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COSCO Pacific Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1199)

2009 FINAL RESULTS ANNOUNCEMENT

RESULTS HIGHLIGHTS

- Revenue rose by 3.4% to US$349,424,000
- Profit attributable to equity holders of the Company decreased by 37.2% to US$172,526,000 (2008: US$274,725,000)
- Proposed final cash dividend of US1.199 cents (2008: US1.382 cents). Full-year dividend to be US3.061 cents (2008: US4.896 cents) with payout ratio of 40.0% (2008: 40.0%)
- Continued to consolidate the leading position in its industries and ranked as the fifth largest container terminal operator and the second largest container leasing company in the world
- Container throughput dropped by 5.1% to 43,549,810 TEUs and container leasing fleet size shrunk by 2.4% to 1,582,614 TEUs
- Commenced to operate Pier 2 of the Piraeus Port in Greece in October 2009
- Disposed of COSCO Logistics for RMB2,000,000,000 (equivalent to approximately US$292,900,000) in cash, further streamlining core businesses by focusing resources on terminals. The disposal generated a gain (net of tax and direct expenses) of approximately US$85,000,000, which will be recognised in 2010
- The Group was awarded the "Grand Prix for Best Overall Investor Relations (Hong Kong)" in the small or mid cap category by IR magazine. The Company also won a Titanium Award for "Corporate Governance and Investor Relations" in The Asset Triple A Corporate Awards organised by The Asset magazine and a "Corporate Governance Asia Recognition Award" given by Corporate Governance Asia magazine for the third consecutive year, while the 2008 Annual Report earned a citation for corporate governance disclosure from the Hong Kong Management Association
- For 2005, 2007, 2008 and 2009, the Company was awarded "Shipping In-House Team of the Year" by Asian Legal Business, a well recognised professional magazine

FINAL RESULTS

The board of directors (the "Board") of COSCO Pacific Limited (the "Company" or "COSCO Pacific") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2009. The following financial information, including comparative figures, has been prepared in accordance with Hong Kong Financial Reporting Standards.

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2009

	Note	**2009**	2008
		US$'000	*US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,834,079**	1,627,590
Investment properties		**4,169**	1,679
Leasehold land and land use rights		**148,237**	60,660
Intangible assets		**5,719**	4,688
Jointly controlled entities		**431,132**	642,149
Loans to jointly controlled entities		**160,147**	123,904
Associates		**730,102**	708,508
Loans to associates		**32,440**	23,835
Available-for-sale financial assets		**320,000**	323,000
Finance lease receivables		**1,051**	2,000
Deferred income tax assets		**1,980**	1,204
Derivative financial instruments		**16,556**	24,215
Other non-current assets	3	**71,511**	-
		3,757,123	3,543,432
Current assets			
Inventories		**9,821**	5,376
Trade and other receivables	4	**182,315**	232,265
Current income tax recoverable		**1,355**	975
Available-for-sale financial assets		**20,581**	2,119
Restricted bank deposits		**14**	77,435
Cash and cash equivalents		**405,740**	351,606
		619,826	669,776
Asset held for sale under discontinuing operation	5	**258,363**	-
		878,189	669,776
Total assets		**4,635,312**	4,213,208

CONSOLIDATED BALANCE SHEET (Continued)
AS AT 31ST DECEMBER 2009

	Note	**2009** *US$'000*	2008 *US$'000*
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**29,018**	28,792
Reserves		**2,686,147**	2,492,047
Proposed final dividend		**27,128**	31,026
		2,742,293	2,551,865
Minority interests		**116,058**	94,438
Total equity		**2,858,351**	2,646,303
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**19,603**	12,776
Long term borrowings		**1,410,671**	1,356,955
Other long term liabilities		**744**	2,922
		1,431,018	1,372,653
Current liabilities			
Trade and other payables	6	**148,000**	123,531
Current income tax liabilities		**4,329**	3,341
Current portion of long term borrowings		**83,051**	56,406
Short term bank loans		**110,563**	10,974
		345,943	194,252
Total liabilities		**1,776,961**	1,566,905
Total equity and liabilities		**4,635,312**	4,213,208
Net current assets		**532,246**	475,524
Total assets less current liabilities		**4,289,369**	4,018,956

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2009

	Note	**2009**	2008
		US$'000	*US$'000*
Continuing operations:			
Revenue	2	**349,424**	337,973
Cost of sales		**(200,174)**	(165,454)
Gross profit		**149,250**	172,519
Investment income		**22,339**	22,493
Administrative expenses		**(62,949)**	(50,142)
Other operating income	7	**10,009**	26,743
Other operating expenses		**(18,731)**	(5,652)
Operating profit	8	**99,918**	165,961
Finance income	9	**6,005**	6,866
Finance costs	9	**(39,805)**	(52,738)
Operating profit after finance income and costs		**66,118**	120,089
Share of profits less losses of			
- jointly controlled entities		**59,183**	75,267
- associates		**32,890**	54,815
Profit on disposal of a jointly controlled entity	10	**5,516**	-
Profit before income tax from continuing operations		**163,707**	250,171
Income tax (expenses)/credit	11	**(13,286)**	4,585
Profit for the year from continuing operations		**150,421**	254,756
Discontinuing operation:			
Profit for the year from discontinuing operation			
- share of profit of a jointly controlled entity	5	**25,627**	25,006
Profit for the year		**176,048**	279,762
Profit attributable to:			
Equity holders of the Company		**172,526**	274,725
Minority interests		**3,522**	5,037
		176,048	279,762
Dividends	12	**69,162**	109,873

CONSOLIDATED INCOME STATEMENT (Continued)
FOR THE YEAR ENDED 31ST DECEMBER 2009

	Note	**2009** *US$'000*	2008 *US$'000*
Earnings per share for profit attributable to equity holders of the Company			
Basic			
- from continuing operations	13	**US6.52 cents**	US11.12 cents
- from discontinuing operation	13	**US1.14 cents**	US1.12 cents
		US7.66 cents	US12.24 cents
Diluted			
- from continuing operations	13	**US6.52 cents**	US11.12 cents
- from discontinuing operation	13	**US1.14 cents**	US1.11 cents
		US7.66 cents	US12.23 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2009

	2009 *US$'000*	2008 *US$'000*
Profit for the year	**176,048**	279,762
Other comprehensive income		
Exchange differences arising on translation of financial statements of foreign subsidiaries, jointly controlled entities and associates	**9,831**	85,192
Net fair value gain/(loss) on available-for-sale financial assets	**43,824**	(205,701)
Release of reserve upon disposal of available-for-sale financial assets	**(85)**	(2,044)
Fair value adjustment upon transfer from property, plant and equipment to investment properties	**294**	152
Share of reserves of jointly controlled entities and associates		
- revaluation reserve	**6,554**	(81,967)
- hedging reserve	**(433)**	(863)
- exchange reserve	**4,937**	(9,302)
- other reserves	**6,644**	2,392
Other comprehensive income/(loss) for the year	**71,566**	(212,141)
Total comprehensive income for the year	**247,614**	67,621
Total comprehensive income attributable to:		
Equity holders of the Company	**243,935**	57,743
Minority interests	**3,679**	9,878
	247,614	67,621

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements have been prepared under the historical cost convention except that, available-for-sale financial assets, derivative financial instruments and investment properties are carried at fair value and certain buildings are carried at valuation as at 31st December 1994 less accumulated depreciation and impairment losses.

In 2009, the Group has adopted the following new and revised HKFRS standards, interpretations, amendments and improvements to existing standards (collectively the "new HKFRSs") issued by the HKICPA which are relevant to the Group's operations and mandatory for the financial year ended 31st December 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendment	Share-based Payment Vesting Conditions and Cancellations
HKFRS 7 Amendment	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfer of Assets from Customers

Improvements to existing standards

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 16 Amendment	Property, Plant and Equipment
HKAS 19 Amendment	Employee Benefits
HKAS 20 Amendment	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 23 Amendment	Borrowing Costs
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKAS 28 Amendment	Investments in Associates
HKAS 29 Amendment	Financial Reporting in Hyperinflationary Economies
HKAS 31 Amendment	Interests in Joint Ventures
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement
HKAS 40 Amendment	Investment Property
HKAS 41 Amendment	Agriculture

1. BASIS OF PREPARATION (Continued)

Except for certain changes in presentation and disclosures as described below, the adoption of the above new HKFRSs in the current year did not have any significant effect on the consolidated financial statements or result in any substantial changes in the Group's significant accounting policies.

- HKAS 1 (Revised), "Presentation of Financial Statements". The Group has elected to present two statements: an income statement and a statement of comprehensive income. The consolidated financial statements have been prepared under the revised disclosure requirements.

- HKFRS 7 Amendment, "Improving Disclosures about Financial Instruments". The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. Additional disclosures have been made in the consolidated financial statements.

- HKFRS 8, "Operating Segments". HKFRS 8 replaces HKAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in certain changes in the presentation and disclosures information of the reportable segments.

The HKICPA has issued the following new or revised HKFRSs, interpretations, amendments or improvements to existing standards which are not yet effective for the year ended 31st December 2009 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
New or revised standards, interpretations and amendments		
HKAS 24 (Revised)	Related Party Disclosures	1st January 2011
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st July 2009
HKAS 32 Amendment	Classification of Right Issues	1st February 2010
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement - Eligible hedged items	1st July 2009
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards	1st July 2009
HKFRS 1 Amendment	Additional Exemptions for First-time Adopters	1st January 2010
HKFRS 1 Amendment	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time adopters	1st July 2010
HKFRS 2 Amendment	Group Cash-settled Share-based Payment Transactions	1st January 2010
HKFRS 3 (Revised)	Business Combinations	1st July 2009
HKFRS 9	Financial Instruments	1st January 2013
HK(IFRIC)-Int 14 Amendment	Prepayments of a Minimum Funding Requirement	1st January 2011
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners	1st July 2009

1. BASIS OF PREPARATION (Continued)

		Effective for accounting periods beginning on or after
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments	1st July 2010

Improvements to existing standards

HKAS 1 Amendment	Presentation of Financial Statements	1st January 2010
HKAS 7 Amendment	Statement of Cash Flows	1st January 2010
HKAS 17 Amendment	Leases	1st January 2010
HKAS 18 Amendment	Revenue	1st January 2010
HKAS 36 Amendment	Impairment of Assets	1st January 2010
HKAS 38 Amendment	Intangible Assets	1st July 2009
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement	1st January 2010
HKFRS 2 Amendment	Share-based Payments	1st July 2009
HKFRS 5 Amendment	Non-current Assets Held for Sale and Discontinued Operations	1st July 2009 and 1st January 2010
HKFRS 8 Amendment	Operating Segments	1st January 2010
HK(IFRIC)-Int 9 Amendment	Reassessment of Embedded Derivatives	1st July 2009
HK(IFRIC)-Int 16 Amendment	Hedges of a Net Investment in a Foreign Operation	1st July 2009

The Group will apply the above standards, interpretations, amendments and improvements as and when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

2. SEGMENT INFORMATION

(a) Primary reporting format - business segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management. The following operating segments were identified in accordance with the Group's continuing operations:

(i) container terminal and related businesses including container terminal operation, container handling, transportation and storage;
(ii) container leasing, management, sale and related businesses; and
(iii) container manufacturing and related businesses.

The performance of the operating segments were assessed based on their segment profit/(loss) attributable to equity holders of the Company and segment assets, which is measured in a manner consistent with that in the consolidated financial statements.

Additions to non-current assets comprise additions to property, plant and equipment, prepaid operating lease payments for leasehold land, land use rights and other assets, intangible assets and investments in jointly controlled entities and associates.

Segment assets

	Continuing operations							Discontinuing operation
	Container terminal and related businesses *US$'000*	**Container leasing, management, sale and related businesses** *US$'000*	**Container manufacturing and related businesses** *US$'000*	**Segment total** *US$'000*	**Corporate** *US$'000*	**Elimination of inter-segment loans** *US$'000*	**Total** *US$'000*	**Logistics and related businesses** *US$'000*
At 31st December 2009								
Segment assets	**2,014,962**	**1,689,028**	**595,996**	**4,299,986**	**335,788**	**(258,825)**	**4,376,949**	**258,363**
Segment assets include:								
Jointly controlled entities	**431,132**	**-**	**-**	**431,132**	**-**	**-**	**431,132**	**-**
Associates	**134,106**	**-**	**595,996**	**730,102**	**-**	**-**	**730,102**	**-**
Available-for-sale financial assets	**340,581**	**-**	**-**	**340,581**	**-**	**-**	**340,581**	**-**
Asset held for sale under discontinuing operation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**258,363**
At 31st December 2008								
Segment assets	1,610,103	1,474,658	585,928	3,670,689	391,794	(75,068)	3,987,415	225,793
Segment assets include:								
Jointly controlled entities	406,572	-	9,784	416,356	-	-	416,356	225,793
Associates	132,364	-	576,144	708,508	-	-	708,508	-
Available-for-sale financial assets	323,000	-	-	323,000	2,119	-	325,119	-

2. SEGMENT INFORMATION (Continued)

(a) Primary reporting format - business segments (Continued)

Segment revenue, results and other information

	Continuing operations							Discontinuing operation
	Container terminal and related businesses *US$'000*	Container leasing, management, sale and related businesses *US$'000*	Container manufacturing and related businesses *US$'000*	Segment total *US$'000*	Corporate *US$'000*	Elimination of inter-segment (revenue) and finance (income)/costs *US$'000*	Total *US$'000*	Logistics and related businesses *US$'000*
Year ended 31st December 2009								
Revenue								
External sales	**119,599**	**229,831**	**-**	**349,430**	**-**	**(6)**	**349,424**	**-**
Segment profit/(loss) attributable to equity holders of the Company	**83,554**	**71,375**	**30,876**	**185,805**	**(38,906)**	**-**	**146,899**	**25,627**
Segment profit/(loss) attributable to equity holders of the Company includes:								
Finance income	**570**	**3,774**	**-**	**4,344**	**9,719**	**(8,058)**	**6,005**	**-**
Finance costs	**(14,265)**	**(14,271)**	**-**	**(28,536)**	**(19,327)**	**8,058**	**(39,805)**	**-**
Share of profits less losses of								
- jointly controlled entities	**59,183**	**-**	**-**	**59,183**	**-**	**-**	**59,183**	**25,627**
- associates	**7,530**	**-**	**25,360**	**32,890**	**-**	**-**	**32,890**	**-**
Profit on disposal of a jointly controlled entity	**-**	**-**	**5,516**	**5,516**	**-**	**-**	**5,516**	**-**
Income tax (expenses)/ credit	**584**	**(644)**	**-**	**(60)**	**(13,226)**	**-**	**(13,286)**	**-**
Depreciation and amortisation	**(18,049)**	**(79,568)**	**-**	**(97,617)**	**(728)**	**-**	**(98,345)**	**-**
Provision for impairment of property, plant and equipment	**-**	**(3,607)**	**-**	**(3,607)**	**-**	**-**	**(3,607)**	**-**
Provision for inventories	**-**	**(7,028)**	**-**	**(7,028)**	**-**	**-**	**(7,028)**	**-**
Other non-cash expenses	**(505)**	**(4,331)**	**-**	**(4,836)**	**(369)**	**-**	**(5,205)**	**-**
Additions to non-current assets	**(420,750)**	**(63,286)**	**-**	**(484,036)**	**(28,038)**	**-**	**(512,074)**	**-**

2. SEGMENT INFORMATION (Continued)

(a) Primary reporting format - business segments (Continued)

Segment revenue, results and other information (Continued)

	Continuing operations							Discontinuing operation
	Container terminal and related businesses *US$'000*	Container leasing, management, sale and related businesses *US$'000*	Container manufacturing and related businesses *US$'000*	Segment total *US$'000*	Corporate *US$'000*	Elimination of inter-segment finance (income)/costs *US$'000*	Total *US$'000*	Logistics and related businesses *US$'000*
Year ended 31st December 2008								
Revenue								
External sales	85,353	252,620	-	337,973	-	-	337,973	-
Segment profit/(loss) attributable to equity holders of the Company	120,557	114,975	39,316	274,848	(25,129)	-	249,719	25,006
Segment profit/(loss) attributable to equity holders of the Company includes:								
Finance income	454	1,610	-	2,064	8,015	(3,213)	6,866	-
Finance costs	(11,535)	(26,726)	-	(38,261)	(17,690)	3,213	(52,738)	-
Share of profits less losses of								
- jointly controlled entities	75,267	-	-	75,267	-	-	75,267	25,006
- associates	15,735	-	39,080	54,815	-	-	54,815	-
Income tax (expenses)/credit	(469)	12,046	-	11,577	(6,992)	-	4,585	-
Depreciation and amortisation	(13,910)	(78,171)	-	(92,081)	(479)	-	(92,560)	-
Provision for impairment of property, plant and equipment	-	(45)	-	(45)	-	-	(45)	-
Other non-cash expenses	(34)	(388)	-	(422)	(370)	-	(792)	-
Additions to non-current assets	(79,863)	(351,580)	-	(431,443)	(1,058)	-	(432,501)	-

2. SEGMENT INFORMATION (Continued)

(b) Secondary reporting format - geographical segments

In respect of container leasing, management, sale and related businesses, the movements of containers and generator sets of the Group and those managed on behalf of third parties under operating leases or finance leases are known through report from the lessees but the Group is not able to control the movements of containers and generator sets except to the degree that the movements are restricted by the terms of the leases or where safety of the containers and generator sets is concerned. It is therefore impracticable to present geographical information on revenue of these related businesses.

The Group's non-current assets include containers and generator sets. These containers and generator sets are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, it is impractical to present geographical information of these non-current assets.

The activities of the Group are predominantly carried out in the following geographical areas:

Business segments	**Geographical areas**
Container terminal and related businesses	Mainland China, Hong Kong, Greece, Singapore, Belgium and Egypt
Container manufacturing and related businesses	Mainland China
Logistics and related businesses	Mainland China, Hong Kong, Dubai and New York

3. OTHER NON-CURRENT ASSETS

Other non-current assets of the Group represent prepaid operating lease payments, which included the unamortised upfront concession fee incurred in respect of the concession agreement with Piraeus Port Authority S.A. ("PPA") for the concession of Piers 2 and 3 of the Piraeus Port in Greece for a term of 35 years ("Concession"). The Concession commenced on 1st October 2009.

4. TRADE AND OTHER RECEIVABLES

	2009 US$'000	2008 US$'000
Trade receivables		
- third parties	**32,179**	32,719
- fellow subsidiaries	**60,056**	26,367
- jointly controlled entities	**517**	450
- related companies	**340**	227
	93,092	59,763
Less: provision for impairment	**(4,206)**	(417)
	88,886	59,346
Other receivables, deposits and prepayments	**56,337**	78,414
Rent receivable collected on behalf of owners of managed containers	**35,117**	39,525
Current portion of finance lease receivables	**931**	943
Amounts due from		
- fellow subsidiaries	**51**	165
- jointly controlled entities	**980**	53,544
- associates	**12**	323
- related companies	**1**	5
	182,315	232,265

The ageing analysis of the trade receivables (net of provision) was as follows:

	2009 US$'000	2008 US$'000
Within 30 days	**22,262**	24,762
31 - 60 days	**19,595**	23,412
61 - 90 days	**16,755**	6,832
Over 90 days	**30,274**	4,340
	88,886	59,346

The Group grants credit periods of 30 to 90 days to its customers.

5. ASSET HELD FOR SALE UNDER DISCONTINUING OPERATION

On 27th August 2009, COSCO Pacific Logistics Company Limited ("CP Logistics"), a wholly owned subsidiary of the Company, entered into an equity transfer agreement with China COSCO Holdings Company Limited ("China COSCO"), pursuant to which CP Logistics conditionally agreed to sell and China COSCO conditionally agreed to purchase CP Logistics' entire 49% equity interest in COSCO Logistics Co., Ltd. ("COSCO Logistics"), a jointly controlled entity of the Group, at a cash consideration of RMB2,000,000,000 (equivalent to approximately US$292,900,000). Apart from the aforesaid cash consideration, CP Logistics is entitled to receive a special distribution of an additional cash amount equivalent to 273/365 (representing the first nine months of year 2009) of 49% of 90% of the audited consolidated net profit after tax and minority interest of COSCO Logistics for the year ended 31st December 2009 as shown in the audited consolidated financial statements of COSCO Logistics for the year ended 31st December 2009 prepared in accordance with the accounting standards generally accepted in the PRC. In October 2009, the disposal was approved by the independent shareholders of the Company. Accordingly, this investment was reclassified as an asset held for sale under discontinuing operation. The disposal of COSCO Logistics was completed in March 2010 (note 14).

6. TRADE AND OTHER PAYABLES

	2009	2008
	US$'000	*US$'000*
Trade payables		
- third parties	**29,421**	9,029
- fellow subsidiaries	**337**	140
- jointly controlled entities	**-**	2
- a minority shareholder of a subsidiary	**1,855**	1,089
- subsidiaries of an associate	**14,695**	60
- related companies	**2**	1
	46,310	10,321
Other payables and accruals	**55,618**	49,555
Payable to owners of managed containers	**38,542**	39,897
Current portion of other long term liabilities	**2,178**	2,267
Dividend payable	**35**	34
Amounts due to		
- fellow subsidiaries	**152**	3
- jointly controlled entities	**-**	8
- minority shareholders of subsidiaries	**5,103**	21,446
- subsidiaries of an associate	**55**	-
- related companies	**7**	-
	148,000	123,531

The ageing analysis of the trade payables was as follows:

	2009	2008
	US$'000	*US$'000*
Within 30 days	**37,388**	4,920
31 - 60 days	**3,563**	745
61 - 90 days	**1,422**	296
Over 90 days	**3,937**	4,360
	46,310	10,321

7. OTHER OPERATING INCOME

	2009	2008
	US$'000	*US$'000*
Exchange gain, net	**563**	509
Profit on disposal of a jointly controlled entity	**-**	236
Management fee and other service income	**4,093**	4,909
Profit on disposal of available-for-sale financial assets	**85**	1,959
Profit on disposal of property, plant and equipment	**545**	5,313
Write back of provision for impairment of trade receivables	**142**	1,672
Container repair insurance income	**345**	4,915
Revaluation surplus of investment properties	**555**	-
Others	**3,681**	7,230
	10,009	26,743

8. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	2009 *US$'000*	2008 *US$'000*
Crediting		
Dividend income from listed and unlisted investments	**22,254**	22,440
Rental income from		
- investment properties	**85**	53
- buildings, leasehold land and land use rights	**246**	-
Exchange gain, net	**563**	509
Profit on disposal of available-for-sale financial assets	**85**	1,959
Profit on disposal of property, plant and equipment	**545**	5,313
Profit on disposal of a jointly controlled entity	**-**	236
Revaluation surplus of investment properties	**555**	-
Write back of provision for inventories	**-**	21
Write back of provision for impairment of trade receivables	**142**	1,672
Charging		
Amortisation of		
- leasehold land and land use rights	**1,956**	956
- intangible assets	**926**	657
- others	**497**	-
Depreciation of		
- owned property, plant and equipment leased out under operating leases	**78,277**	77,054
- other owned property, plant and equipment	**16,689**	13,893
Impairment loss of containers	**3,607**	45
Cost of inventories sold	**19,734**	31,344
Outgoings in respect of investment properties	**4**	4
Provision for inventories	**7,028**	-
Provision for impairment of trade receivables	**3,933**	200
Rental expense under operating leases of		
- buildings leased from third parties	**3,366**	1,388
- buildings leased from fellow subsidiaries	**1,423**	916
- buildings leased from a jointly controlled entity	**33**	33
- leasehold land and land use rights leased from minority shareholders of subsidiaries	**1,942**	1,944
- plant and machinery leased from third parties	**1,355**	337
- containers leased from third parties	**11,185**	8,747
- others	**4,421**	-
Revaluation deficit of investment properties	**-**	3
Total staff costs (including directors' emoluments and retirement benefit costs)		
Wages, salaries and other benefits	**68,387**	41,204
Less: Amounts capitalised in intangible assets	**(520)**	(946)
	67,867	40,258

9. FINANCE INCOME AND COSTS

	2009	2008
	US$'000	*US$'000*
Finance income		
Interest income on		
- bank balances and deposits	**1,058**	4,165
- loans to jointly controlled entities and associates	**4,947**	2,701
	6,005	6,866
Finance costs		
Interest expenses on		
- bank loans	**(27,586)**	(38,642)
- notes	**(14,015)**	(16,117)
Fair value (loss)/gain on derivatives financial instruments	**(7,659)**	19,574
Fair value adjustment of notes attributable to interest rate risk	**6,566**	(20,762)
	(1,093)	(1,188)
Amortised amount of		
- discount on issue of notes	**(180)**	(190)
- transaction costs on bank loans and notes	**(1,074)**	(398)
	(43,948)	(56,535)
Less: amount capitalised in construction in progress	**4,479**	3,827
	(39,469)	(52,708)
Other incidental borrowing costs and charges	**(336)**	(30)
	(39,805)	(52,738)
Net finance costs	**(33,800)**	(45,872)

10. PROFIT ON DISPOSAL OF A JOINTLY CONTROLLED ENTITY

A wholly owned subsidiary of the Group entered into a sale and purchase agreement to dispose of its entire 20% shareholding interest in Shanghai CIMC Reefer Containers Co., Ltd. ("Shanghai CIMC Reefer"), a then jointly controlled entity, at a consideration of US$16,400,000 to China International Marine Containers (Group) Co., Ltd. ("CIMC"), an associate. The transaction was completed in January 2009 and resulted in a profit of US$5,516,000.

11. INCOME TAX (EXPENSES)/CREDIT

	2009	2008
	US$'000	*US$'000*
Current income tax		
- Hong Kong profits tax	**(49)**	(176)
- China mainland taxation	**(6,547)**	(2,750)
- Overseas taxation	**(581)**	(878)
- Over provision in prior years	**-**	12,612
	(7,177)	8,808
Deferred income tax charge	**(6,109)**	(4,223)
	(13,286)	4,585

The Group's shares of income tax expenses of jointly controlled entities and associates of US$15,194,000 (2008: US$14,685,000) and US$10,423,000 (2008: US$8,366,000) are included in the Group's shares of profits less losses of jointly controlled entities and associates respectively.

Hong Kong profits tax was provided at a rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

12. DIVIDENDS

	2009	2008
	US$'000	*US$'000*
Interim dividend paid of US1.862 cents (2008: US3.514 cents) per ordinary share	**41,802**	78,890
Final dividend proposed of US1.199 cents (2008: US1.382 cents) per ordinary share	**27,128**	31,026
Exchange difference	**-**	(49)
Additional dividends paid on shares issued due to the exercise of share options and shares issued on scrip dividends before the closure of register of members:		
- 2008/2007 final	**-**	6
- 2009/2008 interim	**232**	-
	69,162	109,873

Note:

At a meeting held on 30th March 2010, the directors recommended the payment of a final cash dividend of HK9.3 cents (equivalent to US1.199 cents) per ordinary share. This proposed final cash dividend is not reflected as dividend payable in these consolidated financial statements until it has been approved at the annual general meeting, but will be reflected as an appropriation of retained profits for the year ending 31st December 2010.

13. EARNINGS PER SHARE

(a) Basic

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

	2009	2008
Profit from continuing operations attributable to equity holders of the Company	**US$146,899,000**	US$249,719,000
Profit from discontinuing operation attributable to equity holders of the Company	**US$25,627,000**	US$25,006,000
	US$172,526,000	US$274,725,000
Weighted average number of ordinary shares in issue	**2,252,933,291**	2,245,007,063
Basic earnings per share		
- continuing operations	**US6.52 cents**	US11.12 cents
- discontinuing operation	**US1.14 cents**	US1.12 cents
	US7.66 cents	US12.24 cents

(b) Diluted

Diluted earnings per share is calculated based on the profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year, after adjusting for the number of dilutive potential ordinary shares deemed to be issued at no considerations as if all outstanding share options granted by the Company had been exercised.

	2009	2008
Profit from continuing operations attributable to equity holders of the Company	**US$146,899,000**	US$249,719,000
Profit from discontinuing operation attributable to equity holders of the Company	**US$25,627,000**	US$25,006,000
	US$172,526,000	US$274,725,000
Weighted average number of ordinary shares in issue	**2,252,933,291**	2,245,007,063
Adjustments for assumed issuance of shares on exercise of share options	**11,370**	515,437
Weighted average number of ordinary shares for diluted earnings per share	**2,252,944,661**	2,245,522,500
Diluted earnings per share		
- continuing operations	**US6.52 cents**	US11.12 cents
- discontinuing operation	**US1.14 cents**	US1.11 cents
	US7.66 cents	US12.23 cents

14. EVENT AFTER THE BALANCE SHEET DATE

In March 2010, the disposal of COSCO Logistics (note 5) was completed and resulted in a gain (net of tax and direct expenses) of approximately US$85,000,000.

15. CONTINGENT LIABILITIES

A statement of claim was issued on 19th October 2009 by Aronis-Drettas-Karlaftis Consultant Engineers S.A. ("ADK") as the plaintiff against the Company and Piraeus Container Terminal S.A. ("Piraeus Terminal"), a wholly owned subsidiary of the Company, in a civil claim at the Court of First Instance in Greece alleging non-payment of fees for design services and project management services. The plaintiff has claimed for approximately Euro 5,800,000 (equivalent to approximately US$7,900,000) in total.

The Directors and management of the Company, having taken legal advice, are of the view that the Company and Piraeus Terminal have good defences to all material claims. The Company will therefore contest the claims vigorously. However, at this stage, it is not possible to predict the outcome of this litigation with certainty. Hence, no provision has been made for the claims.

AUDITOR'S WORK ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2009 have been compared by the Company's auditor, PricewaterhouseCoopers, to the corresponding figures set out in the Group's draft consolidated financial statements for the year ended 31st December 2009 and found to be in agreement. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

FINAL DIVIDEND

The directors recommend the payment of a final cash dividend of HK9.3 cents (2008: final dividend HK10.7 cents with an option to receive new fully paid shares in lieu of cash) per share for the year ended 31st December 2009, subject to approval by shareholders at the Annual General Meeting to be held on Tuesday, 25th May 2010. The proposed final cash dividend will be payable on or before 10th June 2010 to shareholders whose names appear on the register of members of the Company on 25th May 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 18th May 2010 to Monday, 24th May 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Registrar and Transfer Office, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 17th May 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall analysis of results

As the impact of the financial crisis on the global economy further extended in 2009, the Group's terminal and container leasing operations, our two main businesses, were badly hit. The profit attributable to equity holders of the Company for the year of 2009 was US$172,526,000, a 37.2% decrease compared to US$274,725,000 recorded last year. Return on equity holders of the Company was 6.5% (2008: 10.4%).

The shrinking global trade resulted in the slowdown of the global ports and shipping industry, which put the container terminal business under pressure in 2009. In addition, the certification and commencement of new terminals' berths led to an increase in depreciation and finance costs, affecting the profitability of the container terminal business. The Group's total container terminal throughput was 43,549,810 TEUs during the year (2008: 45,878,875 TEUs), representing a 5.1% decrease from last year. Profit from the container terminal business dropped 30.7% to US$83,554,000 (2008: US$120,557,000).

In 2009, shipping companies laid up capacity and hence reduced leasing of containers, causing a fall in demand for the container leasing business. During the year, the profit contribution from the container leasing, management and sale businesses amounted to US$71,375,000 (2008: US$114,975,000), a 37.9% decrease as compared with last year. As at 31st December 2009, the total container fleet of the leasing business was 1,582,614 TEUs (31st December 2008: 1,621,222 TEUs), among which 742,388 TEUs (31st December 2008: 747,202 TEUs) were owned containers, 118,094 TEUs (31st December 2008: 118,094 TEUs) were sale-and-leaseback containers and 722,132 TEUs (31st December 2008: 755,926 TEUs) were managed containers.

The drop in the demand for containers also put the Group's container manufacturing business under pressure. Profit from the container manufacturing business decreased by 21.5% to US$30,876,000 in 2009 (2008: US$39,316,000), including a profit of US$25,360,000 (2008: US$39,080,000) attributable to CIMC and profit of US$5,516,000 generated from the disposal of a 20% equity interest in Shanghai CIMC Reefer during the year.

For the logistics business, the Group entered into an equity transfer agreement with China COSCO on 27th August 2009 in relation to the transfer of 49% equity interest in COSCO Logistics at a consideration of RMB2,000,000,000 (equivalent to approximately US$292,900,000). The transaction was approved at a special general meeting of the Company held on 8th October 2009. Pursuant to the agreement, the Group was entitled to share the profit of COSCO Logistics for the first nine months of 2009. Therefore, profit from logistics business for the year ended 31st December 2009 was US$25,627,000 (2008: US$25,006,000).

Financial analysis

Revenue

Revenue of the Group in 2009 was US$349,424,000, a 3.4% increase from US$337,973,000 of 2008. The revenue was derived from container leasing, management and sale businesses and container terminal businesses with US$229,831,000 (2008: US$252,620,000) and US$119,593,000 (2008: US$85,353,000) respectively. Revenue from container leasing, management and sale businesses primarily included container leasing income and revenue from disposal of returned containers. For container leasing income, as the fleet capacity of owned containers and sale-and-leaseback containers decreased to 860,482 TEUs by the end of 2009 (2008: 865,296 TEUs), income also decreased to US$198,069,000 for the year (2008: US$202,437,000), representing a decrease of 2.2% from last year. On the other hand, as the number of returned containers sold during the year decreased to 22,863 TEUs (2008: 34,043 TEUs), causing revenue from disposal of returned containers during the year decreased to US$22,844,000 (2008: US$39,352,000), a drop of 41.9% as compared with last year. Revenue from container management was US$6,470,000, a 23.6% decrease from US$8,465,000 last year. Revenue from leasing of reefer-container generator sets was US$2,213,000, an 8.5% increase from US$2,039,000 recorded last year.

For the container terminal operations and related businesses with controlling stakes, revenue from container terminal operations and related businesses amounted to US$119,593,000 in 2009 (2008: US$85,353,000), an increase of 40.1% as compared with last year. The increase was mainly contributed by Piraeus Terminal, Quan Zhou Pacific Container Terminal Co., Ltd. ("Quan Zhou Pacific Terminal") and Jinjiang Pacific Ports Development Co., Ltd. ("Jinjiang Pacific Terminal"). Piraeus Terminal was taken over by the Group on 1st October 2009 and achieved a throughput of 166,062 TEUs in 2009, contributing a revenue of US$23,159,000 to the Group in 2009. The throughput of Quan Zhou Pacific Terminal during 2009 was 936,136 TEUs and 1,473,156 tons of break-bulk cargo (2008: 910,058 TEUs and 828,298 tons of break-bulk cargo). The significant increase in break-bulk cargo throughput resulted in a rise in total revenue of Quan Zhou Pacific Terminal to US$37,203,000 (2008: US$31,286,000), representing an increase of 18.9%. Besides, having been consolidated into the Group in April 2008, Jinjiang Pacific Terminal's business contributed a full year revenue in 2009, achieving a throughput of 274,390 TEUs and 1,287,413 tons of break-bulk cargo (2008: 193,779 TEUs and 944,859 tons of break-bulk cargo) and recording a 59.3% growth in total revenue to US$15,178,000 for 2009 (2008: US$9,529,000). Zhangjiagang Win Hanverky Container Terminal Co., Ltd. ("Zhangjiagang Win Hanverky Terminal") recorded a throughput of 715,413 TEUs (2008: 710,831 TEUs) and an 8.6% drop in revenue from last year to US$17,092,000 (2008: US$18,690,000). Throughput of Yangzhou Yuanyang International Ports Co., Ltd. ("Yangzhou Yuanyang Terminal") in 2009 amounted to 221,046 TEUs and 14,212,852 tons of break-bulk cargo (2008: 267,970 TEUs and 11,882,066 tons of break-bulk cargo) with a total revenue of US$22,303,000 (2008: US$19,173,000), an increase of 16.3% over last year.

Cost of sales

Cost of sales mainly comprised depreciation charge on owned containers, carrying amounts of returned containers disposed, container rental expense and operating expenses of the terminal companies. Cost of sales in 2009 was US$200,174,000 (2008: US$165,454,000), an increase of 21.0% over last year. The sale-and-leaseback containers sold by the Group in July 2008 to CBA USD Investments Pty Limited ("CBA USD Investments"), a wholly owned subsidiary of the Commonwealth Bank of Australia, gave rise to a container rental expense in 2009 of US$11,185,000 (2008: US$8,747,000), an increase of 27.9% over last year. In addition, depreciation charge for containers increased to US$77,241,000 during the year (2008: US$76,063,000). The number of returned containers sold in 2009 decreased to 22,863 TEUs (2008: 34,043 TEUs), and the carrying amount of disposed returned containers was therefore reduced to US$19,734,000 (2008: US$31,344,000), representing a drop of 37.0%. On the other hand, the takeover of Piraeus Terminal in Greece by the Group on 1st October 2009 and the consolidation of Jinjiang Pacific Terminal's business into the Group in April 2008 led to a rise in the total operating expenses of the container terminal businesses to US$84,155,000 in 2009 (2008: US$46,609,000).

Investment income

Investment income, comprising mainly dividend income from available-for-sale financial assets, was US$22,339,000 (2008: US$22,493,000), a drop of 0.7% from last year. Yantian International Container Terminals Co., Ltd., Tianjin Five Continents International Container Terminal Co., Ltd. ("Tianjin Five Continents Terminal") and Dalian Port Container Co., Ltd. ("Dalian Port Container") declared dividends of US$18,727,000, US$2,034,000 and US$1,493,000 respectively (2008: US$18,661,000, US$2,267,000 and US$1,380,000 respectively).

Administrative expenses

Administrative expenses in 2009 were US$62,949,000 (2008: US$50,142,000), an increase of 25.5% over last year. During the year, the increase was mainly due to the professional expenses arising from the Group's investment project on Piraeus Terminal in Greece. In addition, the pre-operating expenses of Xiamen Ocean Gate Container Terminal Co., Ltd. and Piraeus Terminal, and the full year administrative expenses of Jinjiang Pacific Terminal in 2009, which was consolidated to the Group since April 2008, also caused an increase in the total administrative expenses.

Other operating income/expenses (net)

Other operating income/expenses (net) in 2009 was an expense of US$8,722,000 (2008: an income of US$21,091,000). The change was mainly attributable to the significant decrease in the amount incurred from the Group's other operating income items during 2009 over last year. As a result of the increase in repair and maintenance expense and decrease in insurance income, net container repair insurance income decreased to US$345,000 (2008: US$4,915,000); the profits on disposal of equity interest in China Shipping Container Lines Company Limited amounted to US$85,000 during the year (2008: US$1,959,000); the profits of US$236,000 incurred by the disposal of equity interest in Tianjin CIMC North Ocean Container Co., Ltd. was recognised in 2008 while such profit was not recorded in 2009; in addition, profit before tax of US$302,000 and a related one-off management income of US$1,111,000 were generated from the disposal of 13,509 TEUs of containers (the Group had provided after sale management service thereafter) which was recognised in 2008, while such profit was not recorded in 2009; and the Group also completed the Equipment Procurement Agreement and the Lease Agreement which had been entered into with CBA USD Investments in 2008, resulting in a profit of US$3,928,000 while such profit was not recorded in 2009. On the other hand, the Group's other operating expense items also increased in 2009 over last year, mainly representing provision items. Due to the drop in the price of resaleable containers, in particular, the price of reefer containers, provision for inventories amounted to US$7,028,000 in 2009 (2008: write back of US$21,000). Apart from that, in accordance with the requirement under HKFRSs, the Group assessed the impairment on containers. Provision for impairment of containers of US$3,607,000 (2008: US$45,000) was recognised in 2009. In addition, the Group carried out a comprehensive assessment on customers' credit risks as of the year end date. The net provision for impairment of trade receivables of US$3,791,000 was recognised in 2009 (2008: write back of US$1,472,000). These factors resulted in a substantial drop of the overall net operating income in 2009.

Finance costs

The Group's finance costs in 2009 was US$39,805,000 (2008: US$52,738,000), a decrease of 24.5% from last year. Finance costs included interest expenses, the amortisation of transaction costs over bank loans and notes. The average balance of borrowings in 2009 amounted to US$1,485,567,000 (2008: US$1,208,065,000), an increase of 23.0% as compared with last year. However, the increase was more than offset by the decrease in London Interbank Offer Rate ("LIBOR") and the reduction of benchmark interest rate for RMB loans in the PRC. Average cost of borrowing in 2009, including the amortisation of transaction costs over bank loans and notes, was an average 6-month LIBOR plus 137 basis points (2008: an average 6-month LIBOR plus 115 basis points).

Share of profits less losses of jointly controlled entities and associates

In 2009, net profit contribution from jointly controlled entities amounted to US$59,183,000, a decrease of 21.4% from US$75,267,000 in 2008. In respect of the container terminal and related businesses, profit from terminals was affected by the recession in the global economy. During the year, throughput of COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT Terminal") was 1,360,945 TEUs (2008: 1,752,251 TEUs) with its profit decreased to US$17,080,000 (2008: US$25,793,000), representing a drop of 33.8% over last year. Throughput of Shanghai Pudong International Container Terminals Limited ("Shanghai Pudong Terminal") was 2,291,281 TEUs (2008: 2,779,109 TEUs) and a profit of US$20,118,000 was recorded during the year (2008: US$25,688,000), representing a drop of 21.7% from last year. The throughput of COSCO-PSA Terminal Private Limited ("COSCO-PSA Terminal") experienced a drop of 27.5% to 904,829 TEUs (2008: 1,247,283 TEUs) during the year, and recorded a loss of US$1,516,000 (2008: a profit of US$2,201,000) in 2009. Qingdao Qianwan Container Terminal Co., Ltd. ("Qingdao Qianwan Terminal") recorded a slight growth of 2.8% in its throughput to 8,961,785 TEUs (2008: 8,715,098 TEUs) in 2009. However, due to the initial loss recorded in Qingdao New Qianwan Container Terminal Co., Ltd., which was consolidated into the performance of Qingdao Qianwan Terminal during the year, the overall profit decreased to US$26,649,000 (2008: US$27,325,000), representing a 2.5% fall over last year.

During the year, share of net profits from associates amounted to US$32,890,000 (2008: US$54,815,000), a decrease of 40.0% from last year. Throughput of Antwerp Gateway NV ("Antwerp Terminal") dropped substantially by 41.4% to 639,957 TEUs during the year (2008: 1,091,657 TEUs) with a loss of US$3,850,000 (2008: a profit of US$745,000). Due to certain shipping routes adjustments of Antwerp Terminal in the first quarter of the year, a significant drop of its throughput was resulted during the year and a loss was recorded. During 2009, the throughput of Suez Canal Container Terminal S.A.E. ("Suez Canal Terminal") amounted to 2,659,584 TEUs (2008: 2,392,516 TEUs), an increase of 11.2%. Following the capital injection of Suez Canal Terminal in 2008, it repaid a portion of its bank loans during 2009, and interest expenses reduced. Suez Canal Terminal recorded a profit of US$9,557,000 in 2009 (2008: US$7,430,000), representing a rise of 28.6%. On the other hand, certain dry cargo containers plants of CIMC suspended production since the fourth quarter of 2008, which had not entirely resumed production so far, while profits were generated from the disposal of its shares in China Merchants Bank in the year, offsetting the operational loss of CIMC. Profits of CIMC dropped to US$25,360,000 (2008: US$39,080,000), representing a decrease of 35.1%.

Profit on disposal of a jointly controlled entity

In order to concentrate on the development of our core businesses such as terminal business and container leasing business, the Group completed the disposal of the 20% equity interest in Shanghai CIMC Reefer in 2009, which generated a profit of US$5,516,000.

Income tax expenses/credit

During the year, income tax expense amounted to US$13,286,000 (2008: income tax credit of US$4,585,000). The rise of income tax expense in 2009 was mainly due to a write back of the over provision of income tax made in prior years totaling US$12,612,000 in 2008, while there was no such write back in 2009. In addition, among the income tax expense, US$11,317,000 (2008: US$6,542,000) was a provision for withholding income tax that applied to certain PRC investments of the Group under the tax reform in Mainland China.

Profit from discontinuing operation

Profit from discontinuing operation represents the profit generated from COSCO Logistics of US$25,627,000 in 2009 (2008: US$25,006,000). On 27th August 2009, CP Logistics, a wholly owned subsidiary of the Company, entered into an equity transfer agreement with China COSCO, pursuant to which CP Logistics conditionally agreed to sell and China COSCO conditionally agreed to purchase CP Logistics' entire 49% equity interest in COSCO Logistics, a jointly controlled entity of the Group, at a cash consideration of RMB2,000,000,000 (equivalent to approximately US$292,900,000). Apart from the aforesaid cash consideration, CP Logistics is entitled to receive a special distribution of an additional cash amount equivalent to 273/365 (representing the first nine months of year 2009) of 49% of 90% of the audited consolidated net profit after tax and minority interest of COSCO Logistics for the year ended 31st December 2009 as shown in the audited consolidated financial statements of COSCO Logistics for the year ended 31st December 2009 prepared in accordance with the accounting standards generally accepted in the PRC. In October 2009, the disposal was approved by the independent shareholders of the Company. Accordingly, this investment was reclassified as an asset held for sale under discontinuing operation.

In March 2010, the disposal of COSCO Logistics was completed and resulted in a gain (net of tax and direct expenses) of approximately US$85,000,000. The gain will be recognised in 2010.

Financial position

Cash flow

Cash inflow of the Group remained steady in 2009. During the year, net cash from operating activities amounted to US$174,896,000 (2008: US$266,394,000). The Group drew bank loans of US$285,783,000 (2008: US$590,544,000) and repaid US$100,749,000 (2008: US$144,738,000) in 2009. The total cash outflow for investments of the Group amounted to US$39,027,000, comprising US$13,560,000 being used in Nanjing Port Longtan Container Co., Ltd. ("Nanjing Longtan Terminal"), US$18,727,000 in Yantian International Container Terminals (Phase III) Limited ("Yantian Terminal Phase III") by reinvestment of dividend and US$6,740,000 in Antwerp Terminal. In 2008, the total cash outflow for investments of the Group amounted to US$363,616,000, mainly comprising US$259,360,000 being used to purchase an additional 5.26% equity interest in CIMC, US$14,220,000 in Dalian Port Container Terminal Co., Ltd. ("Dalian Port Terminal"), US$23,767,000 in Guangzhou South China Oceangate Container Terminal Co., Ltd. ("Guangzhou South China Oceangate Terminal"), US$23,375,000 in Suez Canal Terminal, US$18,661,000 in Yantian Terminal Phase III by reinvestment of dividend, US$6,868,000 in Dalian Automobile Terminal Co., Ltd., US$1,739,000 in Antwerp Terminal and US$15,600,000 in Qingdao Qianwan Terminal by reinvestment of dividend. During 2009, an amount of US$364,716,000 (2008: US$522,468,000) was paid in cash for the expansion of terminal operation and purchase of property, plant and equipment, of which US$47,222,000 (2008: US$409,191,000) was for the purchase of new containers.

Financing and credit facilities

During 2009, the Group completed the signing of a project loan agreement with China Development Bank. The loan agreement was for a term of 21 years and the amount was Euro 215,000,000, together with a performance guarantee of Euro 124,400,000, for a total of Euro 339,400,000.

As at 31st December 2009, cash balances was US$405,754,000 respectively (2008: US$429,041,000) and banking facilities available but unused amounted to US$673,000,000 (2008: US$40,236,000).

Assets and liabilities

As at 31st December 2009, the Group's total assets amounted to US$4,635,312,000 (2008: US$4,213,208,000) and total liabilities amounted to US$1,776,961,000 (2008: US$1,566,905,000). Net assets were US$2,858,351,000 in 2009 (2008: US$2,646,303,000). Net asset value per share was US$1.26 (2008: US$1.18), representing a 6.8% increase from last year.

The cash balances of the Group amounted to US$405,754,000 as at 31st December 2009 (2008: US$429,041,000). Total outstanding borrowings amounted to US$1,604,285,000 (2008: US$1,424,335,000). The net debt-to-equity ratio increased from 37.6% last year to 41.9%, and the interest coverage was 5.8 times, as compared to 6.2 times last year. As at 31st December 2009, the Group did not have loan pledged by assets (2008: Nil).

Debt analysis

	As at 31st December 2009		As at 31st December 2008	
	US$	**(%)**	US$	(%)
By repayment term				
Within the first year	**193,614,000**	**12.1**	67,380,000	4.7
Within the second year	**143,053,000**	**8.9**	89,595,000	6.3
Within the third year	**290,219,000**	**18.1**	142,688,000	10.0
Within the fourth year	**662,174,000**	**41.3**	285,758,000	20.1
Within the fifth year and after	**315,225,000**	**19.6**	838,914,000	58.9
	1,604,285,000 *	**100.0**	1,424,335,000 *	100.0
By category				
Secured borrowings	-	-	-	-
Unsecured borrowings	**1,604,285,000**	**100.0**	1,424,335,000	100.0
	1,604,285,000 *	**100.0**	1,424,335,000 *	100.0
By denominated currency				
US dollar borrowings	**1,226,587,000**	**76.5**	1,248,685,000	87.7
RMB borrowings	**377,698,000**	**23.5**	175,650,000	12.3
	1,604,285,000 *	**100.0**	1,424,335,000 *	100.0

***** *Net of unamortised discount on notes and transaction costs on borrowings and notes.*

Financial guarantee contracts

As at 31st December 2009, the Group had provided guarantees on a loan facility granted to an associate of US$31,788,000 (2008: US$37,057,000).

Contingent liabilities

A statement of claim was issued on 19th October 2009 by ADK against the Company and Piraeus Terminal, a wholly owned subsidiary of the Company, in a civil claim at the Court of First Instance in Greece alleging non-payment of fees for design services and project management services. The plaintiff has claimed approximately Euro 5,800,000 (equivalent to approximately US$7,900,000) in total.

The Directors and management of the Company, having taken legal advice, are of the view that the Company and Piraeus Terminal have good defences to all material claims. The Company will therefore contest the claims vigorously. However, at this stage, it is not possible to predict the outcome of this litigation with certainty. Hence, no provision has been made for the claims.

Treasury policy

The Group manages its foreign exchange risk by matching the currencies of its loans with the Group's functional currency of major cash receipts and underlying assets as far as possible. Borrowings for the container leasing business are mainly denominated in US dollar which is the same currency of its revenue and expenses so as to minimise potential foreign exchange exposure.

The financing activities of jointly controlled entities and associates were denominated in their respective functional currencies so as to minimise foreign exchange exposure in investments.

The Group continues to exercise stringent control over the use of financial derivatives to hedge against its interest rates exposure. As at 31st December 2009, outstanding interest rate swap contracts comprised notional principal amounting to US$200,000,000 (31st December 2008: US$200,000,000) in total whereby the Group agreed to pay the banks interest at floating rates ranging from 105 basis points to 116 basis points (2008: 105 basis points to 116 basis points) above 6-month LIBOR in return for receiving interests from the banks at a fixed interest rate of 5.875% per annum (2008: 5.875%).

As at 31st December 2009, after adjustment of the fixed rate borrowings for the interest rate swap contracts, 6.2% (31st December 2008: 7.0%) of the Group's total borrowings were in fixed rate. The Group continues to monitor and regulate its fixed and floating rate debt portfolio from time to time in light of the market conditions, with a view to minimising its potential interest rate exposure.

Event after the balance sheet date

In March 2010, the disposal of COSCO Logistics was completed and resulted in a gain (net of tax and direct expenses) of approximately US$85,000,000.

BUSINESS REVIEW

Terminals

COSCO Pacific maintained its position as the world's fifth largest operator of container ports. According to the report on global container terminal operators released by Drewry Shipping Consultants Limited in July 2009, COSCO Pacific ranked as the fifth largest operator in the world in 2008 (2007: fifth) with a 6.1% share of the global market (2007: 5.5%). This year-on-year increase of 0.6 percentage points represents the highest increase in market share among the top 10 terminal operators.

Beginning in the final quarter of 2008, COSCO Pacific's container throughput began to suffer from the impact of the financial crisis on global container trade, with especially steep declines during the first two quarters of 2009. Throughput showed improvement in the third quarter and returned to growth in the final quarter after three consecutive quarters of decline. Throughput for the year fell 5.1% (2008: +17.7%) to 43,549,810 TEUs (2008: 45,878,875 TEUs), a decrease of 2,329,065 TEUs (2008: +6,896,270 TEUs).

2009 Container Throughput

Terminal companies	2009 (TEUs)	2008 (TEUs)	y-o-y change
Bohai Rim	**17,487,346**	**17,103,887**	**+2.2%**
Qingdao Qianwan Container Terminal Co., Ltd.	8,961,785	8,715,098	+2.8%
Qingdao Cosport International Container Terminals Co., Ltd.	1,145,352	1,099,937	+4.1%
Dalian Port Container Co., Ltd.	2,906,768	2,742,503	+6.0%
Dalian Port Container Terminal Co., Ltd.	1,509,401	1,656,968	-8.9%
Tianjin Five Continents International Container Terminal Co., Ltd.	1,940,933	1,938,580	+0.1%
Yingkou Container Terminals Company Limited	1,023,107	950,801	+7.6%
Yangtze River Delta	**8,383,257**	**9,503,821**	**-11.8%**
Shanghai Pudong International Container Terminals Limited	2,291,281	2,779,109	-17.6%
Shanghai Container Terminals Limited	2,979,849	3,681,785	-19.1%
Ningbo Yuan Dong Terminals Limited	1,117,169	903,865	+23.6%
Zhangjiagang Win Hanverky Container Terminal Co., Ltd.	715,413	710,831	+0.6%
Yangzhou Yuanyang International Ports Co., Ltd.	221,046	267,970	-17.5%
Nanjing Port Longtan Container Co., Ltd.	1,058,499	1,160,261	-8.8%
Pearl River Delta and Southeast Coast	**13,308,775**	**14,539,711**	**-8.5%**
COSCO-HIT Terminals (Hong Kong) Limited	1,360,945	1,752,251	-22.3%
Yantian International Container Terminals Co., Ltd.	8,579,013	9,683,493	-11.4%
Guangzhou South China Oceangate Container Terminal Company Limited	2,158,291	2,000,130	+7.9%
Quan Zhou Pacific Container Terminal Co., Ltd.	936,136	910,058	+2.9%
Jinjiang Pacific Ports Development Co., Ltd.	274,390	193,779	+41.6%
Overseas	**4,370,432**	**4,731,456**	**-7.6%**
Piraeus Container Terminal S.A.	166,062	-	N/A
Suez Canal Container Terminal S.A.E.	2,659,584	2,392,516	+11.2%
COSCO-PSA Terminal Private Limited	904,829	1,247,283	-27.5%
Antwerp Gateway NV	639,957	1,091,657	-41.4%
Total container throughput in China	**39,179,378**	**41,147,419**	**-4.8%**
Total container throughput	**43,549,810**	**45,878,875**	**-5.1%**
Total throughput of break-bulk cargo (Tons)	**16,973,421**	**13,655,223**	**+24.3%**

Bohai Rim

The throughput of Qingdao Qianwan Terminal in 2009 rose 2.8% to reach 8,961,785 TEUs (2008: 8,715,098 TEUs), as a result of the successful affiliation of new routes. Qingdao Cosport International Container Terminals Co., Ltd. handled 1,145,352 TEUs (2008: 1,099,937 TEUs), up 4.1% on strong domestic trade. The market share of the two terminals in Qingdao Port was 98.5%.

Dalian Port Container saw throughput increase 6.0% to 2,906,768 TEUs (2008: 2,742,503 TEUs). In June 2009, the Group signed an agreement for the sale of its 8.13% stake in the terminal to the Dalian Port (PDA) Company Limited for a total consideration of RMB140,605,000 (equivalent to approximately US$20,581,000). The transaction was completed in January 2010, yielding a pre-tax gain on disposal of US$7,020,000 which will be booked in the first half of 2010. The sale serves to dispose of a terminal investment in which the Group has only a minority stake.

Dalian Port Terminal is located in the bonded port area in Dalian Port and only handles international cargo. After very strong growth in 2008 Dalian Port Terminal saw throughput decline by 8.9% to 1,509,401 TEUs (2008: 1,656,968 TEUs), affected by the decrease in international trade.

Throughput at Tianjin Five Continents Terminal was broadly unchanged at 1,940,933 TEUs (2008: 1,938,580 TEUs), led by increased handling of domestic cargo in the fourth quarter.

Yingkou Container Terminals Company Limited recorded a 7.6% rise in throughput to 1,023,107 TEUs (2008: 950,801 TEUs) on the back of strong domestic trade.

Yangtze River Delta

The throughput of Shanghai Pudong Terminal declined by 17.6% to 2,291,281 TEUs (2008: 2,779,109 TEUs), as shipping companies adjusted their routes. This also affected Shanghai Container Terminals Limited, where throughput fell by 19.1% to 2,979,849 TEUs (2008: 3,681,785 TEUs).

Ningbo Yuan Dong Terminals Limited, which began operations in 2007, continued to perform well, with throughput surging 23.6% to 1,117,169 TEUs (2008: 903,865 TEUs). A new container berth of 600,000 TEUs annual handling capacity was launched in the third quarter of 2009, driving throughput growth in the second half.

Zhangjiagang Win Hanverky Terminal, Yangzhou Yuanyang Terminal and Nanjing Longtan Terminal are branch line ports and feeder ports located in Yangtze River Basin which connect cargo sources on the lower and middle reaches of the Yangtze River with the Shanghai Port. Their performance thus partly mirrored the slowdown at the main Shanghai terminals.

These three terminal companies together handled 1,994,958 TEUs in 2009 (2008: 2,139,062 TEUs), representing a 6.7% decrease from the previous year. The decline narrowed markedly in the final quarter, however, and Zhangjiagang Win Hanverky Terminal has recorded monthly year-on-year growth since July 2009 on higher transhipment cargo.

Pearl River Delta & Southeast Coast

The severe recession in Europe and the United States continued to pressure exports from the Pearl River Delta, exacerbated by further reductions in routes to these markets during the early part of the year. This badly affected those container terminals with a high exposure to international trade flowing to these two regions.

COSCO-HIT Terminal in Hong Kong handled 1,360,945 TEUs during the year (2008: 1,752,251 TEUs), down 22.3% year-on-year. Though registering a decline, Yantian Terminal outperformed the Shenzhen port, with throughput falling by only 11.4% to 8,579,013 TEUs (2008: 9,683,493 TEUs). This followed the launch of the fifth berth of the phase three expansion project as scheduled in the third quarter of 2009, the strengthening of the port’s domestic cargo and international transhipment business and the successful establishment of a sea-rail container transportation business in 2008.

Guangzhou South China Oceangate Terminal, however, saw a 7.9% increase, buoyed by the high proportion of its cargoes being domestic trade. For the year, throughput at the terminal rose to 2,158,291 TEUs (2008: 2,000,130 TEUs).

The Group holds controlling stakes in Quan Zhou Pacific Terminal and Jinjiang Pacific Terminal, both located in Quanzhou Port on China’s Southeast Coast. They are the only terminals handling containers at Quanzhou Port and mainly handle domestic cargo. During 2009, the terminals performed well, helped by Quanzhou’s position as China’s third largest domestic port.

On the back of strong domestic trade, Quan Zhou Pacific Terminal handled 936,136 TEUs (2008: 910,058 TEUs) or a 2.9% increase while Jinjiang Pacific Terminal, which began operations in 2008, handled a total of 274,390 TEUs in 2009 (2008: 193,779 TEUs), an increase of 41.6%.

Overseas

On 1st October 2009, the Group's wholly owned subsidiary Piraeus Terminal took over Pier 2, which has an annual handling capacity of 1,600,000 TEUs, pursuant to the concession agreement signed in November 2008 with PPA regarding the operation and development of Piers 2 and 3 of the Piraeus Port in Greece. For the period 1st October 2009 to 31st December 2009, Piraeus Terminal recorded throughput of 166,062 TEUs.

Suez Canal Terminal at Port Said Port built on its earlier momentum to record a rise in throughput of 11.2% to 2,659,584 TEUs (2008: 2,392,516 TEUs). The growth was driven by the fleets of COSCO Container Lines Company Limited ("COSCON"), Kawasaki Kisen Kaisha and Yang Ming Marine Transport Corporation beginning berthing at Suez Canal Terminal in early 2008.

COSCO-PSA Terminal in the Port of Singapore was badly hit by the severe decline in exports from the Singapore region, with throughput falling sharply by 27.5% to 904,829 TEUs (2008: 1,247,283 TEUs). Antwerp Terminal likewise suffered from the fall in world trade, with throughput down 41.4% year-on-year to 639,957 TEUs (2008: 1,091,657 TEUs), following the cancellation in late 2008 of many Europe-Asia routes.

Container leasing, management and sale

COSCO Pacific owns the world's second largest container leasing company, with a fleet size of 1,582,614 TEUs as at 31st December 2009 (2008: 1,621,222 TEUs), accounting for approximately 14.3% (2008: approximately 13.6%) of the global container leasing market. It is operated and managed by its wholly owned subsidiary, Florens Container Holdings Limited and its subsidiaries ("Florens").

Solid performance with utilisation outperforming industry average

The container leasing industry was hit hard by the global recession in 2009. With demand for container leasing in decline, the industry reduced substantially its purchase of new containers and as a result global leasing fleet capacity shrank by 3.4% to 10,900,000 TEUs in June 2009, according to the World Cargo News. This was the first decline in the industry's more than 40 years history.

Faced with these unprecedented challenges, the Group's container leasing, management and sale businesses inevitably came under pressure and the fleet capacity shrank by 2.4% to 1,582,614 TEUs. Despite its average utilisation rate dropping by four percentage points to 90.6% (2008: 94.6%), the Group's fleet continued to perform well above the industry average, which stood at 86.0% in 2009 (2008: 94.0%), an eight percentage points decrease from the previous year.

A solid customer base and relatively young fleet, with an average age of 4.96 years (2008: 4.15 years) was a competitive strength that helped the Group survive the severe downturn, to achieve a solid performance in 2009. The Group's customer base includes COSCON, the world's sixth largest container line, and other international container shipping companies. The total number of customers was 306 (2008: 300). Another critical success factor was the percentage of the Group's leases under long term contracts, which was approximately 15 percentage points higher than the industry average of about 74.0% in 2009.

Well established lease mix generating stable revenue

As at 31st December 2009, the Group leased a total of 527,891 TEUs (2008: 552,219 TEUs) of containers to COSCON with 10-year long term leases, which represented 33.4% (2008: 34.0%) of the Group's total container fleet.

For those 332,591 TEUs (2008: 314,077 TEUs) of containers available for leasing to other international customers, 82.4% (2008: 80.7%) were leased under long term contracts, ranging from three to eight years.

As a result of this well established lease mix, 93.2% (2008: 92.2%) of the Group's leasing revenue was generated by containers under long term leases. These containers provided stable revenue for the Group's container leasing division, and hence, lowered its investment risk.

The remaining 722,132 TEUs (2008: 755,926 TEUs) were managed containers and these accounted for 45.6% (2008: 46.6%) of its total fleet. These managed containers provided another revenue stream for the Group, which received management fees from the owners based on the containers' operating performance.

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

As at 31st December	**Leasing Customers**	**2009 (TEUs)**	2008 (TEUs)	**y-o-y change**
Owned Containers	COSCON	**409,797**	433,125	**-5.4%**
Owned Containers	International customers	**332,591**	314,077	**+5.9%**
Managed Containers	International customers	**722,132**	755,926	**-4.5%**
Sale-and-leaseback Containers	COSCON	**118,094**	118,094	**N/A**
Total		**1,582,614**	1,621,222	**-2.4%**

As at 31st December	**Leasing Customers**	**2009 % of total**	2008 % of total	**y-o-y change**
Owned Containers	COSCON	**25.9%**	26.7%	**-0.8pp**
Owned Containers	International customers	**21.0%**	19.4%	**+1.6pp**
Managed Containers	International customers	**45.6%**	46.6%	**-1.0pp**
Sale-and-leaseback Containers	COSCON	**7.5%**	7.3%	**+0.2pp**
Total		**100%**	100%	-

Adjustment of fleet growth

The severe decline in container leasing demand led the Group to reduce substantially its purchase of new containers in 2009, which fell by 90.2% to 15,000 TEUs (2008: 152,752 TEUs). Among these new containers, 3,600 TEUs (2008: 64,802 TEUs) were ordered for COSCON, accounting for 24.0% (2008: 42.4%) of the Group's new purchases for the year. The remaining 76.0% (2008: 57.6%) or 11,400 TEUs (2008: 87,950 TEUs), were built for international customers.

The Group paid particular attention to the continued demand for reefers and specialised containers within an overall market that was extremely challenging. The Group purchased 6,000 TEUs of reefers and specialised containers in the first half of 2009 and another 9,000 TEUs of dry containers in December as demand picked up.

Fleet Capacity Movement	2009 (TEUs)	2008 (TEUs)	y-o-y change
Fleet capacity as at 1st January	**1,621,222**	1,519,671	**+6.7%**
New containers purchased	**15,000**	152,752	**-90.2%**
Containers returned from COSCON upon expiry of leases			
- Total	**(26,589)**	(28,770)	**-7.6%**
- Re-leased	**9,113**	2,867	**+217.9%**
- Disposed of and pending for disposal	**(17,476)**	(25,903)	**-32.5%**
Ownership transferred to customers upon expiry of finance leases	**(556)**	(828)	**-32.9%**
Defective containers written off	**(2)**	(230)	**-99.1%**
Total loss of containers declared and compensated by customers	**(35,574)**	(24,240)	**+46.8%**
Fleet capacity as at 31st December	**1,582,614**	1,621,222	**-2.4%**

Container Manufacturing

The Group maintained its position as the world's largest container manufacturer, via its 21.8% stake in CIMC.

The continued contraction in the global container shipping market, especially in the first half of 2009, resulted in a further decline in demand for new containers especially dry containers. This led to a temporary halt to the manufacture of dry containers at CIMC towards the end of 2008. The halt in production extended into 2009, although some plants reopened in the fourth quarter.

These unfavourable market conditions naturally led to a decline in operating profit at CIMC, which was partly offset by profits realised on the sale of securities held for investment.

In the first half of 2009, in order to simplify the shareholder structure of its container manufacturing business, the Group disposed of its 20% stake in Shanghai CIMC Reefer to CIMC for a total consideration of US$16,400,000. This allowed the Group to record a pre-tax gain on the disposal of US$5,516,000 which was booked in the first half of 2009.

Despite this gain, the profit contribution from the container manufacturing business to the Group declined by 21.5% from US$39,316,000 in 2008 to US$30,876,000.

Logistics

At the interim results, the Group announced the sale of its entire 49% interest in COSCO Logistics to China COSCO, under an agreement signed in August 2009. The disposal is designed to allow the Group to concentrate its resources on its core terminal business.

The total cash consideration, which was paid upon completion in March 2010, amounted to RMB2,000,000,000 (equivalent to approximately US$292,900,000). The disposal generated a gain (net of tax and direct expenses) of approximately US$85,000,000, which will be recognised in 2010. The proceeds will be used for investments in terminals and to improve working capital.

The Group's subsidiary CP Logistics, the immediate shareholder of COSCO Logistics, is further entitled to receive a special distribution in cash equivalent to 49% of 90% of the distributable annual net profit for the first nine months of 2009. The special distribution is payable on or before 30th June 2010.

The net profit contribution from COSCO Logistics due to the Group for 2009 amounted to US$25,627,000, compared with a contribution of US$25,006,000 recorded in 2008.

CORPORATE GOVERNANCE

The Company continues to achieve high standards of corporate governance so as to promote transparency and ensure better protection of shareholders' interest as a whole. The Company has fully complied with the code provisions of the Code on Corporate Governance Practices (the "Corporate Governance Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules'') throughout the year ended 31st December 2009.

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Company comprises four independent non-executive directors of the Company. The Audit Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the consolidated financial statements for the year ended 31st December 2009.

Remuneration Committee

The Remuneration Committee of the Company comprises five members, a majority of whom are independent non-executive directors. The Committee formulates the Group's remuneration policy of directors and senior management, reviews and determines their remuneration packages and makes recommendations to the Board regarding the remuneration of directors.

Other Board Committees

In addition to the above committees, the Board has also established various committees which include Executive Committee, Nomination Committee, Investment and Strategic Planning Committee, Corporate Governance Committee and Risk Management Committee. Each committee has its defined scope of duties and terms of reference. The terms of reference of the above committees have been posted on the Company's website at www.coscopac.com.hk.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code'') set out in Appendix 10 of the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31st December 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

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

OVERALL MANAGEMENT AND AWARDS

COSCO Pacific's efforts in the fields of corporate governance and investor relations have been widely recognised externally, and in 2009 the Company won a Titanium Award for "Corporate Governance and Investor Relations" in The Asset Triple A Corporate Awards organized by The Asset magazine and a "Corporate Governance Asia Recognition Award" given by Corporate Governance Asia magazine for the third consecutive year, while the 2008 Annual Report earned a citation for corporate governance disclosure from the Hong Kong Management Association. The Group was also awarded the "Grand Prix for Best Overall Investor Relations (Hong Kong)" in the small or mid cap category by IR magazine. The legal team of the Company was awarded consecutively "Shipping In-House Team of the Year" by Asian Legal Business, a well recognised law profession magazine. The Company was named the Hong Kong Outstanding Enterprise by the Economic Digest magazine in Hong Kong.

INVESTOR RELATIONS

During 2009, COSCO Pacific held a series of activities in relation to its interim and annual results announcements, including press conferences and panel discussions with investors and analysts via teleconferencing and during luncheons and roadshows in Hong Kong and other parts of the world. These activities were designed to keep the investment community fully aware of the Company's results performance, development strategies and business outlook. In all, the Company participated in two investor conferences organised by investment banks and conducted three roadshows. During the year, the Company met with a total of 497 investors, analysts and media representatives through one-on-one and group meetings. It also arranged six visits to its terminals for the investment community.

CORPORATE CULTURE

Employee Relations

As at 31st December 2009, COSCO Pacific had 2,346 employees in China and other locations across Asia, the Americas, Europe and Australia.

COSCO Pacific is committed to building a team of dedicated staff in pursuit of excellence, and sees the growth and evolution of the COSCO Pacific team as vital to the Group's future business development. The expansion of the Group's businesses translates into promising and sustained career development opportunities for its employees. During the year, the Group focused strongly on building a professional management team for its business, with terminals at the core. Since November 2008, when the agreement for the concession of Piraeus Port in Greece was signed, the Group has successfully expanded the operation and management team for overseas terminals.

In the interest of continuous efforts to attract and nurture new recruits, an internal job rotation scheme was implemented to develop fully the potential of staff members. Particular emphasis was placed on expanding fully the management role of COSCO Pacific (China) Investments Co., Ltd., a wholly owned subsidiary of the Company, in order to enhance the governance and support the work of the Group's Mainland China terminals management team. As part of the programme to encourage staff engagement in the Group's operations and development, during 2009 three employees who had excelled in operations management were named "Cost Control Champions".

The Group regards its staff as its most valuable asset. The Group fosters a harmonious work environment and encourages staff members to be diligent in their everyday work. The Group also holds a wide range of training and incentive programmes designed to enhance employees' management skills and professionalism. A fair and competitive remuneration and incentive scheme, coupled with a personalised management practice, reinforce staff members' passion for their work and sense of belonging.

Social Responsibility

COSCO Pacific is committed to embracing corporate citizenship through initiating and supporting social responsibility programs and community services, as well as contributing to environmental protection and sustainable development.

The Company shows its care for the community through initiating and supporting social welfare programmes. Participating in the "School-Company Partnership" campaign organised by the Young Entrepreneurs Development Council for the second consecutive year, the Company and Hotung Secondary School co-hosted six workshops attended by COSCO Pacific's senior executives in November and December 2009. Through activities such as seminars and site visits to the COSCO-HIT Terminal, secondary school students have gained a better understanding of society as well as their inner selves, empowering them to set targets and boosting their confidence in dealing with challenges directly. The Company also organised its staff to join the "Parade of Reunification Unity, Self Strengthening, Celebration of Reunification" on 1st July and the "Grand Parade of the Hong Kong Youth Consortium for Celebrating the 60th Anniversary of the Founding of the People's Republic of China" on 3rd October.

Environmental protection and climate change have become significant global issues and COSCO Pacific is committed to a responsible approach to environmental protection. Since 2007, the Company has been a Council Member of the Hong Kong Business Environment Council. Senior management of the Company has been participating in the meetings of council members to promote project planning for the enhancement of the environment. We encourage our staff to attend the council's events and conferences, and make efforts to promote environmental protection awareness among our employees. In an effort to improve air quality in the Greater Pearl River Delta, the Company continues to adhere to the Clean Air Charter Certification Scheme co-organised by the Hong Kong General Chamber of Commerce and the Business Coalition on the Environment. The Group also encourages all the terminals, in which it has an interest to invest in energy conservation and emissions reduction. One exemplary initiative has involved switching from fuel-powered to electricity-powered equipment to support energy saving through the use of environmentally friendly technology.

PROSPECTS

As to international trade, it is generally believed that the worst of the contraction is over and that imports and exports trade may return to sustainable growth. COSCO Pacific believes that its two core businesses of container terminals and container leasing, are well positioned to take advantage of these positive trends and expects their performances to improve further in 2010.

On the container terminal side, with a strong presence in China, COSCO Pacific has already achieved a stronger than expected 23.0% year-on-year growth in container throughput volume in the first two months of 2010. The Group notes the persistently high unemployment rate and weak consumer confidence around the world, two critical factors that are likely to restrain the growth of international trade, including that with China. Notwithstanding this, COSCO Pacific believes further improvement of its terminal division performance for the full year in 2010 is achievable as long as the recent improvement in global containerised trade volumes is sustained.

The operating efficiency of the Group's container leasing division has improved further in the first two months of 2010. During this period, the average utilisation rate increased to 93.1%, representing a 2.5 percentage points rise from the full year average recorded in 2009. The on-going slow steaming operations of shipping lines and the strong upturn in cargo volume are likely to translate into stronger container leasing demand, and hence higher utilisation and profitability for the Group in 2010.

As long as significant vulnerabilities in global economy remain, in particular financial vulnerabilities that can magnify business risks, COSCO Pacific will continue to maintain its prudent financial policy and tighten cost control in 2010. Provided global containerised trade continues to recover, COSCO Pacific will re-activate its capital expenditure programme so as to seize the opportunity for business growth. COSCO Pacific strongly believes that its long range planning will allow the Group to deliver profitability and long term stability to its shareholders.

MEMBERS OF THE BOARD

As at the date of this announcement, the Board comprises Mr. CHEN Hongsheng[2] (Chairman), Mr. LI Jianhong[1], Mr. XU Lirong[2], Ms. SUN Yueying[1], Mr. XU Minjie[1] (Vice Chairman & Managing Director), Dr. SUN Jiakang[2], Mr. HE Jiale[1], Dr. WONG Tin Yau, Kelvin[1], Mr. YIN Weiyu[1], Dr. LI Kwok Po, David[3], Mr. CHOW Kwong Fai, Edward[3], Mr. Timothy George FRESHWATER[3] and Dr. FAN HSU Lai Tai, Rita[3].

[1] Executive Director
[2] Non-executive Director
[3] Independent Non-executive Director

By Order of the Board
COSCO Pacific Limited
XU Minjie
Vice Chairman & Managing Director

Hong Kong, 30th March 2010