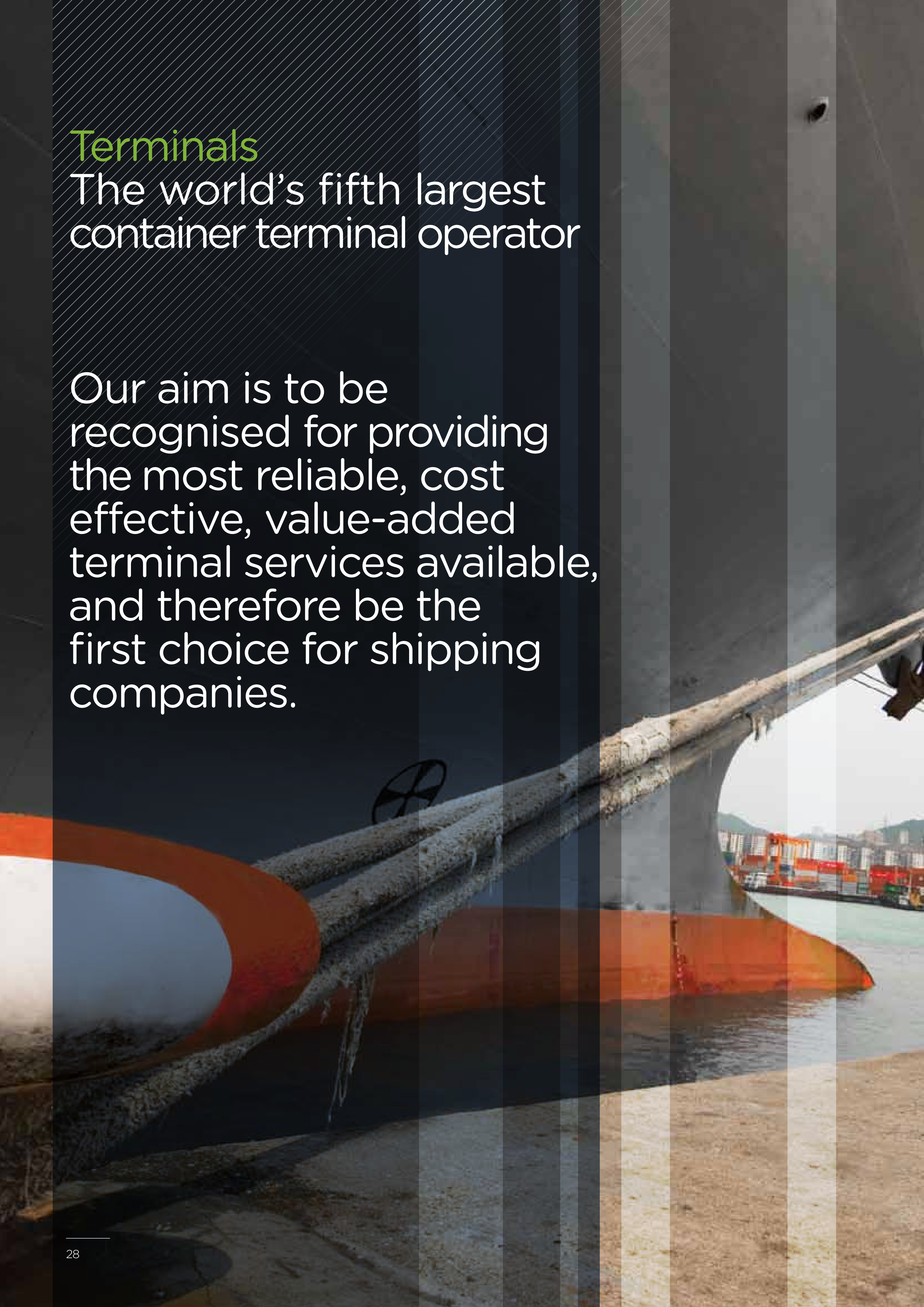
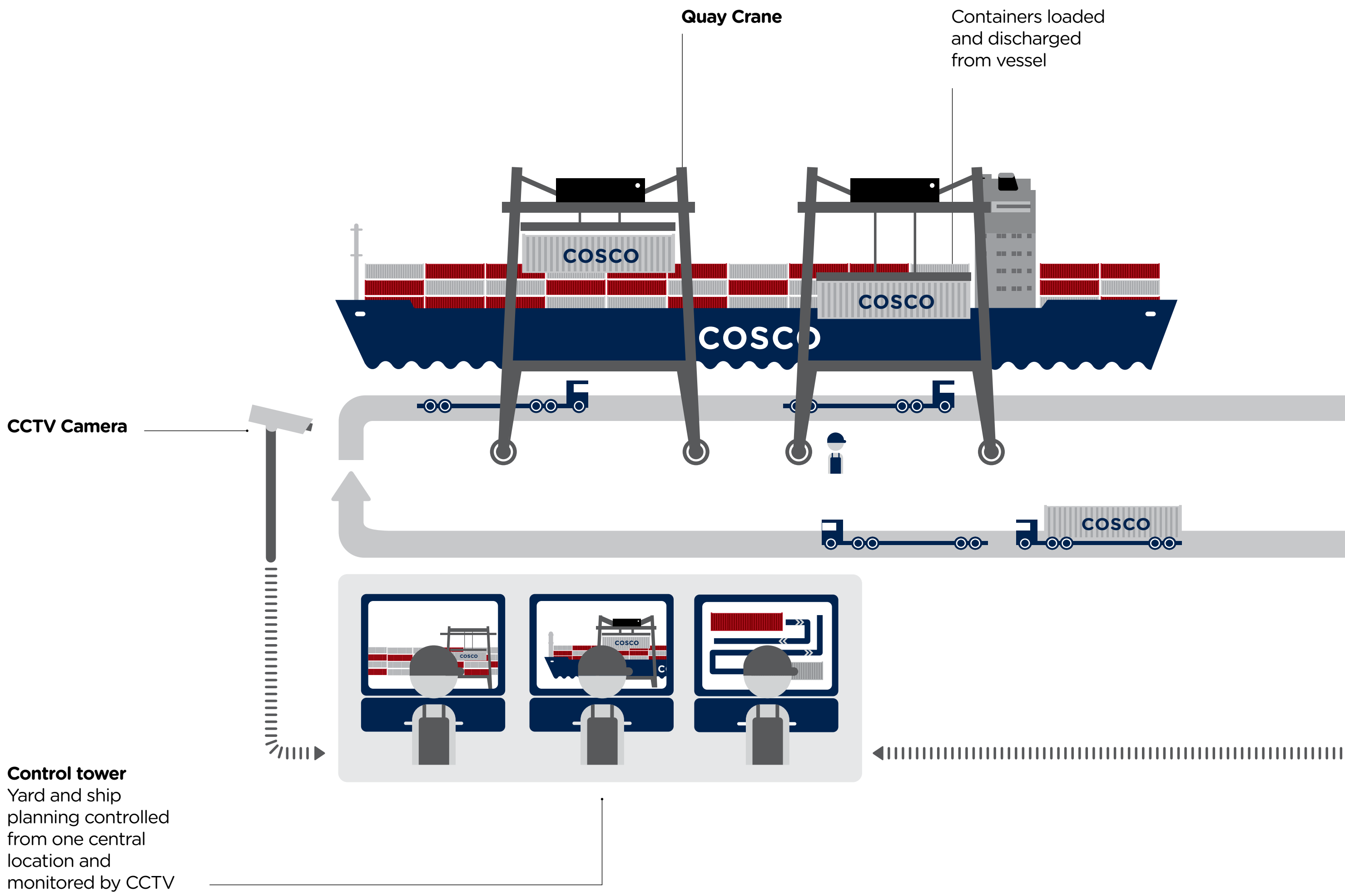


Terminals
The world's fifth largest container terminal operator

Our aim is to be recognised for providing the most reliable, cost effective, value-added terminal services available, and therefore be the first choice for shipping companies.


COSCO

To serve our customers better, we have established a terminal portfolio with 107 operating berths strategically located at 17 ports in Asia, the Mediterranean and Europe, and with a strong presence in China. Our terminals handled 48,523,870 TEUs of containers, representing 19.4% year-on-year growth in 2010.



48,523,870*

Total container throughput (TEUs)

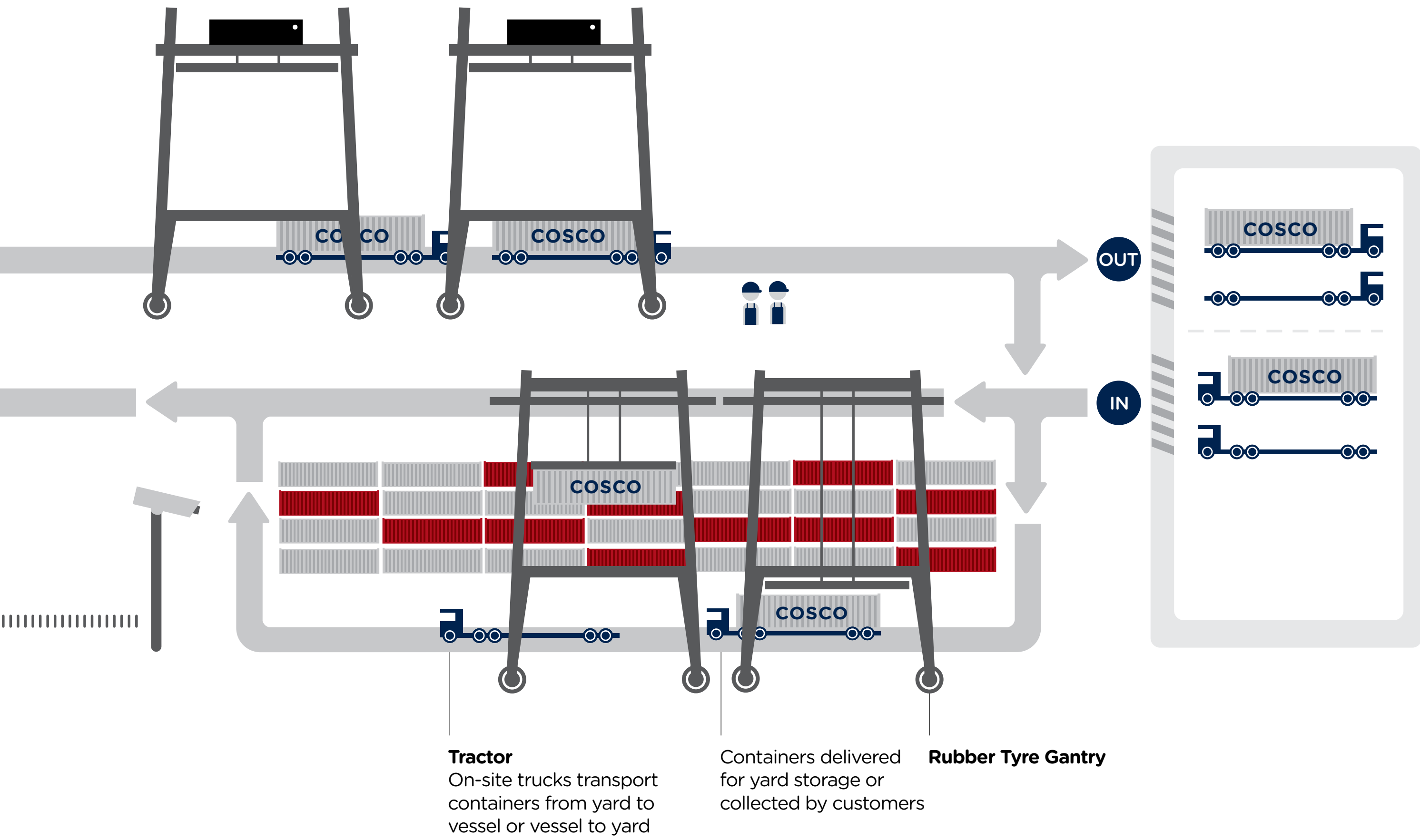
2010	**48,523,870**
2009	40,643,042
2008	43,136,372
2007	36,109,131
2006	29,906,437

Total container operating capacity (TEUs)

2010	**55,497,500**
2009	49,050,000
2008	45,150,000
2007	44,450,000
2006	35,500,000

Note

1 The Group completed a transaction for disposal of its 8.13% stake in Dalian Port Container in January 2010, and this datum is not incorporated into the terminal company's throughput.



Market overview

The global economy showed signs of a two-speed recovery in 2010. While the major developed countries in Europe and America were restoring their growth momentum, the major developing countries in Asia were experiencing a strong rebound in economic and trade growth. This helped the global container port industry achieve a solid recovery in 2010. This year, the terminal business of COSCO Pacific delivered satisfactory results, further consolidating its position as the world's fifth largest operator of container terminals.

Top 10 global container ports throughput

Rank	Port	Throughput	y-o-y change
2010		Million TEUs	%
1	Shanghai	29.1	+16.3
2	Singapore	28.4	+9.9
3	Hong Kong	23.6	+12.6
4	Shenzhen	22.5	+23.3
5	Busan	14.3	+19.5
6	Ningbo-Zhoushan	13.1	+25.1
7	Guangzhou	12.6	+12.3
8	Qingdao	12.0	+17.0
9	Dubai	11.6	+4.3
10	Rotterdam	11.1	+14.0

Global container ports throughtput increases by 13.4%

The International Monetary Fund forecast a 5.0% increase in the 2010 global economy in October 2010, and the World Trade Organization predicted a 13% increase in global trade in December the same year. Statistics from Clarkson PLC in December 2010 show that the world container traffic volume has gained an increase of 12.3% in 2010. Driven by the recovery of the global trade and container shipping industry, according to the forecast of Drewry in December 2010, the global port container throughput would reach 539,518,000 TEUs in 2010 (2009: 475,965,000 TEUs), representing a year-on-year increase of 13.4%.

Top 10 China container ports throughput

Rank	Port	Throughput	y-o-y change
2010		Million TEUs	%
1	Shanghai	29.1	+16.3
2	Shenzhen	22.5	+23.3
3	Ningbo-Zhoushan	13.1	+25.1
4	Guangzhou	12.6	+12.3
5	Qingdao	12.0	+17.0
6	Tianjin	10.1	+15.8
7	Xiamen	5.8	+24.3
8	Dalian	5.2	+14.5
9	Lianyungang	3.9	+25.4
10	Yingkou	3.3	+31.6

Source: www.chineseport.cn

Throughtput at China container ports increases by 18.8%

In 2010, China economy increased 10.3%, stimulating a vigorous recovery in imports and exports, and thus in the port industry. Figures from the General Administration of Customs of China show total imports and exports in China as US$2,972.8 billion in 2010, representing a year-on-year increase of 34.7%, while imports and exports recorded year-on-year increases of 38.7% and 31.3% respectively. This outstanding imports performance of China accelerated the growth of container terminal throughput. The Ministry of Transport of China shows the container throughput of the major ports in China for the year of 2010 to be approximately 145,000,000 TEUs, representing an increase of approximately 18.8%.

COSCO Pacific container throughput grows by 19.4%

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

Further strengthening our leading position in the global container terminal market

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

Enhancing the profitability of terminals

This year, the Group made great strides in expanding terminals in China and abroad, while enjoying a growth in the whole terminal business. After the full takeover of Pier 2 of the Port of Piraeus in Greece in June 2010, the Group have enhanced the terminal's operational efficiency and profitability. Meanwhile, the Group successfully increased its stake in Yantian terminal and further enhanced the profitability of the terminal business.

Terminal revenue rises sharply by 63.5%

At 31st December 2010, the Group held controlling stakes in six terminals, including the first wholly-owned terminal subsidiary of the Group, Piraeus Terminal (100%). The others are Quan Zhou Pacific Terminal (71.43%), Jinjiang Pacific Terminal (80%), Zhangjiagang Win Hanverky Terminal (51%), Yangzhou Yuanyang Terminal (55.59%) and Xiamen Ocean Gate Terminal (70%). The Group expected Xiamen Ocean Gate Terminal to commence operation in the second half of 2011. These subsidiaries currently operate and manage 20 berths, including 12 container berths and eight break-bulk or multi-purpose berths.
In recent years, the Group has focused on assuming controlling stakes in terminals. As a result, the Group's revenue from terminals has achieved a five-year compound annual growth rate of 61.9%.

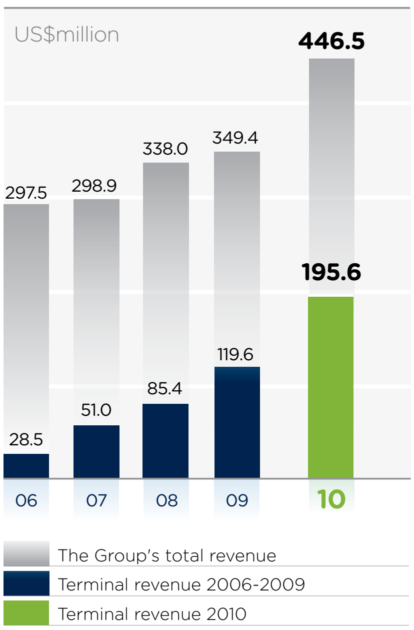
In June 2010, the Group fully took over the operation of Pier 2 at Piraeus Port in its entirety. While the sovereign debt crisis in Greece had an impact on the terminal's operation in 2010, the Group coped with the adverse market changes by focusing on cost control and Piraeus Terminal showed continuous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

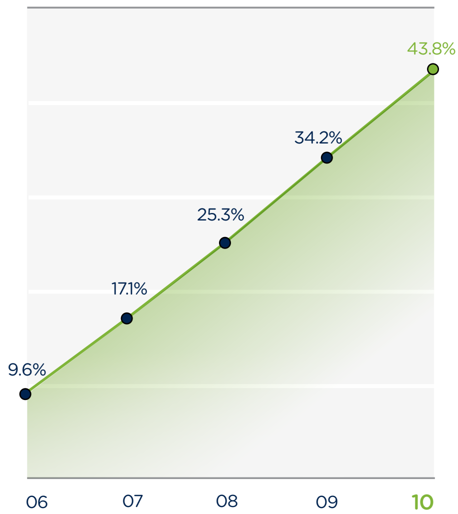
Compound annual growth rate

Terminal revenue

61.9%

Increased proportion of terminal revenue to the Group's total revenue (2006-2010)





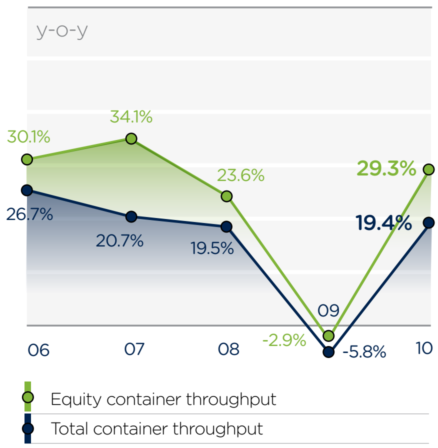
Profit contribution from terminals increases by 43.5%

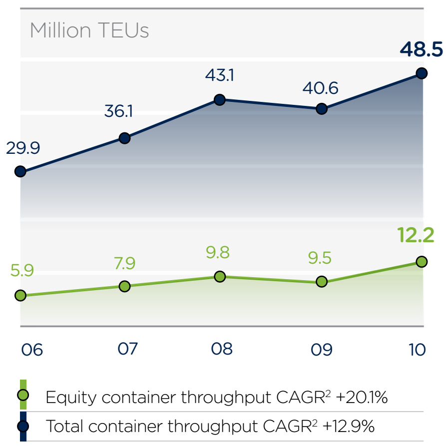
The Group expanded its terminal business, strengthened cost controls and looked to enhance the profitability of its terminal portfolio. In 2010, the Group made a substantial year-on-year increase in terminal profit by 43.5% to US$119,882,000, mainly due to a strong recovery of the China container terminal market. With the 19.4% increase in total container throughput, the operating profit of the terminals also grew.

Satisfactory growth in equity throughput

In addition, upon completion of the acquisition of approximately 10% equity interest in Yantian terminal, shareholding in Yantian terminal increased from approximately 5% to approximately 15%, which has been accounted for using equity method and reclassified as an associate since 30th June 2010. In 2010, the Group's equity throughput increased by 29.3% to 12,236,920 TEUs and profitability rose accordingly. In the past five years, the annual compound growth rate of the equity throughput reached 20.1%, higher than the annual compound growth rate of total throughput of 12.9%, suggesting a gradual strengthening of the control and profitability of the Group's terminal portfolio.

Equity throughput growth rate outperforming total throughput growth rate[1]





Note

1 The Group completed a transaction for disposal of its 8.13% stake in Dalian Port Container in January 2010, and this datum is not incorporated into the terminal company's throughput.

2 Compound annual growth rate

Growing terminal business in China and overseas

COSCO Pacific's strategy of expanding worldwide with a primary focus on China helps the Group benefit from the economic development of China and the world in further developing its global terminal network, and strengthening the risk-resistant capability of terminal business.

A high-quality portfolio of terminals

China's economic growth has remained high in recent years, and so has the growth of its port industry. Among the top ten global ports, six of them belong in China — Shanghai, Hong Kong, Shenzhen, Ningbo, Guangzhou and Qingdao. COSCO Pacific operates 56 berths at these ports. This high-quality terminal portfolio offers significant potential for business growth.

The Group has a strong presence in China. During the year, container terminal throughput in China accounted for 88.8% (2009: 89.2%) of the total throughput, while overseas terminals accounted for 11.2% (2009: 10.8%). Our terminal portfolio is well-balanced, and located at four major port areas in China and four hub ports overseas. Meanwhile, the Group invests not only in terminals at hub ports in the coastal region, but also in feeder ports in China. This strategy provides a hub and spoke terminal network, which helps the Group take advantage of the growth in domestic and foreign trade in China.

Container terminals of the Group have enjoyed strong throughput growth in all regions.

The container terminals in the Pearl River Delta and Southeast Coast of China performed well, with a year-on-year increase of 20.9% container throughput, while throughput in the Bohai Rim recorded a year-on-year growth of 18.0%. The performance in these two regions was in line with those of the local markets. In the Yangtze River Delta, container throughput recorded a year-on-year increase of 16.8%, slightly lower than the average growth rate of 21.0% in the region. This was mainly due to some mature terminals experiencing lower throughput growth. Overseas, Piraeus Terminal reported its first full-year throughput contribution, accelerating overseas container terminal throughput growth by 24.2% year-on-year.

The Group put 11 terminal berths into operation in 2010, including five at Qingdao Qianwan United Terminal, three at Tianjin Euroasia Terminal, one at Ningbo Yuan Dong Terminal, one at Yantian terminal and one at Suez Canal Terminal in Port Said, Egypt.

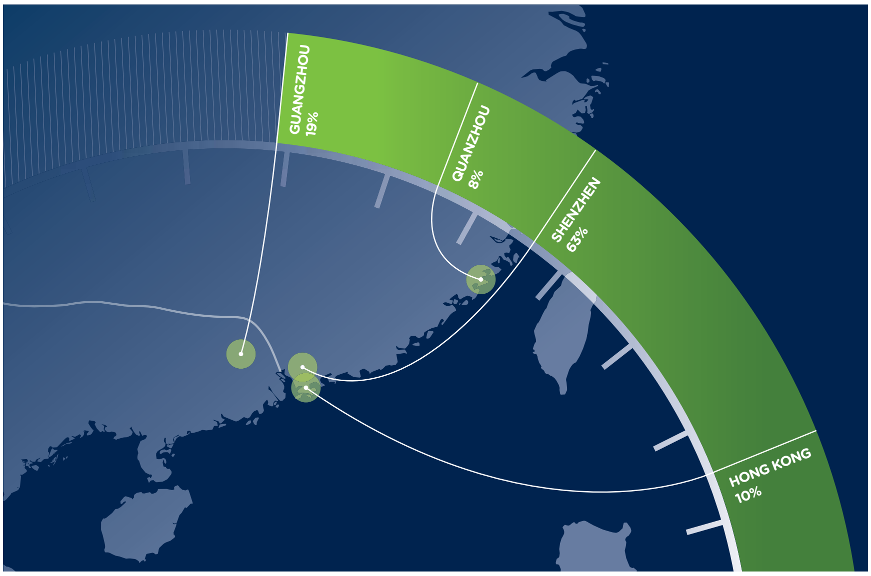
Pearl River Delta and Southeast Coast

Shenzhen	10,133,967	+18.1%
Guangzhou	3,060,591	+41.8%
Hong Kong	1,535,923	+12.9%
Quanzhou	1,364,295	+12.7%

TOTAL THROUGHPUT

16,094,776 TEUs

+20.9%



Percentage of regional throughput

Bohai Rim

Qingdao	11,852,968	+17.3%
Tianjin	2,492,169	+28.4%
Dalian	1,668,418	+10.5%
Yingkou	1,196,932	+17.0%

TOTAL THROUGHPUT

17,210,487 TEUs

+18.0%

Percentage of regional throughput

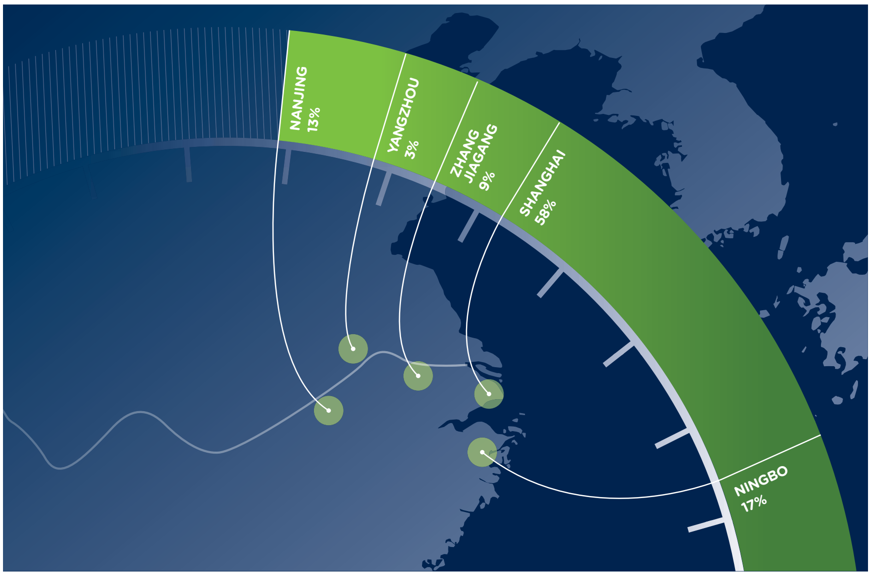
Yangtze River Delta

Shanghai	5,647,420	+7.1%
Ningbo	1,704,588	+52.6%
Nanjing	1,245,559	+17.7%
Zhangjiagang	889,515	+24.3%
Yangzhou	302,617	+36.9%

TOTAL THROUGHPUT

9,789,699 TEUs

+16.8%



Percentage of regional throughput

Overseas

Port Said	2,856,854	+7.4%
Singapore	1,091,639	+20.6%
Antwerp	795,534	+24.3%
Piraeus	684,881	+312.4%

TOTAL THROUGHPUT

5,428,908 TEUs

+24.2%

Percentage of regional throughput

Enhancing the sustainable growth of the terminal business

The Group expects to begin operations at eight new berths in 2011: two berths in Xiamen Ocean Gate Terminal, one in Jinjiang Pacific Terminal, one in Yangzhou Yuanyang Terminal, two in Qingdao Qianwan United Terminal and two in Suez Canal Terminal. These newly operational berths will not only help increase the operating capacity of these terminals, but also help grow the Group's terminal business.

To enhance the sustainable growth of the terminal business, the Group has taken part in the construction and management of many new terminal projects in recent years, including six berths at Guangzhou South China Oceangate Terminal that entered full operation in 2007, three berths at Tianjin Euroasia Terminal that started operation in July 2010 and also two new container berths at Xiamen Ocean Gate Terminal that will begin operation in the second half of 2011. Meanwhile, the Group successfully obtained the 35-year concession right for Piers 2 and 3 of the Piraeus Port in Greece and took over four berths at Pier 2 in October 2009.

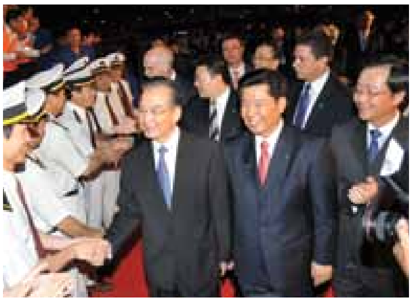
The four projects above are still in their ramp-up phases and ran at a loss in 2010. The Group has been working on shortening this transitional period by increasing the terminals' operating efficiency and providing quality services. The Group has also been making efforts to strengthen marketing and control costs. The total loss from these four terminals within the year was reduced to US$19,513,000 (2009: US$24,217,000), decreasing by 19.4%. The losses of the Guangzhou South China Oceangate Terminal and the Piraeus Terminal for the year are US$5,088,000 (2009: US$10,327,000) and US$10,156,000 (2009: US$12,277,000) respectively, which were decreases of 50.7% and 17.3% respectively. The loss generated by Guangzhou South China Oceangate Terminal reduced gradually during the year and Piraeus Terminal recorded a marginal profit during the fourth quarter in 2010.

Meanwhile, the Group will advance market development work for Tianjin Euroasia Terminal and Xiamen Ocean Gate Terminal with the aim of quickening the rate of growth of the business.

Furthering the development of four key terminals

COSCO Pacific will continue to optimise the portfolio of terminals and advance the development of the four key terminals — the Piraeus Terminal, the Yantian terminal, the Guangzhou South China Oceangate Terminal and the Xiamen Ocean Gate Terminal. These four terminals will enhance the sustainable growth of the Group.

Piraeus Terminal



Piraeus Terminal, a subsidiary of the Group, took over the Pier 2 at Piraeus Port, Greece, on 1st October 2009 and began operating Pier 2 and 3 under a 35-year concession right. Piraeus Terminal is the first overseas wholly-owned container terminal operation, and it will further consolidate the leading position of the Group as a global terminal operator. It will also be the primary growth driver of the Group's terminal business's operating income.

Piraeus Terminal operates and manages six deep-water berths at Piers 2 and 3. The total quay length is 2,087m, the water depth ranges from 14m to 16m, and the total area of the terminal is 776,000 square metres. The four container berths at the current operating Pier 2 have a total annual handling capacity of 1,600,000 TEUs and it handled 684,881 TEUs in 2010.

Improving the terminal's efficiency and competitiveness

The upgrading work of Pier 2 is now underway to improve its efficiency and competitiveness. A civil work for upgrading is scheduled for completion prior to May 2012 and the upgrading of all terminal facilities by April 2014. This will increase the annual handling capacity to 2,600,000 TEUs. In addition, the Group will finish construction of two new berths with annual handling capacity of 1,100,000 TEUs at Pier 3 by October 2015. The annual handling capacity of Piraeus Terminal will increase to 3,700,000 TEUs.

COSCO Pacific plans to buy 13 quay cranes to improve terminal facilities. The Group installed three quay cranes in Pier 2 in September 2010 and will install another three quay cranes by July 2011. This will enable the terminal to handle post-panamax large container vessels, significantly enhancing its competitiveness. Meanwhile, the terminal will adopt a more advanced operational approach to provide clients with a comprehensive terminal service.

Increasing the source of revenue

In 2011, the operational capacity of Pier 2 will be continuously upgraded and staff productivity will also improve. As a result, the terminal will be significantly more appealing to shipping companies, which will lead to stable growth in business. Among all the Group's controlling terminals, Piraeus Terminal is the Group's biggest revenue contributor. Its revenue in 2010 was US$83,303,000, accounting for 42.6% of the Group's terminal business revenue, and boosting the Group's cash flow. From January to February 2011, Piraeus Terminal handled 138,446 TEUs, a year-on-year increase of 21.6%. Its container throughput growth in 2011 is estimated to have a relatively rapid growth rate, hence, the Group expects revenue in 2011 to grow further.

From 1st June 2010 onwards, Piraeus Terminal was entirely operated by its own employees. After the takeover, the Piraeus Terminal adopted a series of reformative measures, implementing a more flexible employment system and greatly reducing the operating cost. Despite the incurring operating loss of US$10,156,000 in the initial phase this year, the Piraeus Terminal recorded a marginal profit during the fourth quarter of 2010, which places the port in a good position for profitability in 2011.

Becoming the gateway for international container liners entering the Balkans and Black Sea region

Piraeus Terminal is in the Port of Piraeus, the largest port in Greece, and is located on important and strategic commercial shipping lines, serving Eastern Europe, the Mediterranean, the Balkans and Black Sea, and offers tremendous potential for development. The Group is looking forward to cooperating with its counterparts in the marine industry in Greece, to build the Port of Piraeus into a gateway for local shipping companies and international container liners entering and exiting the Balkans and Black Sea region, and also to act as a transhipment port in the Mediterranean.

Yantian terminal

The Group owns approximately 15% interest in Yantian terminal, jointly operating and managing the West Port and Phase I, II and III of Yantian terminal in Shenzhen, China. The terminal operates 16 berths, covering an area of 373 hectares, with a 7,936m quay length, front water depth of 14m to 16.5m, and an annual handling capacity of 13,500,000 TEUs. In 2010, Yantian terminal handled 10,133,967 TEUs, 18.1% higher than the previous year.

A preferred container terminal for mega-vessels

Yantian terminal is equipped with world-standard advanced operating systems and modern cargo handling facilities, enhancing the service quality for our customers. The terminal provides post-panamax quay cranes to handle the world's biggest container vessels. At present, it is cooperating with more than 30 international container liner companies, operating more than 100 shipping services covering worldwide locations each week.

Yantian terminal is also the biggest container terminal of Shenzhen Port with a 45% market share. Shenzhen Port is the second biggest container port in China and the fourth largest in the world. The throughput of Shenzhen Port reached 22,500,000 TEUs in 2010, an increase of 23.3% over 2009.

As one of the terminals with the fastest growing cargo volumes, Yantian terminal boasts strategic advantages in the port group of the Pearl River Delta. Its utilisation rate far surpassed the national average level thanks to its unique location and sound supporting facilities. The well-managed operation and highly efficient service stabilised Yantian terminal's leading position in the market. With the global economic recovery and sustained economic growth in China, which directly benefits the port industry, the company believes that the business of Yantian terminal will maintain the momentum in growth as South China is one of the most dynamic economic regions.

Enhance the terminal's profitability and the Group's corporate value

Since 30th June 2010, the Group's share of profit from Yantian terminal has been accounted for using the equity method. The terminal contributed its half-year profit of US$30,216,000 (2009: dividend income of US$18,727,000), calculated on the approximately 15% shareholding (2009: approximately 5% dividend income), a year-on-year increase of 61.3%. In 2011, it will contribute the entire year's profit, driving the profit growth of the terminal business.

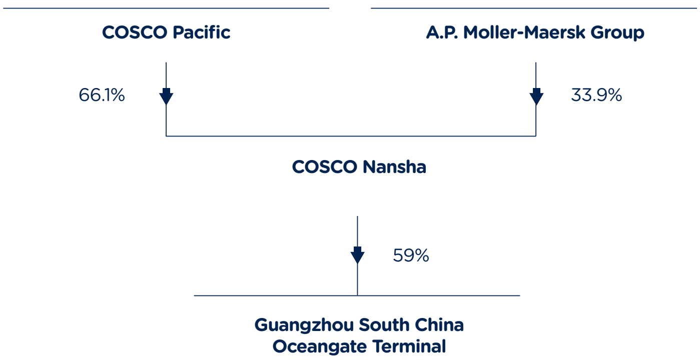
Guangzhou South China Oceangate Terminal

The Group holds approximately 39% of the shareholdings of Guangzhou South China Oceangate Terminal, which is the phase II container terminal in Nansha Port in Guangzhou, Guangdong province. It is jointly constructed, operated and managed by the Group, Guangzhou Port Holding Company Limited, and A.P. Møller-Maersk A/S ("APM"). It operates six berths from number 5 to number 10 with quay length of 2,100m, front water depth of 15.5m to 16.0m and an area covering 2,230,000 square metres. Additionally, it is also equipped with 18 post-panamax quay cranes, with the annual handling capacity of up to 4.2 million TEUs.

The six berths went into full operation in September 2007 and handled 2,000,130 TEUs in 2008. Despite the financial crisis in 2009, throughput maintained positive growth, with an increase of 7.9% to 2,158,291 TEUs. With the global economic recovery in 2010, the terminal achieved a strong growth with a 41.8% year-on-year throughput increase to 3,060,591 TEUs.

COSCO Nansha will be accounted for by COSCO Pacific as a subsidiary in 2011

The Group holds approximately 39% of the substantial shareholdings of Guangzhou South China Oceangate Terminal through its subsidiary, COSCO Ports (Nansha) Limited (COSCO Nansha), which is accounted for as a jointly controlled entity of the Group. COSCO Pacific held 59% of the shareholdings of Guangzhou South China Oceangate Terminal through its wholly-owned subsidiary, COSCO Nansha in December 2005. Later, in August 2006, APM subscribed 33.9% equity interest of COSCO Nansha, while the substantial shareholdings of COSCO Pacific in COSCO Nansha reduced to 66.1%. As a result, APM and COSCO Pacific indirectly held approximately 20% and approximately 39% equity interest in the Guangzhou South China Oceangate Terminal respectively. In the meantime, their shareholders signed an agreement on joint control of COSCO Nansha, which expired on 31st December 2010 and the Group has the power to govern the financial and operating policies of COSCO Nansha. From 1st January 2011 onwards, the Group will account for COSCO Nansha as a subsidiary. The change in accounting method will strengthen the power of the Group in supervising COSCO Nansha and Guangzhou South China Oceangate Terminal.



Expanding the international container business

With efforts from all shareholders, Guangzhou South China Oceangate Terminal has now become a modern terminal, providing a highly efficient and high quality terminal service, with 16 shipping routes for foreign trade, seven shipping routes and two feeder routes for domestic trade. Domestic trade was the terminal's priority in 2010 — based on the container handling volume, domestic cargo accounted for 59% and international cargo accounted for 41%. The Group plans to expand the proportion of foreign trade in 2011.

Enhancing the development of Nansha Port in Guangzhou

Nansha Port is located on the geometric centre of the Pearl River Delta Economic Zone (PRDEZ). Fourteen major cities and industrial manufacturing centres, such as Guangzhou, Foshan, Shenzhen, Zhuhai, Macau, Dongguan and Zhongshan, are situated within 60 kilometres. The entire Pearl River Delta urban network, with its convenient land and water transportation system, is located within its 100 kilometres.

The district serves as an important base for strengthening Guangzhou Port's position as the pivot harbour in the South China region and a world-class harbour. Guangzhou Port, the seventh largest in the world and the fourth largest one in China, boasted container throughput totaling 12,550,000 TEUs (2009: 11,190,000 TEUs), a 12.2% increase over the same period of the previous year. There are ten berths for the first and second phases of the port, with container throughput of 7,160,000 TEUs in 2010 (2009: 6,555,000 TEUs), accounting for 57.0% (2009: 58.6%) market share of Guangzhou Port.

The growth in market share of the second phase port operated by Guangzhou South China Oceangate Terminal was satisfactory; its market share accounted for 42.7 % (2009: 32.9%) of Nansha Port, 24.4% (2009: 18.4%) of Guangzhou Port. The Group expect the throughput growth rate of this terminal in 2011 will be higher than the country's average, and is optimistic about the future development of this terminal.

Xiamen Ocean Gate Terminal

In November 2007, the Group established Xiamen Ocean Gate Terminal jointly with Xiamen Haicang Investment Corporation (renamed to Xiamen Haicang Investment Group Co., Ltd.). We hold 70% of its equity. This joint venture company builts, operates and manages four deep-water container berths numbers 14 – 17 located in Haicang District at Xiamen Port in Fujian Province. The quay length of Xiamen Haicang Ocean Gate Terminal is 1,508m, with water depth of 17m, area of 1,220,000 square metres, and annual handling capacity of 2,800,000 TEUs.

The Group plans to put two berths into operation in the second half of 2011. As the fixed cost is high for container terminal operations, we expect there to be an early stage operational loss. However this terminal is now focusing on market changes, analysing clients' requests and shipping routes and preparing marketing strategies to shorten the ramp-up period.

Throughput in Xiamen Port is growing

The Chinese government has accelerated construction of the great sea-bound passage from the interior provinces to the southeast coastal provinces over the recent years. Thanks to this, the coastal ports in Fujian Province have become an important hub for land and water transportation for the hinterland provinces. Xiamen Ocean Gate Terminal is located in Xiamen Port, which is a good natural deep-water port along the southeast coast and the seventh biggest port in China. Xiamen Port enjoyed sound growth in container throughput in 2010, reaching 5,820,000 TEUs (4,680,000 TEUs in 2009), a year-on-year increase of 24.3%, which is higher than the national average growth rate of 18.8%. The container throughput in 2011 is expected to continue to grow, and this will create favourable conditions for the Group to put into operation its Xiamen Ocean Gate Terminal.

Terminal portfolio[1]

Terminal companies	Shareholding	No. of berths	Depth	Annual handling capacity
			m	TEUs
Bohai Rim		**44**		**24,450,000**
Qingdao Qianwan Container Terminal Co., Ltd.	20%	11	17.5	6,500,000
Qingdao New Qianwan Container Terminal Co., Ltd.	16%	6	15.0-20.0	3,600,000
Qingdao Qianwan United Container Terminal Co., Ltd.	8%	9	17.0-20.0	5,250,000
Qingdao Cosport International Container Terminals Co., Ltd.[2]	50%	1	13.5	600,000
Dalian Port Container Terminal Co., Ltd.	20%	6	13.5-17.8	4,200,000
Dalian Automobile Terminal Co., Ltd.	30%	2	11.0	600,000 (vehicles)
Tianjin Port Euroasia International Container Terminal Co., Ltd.	30%	3	15.5	1,800,000
Tianjin Five Continents International Container Terminal Co., Ltd.	14%	4	15.7	1,500,000
Yingkou Container Terminals Company Limited	50%	2	14.0	1,000,000
Yangtze River Delta		**42**		**15,900,000**
Shanghai Pudong International Container Terminals Limited	30%	3	12.0	2,300,000
Shanghai Container Terminals Limited	10%	10	9.4-10.5	3,700,000
Shanghai Xiangdong International Container Terminal Co., Ltd.	10%	4	15.0	3,200,000
Ningbo Yuan Dong Terminals Limited	20%	5	15.0	3,000,000
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	51%	3	10.0	1,000,000
Yangzhou Yuanyang International Ports Co., Ltd.	55.59%	2	12.0	700,000
		5	8.0-12.0	6,550,000 (tons of break-bulk cargo)
Nanjing Port Longtan Container Co., Ltd.	20%	10	12.0	2,000,000
Pearl River Delta and Southeast Coast		**37**		**24,300,000**
COSCO-HIT Terminals (Hong Kong) Limited	50%	2	15.5	1,800,000
Yantian International Container Terminals Co., Ltd.	15%	5	14.0-15.5	4,500,000
Yantian International Container Terminals (Phase III) Limited	13.36%	10	16.0-16.5	9,000,000
Guangzhou South China Oceangate Container Terminal Co., Ltd.	39%	6	15.5-16.0	4,200,000
Quan Zhou Pacific Container Terminal Co., Ltd.	71.43%	3	7.0-15.1	1,200,000
		2	5.1-9.6	1,000,000 (tons of break-bulk cargo)
Jinjiang Pacific Ports Development Co., Ltd.	80%	2	10.2-14.0	800,000
		3	7.9-9.8	4,200,000 (tons of break-bulk cargo)
Xiamen Ocean Gate Container Terminal Co., Ltd.	70%	4	17.0	2,800,000
Overseas		**22**		**13,300,000**
Piraeus Container Terminal S.A.	100%	6	14.0-16.0	3,700,000
Suez Canal Container Terminal S.A.E.	20%	8	16.0	5,100,000
COSCO-PSA Terminal Private Limited	49%	2	15.0	1,000,000
Antwerp Gateway NV	20%	6	17.0	3,500,000
Total no. of berths		**145**		
Total no. of container berths / Annual handling capacity		**133**		**77,950,000**
Total no. of break-bulk cargo berths / Annual handling capacity		**10**		**11,750,000** (tons of break-bulk cargo)
Total no. of automobile berths / Annual handling capacity		**2**		**600,000 (vehicles)**

Note

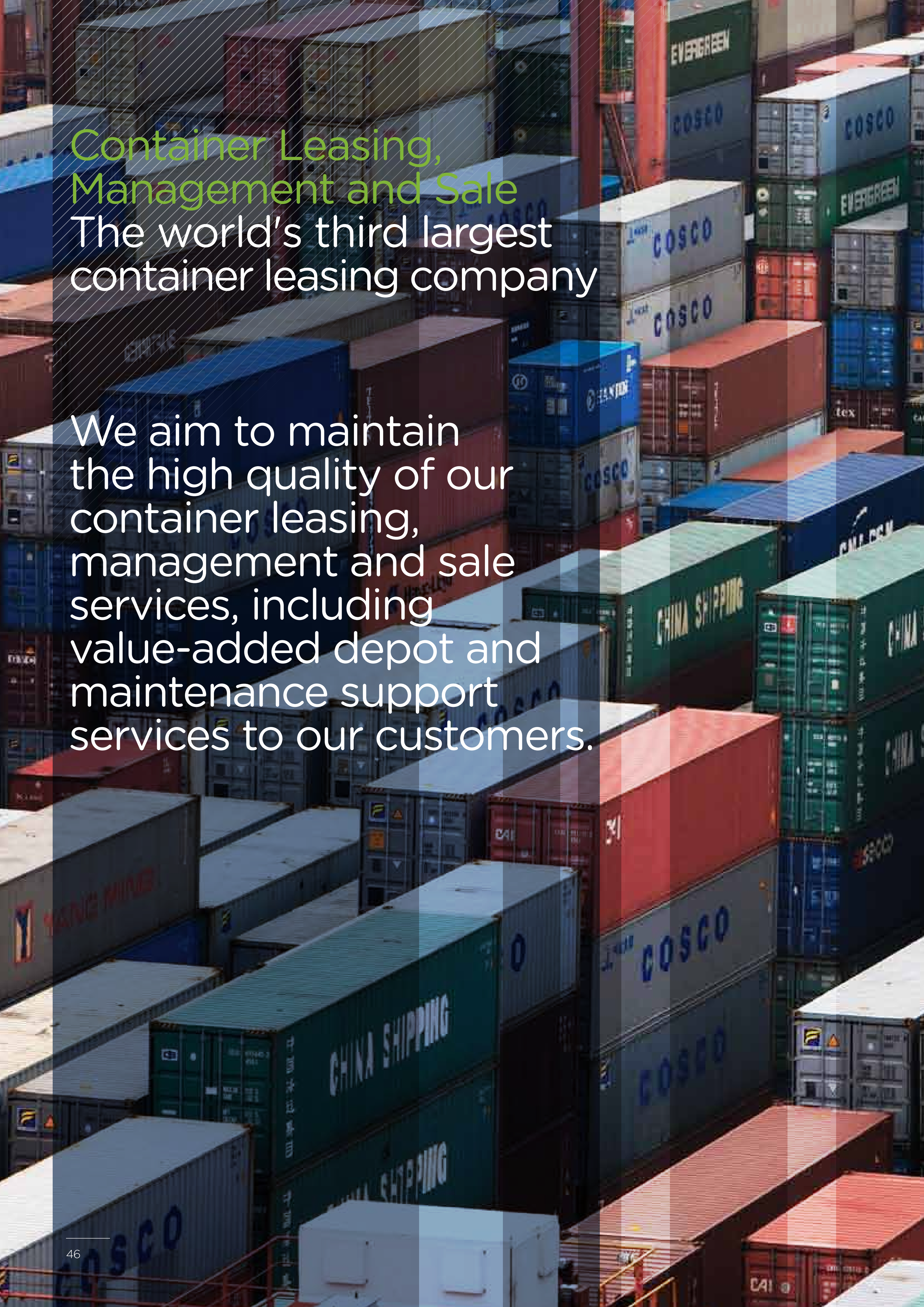
1 Terminal portfolio includes all terminal projects for which agreements have been signed on or a before 31st December 2010. It includes operating and non-operating terminal companies, berths and annual handling capacity.

2 On 10th March 2011, the Group signed the agreement on disposal of the Group's 50% interest in Qingdao Cosport Terminal.

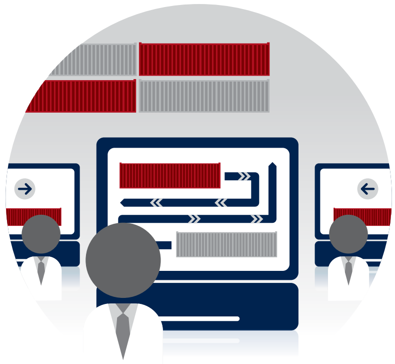
Container Leasing, Management and Sale

The world's third largest container leasing company

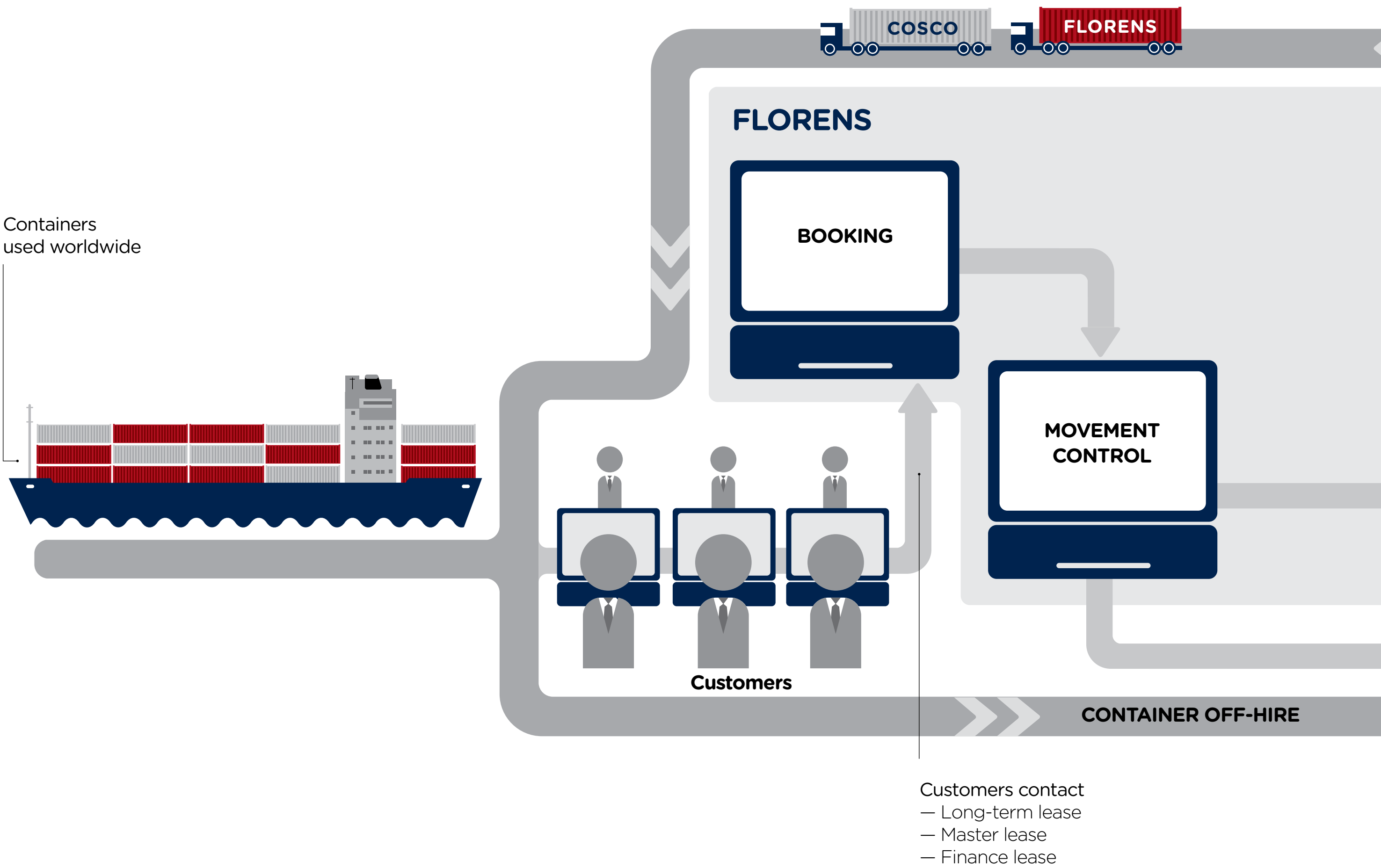
We aim to maintain the high quality of our container leasing, management and sale services, including value-added depot and maintenance support services to our customers.




COSCO
K LINE
ANL
CHINA SHIPPING
CMA CGM



We own and manage a container fleet of 1,631,783 TEUs, providing long-term and short-term leasing services to customers, including the top 20 global container shipping companies. We offer a high quality of container management service to the owners of the managed containers. To facilitate the convenient pick-up and drop-off of containers for customers, we have built a strong network of 225 depots around the world.



Fleet capacity

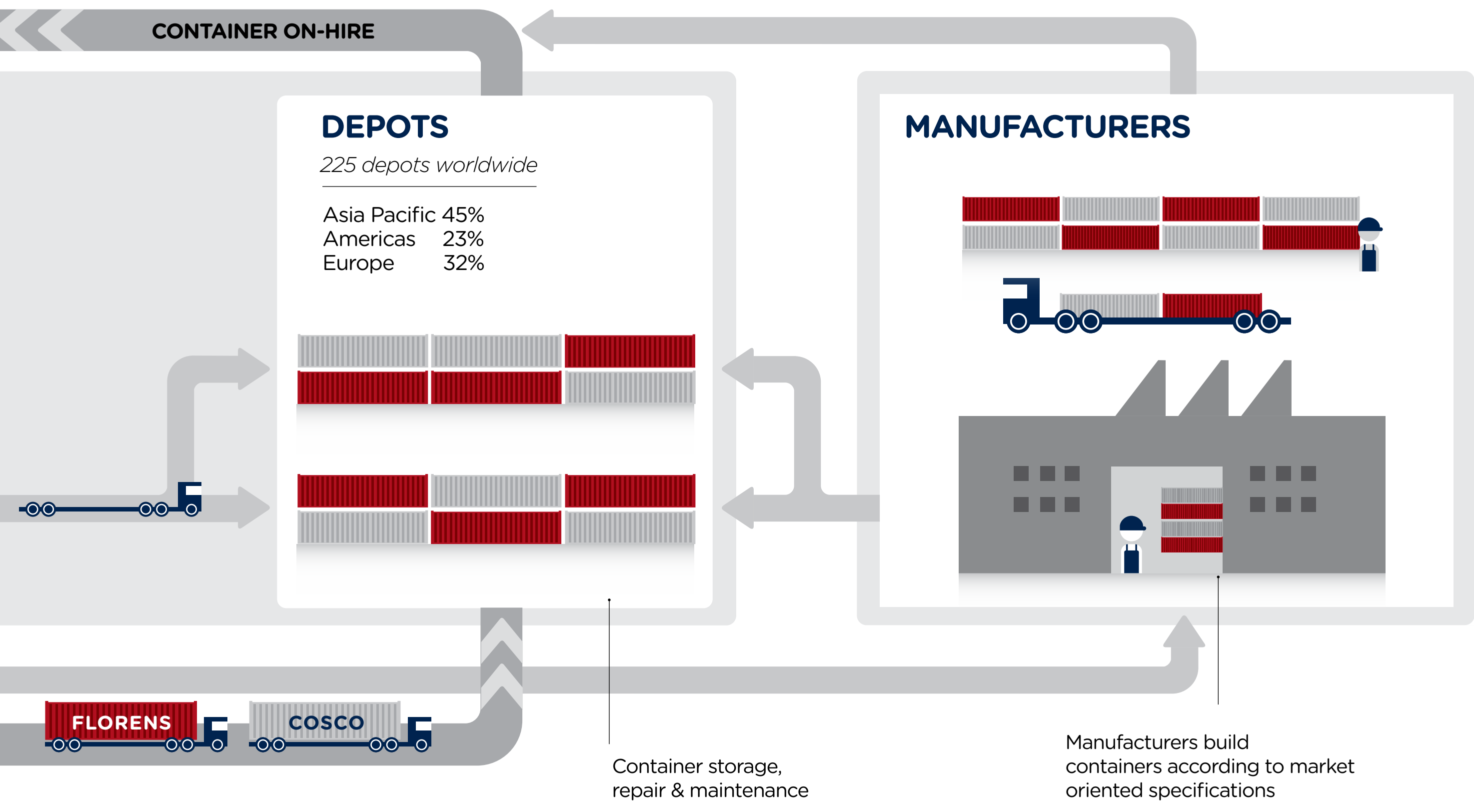
Year	Million TEUs
2010	**1.63**
2009	1.58
2008	1.62
2007	1.52
2006	1.25

Top 5 container leasing companies in the world

Company	Fleet size (TEUs)	Market share (%)
Textainer Group	2,310,000	18
Triton Container	1,750,000	14
COSCO Pacific (Florens)	**1,631,783***	**13**
TAL International	1,380,000	11
GESeaCo	940,000	7

Source : Alphaliner 2011

** The container fleet size of Florens at 31st December 2010*



Note

Florens has strict principles and rules for controlling the quality of containers throughout the manufacturing process:

1. *All our containers are manufactured to the relevant ISO requirements, including technical specifications and testing standards for the container body (ISO1496-1/2) and the key component — corner fitting (ISO1161); the international standards for containers (ISO6346), and the size and weight rating (ISO668) are the main criteria for manufacturing and design.*
2. *We adopt these standards as a guide, combine them with relevant container industry technical standards, plus our own inspecting procedure for on-site quality control of paint, flooring, steel and any part that will affect product safety and lifespan.*
3. *All containers in manufacture must be inspected and certified by the classification society, which certifies that they meet the ISO technical standards and relevant provisions as stated in the CSC.*

Strong market demand for containers

The global container shipping and container leasing market recovered strongly in 2010. During the year, the volume of container shipping increased by 13.6% year-on-year. Shipping companies added capacity of 1,300,000 TEUs, and slow steaming operation. Production capacity at container manufacturing factories remained behind demand, leading to a severe shortage in the container supply. The price of a 20-foot dry container increased to a maximum of US$2,800 during the year. The average utilisation rate of the container leasing sector was as high as 95% (2009: 86%).

In 2010, the total newly-built containers in the world was approximately 2,750,000TEUs (2009: 450,000 TEUs), among which, leasing companies purchased approximately 1,725,000 TEUs (2009: 245,000 TEUs), accounting for 63% (2009: 54%) of the world total of newly-built containers. According to the information from Alphaliner in 2011, by the end of 2010, the total number of containers globally was approximately 29,000,000 TEUs (2009: 27,250,000 TEUs). Of these, the size of fleet operated and managed by the leasing companies was approximately 12,600,000 TEUs (2009: 11,500,000 TEUs), making up 43% (2009: 42%) of the global total containers, showing a one percentage point increase in the leasing proportion. Thus the size of the container fleet owned by shipping companies was approximately 16,400,000 TEUs (2009: 15,750,000 TEUs), accounting for 57% (2009: 58%) of the global total containers.

Fleet capacity movement

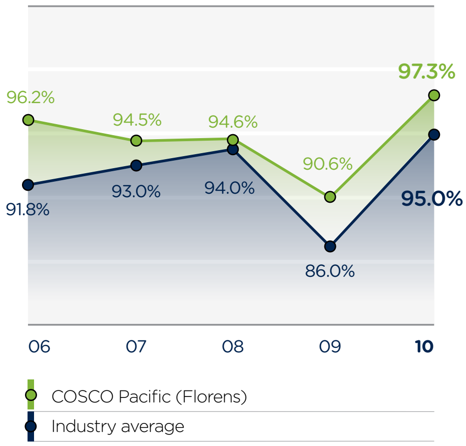
	2010	2009	y-o-y change
	TEUs	TEUs	%
Fleet capacity at 1st January	**1,582,614**	1,621,222	-2.4
New containers purchased	**111,625**	15,000	+644.2
Managed containers deposited by a third party	**4,402**	--	n/a
Containers returned from COSCON upon expiry of leases			
— Total	**(40,992)**	(26,589)	+54.2
— Re-leased	**5,863**	9,113	-35.7
— Disposed of and pending for disposal	**(35,129)**	(17,476)	+101.0
Ownership transferred to customers upon expiry of finance leases	**(162)**	(556)	-70.9
Defective containers written off	**(59)**	(2)	+2,850.0
Total loss of containers declared and compensated by customers	**(31,508)**	(35,574)	-11.4
Fleet capacity at 31st December	**1,631,783**	**1,582,614**	**+3.1**

Steady development of container fleet

The Group's container leasing, management and sale businesses ("container leasing business") are operated and managed by Florens. To further develop the container leasing operation, Florens follows a business model of combining owned containers with managed containers.

At 31st December 2010, our owned and managed container fleet had increased by 3.1% from last year to reach 1,631,783 TEUs (31st December 2009: 1,582,614 TEUs), ranking as the third largest container leasing company in the world, and representing a market share of approximately 13% (2009: 14.3%), according to the information released by Alphaliner in 2011. The average age of the container fleet was 5.36 years (2009: 4.96 years), and the average utilisation rate in 2010 was 97.3% (2009: 90.6%).

Utilisation rate



During the year, the Group expanded its owned fleet by purchasing 111,625 TEUs (2009: 15,000 TEUs) of new containers significantly throughout the year, representing a year-on-year increase of 644.2%, 14,900 TEUs (2009: 3,600 TEUs) of these for COSCON, and 96,725 TEUs (2009: 11,400 TEUs) for international customers, accounting for 13.3% (2009: 24.0%) and 86.7% (2009: 76.0%) of the total new containers respectively. The new containers were mainly on long term leases and most of them were delivered before the fourth quarter of 2010, further increasing the profitability of the container leasing business.

In addition, COSCON returned containers of 40,992 TEUs (2009: 26,589 TEUs) upon expiry of leases during the year. The Group sold a total of 28,674 TEUs (2009: 22,863 TEUs) of returned containers during the year, representing an increase of 25.4% year-on-year.

Expansion of owned container fleet

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

At 31st December 2010, the Group's owned container fleet expanded by 9.6% to 813,625 TEUs (31st December 2009: 742,388 TEUs), which represented 49.8% (31st December 2009: 46.9%) of the total container fleet. Of the owned container fleet, a total of 381,012 TEUs (31st December 2009: 409,797 TEUs) were leased to COSCON, and a total of 432,613 TEUs (31st December 2009: 332,591 TEUs) were leased to international customers. The managed container fleet capacity reduced by 3.1% to 700,064 TEUs (31st December 2009: 722,132 TEUs), which represented 42.9% (31st December 2009: 45.6%) of the total container fleet. The capacity of the sale-and-leaseback containers remained unchanged at 118,094 TEUs, which represented 7.3% (31st December 2009: 7.5%) of the total container fleet. Most of the owned containers and sale-and-leaseback containers are on long term leases. The rental income generated from long term leases during the year accounted was 92.7% (2009: 93.2%) of the total container leasing income, providing the Group with a steady source of income.

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

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

At 31st December	Leasing customers	2010	2009	y-o-y change
		%	%	pp
Owned containers	COSCON	**23.3**	25.9	-2.6
Owned containers	International customers	**26.5**	21.0	+5.5
Managed containers	International customers	**42.9**	45.6	-2.7
Sale-and-leaseback containers	COSCON	**7.3**	7.5	-0.2
Total		**100.0**	**100.0**	**-**

Satisfactory performance of container leasing business

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

The revenue from container leasing business is one of the major revenue sources for the Group.

During the year, the leasing revenue increased 4.6% to US$207,245,000 (2009: US$198,069,000). Revenue from managed containers increased by 14.6% to US$7,416,000 (2009: US$6,470,000). The Group sold 28,674 TEUs (2009: 22,863 TEUs) of returned containers and generated a revenue of US$33,895,000 (2009: US$22,844,000), increasing 48.4% year-on-year. The revenue contributions from container leasing, management and sale accounted for 82.6% (2009: 86.2%), 3.0% (2009: 2.8%) and 13.5% (2009: 9.9%) of this divisional total revenue respectively.

Revenue breakdown

	2006	2007	2008	2009	**2010**
	US$M	US$M	US$M	US$M	US$M
Container leasing	219.6	181.3	202.4	198.1	**207.2**
Disposal of returned containers	43.5	57.0	39.4	22.8	**33.9**
Container management	4.1	7.3	8.5	6.5	**7.4**
Others	1.8	2.3	2.3	2.4	**2.4**
Total revenue	**269.0**	**247.9**	**252.6**	**229.8**	**250.9**

Promising outlook for the container leasing business

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

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

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