**
Revenue	30,502,378	39,072,489	34,888,595	19,740,331	**34,808,706**
Operating profit/(loss)	1,670,031	4,384,116	376,690	(6,231,995)	**4,466,298**
Finance costs	(533,999)	(561,492)	(331,483)	(254,147)	**(214,147)**
Profit/(loss) before income tax	1,142,561	3,836,455	73,997	(6,449,276)	**4,319,708**
Income tax (expense)/credit	(277,847)	(601,820)	1,683	(22,466)	**(86,467)**
Profit/(loss) for the year	864,714	3,234,635	75,680	(6,471,742)	**4,233,241**
Profit for the year attributable to non-controlling interests	(5,504)	(4,297)	(28,596)	(17,306)	**(30,107)**
Profit/(loss) for the year attributable to equity holders of the Company	859,210	3,230,338	47,084	(6,489,048)	**4,203,134**
Dividends	241,200	5,333,475	–	–	**–**

CONSOLIDATED ASSETS AND LIABILITIES

	2006 RMB'000	2007 RMB'000	2008 RMB'000 (Restated)	2009 RMB'000	**2010 RMB'000**
Non-current assets	23,604,392	30,043,799	34,921,991	34,779,624	**35,498,563**
Current assets	7,139,664	21,881,545	14,852,556	9,512,678	**13,517,562**
Current liabilities	4,593,201	7,172,038	9,150,083	7,608,711	**8,654,025**
Non-current liabilities	9,574,650	9,085,845	8,128,553	10,705,393	**10,399,857**
Net assets	16,576,205	35,667,461	32,495,911	25,978,198	**29,962,243**

Notes:

(a) The financial figures for the years 2009 and 2010 were extracted from the financial statements as set out in this Annual Report.

(b) The financial figures for years from 2006 to 2008 were extracted from the 2009 Annual Report, which have also been reclassified to conform with the current year's presentation format. No retrospective adjustments for the business combinations under common control during year 2009 were made on the financial figures for years from 2006 to 2007.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting for the year 2010 ("**AGM**") of China Shipping Container Lines Company Limited (the "**Company**") will be held at 2:00 p.m. on Tuesday, 28 June 2011 at Eiffelton Hotel, 1888 Pu Ming Road, Pudong New District, Shanghai, the People's Republic of China ("**PRC**") for the following purposes:

by way of ordinary resolutions:

1. to consider and approve the audited financial statements and the auditors' report of the Company and its subsidiaries for the year ended 31 December 2010;

2. to consider and approve the proposed profit distribution plan of the Company for the year ended 31 December 2010;

3. to consider and approve the report of the board (the "**Board**") of directors (the "**Directors**") of the Company for the year ended 31 December 2010;

4. to consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2010;

5. to consider and approve the annual report of the Company prepared in accordance with requirements of the jurisdiction where its shares are listed for the year ended 31 December 2010;

6. to consider and approve the appointment of PricewaterhouseCoopers, Hong Kong, Certified Public Accountants as the Company's international auditor for the year of 2011, and to authorise the audit committee of the Board to determine its remuneration;

7. to consider and approve the appointment of Vocation International Certified Public Accountants Co., Ltd. as the Company's PRC auditor for the year of 2011, and to authorise the audit committee of the Board to determine its remuneration;

8. to consider and determine the remuneration of the Directors and supervisors (the "**Supervisors**") of the Company for the year ending 31 December 2011;

9. to consider and approve the adjustment to the remuneration of the executive Directors who are entitled to receive remuneration and the staff representative Supervisors for the year 2010;

10. to consider and approve the resignation of Mr. Yan Zhichong from his position as a non-executive Director;

11. to consider and approve the appointment of Mr. Zhang Rongbiao ("**Mr. Zhang**") as a non-executive Director with effect from the conclusion of the AGM until the conclusion of the annual general meeting of the Company for the year 2012, i.e. on or around June 2013;

    The brief biographical details of Mr. Zhang Rongbiao proposed to be appointed are set out in the paragraph (a) of the explanatory notes to this notice pursuant to Rule 13.51(2) of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"); and

12. to consider and approve the purchase of liability insurance policy for the Directors, the Supervisors and the senior management of the Company.

By Order of the Board
China Shipping Container Lines Company Limited
Ye Yumang
Company Secretary

Shanghai, the PRC
28 April 2011

Notes:

(A) For the purpose of holding the AGM, the register of H shares members of the Company ("**Register of Members**") will be closed from Saturday, 28 May 2011 to Tuesday, 28 June 2011 (both days inclusive), during which period no transfer of H shares of the Company will be registered. Holders of H shares whose names appear on the Register of Members at the close of business on Friday, 27 May 2011 are entitled to attend and vote at the AGM.

In order to attend the AGM, holders of the Company's H shares shall lodge all transfer documents together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the Company's H shares registrar, ("**Computershare**") not later than 4:30 p.m. on Friday, 27 May 2011.

The address of Computershare is as follows:
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

(B) Holders of H shares, who intend to attend the AGM, must complete the reply slips and return them to the Directorate Secretary Office of the Company not later than 20 days before the date of the AGM, i.e. no later than Wednesday, 8 June 2011.

Details of the Directorate Secretary Office of the Company are as follows:

3rd Floor
450 Fu Shan Road
Pudong New District
Shanghai 200122
the People's Republic of China

Tel: (8621) 6596 6666
Fax: (8621) 6596 6813

(C) Each holder of H shares who has the right to attend and vote at the AGM is entitled to appoint in writing one or more proxies, whether a shareholder of the Company ("**Shareholder**") or not, to attend and vote on his behalf at the AGM.

(D) The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing. If that instrument is signed by an attorney of the appointer, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarially certified.

(E) To be valid, for holders of H shares, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authority, must be delivered to Computershare at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the AGM or any adjournment thereof in order for such documents to be valid.

(F) If a proxy attends the AGM on behalf of a Shareholder, he should produce his identity card and the form of proxy signed by the Shareholder or his legal representative or his duly authorised attorney, and specifying the date of its issuance. If a legal person Shareholder appoints its corporate representative to attend the AGM, such representative should produce his/her identity card and the notarised copy of the resolution passed by the Board or other authorities or other notarised copy of the licence issued by such legal person Shareholder.

(G) Pursuant to the Listing Rules, any vote of Shareholders at a general meeting must be taken by way of a poll. As such, each of the resolutions set out in the notice of the AGM will be voted on by poll. Results of the poll voting will be published on the website of the Stock Exchange at www.hkexnews.hk after the AGM.

(H) The AGM is estimated to last for half a day. Shareholders who attend the AGM in person or by proxy shall bear their own transportation and accommodation expenses.

Explanatory Note(s) to the Notice of AGM

(a) Mr. Zhang Rongbiao

Mr. Zhang Rongbiao, aged 49, is an auditor, accountant and engineer. Mr. Zhang is the general manager and Party secretary of Guangzhou Shipping (Group) Company. He began his career in the shipping industry in 1979. Between January 1996 and July 1997, he was the assistant director and deputy director of Supervision and Auditing Division of Guangzhou Shipping (Group) Company. Between July 1997 and March 2005, he was the executive vice director and director of Supervision and Auditing Division of China Shipping (Group) Company. From March 2005 to January 2007, he was Party secretary of China Shipping Development Company Limited Tramp Co.. From January 2007 to March 2011, he was Party secretary and deputy general manager of China Shipping Development Company Limited Tramp Co.. From April 2011 till now, he has been the general manager and Party secretary of Guangzhou Shipping (Group) Company. Mr. Zhang graduated from Wuhan River Transport College, majoring in Engine Management. He pursued his postgraduate study at Graduate School of Shanghai Academy of Social Sciences from January 1999 to December 2001.

Save as disclosed above, Mr. Zhang did not hold any other positions in the Company and/or its subsidiaries in the last three years. Save as disclosed above, Mr. Zhang did not hold any directorship in any other publicly listed companies in Hong Kong or overseas in the last three years. Save as disclosed above, Mr. Zhang does not have other major appointments and professional qualifications.

Save as disclosed above, Mr. Zhang does not have any relationship with any Directors, senior management, substantial or controlling Shareholders of the Company (within the meaning of the Listing Rules).

Save as disclosed above, Mr. Zhang does not have any other interests in any shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance as at the date of this announcement. Mr. Zhang will enter in a service agreement with the Company for the term as mentioned above and will not receive any remuneration from the Company and its subsidiaries.

The Directors believe that there are no matters relating to Mr. Zhang as the non-executive Director that need to be brought to the attention of the Shareholders and there is no information which requires to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the Listing Rules.