ANNUAL REPORT

[2009]

Orient Overseas (International) Limited

(Incorporated in Bermuda with Limited Liability)

Celebrating 40 years of containerization
and 30 years of logistics services

40 YEARS OF CONTAINERIZATION

30 YEARS OF LOGISTICS SERVICES 1979 - 2009

Corporate Profile

Orient Overseas (International) Limited ("OOIL"), a company with total revenues in excess of US$4.3 billion, has principal business activities in container transport and logistics services. Listed on The Stock Exchange of Hong Kong, the OOIL Group has more than 280 offices in 55 countries.

Orient Overseas Container Line Limited, operating under the trade name OOCL, OOIL's wholly owned subsidiary, is one of the world's largest integrated international transportation and logistics companies, and is one of Hong Kong's most recognised global brands. OOCL is one of the leading international carriers serving China, providing the full range of logistics and transportation services throughout the country. It is also an industry leader in the use of information technology and e-commerce to manage the entire cargo transport process.

OOCL Long Beach, 2009

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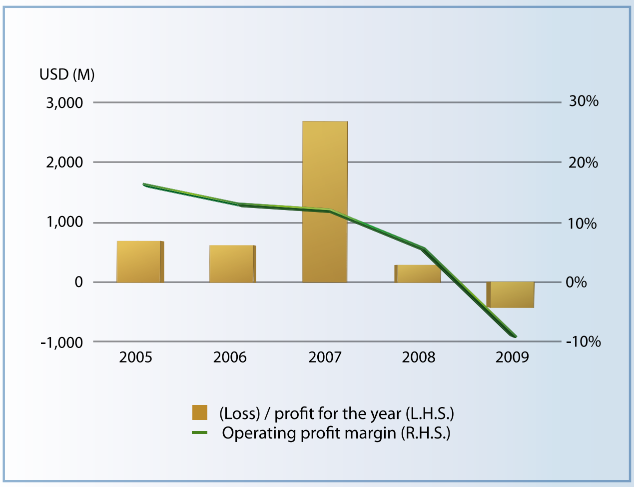
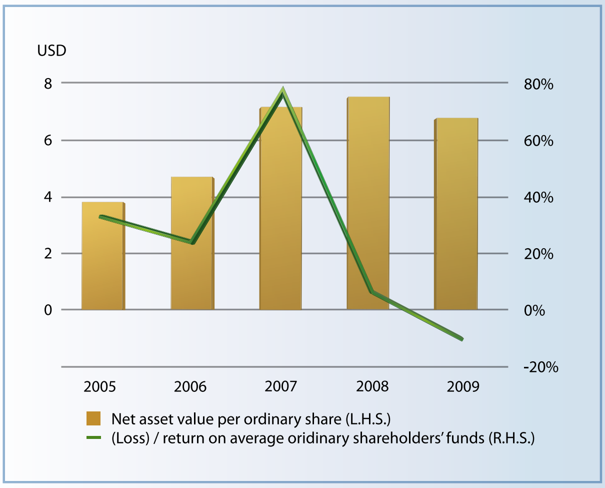
Financial Highlights

US$M	2009	2008	% ▲
Consolidated Profit and Loss			
Revenue	**4,350**	6,531	(33%)
Operating (loss)/profit	**(332)**	398	(183%)
Revaluation of Wall Street Plaza	**(25)**	(25)	N/A
Finance costs	**(35)**	(81)	(57%)
(Loss)/profit from continuing operations	**(376)**	298	(226%)
(Loss)/profit for the year	**(401)**	276	(245%)
Consolidated Balance Sheet			
Liquid assets	**1,354**	2,077	(35%)
Property, plant and equipment	**3,798**	3,781	N/A
Total assets	**7,330**	7,702	(5%)
Borrowings	**2,568**	2,372	8%
Total liabilities	**3,362**	3,280	3%
Ordinary shareholders' funds	**3,945**	4,387	(10%)
Consolidated Net Cash Flow			
Operating activities	**(354)**	345	(203%)
Investing activities	**(329)**	(245)	34%
Financing activities	**247**	(172)	(244%)
Net decrease in cash and cash equivalents	**(436)**	(72)	506%
Key Ratios			
Operating (loss)/profit margin	**(8%)**	6%	(14%)
Gross debt to equity	**0.65**	0.54	11%
Net debt to equity	**0.31**	0.07	24%
(Loss)/return on average ordinary shareholders' funds	**(10%)**	6%	(16%)
(Loss)/earnings per ordinary share (US cents)	**(64.3)**	43.5	(248%)
Net asset value per ordinary share (US dollar)	**6.3**	7.0	(10%)





Significant Events

January

OOCL Logistics demonstrated its industry leadership and the importance of advanced information technology solutions, by assisting customers to achieve compliance with the latest security regulations from US Customs and Border Protection (CBP).

February

OOCL celebrated the christening of the *OOCL Norfolk*, the seventh Panamax class vessel in our line of sixteen 4,500-TEU vessels ordered from Samsung Heavy Industries.

OOCL Logistics (Japan) Ltd was accredited with an Eco-Ship Mark by the Japan Ministry of Land, Infrastructure, Transport & Tourism. OOCL Kaohsiung Container Terminal in Taiwan launched its own dedicated website, www.kaoct.com.

March

OOCL launched our new online interactive product, My OOCL Center, helping our customers to save business costs.

OOIL announced a profit attributable to shareholders of US$272 million for the year ended 31st December 2008.

April

Mr. C C Tung was awarded the prestigious Lifetime Achievement Award; the Grand Alliance was awarded Best Container Shipping Alliance and OOCL Logistics won Best Logistics Service Provider - Sea Freight Award at the Asian Freight and Supply Chain Awards (AFSCAs).

OOCL was the proud winner of "Best Carrier from Central Canada to the Far East" at the 2009 Canadian International Freight Forwarders Association's Central Region's Forwarder's Choice Award Ceremony.

May

OOCL, Tokyo Senpaku Kaisha Ltd. (TSK Line) and COSCO Container Lines Co., Ltd. (COSCON) agreed to operate a new joint service, the MEX (Middle East Express).

OOCL's environmental care initiatives were featured in a new "how to" guide, published by the Climate Change Business Forum, and written specifically to empower businesses in Hong Kong to reduce their carbon footprints.

Orient Overseas Container Line (OOCL) and Yang Ming Line (YML) upgraded the joint China Pakistan Express (CPX) service by adding an additional call to Nhava Sheva.

June

Mr. C C Tung was presented the prestigious "Lifetime Achievement Award" at the Seatrade Asia Awards, for his "significant and lasting contribution to the region's shipping and maritime industry", and OOCL won the Best Liner Owner/Operator Award.

OOCL's environmental stewardship efforts were recognized by one of its logistics partners, Baydelta Maritime, in a ceremony held in San Francisco.

OOCL and Long Beach Container Terminal, Inc. (LBCT) received the International Business Association (IBA) International Achievement Award from the Long Beach Area Chamber of Commerce, for support of the international trade community in the Southern Californian region.

The *OOCL Australia* received the 'Best Quality Ship Award 2008' from the Japanese Pilot's association.


TESTIMONIAL
Best Quality Ship 2008

Master of M/S OOCL AUSTRALIA

July

OOCL celebrated the christening of the *OOCL Brisbane*, the eighth Panamax class vessel in our line of sixteen 4,500-TEU vessels ordered from Samsung Heavy Industries.

OOCL received a Gold Sponsor Award from the Free Wheelchair Mission, in recognition of our support in transporting wheelchairs to disabled people in underdeveloped countries. OOCL has assisted the US-based charity in shipping over 40,150 wheelchairs around the world.

September

OOCL celebrated the christening of the *OOCL New Zealand*, the ninth Panamax class vessel in our line of sixteen 4,500-TEU vessels ordered from Samsung Heavy Industries.

October

OOCL was the proud winner of "Carrier of the Year" at the 2009 Canadian International Freight Forwarders Association's Western Region's Forwarder's Choice Award Ceremony.

OOCL won Logistics Management's "Ocean Carrier" Quest for Quality Award.

OOCL Logistics demonstrated its leadership in information technology and innovative solutions with the launch of MyPodium Mobile, designed specially for OOCL Logistics' International Supply Chain Management customers.

OOCL announced a number of changes in our headquarters and management positions, with the aim of enhancing strategic planning and organizational efficiency.

November

OOCL Logistics launched Purchase Order Distribution, which helps customers minimize their costs for most purchase order management work, from order creation, dispatch, distribution tracking, and housekeeping to data reports.

OOCL celebrated the christening of the *OOCL Dalian*, the tenth Panamax class vessel in our line of sixteen 4,500-TEU vessels ordered from Samsung Heavy Industries.

OOCL Logistics launched Payment Audit, a unique product package which offers OOCL Logistics customers total visibility when checking the validity of their carrier bill.

OOCL celebrated the christening of the *OOCL Nagoya*, the eleventh Panamax class vessel in our line of sixteen 4,500-TEU vessels ordered from Samsung Heavy Industries.

December

OOCL celebrated the christening of the *OOCL Charleston*, the twelfth Panamax class vessel in our line of sixteen 4,500-TEU vessels ordered from Samsung Heavy Industries.

OOCL received an award and recognition from the World Wildlife Fund in Hong Kong (WWF) for our support of their Corporate Membership 2009.

Chairman's Letter

"While 2010 will be another challenging year, our core business of container transportation and logistics remains well placed to endure and emerge stronger from this period of adverse demand and supply dynamics."

Chee Chen Tung

2009 presented the worst market conditions ever experienced in the container shipping industry. The financial tsunami had hit the real economy by the end of 2008 and 2009 opened with a collapse in container freight rates as excess shipping capacity chased a dearth of demand volume. Recessionary economic conditions in OECD countries in the first half of 2009 affected global trade volumes, with demand for consumer goods and semi-finished goods contracting.

The container shipping industry reported unprecedented losses at the half year with no global line being profitable and some reportedly facing financial difficulties at that point. The extreme conditions of the first half of the year highlighted the need for the major market participants to reduce their operating capacity and to focus on cash flow and on minimising losses rather than pursuing market share. An improvement in freight rates occurred in various trade lanes over the second half of the year as capacity in excess of demand was removed and the first tentative signs of a pick-up in global economic activity were seen. Unfortunately, the second half of the year also saw increases in energy prices - with the price of bunker fuel increasing at a faster rate than that of crude oil.

As a result of the extremely difficult trading environment, Orient Overseas (International) Limited and its subsidiaries (the "Group") has recorded a loss attributable to shareholders for the year of 2009 of US$402.3 million compared with a profit of US$272.3 million reported for 2008.

The Board of Directors has decided that there will be no final dividend for 2009. The suspension of the final dividend reflects the lack of profitability for the year and is consistent with the Group's efforts in preserving capital and minimising cash outflows over the course of 2009.

On 18th January 2010, we announced the sale of Orient Overseas Developments Ltd ("OODL") to CapitaLand China (RE) Holdings Co. Ltd. for US$2.2 billion. The sale was of our PRC property development business conducted under OODL and excluded our investments in Wall Street Plaza and Beijing Oriental Plaza. With the sale having occurred after year-end, the disposal and associated profit are not in our 2009 results, but will appear in the 2010 accounts.

OODL was a well-established business with a good track record, and each of the current developments had a premier location and potential. While we had confidence in the economic growth of China and a positive outlook for the mainland property sectors in which we were operating, the Group decided to sell OODL after consideration of a range of strategic options. The global economic downturn had restricted our ability to add to the OODL development portfolio in the short term. At the same time, the downturn created a potential need for additional capital in the container transportation business given the opportunities to grow that may emerge as the industry recovers.

Our exit from the property development sector in China gives the Group the opportunity to redeploy capital and to strategically reposition and focus the Group as a well-capitalised container transportation and logistics business.

2010 has started more positively for the container transportation sector, with a better supply/demand balance and upward pressure on freight rates. Nevertheless, I remain of the view that the industry will face difficult trading conditions for a protracted period given the combination of low demand growth and a substantial capacity overhang.

The recovery in the global economy and the pick-up in OECD consumer demand are likely to be sluggish. On the supply side, there continues to be an excess of capacity in the form of outstanding new-build orders and laid-up vessels that will need to be absorbed over the next three to four years. An imprudent re-introduction of capacity currently idling or laid-up, if mismatched to demand, could see fresh rounds of rate cutting.

We will be managing the business through 2010 expecting only a marginal improvement in demand for the full year. Despite a more positive outlook for the first half of the year, we again expect a more challenging second half with freight rate improvements being fragile.
Core to our future ability to achieve an appropriate return on capital are (i) our positioning as a quality carrier attracting premium-paying cargo, (ii) maintaining fleet and operational flexibility to adjust quickly to market conditions and (iii) continuously driving cost efficiencies.

The key to achieving a better operating margin is our ongoing investment in IT over many years. Our superior IT systems support the customer-oriented, value-added services and the operational robustness needed to be positioned as a quality carrier. Our management information systems enable us to make deployment decisions and seek cost efficiencies based on accurate, current revenue and expense information.

Our logistics business remains a key component of our offering to customers that have need of its services. Our investment in systems also supports our logistics business which continued to demonstrate an improved level of operating profitability in 2009 despite the downturn.

Maintaining our fleet's high operational efficiency and carefully managing our capacity remain critical for the recovery period ahead. Our challenge in 2010 is to maintain and grow liftings to match demand growth – while holding capacity at cost efficient levels. Our young, fuel-efficient fleet can continue to give us a competitive cost base but only so long as it is effectively deployed.

Even with the extremely difficult operating environment in 2009, we held to the Group's Core Values. We maintained our commitment to deliver superior customer service, working with our customers to sustain and enhance their supply chains in a rapidly changing environment. While maintaining our intense focus on reducing costs, we continued our sustained investment in IT, on environmental protection and in retaining and developing our people. Our focus remains on process, product and customer service enhancement, while and achieving further productivity gains to maintain a competitive cost base.

These commitments have served us well and our staff rose to the challenge of getting us through the storm in solid financial and operational condition – and in good shape to prosper as the industry recovers over the next two to three years. While 2010 will be another challenging year, our remaining core business of container transportation and logistics remains well placed to endure and emerge stronger from this period of adverse demand and supply dynamics.

C C Tung
Chairman
Hong Kong, 18th March 2010

OOCL Tianjin, Long Beach Container Terminal, 2009

40 Years of Containerization

Kowloon, Hong Kong, 1970

1969 - 2009

40 YEARS OF CONTAINERIZATION

In 1969, OOCL took a giant step for global trade by embracing containerization. That step marked the beginning of a long, exciting journey - but the best part is yet to come. Through crisis and opportunity, through time and space - past, present and future - we always Take it Personally for our customers.

s.t. Taeping, Port of Long Beach, 1974

OOCL was one of the first Asian companies to embrace containerization in 1969. The company's Far East - U.S. West Coast regular liner service was fully containerized in November 1969. The first container sailing saw just 13 TEUs transported from Hong Kong to Long Beach, California, stopping at several ports of call on the way and taking 49 days to complete the round trip.

The company's first box ships were all converted from its conventional liners, with the vision of the company's founder Mr CY Tung. These first converted 300 TEU vessels become known as the Victory class. Today's modern vessels are more than 8,000 TEU, carrying cargo on hundreds of trade routes around the world, and forming a vital link in the global supply chain.

Without the container, the global village would still be a concept, not a reality. Today, consumers enjoy cars, electronic goods, foods and garments from all around the globe because the container makes it possible.

Throughout the past four decades, we have always evolved and adapted our business in response to the needs of our customers. OOCL focuses on time-sensitive, specialized goods that have to arrive at the right place, in the right condition and at the right time.

40 years later, in 2009, our industry has suffered one of its most challenging years ever. However, just like the plum blossom, which survives and blooms in the harshest winter conditions, OOCL is resilient and versatile. The plum blossom in our logo symbolizes not only what we do, but who we are. OOCL has been able to overcome adversity in the past and we are fully confident that we will emerge from this crisis as a strong partner for our customers.

Since 1969, we have changed the face of global business and helped drive the development of the Asian economy. We will continue to do so, even in tough times. Our Core Values, people, and "take it personally" spirit is at the heart of our greatness and will take us from strength to strength in the future.

MILESTONES

1969	First Asian Line to offer Trans-Pacific Container Service
1973	Listed on the Hong Kong Stock Exchange
1975	Formation of carrier consortium - ACE Group
1994	ISO 9002 quality accreditation
1994	First order of "S" Class vessels (5,500 TEUs)
1997	The New Grand Alliance was formed with Hapag Lloyd, MISC, NYK and P&O Nedlloyd
1999	Launch of IRIS-2 (Integrated Regional Information System)
2000	CargoSmart launched
2001	First order of "SX" Class vessels (8,063 TEUs)
2002	Gained Customs-Trade Partnership Against Terrorism (C-TPAT) status
2003	Joined Clean Cargo Working Group
2005	Order of 16 Panamax (4,500 TEU) vessels
2007	Order of 6 x 8,530 TEU vessels from Hudong Shipyard
2007	Grand Alliance formed its second 10-year agreement
2008	ISO 27001 accreditation
2008	Joined CCBF as a Gold member and WWF as a Pearl Member
2009	Celebrating 40 years of Containerization
2009	My OOCL Center launched

Thank you to all our customers over the past 40 years!

OOCL Texas, Yangshan Terminal, Shanghai, 2008

Thank You to OOCL Vessel Sponsors

OOCL vessels are our ambassadors for world trade. OOCL naming ceremonies are prestigious events which have been attended by VIPs in many locations all over the world.

The most important person at a naming ceremony is a vessel sponsor, the person who has the honour of naming the ship. There is an old maritime tradition that the vessel sponsor is usually a lady – not only for luck, but because in the old days, she was expected to cook and look after the crew for their lifetime at sea! In the modern era, whether the vessel sponsor is male or female, they still bring an element of luck and glamour to the launch.

We are grateful to all our vessel sponsors who have helped us launch many magnificent vessels over the years. To commemorate 40 years of containerization, we would like to pay special tribute to the sponsors who have helped us name our ships. Thank you.

We did not have enough space in this report to personally name all sponsors over the past 40 years, therefore we have included our current owned vessels only.

OOCL Britain (1996)


OOCL Hong Kong (1995)


OOCL Japan (1996)


OOCL America (1995)


OOCL Tianjin (2005)

OOCL Rotterdam (2004)

Date	Vessel	TEU	Sponsor
Aug, 1995	OOCL California	5,344	Mrs. Betty Tung
Dec, 1995	OOCL Hong Kong	5,344	The Hon. Mrs. Anson Chan, CBE, JP
Dec, 1995	OOCL America	5,344	Mrs. Barbara Bush, wife of President George H W Bush
Feb, 1996	OOCL Japan	5,344	Mrs. Asako Kumagai, wife of Mr. Kumagai, President of Mitsui & Co., Ltd.
Mar, 1996	OOCL China	5,344	Mrs. Harriet Tung
Apr, 1996	OOCL Britain	5,344	Lady Purves, wife of Sir William Purves CBE DSO, former Chairman of HSBC Holdings plc.
Aug, 1997	OOCL Netherlands	5,390	Mrs. Merle Aiko Okawara, President of JC Foods Co. Ltd.
Aug, 1997	OOCL Singapore	5,390	Mrs. Heidi Sinnecker, wife of Dr Eberhard Sinnecker, Member of the Executive Board, Deutsche Bahn AG
Sep, 1998	OOCL Belgium	2,808	Mrs. Mary Y. Liu
Aug, 2000	OOCL Chicago	5,714	Mrs. Alice King
Aug, 2000	OOCL San Francisco	5,714	Mrs. Shirley Peng
Apr, 2003	OOCL Shenzhen	8,063	Mrs. Irene Chang, wife of Mr. T.R. Chang, Director and Vice Chairman of OOIL
Jul, 2003	OOCL Long Beach	8,063	Mrs. Audrey Tung Slighton
Jan, 2004	OOCL Rotterdam	8,063	Mrs. Daphne King Yao

Date	Vessel	TEU	Sponsor
Feb, 2004	OOCL Hamburg	8,063	Ms. Christine and Katherine Peng
Apr, 2004	OOCL Qingdao	8,063	Mrs. Monse Eldon, wife of Mr. David Eldon JP, former Chairman, HSBC & Director, HSBC Holdings plc
May, 2004	OOCL Ningbo	8,063	Mr. Bayin Chaolu, Member of Standing Committee of the Communist Party of China Zhejiang Provincial Committee, Secretary of Communist Party of China Ningbo Municipal Committee
Feb, 2005	OOCL Atlanta	8,063	Co-Sponsors: Ms Pamela Tung and Mrs. Leigh Tung Chou
Mar, 2005	OOCL Tianjin	8,063	Mr. Dai Xianglong, the mayor of Tianjin Municipality
Mar, 2006	OOCL Asia	8,063	Mrs. Betty Tung
Jul, 2006	OOCL Europe	8,063	Miss Ye-ji Kim, eldest daughter of Mr J W Kim, Vice Chairman of Samsung Heavy Industries
Sep, 2006	OOCL Zhoushan	4,583	Mr. Zhang Jia Meng, Secretary of the Zhoushan Municipal Committee for the Communist Party of China, and the Director of the People's Congress of Zhoushan
Nov, 2006	OOCL Australia	4,583	Dr. Alan Thomas, Australian Ambassador to the PRC
Jan, 2007	OOCL Tokyo	8,063	Mrs. Maria Smith, wife of Mr. Michael Smith, former President and CEO of HSBC
May, 2007	OOCL Southampton	8,063	Mrs. Mariana Cheng, wife of Mr. Vincent Cheng, former Chairman of HSBC
Jul, 2007	OOCL Kobe	4,578	Mr. Tatsuo Yada, the Mayor of Kobe
Jul, 2007	OOCL Yokohama	4,578	Dr. Jane Chan, wife of Professor Richard Yue Chim Wong, Deputy Vice-Chancellor and Provost at The University of Hong Kong and Independent Non-Executive Director of OOIL
Oct, 2007	OOCL Houston	4,578	Mrs. Tania Dowd, wife of Mr Stephen Dowd, VP of Ontario Teachers Pension Plan
Jan, 2008	OOCL Busan	4,578	Mrs. Harriet Tung
Mar, 2008	OOCL Texas	4,578	Mrs. Barbara Bush, wife of President George H W Bush
Apr, 2008	OOCL Panama	4,578	Mrs. Ana Matilde Arias de Aleman, wife of Mr. Alberto Aleman Zubieta, CEO of Panama Canal Authority
Feb, 2009	OOCL Norfolk	4,578	Mrs. Renate Kuznik, wife of Mr. Harald Kuznik, Executive Vice President - Global Head of Shipping of HSH Norbank
Jul, 2009	OOCL Brisbane	4,578	Ms. Samantha Honan, daughter of Mr. Dick Honan, Chairman of Manildra Group
Sep, 2009	OOCL New Zealand	4,578	Ms. Simone Cranwell, wife of Mr. Steven Cranwell, Regional General Manager, Institutional and Business Banking for the National Australia Bank in Aisa
Nov, 2009	OOCL Dalian	4,578	Mr. Wang Peng, Vice President of Port of Dalian Authority, accompanied by Ms. Dai Li Hua, Deputy General Manager of Dalian Port Container Co. Ltd.
Nov, 2009	OOCL Nagoya	4,578	Ms. Gillian Wheeler, wife of Mr Robin Das, Deputy Global Head of Shipping, HSH-Nordbank
Dec, 2009	OOCL Charleston	4,578	Mrs. Louisa Cheng, wife of Mr Edward Cheng, Director of OOIL


OOCL Asia (2006)


OOCL New Zealand (2009)


OOCL Texas (2008)

30 Years of Logistics Services

30 YEARS OF LOGISTICS SERVICES 1979 - 2009

OOCL Logistics
All the Right Moves

1979 - 2009

In 2009, our "pearl" anniversary year, we celebrate our partnerships with our valuable customers, and look forward to a bright and shining future together.

OOCL Data Centre

With our superb customer services, skilled people and sophisticated technology, OOCL Logistics has been helping our customers make All the Right Moves in their supply chain for more than 30 years. As a strong, stable organization with a financially strong parent company, OOCL Logistics offers our customers a unique advantage in their global supply chain.

In 1979, the company was established as a total logistics service provider, under the name of Cargo System, and providing a vital link between production and delivery with an extensive network of people, warehouses and equipment, and information services.

OOCL Logistics was the first non-PRC domestic company and a pioneer in developing intermodal transportation connection in China. Today our capabilities in China are unsurpassed - including warehouse, trucking, depot, and customs house broking which enhance our logistics service competitiveness. OOCL Logistics is the only non-Mainland China company in China holding all these licenses:

- Ocean carrier
- International logistics & forwarding
- Domestic transportation & warehousing
- Customs house brokerage
- Bonded Logistics Park

Over the past three decades, we have built up our services to ensure that all means of intermodal transport, feeder, barges, container trucks and block trains are carefully integrated with trunk ocean service to offer seamless connections across continents. Reaching beyond cargo origins and spanning the supply chain, OOCL Logistics has established warehousing and distribution networks, and destination services across North America and Europe making the vital link to store shelves and product end users in these important markets.

OOCL Logistics' IT systems, including our in-house developed PODIUM® suite, give our customers total control and full visibility throughout their supply chain operations. From factory to store shelf, from vendor compliance and important ISF security filings and down to global inventory levels, PODIUM® provides every OOCL Logistics client the tools and flexibility to conduct their business anytime, anywhere.

The truest test of a logistics company is the strength of the relationship with clients. OOCL Logistics continues to dedicate itself to the success of every customer. Our logistics solutions deliver results for a diverse range of clients, including retail giants and major brand names, with our partnership spanning three continents. The results are measurable, with significant improvement in supply chain performance, inventory turnover and reductions in both ocean and airfreight charges that have a direct benefit to these partners' bottom line. Our clients have seen savings in transportation charges, logistics administration and on-time deliveries that prove that OOCL Logistics makes All the Right Moves.

Honored by companies for our superior performance in China, OOCL Logistics is committed to continuing on the path of quality logistics services wherever our clients place their trust in us.

In 2009, OOCL Logistics celebrated 30 years of logistics services. This coincided with a new phase of innovation, showcasing our leadership in information technology. We launched three new products as part of the PODIUM® suite. These included MyPodium Mobile, Purchase Order Distribution, and Payment Audit.

Today, OOCL Logistics has built up its service offering to provide customers with a full range of end-to-end logistics services, combined with unmatched China expertise. Customers can enjoy maximum control and visibility in their supply chain. We offer a vital link in their business success.

In the years to come, we will continue to capitalize on our strengths and capabilities to offer value-added logistics services to our customers and to differentiate ourselves from competition.

Thank you to all OOCL Logistics Customers for your valuable support!

OOCL Containers on rail, 1970, USA

Operations Review

Operations Review

OOCL Vessel - passing under the Golden Gate Bridge, California, USA, 2009

CONTAINER TRANSPORT AND LOGISTICS

CONTAINER TRANSPORT

2009 was an unprecedented year in container transport. Global demand fell 12% and the major east-west trade lanes declined even more severely (TPT-EB: -16%, AET-WB: -15%, TAT-WB: -15%, TAT-EB: -23%). However, capacity only increased by 5%, much less than the prediction of many industry pundits.

OOCL suffered a double-digit decline in lifting in the first three quarters, and stabilized to a 4% drop in the last quarter. Overall, 2009 volume was 14% lower than that in 2008 and revenue was 35% lower.

The dwindling demand drove rates down to the extent that contribution from carrying cargo could not even cover voyage costs in many services during the first three quarters of 2009. Carriers began to withdraw surplus supply to match demand, and from an economic perspective, idling or early scrapping of vessels became attractive.

(US$ millions)	2009	2008	Variance
Liner Volumes (TEU)	4,158,487	4,834,689	(14%)
Revenue	4,326.0	6,502.6	(33%)
Operating (Loss) / Profit	(331.2)	392.1	(184%)
EBITDA	(114.8)	585.9	--
Depreciation / Amortisation	210.7	188.0	12%
EBIT	(325.5)	397.9	--

OOCL Liner	TEU	Rev	Rev/TEU
Q1	(15.6%)	(31.2%)	(18.5%)
Q2	(18.7%)	(42.6%)	(29.4%)
Q3	(16.7%)	(42.3%)	(30.7%)
Q4	(4.1%)	(22.7%)	(19.4%)
Total	(14.0%)	(35.2%)	(24.7%)

Additionally, escalating bunker costs provided carriers with a strong incentive to slow down their ships. 1.5 million TEU of idled capacity and increased business volume toward the end of the year helped with the supply and demand balance, albeit tenuously. An imprudent re-introduction of the capacity, if mismatched to demand, will affect the supply/demand balance and we could see fresh rounds of rate decline. The industry's challenge between short-term cash flow and longer-term stability will test the market's capacity discipline over the next couple of years until trade growth eventually absorbs the surplus capacity.

SERVICE	LIFTING ('000)			REVENUE (US$ million)		
	2009	2008	Var	2009	2008	Var
Trans-Pacific	1,158	1,324	(13%)	1,493	2,239	(33%)
Asia-Europe	679	813	(16%)	688	1,332	(48%)
Trans-Atlantic	349	425	(18%)	488	750	(35%)
Intra-Asia/Australasia	1,972	2,273	(13%)	1,174	1,612	(27%)
Total	4,158	4,835	(14%)	3,843	5,933	(35%)

Trans-Pacific - Following the 7% decline in 2008, US imports shrank by another 15% in 2009, reaching the lowest level seen in the past six years. Reduced demand heightened price competition, starting in November 2008. By the summer of 2009, rates had declined by more than 30%. Although there were quarterly bunker adjustments and a restoration initiative in August 2009, rates remained at non-remunerative level throughout the year.

The westbound market endured similar pain with volume down by 7% year on year. Rates continued to slide from the end of 2008 until July 2009 when exports from North America began to pick up, stopping further rate deterioration in the second half.

In 2009, we rationalized our capacity to match demand. Slow-steaming was implemented due to high fuel costs and for environmental protection. We believe the worst of the downturn is now behind us and we are cautiously optimistic for a better trade environment in 2010.

Asia-Europe - In 2009, Asia Europe trade suffered an unprecedented collapse in rates – by more than 60% from the highs in 2008 to the lows in early second quarter 2009. Price competition became so severe and economically irrational that freight rates stopped falling by the end of the summer and a rapid series of price increases occurred during the second half of the year. By year-end, the trade's economics had returned to a sustainable level. The 2009 experience has made it painfully obvious that the rate volatility in this trade is detrimental to both carriers and shippers.

Intra-Asia and Australasia - Intra-Asia trade shrank in the first half of the year, but rebounded quickly in the second half as the emerging economies started to recover. For the year, industry volume was slightly lower than that of 2008.

With rates having reached new lows in the first half of the year, the momentum reversed and rates started to improve in the third quarter. We implemented capacity and service rationalization, with vessel upgrades and charter renewals (with lower rates) to restore the trade to a healthier level. However, the positive outlook has been tempered by the recent re-introduction of capacity in excess of demand into the market - probably leading to renewed rate volatility.

Australasia trade suffered a 13% trade contraction that had compelled all major carriers to rationalize their capacity to remove supply surplus to demand. Since the third quarter, the trade was relatively balanced as supply of capacity came more in line with cargo demand - though unbalanced capacity re-introduction and new entrants are constant threats. Australasia rates, which had also fallen to loss-making levels, began to recover gradually from August 2009.

Trans-Atlantic - The Eastbound trade was severely affected by weaker demand with a reduction in volume by 29%. The Westbound trade, which has been contracting since the fourth quarter of 2006, declined by a further 20% in 2009. As a result of the steeper Eastbound decline, the imbalance deteriorated to 12% from a balanced position in 2008. Numerous measures were implemented to rebalance supply with demand, including the removal of surplus capacity. Load factors improved during the second half, and rate restoration measures were implemented to restore the trade to a healthier level.

Reefer Trade - Reefer volume suffered in the first half from tightened trade credits, de-stocking and H1N1 flu concerns. Traffic picked up from the third quarter onward, though lower-valued cargoes prevailed. The increased cost of bunker fuel and smaller order sizes saw many older specialized reefer ships being sent to scrap yards, which indirectly increased demand for container reefer service.

SHIP OPERATIONS

The OOCL fleet as at 31st December 2009

	No. of Ships	TEU Capacity
Owned / Long-Term Charter / Operating Lease	58	297,976
Short-Term Chartered	15	38,158
Chartered Out	-4	-23,008
Net Operating Capacity	69	313,126

In 2009, we took delivery of five new vessels of 4,583 TEU and scrapped one ship of 3,161 TEU. We owned 38 ships at the end of 2009, with an average age of 6.9 years and an average size of 5,781 TEU – one of the most modern and efficient fleets in the industry.

We did not place new orders for ships in 2009; and at the same time, negotiated with shipyards to postpone the delivery of our new ships. The delivery of the six 8,600 TEU new buildings from Hudong was scheduled to be postponed by 4 to 18 months.

During the year, 24 chartered ships were re-delivered to owners. Charter rates were reduced substantially for the remaining chartered vessels.

Slow steaming was extensively deployed as bunker costs escalated and spare ships became available. Besides cost savings, slow steaming also reduced greenhouse gas emissions and kept surplus ships employed.

MARINE TERMINALS

OOCL continues to manage and operate the Long Beach Container Terminal in California and the Kaohsiung Container Terminal in Taiwan (KAOCT), with a total throughput of 1.5 million TEU in 2009. We also have a 20% interest and management participation in the Tianjin Alliance International Container Terminal and the Ningbo Yuandong Terminal, with a combined throughput over 2.6 million TEU.

The lease for KAOCT has been extended for 15 years until 30th September 2024.

LOGISTICS

2009 was a volatile year for the logistics business. Despite the global economic downturn and a decrease of 31% in OOCL Logistics' international business volume, the strong growth in the domestic segment more than offset the deficit. We have now built a solid foundation for domestic logistics businesses in Asia - especially in China. OOCL Logistics managed to improve profit capability through an elevated focus on economies of scale, operating efficiency and new products.

With years of investment in the "warehouse-centric" logistics network in China, we doubled the revenue in 2009 in this segment. By leveraging the OOCL brand as well as our knowledge, people, processes and proven solutions, we have successfully attracted many well-known international corporations to entrust their distribution and transportation in China to us. Our Customs Broker business in Shanghai achieved great successes in 2009 in both financial returns and customer recognition. Indeed, the China Customs Brokers Association recognised OOCL Logistics as one of the top recipients of the "National Excellent Customer Services Brokerage Enterprise" award.

Information technology is one of our differentiating strategies. By April 2009, we completed our migration of all international business to the upgraded PODIUM® system, which was built upon an integrated architecture and advanced technologies. Since then, we have provided our customers with a constant stream of new solutions and product enhancements. Recently launched, *MyPodium Mobile* assists customers managing their shipments anytime, anywhere on their mobile phones. *PO Distribution* streamlines distribution of purchase orders to designated parties in an efficient and secure manner. *VendorPodium* facilitates collaboration and transparency between customers and their vendors in all activities along the supply chain. We are offering the most advanced and innovative IT solutions for our customers in International Supply Chain Management Services.

In 2010, PODIUM® will roll out more new products and will expand its coverage of Domestics Logistics services. We are well positioned to capture the accelerated growth of China's consumer market in the next few years.

2010 will continue to present significant challenges in terms of uncertainty in economic growth and geopolitical risks. The outlook however is much better than that of 2009. We will continue to expand our scope of service, both vertically and horizontally, by owning the right assets, employing dedicated people and enhancing our advanced technology platform.

INFORMATION TECHNOLOGY

The Group's strategy is to leverage our IT capabilities to strengthen competitive advantages through integration of IT systems, processes and organization globally. We continue to implement systems that allow us not only to create value for our customers, but also achieve synergies across different lines of applications - liner (IRIS-2), logistics (PODIUM®) and industry portals (CargoSmart) - with common technologies and compatible platforms.

In 2009, we delivered a robust enterprise IT infrastructure that allowed us to provide customer services 'Anytime Anywhere'. The delivery of new equipment solutions enables us to optimize equipment flow and maximize utilization of equipment and vessel space.

OOCL launched *My OOCL Center* in 2009, allowing buyers and suppliers to lower their costs, respond quickly to market changes and operate a high-speed supply chain.

Features included an Automated To-Do List, Service Request, Shipment Folder and Mobile Cargo Tracking. *My OOCL Center* will continue to launch new and upgraded features throughout 2010.

The new IT platform will promote more innovations for OOCL and help turn business ideas into applications.

PROPERTY INVESTMENT AND DEVELOPMENT

PROPERTY DEVELOPMENT

During 2009, no new sites for property development were acquired and there were no sales of completed projects.

Under the terms of an agreement dated 18th January 2010, Orient Overseas Developments Ltd ("OODL") was sold to CapitaLand China (RE) Holdings Co. Ltd. The sale was of the PRC property development business conducted under OODL, including the Double-tree by Hilton hotel in Kunshan and excluded the Group's investments in Wall Street Plaza and Beijing Oriental Plaza. As a result of the sale, the performance of the property development business in 2009 has been categorised under "discontinued business" in the Consolidated Profit and Loss Account and the assets and liabilities disposed are shown as "Assets held for Sale" and "Liabilities + directly associated with assets classified as held for sale" respectively in the Consolidated Balance Sheet. With the sale having occurred after year-end, the disposal and associated profit will appear in the Group's 2010 accounts.

PROPERTY INVESTMENT

The Group continues to hold a 7.9% interest in Beijing Oriental Plaza. Consisting of a retail mall, office towers, service apartments and a 5-star hotel, the project totals some 800,000 sqm in gross floor area. While the project is achieving modest profits at the project level, we do not expect it to contribute materially to Group profitability in the near term.

The Group also continues to hold a 100% interest in the Wall Street Plaza investment property in New York City's Lower Manhattan financial district. Wall Street maintained an occupancy rate in excess of 90% in 2009 and had only a 4.7% vacancy rate at the end of the year. As expected, the New York City office market continued to deteriorate in 2009 following the financial crisis of 2008 - the overall vacancy rate for the commercial office in Manhattan was 11.1% at the end of Manhattan, while in downtown Manhattan the overall vacancy rate in the market was 9.6% with asking rents down nearly 16% on a year ago. As in 2008, while the performance of Wall Street Plaza was satisfactory in 2009, the weak market has resulted in a further reduction in the assessed value of the property of US$25 million in total for the year, leaving the property valued at US$150 million as at year-end 2009.

Corporate Responsibility

"Fragile cargo"

OOCL's story: Maximum fuel efficiency
for a cleaner environment.

Corporate Responsibility

The OOIL Group prides itself upon being a responsible corporate citizen and it employs the highest standards of business ethics in all that it does. Headed by a senior management Steering Committee and a Global Security, Safety and Environment Protection Officer, the Group embraces the core values of Corporate Social Responsibility at all levels.

ENVIRONMENTAL CARE

The Group recognises that businesses must take responsibility for their industry's effects on the environment. Our company is dedicated to meeting the needs of the present without compromising those of the future. We encourage sustainable economic development through innovative environmental protection measures.

We believe that by taking a proactive role in caring for the environment, we can help minimise our carbon footprint and make the world a better place to live for ourselves and future generations. We actively support many programs and standards around the world, and have received numerous awards and recognition for our achievements and quality practices, including:

The Qualship 21 certificate by the US Coast Guard. This program, which identifies quality operation of non-US flagged vessels, holds the most rigid safety and pollution-prevention standards in the world. OOCL's policy is to ensure that each of our ships comply with these standards, regardless of whether they enter the waters of the United States.

OOCL was the first container shipping line in the world to have achieved the **Safety, Quality and Environmental (SQE) Management System** certification (which consolidates the ISM-Code, ISO9001.2000 and ISO14001 requirements).

Port of Long Beach Green Flag Award (voluntary speed reduction program). OOCL vessels maintained voluntary 100% compliance with the Port of Long Beach Green Flag Speed reduction program from 2006-2009, and the company was awarded 15% rebates on dockage fees as a result. Port officials estimate that if all vessels comply with the program, the amount of smog-forming nitrogen oxides (NOx) produced by container ships would be reduced by nearly 550 tons a year.

OOCL's environmental stewardship efforts were recognized by one of our logistics partners, Baydelta Maritime, in a ceremony in San Francisco on July 1, 2009.

Ballast Water Management Program All ships discharge ballast water, which can contain organisms that are harmful to the environment. We have a policy of exchanging ballast water exchange in the open sea (200 nautical miles away from the nearest coastline) and we have the aim of having zero ballast water exchange at port. If discharge of ballast water is necessary, we inform the port authority in advance and record the amount of water discharge.

OOCL is a member of the following environment-focused organisations:

• **Clean Cargo Working Group**, which is a Working Group of the Business for Social Responsibility (BSR) organization. The group comprises 27 major multinational shippers and carriers. CCWG is dedicated to benefiting the environment and people by assessing and addressing the environmental footprint of goods transported globally. Practical solutions developed by the Group include the Environmental Performance Survey (EPS), which offers consistent standards and measurements of environmental performance of carriers.

• **Climate Change Business Forum**, as a Gold Member (membership fees are used to fund research on climate change issues in Hong Kong) OOCL's environmental care initiatives were featured in a new "how to" guide written specifically to empower businesses in Hong Kong to reduce their carbon footprints. The Climate Change Business Forum (CCBF), in partnership with the Hong Kong General Chamber of Commerce (HKGCC), launched the guide on May 14, 2009. OOCL also participated in a public awareness campaign on how to combat climate change, called "What's Your Story".

• **World Wildlife Fund (WWF)**, a leading environmental and conservation organization. Membership funds are channelled into local conservation programs and community education in Hong Kong and China.

The OOIL Group is committed to reducing emissions, promoting environmental care and conserving resources. We do this in all areas of our business - on land and at sea - from our vessels, to our terminals, offices and in our containers.

1. OOCL Vessels - The best way to reduce harmful emissions in the shipping industry is to save fuel. OOCL has implemented a fuel saving program - including weather routing systems, slow steaming (addition of an extra vessel on service loops and travelling at slower speeds), and minimum ballast water to help achieve a lighter vessel load, thereby burning less fuel. We have reduced CO_2 emissions by more than 10% since 2004. This also helps our customers to achieve a lower carbon footprint across their supply chain.

Since 2000, all our vessels have been installed with environmentally-friendly NOx-controlled propulsive engines. Advanced slide fuel injection valves, reducing NOx by 30%, are being adopted on all our vessels.

All our newbuilding vessels have large capacity low-sulphur fuel oil tanks to promote emissions control and prepare ships for low-sulphur fuel use. Apart from strictly complying with SECA's requirements, we ensure that the average sulphur content of our fuel is well below the IMO prescribed standard of 4.5%; in 2009, we achieved an average sulphur content of 2.7%. In the North Sea, English Channel and Baltic Sea, our own ships are now using 1.5% sulphur fuel as per EU/IMO requirements and will be using 0.1% in some of the EU ports in 2010. In California, we use 0.5% sulphur fuel. We are studying methods, such as Alternative Maritime Power and Scrubber technology to potentially further reduce SOx emissions.

2. OOIL Group Offices - We aim to work as a "paperless office" by eliminating the use of faxes and faxed documents. As a business which relies on many documents from customers transporting goods, such as a bill of lading, invoices, etc. this is an extremely innovative step, and we have reduced paper consumption by 20%. All colleagues' business cards do not have fax numbers and we use electronic means where possible. In addition, we have implemented a "reduce, re-use and recycle" campaign in all our 280 offices around the world, encouraging employees to switch off computers after work, power off copiers and lights after work, and to use energy-saving office equipment, such as power saving light bulbs and timers to switch off equipment. We also have mandatory training for all staff in safety, security and environmental issues, and organise OOCL Green Week every July in offices around the world.

3. OOCL Terminals - OOCL's container terminal in Long Beach, LBCTI, was awarded the San Pedro Bay Area Ports Air Quality Excellence Award, by the Ports of Long Beach and Los Angeles. LBCTI also uses "Regen" units for rubber-tired gantry (RTG) cranes in the Port of Long Beach. The systems, which capture, store and supply electrical energy during the crane's function, can help cut fuel consumption by 25%, and cut diesel emissions by more than half.

OOCL-operated Kaohsiung Terminal in Taiwan (KAOCT) has converted its entire container yard to a 'green' enterprise; discontinuing its nine straddle carriers for six rail-mounted gantry cranes (RMGs). There are now a total of 14 RMGs in the terminal. Run electrically and on a fixed-rail system, these RMGs are emission-free, quiet and provide a much safer working environment at the port.

4. OOCL Containers - Today, OOCL only uses CFC-free refrigerants for all of our refrigerated (reefer) containers. OOCL's newest reefer containers have the lowest power consumption in the industry, and we have installed ThermoKing "EcoPower" gensets for better fuel efficiency. All our containers have been applied with tin-free paint and we are testing the use of sustainable bamboo floors instead of the traditional hardwood floors.

5. Sustainable Procurement Policy - the OOIL group is dedicated to promoting sustainable practices into our supply chain. Our Corporate Sustainable Procurement Policy has been implemented in every aspect of our business and at every stage of the supply chain.

The Group's achievements, in many aspects, have already greatly exceeded legal requirements and general industry standards in the countries in which and to which it operates. However, as a responsible and committed member of the international community, OOIL strives continually for further improvement in all aspects of its business.

SECURITY

The issue of security has always been a priority for the Group and we remain committed to the security of our operations against possible compromise and to the maintenance of the highest level of compliance in security related areas. We fully recognise our responsibility to ensure the safety and integrity of all our employees, both on shore and at sea, of our managed ships, our customers' cargoes and our port facilities.

The Group's Corporate Security Policy and internal guidelines comply with Customs-Trade Partnership Against Terrorism (C-TPAT) rules and regulations, and we work actively with various Government and other authorities world-wide in their efforts against any act that would impinge upon maritime or cargo security. Under our policy we have internal security checks to all of its holdings and our security profile has been validated by the US Customs and Border Protection agency through physical checking of the offices and facilities of OOIL including terminals, warehouses, depots and vessels.

Our company meets the International Ship and Port Facility Security Code ("ISPS" Code), which ensures that security threats are detected and assessed, and that preventative measures are in place on our vessels and at our port facilities. A designated officer on each ship and at each port facility reports to the Company Security Officer who oversees the security plans, drills and training. With this in place, all our vessels continue to have an exemplary record containing zero breaches of security and totally clean detention records.

In addition, to provide world-class quality and secure information to customers and partners, our Global Data Centre has also achieved and maintains BS7799 certification.

OOCL has been certified as a "Partners in Protection" (PIP) carrier by the Canada Border Services Agency (CBSA) Partners in Protection is a voluntary program established by the CBSA for companies who assist its efforts to enhance border security, combat organized crime and terrorism, detect and prevent contraband smuggling, and increase awareness of issues to secure the flow of legitimate goods and travellers across the US-Canadian border.

COMMUNITY AND EDUCATION

OOIL commits to being a responsible corporate citizen and recognises that the societies in which its employees live and work contribute greatly to the company's overall success. Care for these communities in which it operates is therefore a major OOIL focus. OOIL concentrates its community efforts on charity programmes designed to provide well-rounded youth education programmes, charity relief to the needy and cultural entertainment to the whole community.

Every week, throughout the world, OOCL employees give something back to the communities in which they live – in the form of charity events, fund-raising or by dedicating their time and efforts. One of the major and on-gong projects in which OOCL has been involved is Project HOPE (Health Opportunities for People Everywhere). OOCL assists through the transportation of the latest medical diagnostic equipment and supplies from the US to China to care for children in urgent need of treatment.

In 2009 OOIL donated more than US$108,000.

In addition to financial donations, the Company contributes transportation and logistics support and providing numerous containers to help with relief work in the affected areas. Assistance in the form of free transportation is regularly given to a number of charitable projects. With sponsorship of the Company, volunteer teams are set up by employees to focus on community servicing, fund raising for charity and donations.

Beneficiaries of welfare donations made by OOIL and its employees include social services, orphanages and children's hospitals, cancer research, multiple sclerosis and diabetes research and many others in Asia, North America, Australasia and Europe.

In keeping with OOIL's long tradition of community responsibility, the Tung OOCL Scholarship supports the education of youth. OOIL, in partnership with The Tung Foundation, spent over US$390,000 in 2009 on educational scholarships for students in mainland China and for the children of employees globally.

EMPLOYEE INFORMATION

As a responsible corporate citizen employing the highest standards of business ethics in all that it does, OOIL understands that the process begins with the treatment of its employees. As a successful corporation, OOIL appreciates that its success, growth and performance rests on the skills, dedication and teamwork of its staff. It regards people as its greatest asset and cares for them accordingly.

In a spirit of mutual respect, OOIL has a clearly defined policy that includes as an equal opportunity employer, the treatment of all employees with fairness and dignity, the encouragement of a culture of open and frank communication throughout the organisation, the investment in its people and care for their hopes and aspirations through people-development programmes, training and education and the recognition and reward of their efforts and achievements.

People development remains a cornerstone of the corporate culture and enables the effective operation of OOIL's policy of career development through recruitment and promotion from within. OOIL has, over the past years, channelled a great deal of time and effort into its various people-development programmes. OOIL advocates continuous learning and supports employee career development through job rotation, local and overseas job assignments as well as through offering formal and informal learning and development opportunities for performance enhancement.

OOIL employs an innovative approach to employee learning and management development. A rich culture of knowledge sharing is in place and a new knowledge-sharing platform was adopted in 2005 to facilitate knowledge and best practice sharing between and amongst all employees. E-learning has offered a whole new string to the company's human-resources bow, creating a learner-centric, interactive path to training and self-improvement as well as opening up learning opportunities to many more people within the business.

As at 31st December 2009, OOIL had 7,748 full time employees whose salary and benefit levels are maintained at competitive levels. Employees are rewarded on a performance related basis within the general policy and framework of OOIL's salary and bonus schemes which are regularly reviewed. Other benefits are also provided, including medical insurance and pension funds, and social and recreational activities are arranged around the world.

In the interests of adhering to the highest ethical standards on an ongoing basis, the Company has a formulated Code of Conduct which serves as a guideline to ensure compliance with all local, national and international legal standards and to preclude offences under local, national and international laws, any breaches of confidentiality, non-disclosure requirements or intellectual property rights and any conflicts of interest, acts of bribery, corruption or political contribution and any other areas of deemed misconduct. OOIL has set up procedures to identify, manage and control risks that may have an impact on the business of the Company. The Group's "Whistle Blower Policy", established in 2006, is one of the Group's formalised procedures through which employees can anonymously file reports or register concerns, helps govern the reporting and thorough investigation of allegations of suspected improper activities.

OOIL is committed to the philosophy of equal opportunity in employment. It is the Company's policy not to discriminate against any employee or applicant for employment on the grounds of race, colour, religion, creed, age, sex, disability, pregnancy, childbirth and related medical condition, marital status, sexual orientation, veteran status and or any other category whether protected by local laws and legal regulations or not.

Financial Review

Analysis of Consolidated Profit and Loss Account

Summary of Group Results

US$'000	2009	2008	Change	%
Operating revenue by activity:				
Container Transport and Logistics	**4,325,998**	6,502,631	(2,176,633)	-33%
Other Activities	**24,197**	28,224	(4,027)	-14%
Group operating revenue	**4,350,195**	6,530,855	(2,180,660)	-33%
Operating (loss)/profit by activity:				
Container Transport and Logistics	**(331,181)**	392,115	(723,296)	-184%
Other Activities	**23,944**	30,649	(6,705)	-22%
Group operating (loss)/profit	**(307,237)**	422,764	(730,001)	-173%
Finance costs	**(35,347)**	(81,016)	45,669	-56%
Share of profits of jointly controlled entities and associated companies	**5,714**	5,798	(84)	-1%
	(336,870)	347,546	(684,416)	-197%
Loss in fair value on investment property	**(25,000)**	(25,000)	—	N/A
(Loss)/profit before taxation	**(361,870)**	322,546	(684,416)	-212%
Taxation	**(14,234)**	(24,977)	10,743	-43%
Minority interests	**(1,689)**	(3,192)	1,503	-47%
(Loss)/profit from continuing operations	**(377,793)**	294,377	(672,170)	-228%
Loss from discontinued operation	**(24,501)**	(22,040)	(2,461)	11%
(Loss)/profit attributable to shareholders	**(402,294)**	272,337	(674,631)	-248%

Revenue for 2009 was US$2,181 million lower than that of 2008, representing a decrease of 33%. This was largely caused by the world-wide decline in cargo volume for the core Container Transport and Logistics business which accounted for over 99% of the Group's revenue for both 2009 and 2008. Other revenue, comprising less than 1% of the Group's revenue for both 2009 and 2008, mainly represented rental income from the Group's investment property Wall Street Plaza in New York.

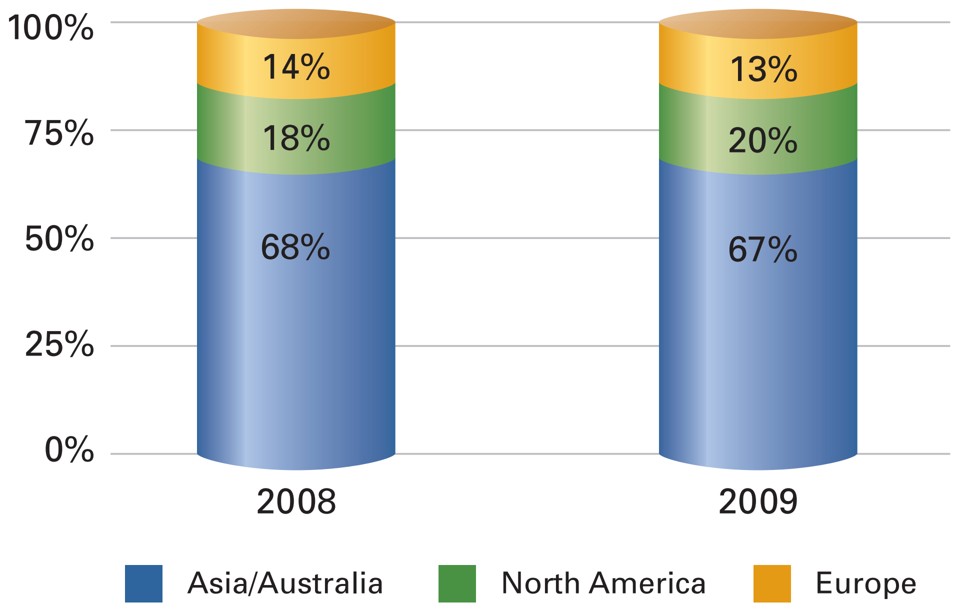
Container Transport and Logistics

Summary of Operating Results

US$'000	2009	2008	Change	%
Liftings (TEUs)	**4,158,487**	4,834,689	(676,202)	-14%
Revenue per TEU (US$)	**924**	1,227	(303)	-25%
Operating revenue by location:				
Asia / Australia	**2,886,777**	4,454,116	(1,567,339)	-35%
North America	**856,588**	1,153,869	(297,281)	-26%
Europe	**582,633**	894,646	(312,013)	-35%
Operating revenue	**4,325,998**	6,502,631	(2,176,633)	-33%
Operating costs by items:				
Cargo costs	**(2,148,846)**	(2,805,290)	656,444	-23%
Bunker costs	**(674,141)**	(1,210,603)	536,462	-44%
Vessel and voyage costs (excluding Bunker)	**(807,915)**	(874,402)	66,487	-8%
Equipment and repositioning costs	**(628,467)**	(749,863)	121,396	-16%
Operating costs	**(4,259,369)**	(5,640,158)	1,380,789	-24%
Gross profit	**66,629**	862,473	(795,844)	-92%
Business and administrative expenses	**(407,374)**	(479,287)	71,913	-15%
Other operating income, net	**9,564**	8,929	635	7%
Operating (loss)/profit	**(331,181)**	392,115	(723,296)	-184%

The Container Transport and Logistics business trades under the "OOCL" name and represents the principal revenue contributor to the Group, accounting for over 99% of the Group's revenue in 2009. Container Transport and Logistics will continue to be the core business of the Group in which the majority of the Group's operating assets will be deployed.

Operating Revenue of Container Transport and Logistics



The operating results for Container Transport and Logistics also include the operations of Long Beach Container Terminal in California USA and Kaohsiung Container Terminal in Taiwan as those facilities are mainly employed by OOCL and its alliance members.

Asia / Australia

Turnover from the Asia / Australia area dropped drastically from US$4,454.1 million in 2008 to US$2,886.8 million in 2009 as a result of severe decline in volume and a collapse in freight rate level. All services recorded a notable retreat in terms of volume and revenue for the year.

Overall liftings of the Trans-Pacific eastbound services decreased by 16% while freight rates shrank by 24% when compared with those of 2008. Performance on the westbound legs of the Asia/Northern Europe services was deplorable compared against that of 2008 with a 17% drop in volume amid a 42% slide in rates. Intra-Asia, used to be the growth driver, recorded a 14% drop in liftings for the year and a 16% drop in average freight rates. Liftings of the Asia/Australia and New Zealand services dropped by 10% in 2009 and freight rates also shrank by a 19% drop during the year.

Overall load factor as a percentage of the capacity available during 2009 worsened by 6 percentage points from 2008 despite an 8% reduction in available capacity during the year. Results from this region have always been dependent upon the economic environment and consumption patterns of North America and Europe.

Kaohsiung Container Terminal in Taiwan forms an integral part of the Container Transport and Logistics business and its terminal facilities are mainly employed by OOCL and its alliance members.

North America

Revenue decreased by US$297.3 million for this area in 2009. All routes from this region deteriorated from the 2008 results with a decline in both volume and average freight rates. Both Europe- and Asia-bound cargoes recorded a drop in average freight rates which contributed to the decrease in revenue from the region.

Westbound liftings on the Asia/North America West Coast service shrank by 12% against last year while the westbound trade of the Asia/US East Coast service via the Panama Canal recorded a 10% increase. On the other hand, the eastbound Canada/Northern Europe and US East Coast/Northern Europe services showed a combined 19% decline in volume and a 32% decrease in revenue.

Overall volumes dropped by 11% during 2009 while the average revenue per TEU on all outbound cargoes from North America recorded a 20% decrease as compared with last year.

With a 9% reduction in capacity during the year, the overall load factor in the region was only 2 percentage points down from those of 2008.

Long Beach Container Terminal forms an integral part of the Container Transport and Logistics business with its terminal facilities mainly employed by OOCL and its alliance partners.

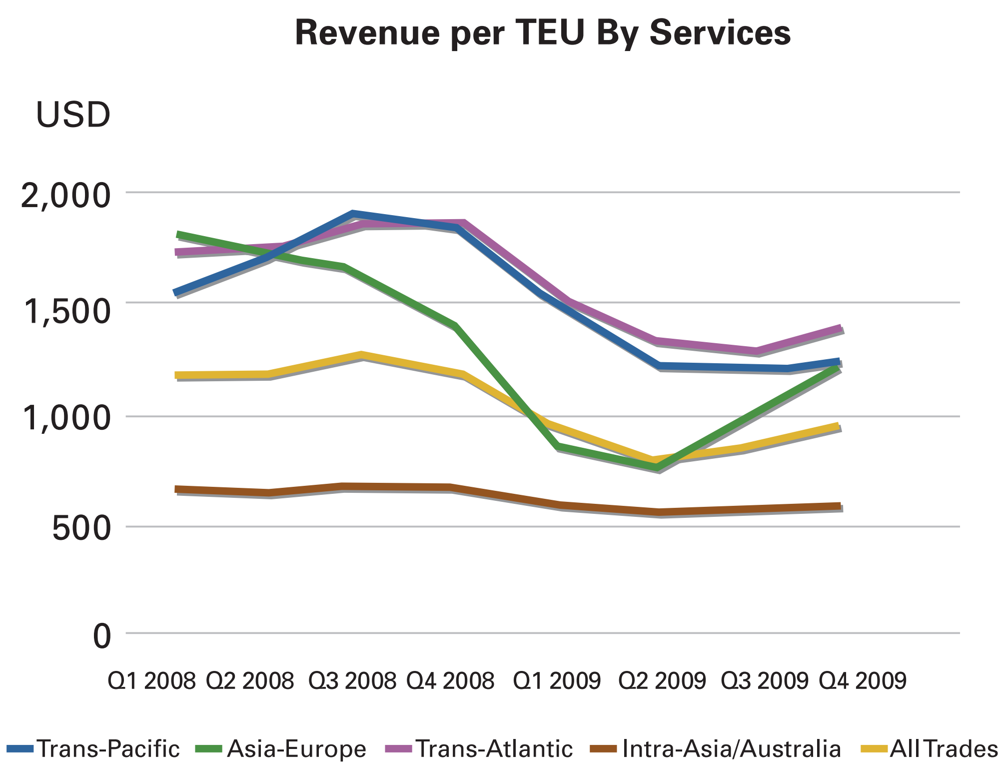
Europe

Turnover for this area in 2009 recorded a noticeable drop from 2008 by US$312.0 million. The eastbound leg of the Asia/Northern Europe services, being the largest revenue contributor for the Europe area in the past years, recorded during the year a slight 9% drop in volume but a 35% decrease in revenue. The westbound rates of the Trans-Atlantic routes also suffered from an acute setback in 2009, thereby also contributing to the revenue downturn.

The eastbound leg of the Asia/Northern Europe services saw a moderate slowdown in volume but a very severe erosion in freight rates during 2009. Liftings for the westbound sectors of the Canada/Northern Europe and US East Coast/Northern Europe services were 16% lower than those of 2008 while average revenue per TEU for both services recorded a 25% drop.

Overall load factors as a percentage of capacity available for cargo shipments from this region were 4 percentage points higher than those recorded in 2008 only after a drastic 17% capacity reduction for the Europe area during 2009.

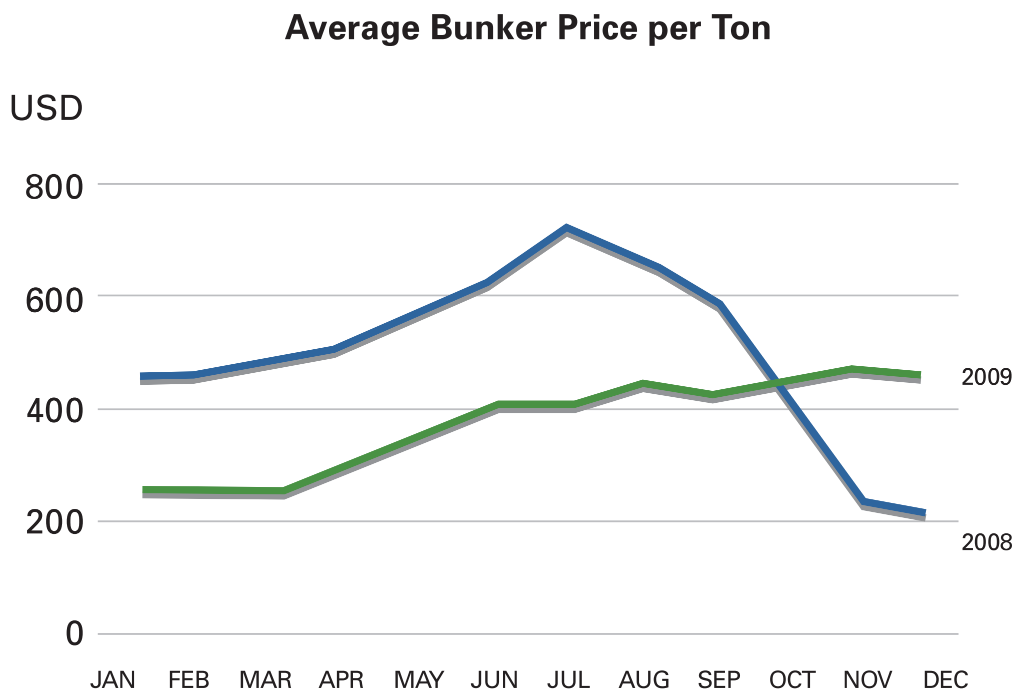
Average revenue per TEU on all outbound cargoes from Europe were 27% lower than that of 2008, amid a 13% decrease in overall volume for the region.



Operating Costs

Principal operating costs of the container transport business, including cargo costs, vessel costs, voyage costs, equipment and repositioning costs, dropped by 24% from that of 2008 pursuant to the lower business volume for the year.

Cargo costs mainly consist of terminal charges, inland transportation costs, commission and brokerage, cargo assessment and freight tax, all of which were largely paid in the local currencies of the areas in which the activities took place. With oil price softened in late 2008, terminal and transportation related costs settled at a more amicable level for the year. These two cost items recorded a 23% saving from 2008.

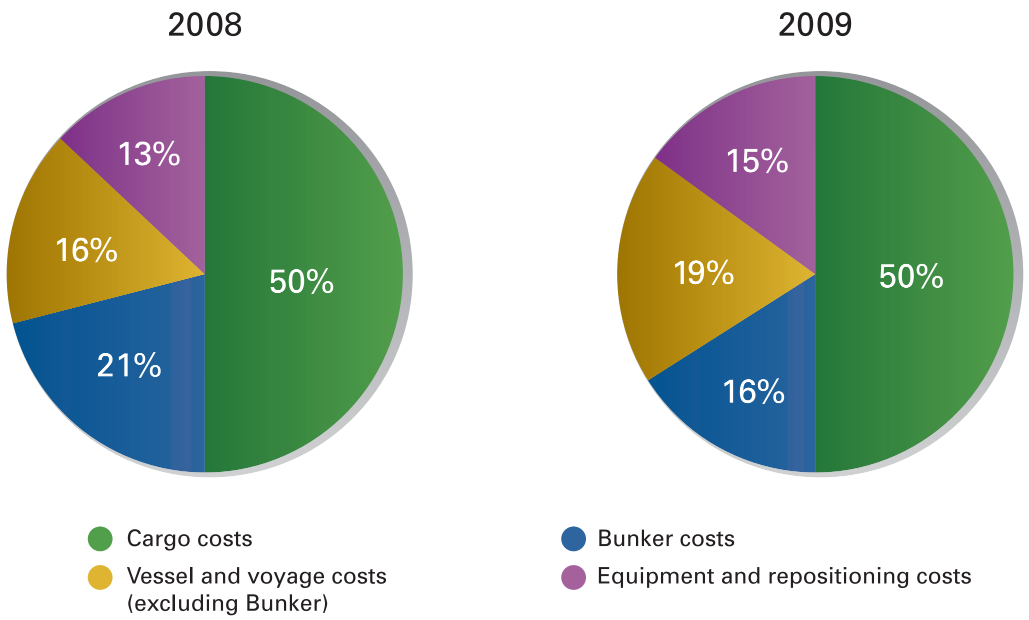


Vessel costs include the operating costs and depreciation charges relating to the OOCL fleet as well as the net charter hire and slot hire expenses incurred in order to maintain the scheduled service levels. With the decrease in chartered-in vessel capacity more than offsetting the extra capacity from newbuildings, total carrying capacity was trimmed from 373,096 TEU as at 2008 year-end to 313,126 TEU in 2009 and the total number of vessels, either owned or chartered in and operated by OOCL, also dropped from 89 to 69. As a result, vessel operating costs decreased by 13% compared with 2008.

Voyage costs comprise mainly bunker costs, port charges, canal dues, cargo claims and insurance. With bunker price easing from an average of US$519 per ton in 2008 to an average of US$353 per ton in 2009 and slow steaming enforced throughout the year, costs in this category were lowered than 2008 by 44%.

Equipment costs principally represent maintenance and repair costs, rental payments, depot expenses and depreciation charges relating to the fleet of containers and chassis equipment, while repositioning costs arise mainly from the relocation of empty containers from areas of low activity to high demand regions. As a result of the trimming down of the container fleet size from 689,863 TEU in 2008 to 612,349 TEU in 2009 and a 29% saving in positioning costs, total equipment and repositioning costs decreased by US$121.4 million, or 16%, during the year.

Operating Costs



Business and Administrative Expenses

Business and administrative expenses largely comprise staff costs, office expenses, selling and marketing costs and professional and information system expenses. With a softening business volume and continuous cost-saving measures, business and administrative expenses in 2009 were lower than 2008 by 15%.

Other Operating Income

Other operating income, comprising principally exchange arising from foreign currency transactions and profits from the disposal of retiring assets, for 2009 was comparable with that of 2008.

Other Activities

Summary of Operating Results

US$'000	2009	2008	Change	%
Rental income	**25,193**	29,162	(3,969)	-14%
Elimination	**(996)**	(938)	(58)	6%
Operating revenue	**24,197**	28,224	(4,027)	-14%
Operating costs	**(14,413)**	(14,024)	(389)	3%
Gross profit	**9,784**	14,200	(4,416)	-31%
Investment income/(loss)	**16,911**	(13,872)	30,783	-222%
Interest income	**4,610**	48,201	(43,591)	-90%
Expenses	**(7,361)**	(17,880)	10,519	-59%
Operating profit	**23,944**	30,649	(6,705)	-22%

The Group owns an approximately 600,000 sq ft office and commercial property, Wall Street Plaza, located at 88 Pine Street, New York, USA, an area popularly referred to as the "Wall Street area". The building was constructed in 1972 and is operated as a multi-tenanted building. Approximately 20,000 sq ft is occupied by Group companies. The Group also invests funds surplus to operation in cash and bank deposit and, on a longer term basis, in equity and bond portfolios. The Group also owns a 7.9% interest in a modern comprehensive office, commercial, hotel and service apartment complex known as "Beijing Oriental Plaza", with a gross floor area of approximately 800,000 sqm, on Wangfujing Dajie, Beijing.

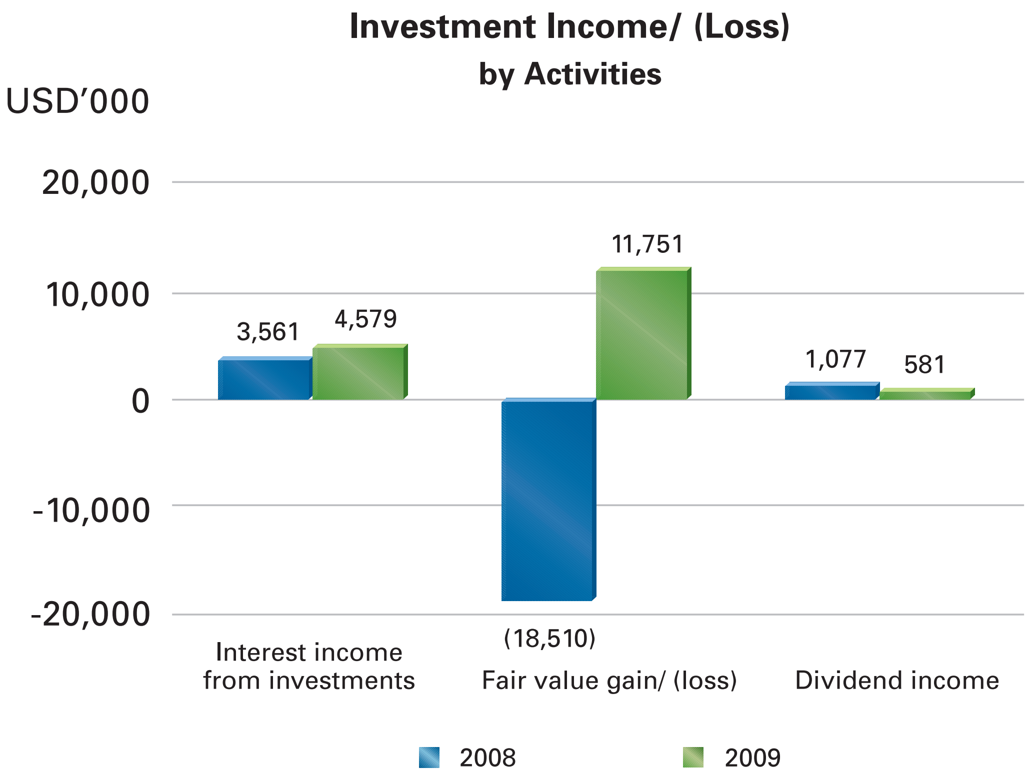
Results from Other Activities for 2009 were US$6.7 million lower than that of 2008 mainly due to the substantial drop in interest income caused by the falling interest rates, offset in part by a turnaround in investment portfolio performance.

Rental Income

Rental income from Wall Street Plaza was US$4.0 million lower than that of last year, as a result of a receipt of an early lease termination compensation in 2008 which was non-recurring. As at the end of 2009, the building maintained an occupancy rate of over 95%.

Investment income/(loss)

Compared with a loss of US$13.9 million in 2008, investment activities recorded a profit of US$16.9 million for the year. Although dividends from equity investments were lower than that of 2008, fair value gains became the principal profit driver, reflecting the recovery of major global financial markets over the year.



Interest income

Interest income was US$43.6 million lower in 2009 which was attributable to the falling interest rates and a lower average cash balance available for deposit purposes.

Other expenses

Other expenses include business and administration expenses for corporate services, exchange differences and other miscellaneous items.

Finance Costs

The Group incurs interest expenses on bank loans, finance leases and, to a very small extent, on bank overdrafts. These borrowings are variously secured against vessels, containers, chassis, terminal equipment and the investment property owned by the Group. Finance costs also include fees on lease administration.

Finance costs decreased by US$45.7 million as compared with 2008 principally as a result of the falling interest rates, offset in part by the increase in indebtedness pursuant to the deliveries of newbuildings in 2009. The average cost of financing dropped from 2.0% in 2008 to 0.8% in 2009.

Loss in Fair Value on Investment Property

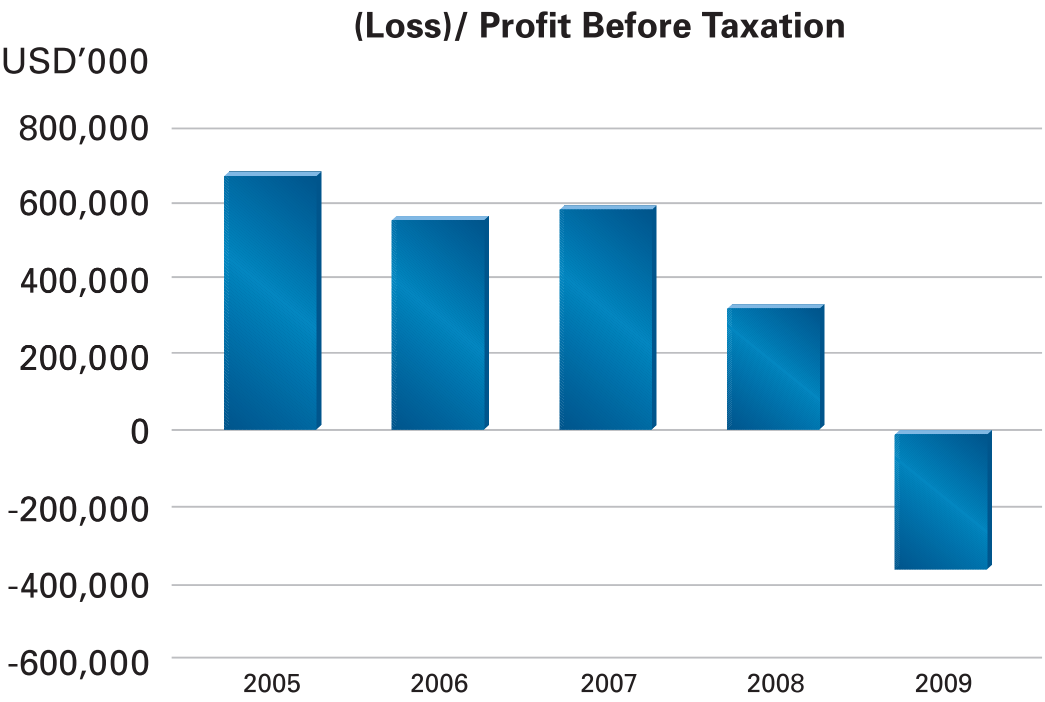
Wall Street Plaza was valued at US$160 million as at 30th June 2009, down from the US$175 million valuation at the end of 2008, resulting in a loss in fair value of US$15 million for the first half of 2009. As at 31st December 2009, the investment property was valued at US$150 million, down by a further US$10 million due to the deterioration of the property market in Manhattan during the second half of the year. Consequently, a total of US$25 million loss in fair value was recorded in 2009.

Share of Results of Jointly Controlled Entities and Associated Companies

Share of results of jointly controlled entities and associated companies mainly represents the Group's investment in a depot joint venture in Qingdao and a 20% stake in two terminals located in Tianjin and Ningbo, which commenced operations in 2007. The share of US$5.7 million profit from jointly controlled entities and associated companies in 2009 was comparable to 2008, reflecting the steady operations of the Tianjin and Ningbo terminals.

Loss before Taxation

Pre-tax loss for the year was US$361.9 million compared with last year's profit of US$322.5 million. The decreased earnings reflected the adverse market condition of the Container Transport and Logistics business for the best part of the year.



Taxation

US$'000	2009	2008	Change	%
Company and subsidiaries:				
North America	**3,463**	4,947	(1,484)	-30%
Europe	**3,623**	4,862	(1,239)	-25%
China	**2,481**	2,230	251	11%
Asia and others	**4,667**	12,938	(8,271)	-64%
Total	**14,234**	24,977	(10,743)	-43%

Taxation for 2009 was US$10.7 million less than that of 2008 reflecting a drop in business volume and the non-profitable operating results. Most operating regions paid less tax in 2009, which was in line with the general decline in business.

Loss from Discontinued Operation

Discontinued operation represented the Group's property development activities (the "OODL Division") which included all existing property development projects in China, other than the interests in Beijing Oriental Plaza and Wall Street Plaza.

Pursuant to an agreement reached between the Group and the CapitaLand China (RE) Holdings Co. Ltd on 18th January 2010, the OODL Division was sold at a total consideration of US$2.2 billion and the transfer of the division was duly completed in February 2010. Accordingly, the operation of the OODL Division was separately identified as discontinued operation in the years under review.

Capital Expenditure

US$'000	2009	2008	Change	%
Container vessels and Capitalised dry-docking costs	**48,521**	18,261	30,260	166%
Vessels under construction	**292,662**	292,834	(172)	N/A
Containers	**—**	211,009	(211,009)	-100%
Chassis	**520**	5,663	(5,143)	-91%
Vehicles, furniture, computer and other equipment	**16,275**	45,536	(29,261)	-64%
Computer software	**12,401**	14,107	(1,706)	-12%
Land and buildings	**9,782**	63,158	(53,376)	-85%
	380,161	650,568	(270,407)	-42%

Capital expenditure decreased from US$650.6 million in 2008 to US$380.2 million in 2009, representing a cut of 42% from the 2008 level. Vessels under construction accounted for 77% and 45% of the total capital expenditure in 2009 and 2008 respectively. The Group cut capital payment on container and chassis by US$216.2 million from 2008 to 2009. Other capital expenditures received similar rationing in 2009. As the Group continued to strengthen its IT capabilities in the core business, capital expenditure in this regard was maintained at a level comparable to that of 2008.

Vessels

During 2009 the Group took deliveries of five "P" Class 4,506 TEU Panamax-sized vessels from Samsung Heavy Industries Co Ltd in South Korea – being the OOCL Norfolk, the OOCL Brisbane, the OOCL New Zealand, the OOCL Dalian and the OOCL Nagoya.

Five "P" Class and four "SX" Class 8,063 TEU vessels will be delivered from Samsung in 2010. Additionally, the Group have six 8,600 TEU newbuilds from Hudong – Zhonghua Shipyard (Group) Co. Ltd. scheduled for delivery from April 2011 to May 2013.

Newbuilding Delivery Schedule

No.	Newbuilding	TEU	Delivery	Date of Order
1	Hull no. 1801 "OOCL Charleston"	4,506	Jan 2010	2007
2	Hull no. 1728 "OOCL Le Havre"	4,506	Jan 2010	2006
3	Hull no. 1719 "OOCL Seoul"	8,063	Jan 2010	2006
4	Hull no. 1720 "OOCL Washington"	8,063	Jan 2010	2006
5	Hull no. 1721 "OOCL London"	8,063	Apr 2010	2006
6	Hull no. 1722 "OOCL Luxembourg"	8,063	Apr 2010	2006
7	Hull no. 1729 "OOCL Guangzhou"	4,506	May 2010	2006
8	Hull no. 1730 "OOCL Savannah"	4,506	May 2010	2006
9	Hull no. 1731 "OOCL Ho Chi Minh"	4,506	Jun 2010	2006
		54,782		
10	Hull no. 1562 "to be named"	8,600	Apr 2011	2008
11	Hull no. 1563 "to be named"	8,600	Jun 2011	2008
		17,200		
12	Hull no. 1564 "to be named"	8,600	Dec 2012	2008
		8,600		
13	Hull no. 1584 "to be named"	8,600	Feb 2013	2008
14	Hull no. 1565 "to be named"	8,600	Apr 2013	2008
15	Hull no. 1585 "to be named"	8,600	May 2013	2008
		25,800		
		106,382		

Review of Consolidated Balance Sheet

Summary of Consolidated Balance Sheet

US$'000	2009	2008	Change	%
Property, plant and equipment	**3,798,048**	3,780,945	17,103	N/A
Investment property and prepayments of lease premiums	**160,175**	189,201	(29,026)	-15%
Jointly controlled entities and associated companies	**64,202**	67,911	(3,709)	-5%
Intangible assets	**53,104**	47,098	6,006	13%
Liquid assets	**1,354,387**	2,077,087	(722,700)	-35%
Accounts receivable and other assets	**1,708,466**	1,496,368	212,098	14%
Other non-current assets	**49,386**	43,025	6,361	15%
TOTAL ASSETS	**7,187,768**	7,701,635	(513,867)	-7%
Accounts payable and other liabilities	**(607,193)**	(850,472)	243,279	-29%
Current taxation	**(10,319)**	(16,034)	5,715	-36%
TOTAL ASSETS LESS TRADING LIABILITIES	**6,570,256**	6,835,129	(264,873)	-4%
Long-term borrowings	**2,135,967**	2,218,251	(82,284)	-4%
Short-term borrowings, overdrafts and current portion of long-term borrowings	**432,055**	153,895	278,160	181%
Total debt	**2,568,022**	2,372,146	195,876	8%
Minority interests and deferred liabilities	**57,550**	75,912	(18,362)	-24%
Ordinary shareholders' funds	**3,944,684**	4,387,071	(442,387)	-10%
CAPITAL EMPLOYED	**6,570,256**	6,835,129	(264,873)	-4%
Debt to equity ratio	**0.65**	0.54		
Net debt to equity ratio	**0.31**	0.07		
Accounts payable as a % of turnover	**13.82**	12.80		
Accounts receivable as a % of turnover	**8.74**	6.70		
% return on average ordinary shareholders' funds	**(9.66)**	6.40		
Net asset value per ordinary share (US$)	**6.30**	7.01		
Liquid assets per ordinary share (US$)	**2.16**	3.32		
Share price at 31st December (US$)	**4.65**	2.21		
Price to book ratio based on share price at 31st December	**0.74**	0.31		

Property, Plant & Equipment

US$'000	2009	2008	Change	%
Vessels	**2,845,707**	2,610,868	234,839	9%
Containers & chassis	**812,935**	909,360	(96,425)	-11%
Land & buildings	**36,880**	136,984	(100,104)	-73%
Others	**102,526**	123,733	(21,207)	-17%
	3,798,048	3,780,945	17,103	N/A

Container Transport and Logistics remains the core business of the Group and the one in which the majority of property, plant and equipment is deployed. The assets largely comprise container vessels, containers and chassis, property, terminal and computer equipment and systems. During 2006, the Group placed orders for four new container vessels of 8,063 TEU capacity and four new 4,500 TEU container vessels for delivery from 2009 onward. In 2008, further orders were placed for six 4,500 TEU and six 8,600 TEU new vessels for delivery in 2009 to 2013. As at the end of 2009, the Group had a total of 15 newbuildings on order to be delivered in 2010 to 2013.

The increase in property, plant and equipment in 2009 principally reflects the delivery of new container vessels during the year and the stage payments on new vessels under construction, offset in part by the annual depreciation charges for the year and the reclassification of assets of OODL Division to "Assets held for sale" under current assets.

Investment Property and Prepayments of Lease Premiums

US$'000	2009	2008	Change	%
Investment property	**150,000**	175,000	(25,000)	-14%
Prepayments of lease premiums	**10,175**	14,201	(4,026)	-28%
	160,175	189,201	(29,026)	-15%

Investment property represents the Group's commercial building, Wall Street Plaza, in New York. The building was valued at US$150.0 million at the end of 2009 by an independent valuer (2008: US$175.0 million).

Jointly Controlled Entities and Associated Companies

US$'000	2009	2008	Change	%
Jointly Controlled Entities	**4,465**	6,917	(2,452)	-35%
Associated Companies	**59,737**	60,994	(1,257)	-2%
	64,202	67,911	(3,709)	-5%

The investment in jointly controlled entities and associated companies for 2009 mainly comprises a 20% interest in two associated companies for two container terminals in Tianjin and Ningbo and the interest in a joint venture for the operation of a container depot and transportation business in Qingdao, while the 2008 figure also included investments in jointly controlled entities by OODL Division. The decrease in the investments in jointly controlled entities and associated companies for 2009 year was mainly due to the reclassification of investment balances held by OODL Division to "Assets held for sale", offset in part by the profits shared for the year.

Intangible Assets

US$'000	2009	2008	Change	%
Container Transport and Logistics	**53,104**	47,005	6,099	13%
Others	**—**	93	(93)	-100%
	53,104	47,098	6,006	13%

Intangible assets represent computer software development costs which are written-off over a period of five years.

Liquid Assets

US$'000	2009	2008	Change	%
Container Transport and Logistics	**343,438**	595,303	(251,865)	-42%
OODL Division	**—**	580,075	(580,075)	-100%
Other Activities	**18,433**	11,799	6,634	56%
Cash and portfolio funds	**910,030**	847,843	62,187	7%
Available-for-sale listed equity securities	**3,448**	5,435	(1,987)	-37%
Held-to-maturity investments	**79,038**	36,632	42,406	116%
Liquid assets held under continuing operations	**1,354,387**	2,077,087	(722,700)	-35%
Cash classified as held for sale	**262,124**	—	262,124	N/A
Total liquid assets	**1,616,511**	2,077,087	(460,576)	-22%

The Group adopts a central treasury system under which certain funds surplus to planned requirements are set aside for portfolio investments in fixed income bonds or equities managed by in-house managers under guidelines imposed by the Board.

The Group's investment portfolios are largely invested in US dollar bonds, short-term cash deposits or similar instruments, and listed equities. No investments are made in derivative investment products.

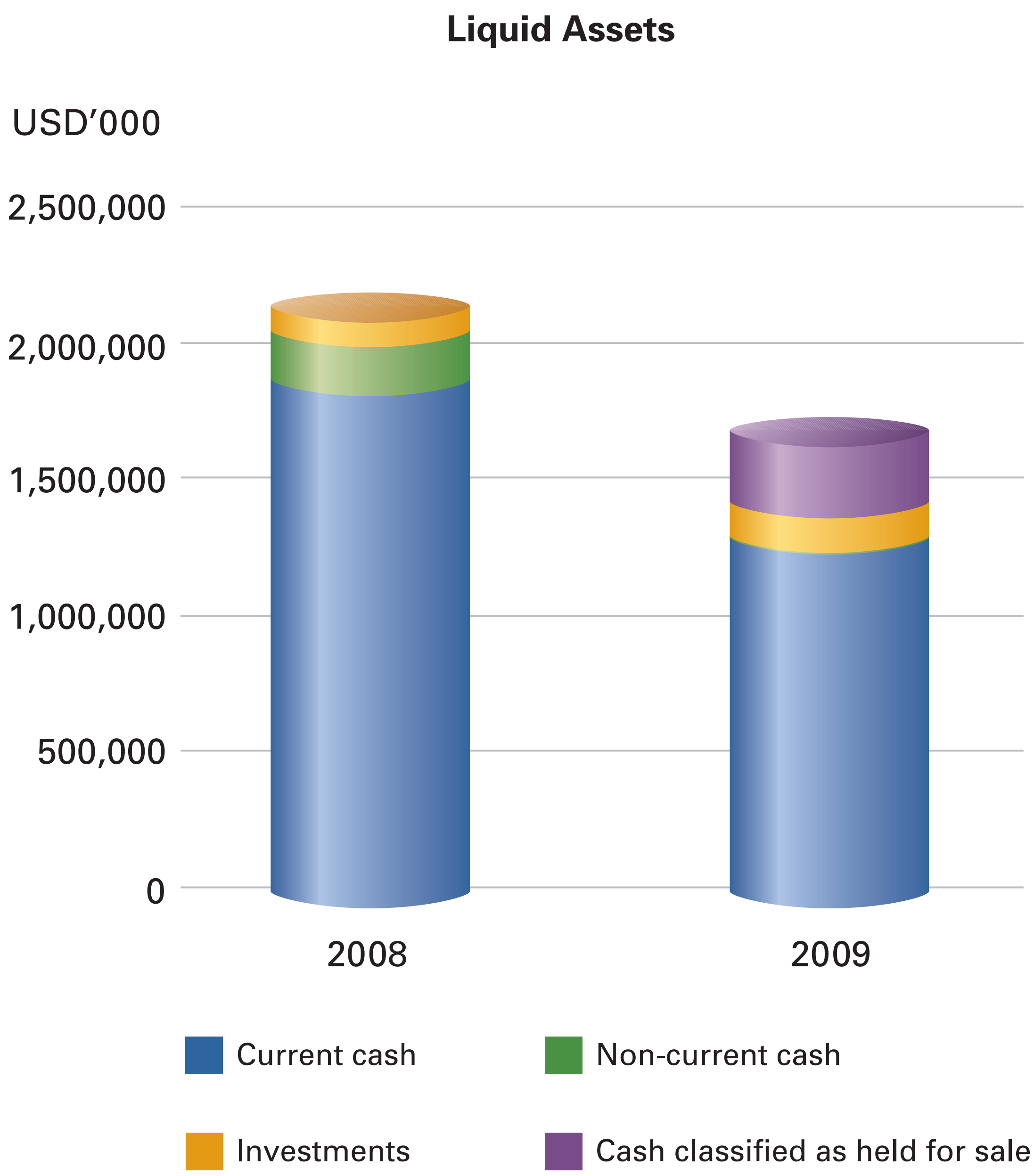
Available-for-sale listed equity securities mainly represent listed securities held for medium-term value growth; held-to-maturity investments are entirely bonds intended to be held until maturity.

Pursuant to the disposal of OODL Division concluded in February 2010, its liquid asset balances have been reclassified as "Assets held for sale" under current assets at the balance sheet date. The Group has received cash of approximately US$2.2 billion upon the disposal of OODL Division.

The Group's total liquid assets at the end of 2008 and 2009 can be further analyzed as follows:

US$'000	2009	2008	Change	%
Cash (per cashflow statement)	**1,088,254**	1,778,453	(690,199)	-39%
Bank overdrafts	**145**	262	(117)	-45%
Bank balances and deposits maturing within three months from the date of placement	**1,088,399**	1,778,715	(690,316)	-39%
Bank balances and deposits maturing over three months from the date of placement	**136,703**	81,395	55,308	68%
	1,225,102	1,860,110	(635,008)	-34%
Cash and bank balances (per balance sheet)	**1,225,102**	1,804,910	(579,808)	-32%
Bank deposit	**—**	55,200	(55,200)	-100%
	1,225,102	1,860,110	(635,008)	-34%
Restricted bank balances	**2,207**	120,867	(118,660)	-98%
Portfolio investments	**44,592**	54,043	(9,451)	-17%
Available-for-sale listed equity securities	**3,448**	5,435	(1,987)	-37%
Held-to-maturity investments	**79,038**	36,632	42,406	116%
Liquid assets held under continuing operations	**1,354,387**	2,077,087	(722,700)	-35%
Cash classified as held for sale	**262,124**	—	262,124	N/A
Total liquid assets	**1,616,511**	2,077,087	(460,576)	-22%

Liquid asset is further classified into current cash, non-current cash, cash classified as held for sale and investments. Current cash, which has the highest liquidity, accounted for over 75% of the liquid asset in both 2009 and 2008. Non-current cash, which represents mainly restricted bank balances, decreased from 8.5% in 2008 to 0.1% in 2009 of the total liquid assets. However, investment increased to US$127 million from 2008 to 2009, sharing 7.9% of the total liquid assets.



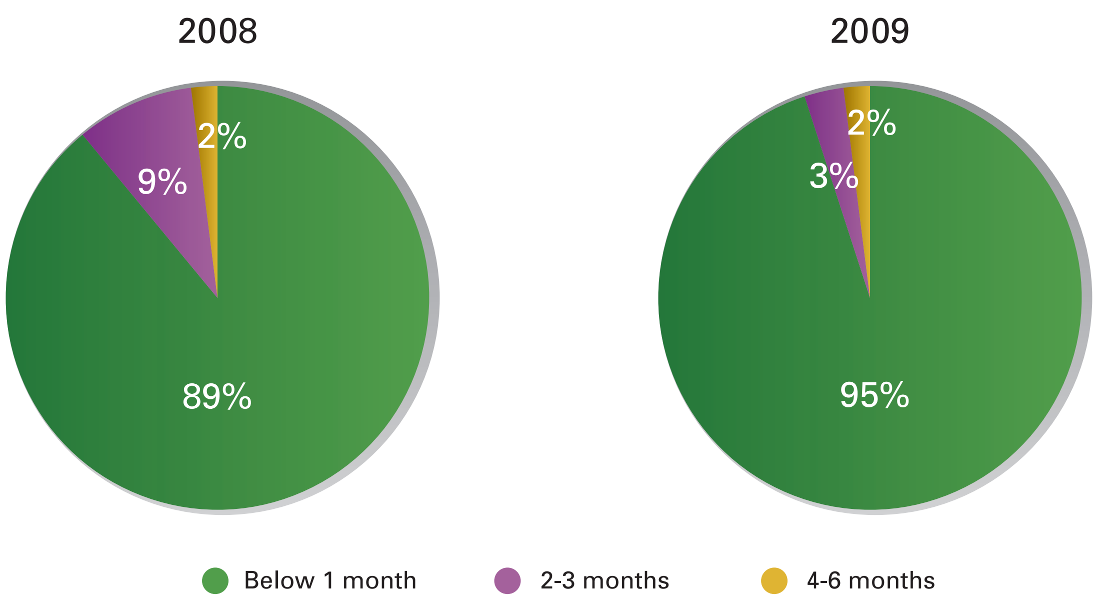
Accounts Receivable and Other Assets

US$'000	2009	2008	Change	%
Container Transport and Logistics	**453,810**	512,331	(58,521)	-11%
Others	**128,808**	984,037	(855,229)	-87%
Assets held for sale	**1,125,848**	—	1,125,848	N/A
	1,708,466	1,496,368	212,098	14%

Accounts receivable and other assets for Container Transport and Logistics decreased by US$58.5 million to US$453.8 million at the end of 2009. The decrease principally reflected a lower balance of trade receivables in line with more cautious credit periods extended to customers amid a volatile economic environment.

Pursuant to the conclusion of its disposal, the OODL Division was treated as "Assets held for sale" as at the end of 2009, and its net asset value as at the balance sheet date was US$1,126 million. However, the disposal did not include the Group's 7.9% interest in Beijing Oriental Plaza.

Ageing Analysis of Trade Receivables

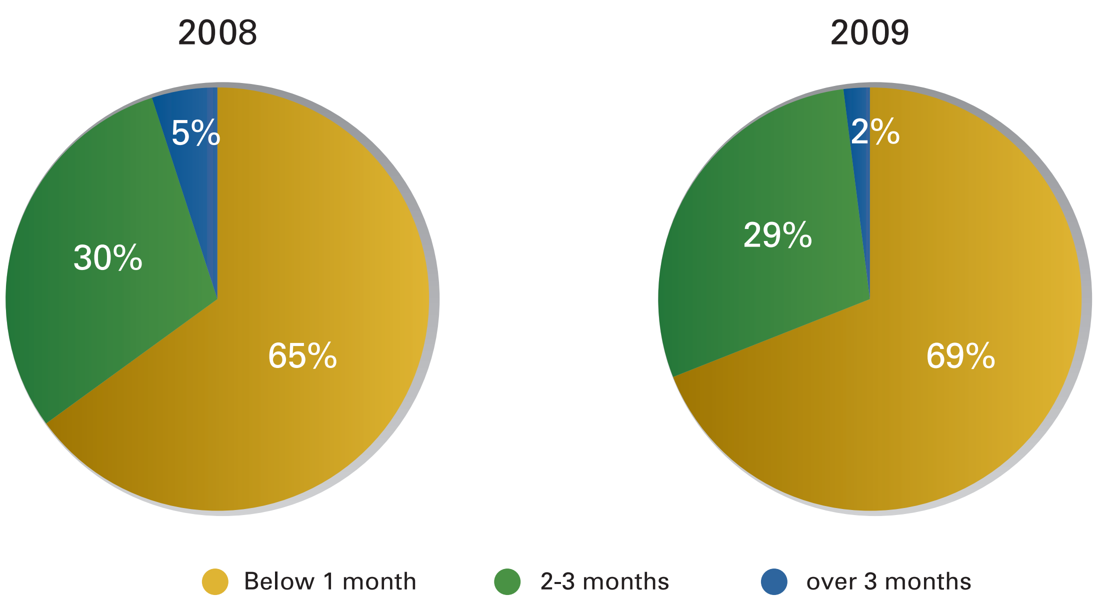


Accounts Payable and Other Liabilities

US$'000	2009	2008	Change	%
Container Transport and Logistics	**603,716**	631,540	(27,824)	-4%
Others	**3,477**	218,932	(215,455)	-98%
	607,193	850,472	(243,279)	-29%

Accounts payable and other liabilities at the end of 2009 were US$243.3 million lower than that of 2008. The accounts payable and other liabilities of Container Transport and Logistics in 2009 being comparable to that of 2008, the decrease mainly arose from the reclassification of liabilities in respect of OODL Division to "liabilities directly associated with assets classified as held for sale" under current liabilities pursuant to the concluded sale of the division.

Ageing Analysis of Trade Payables



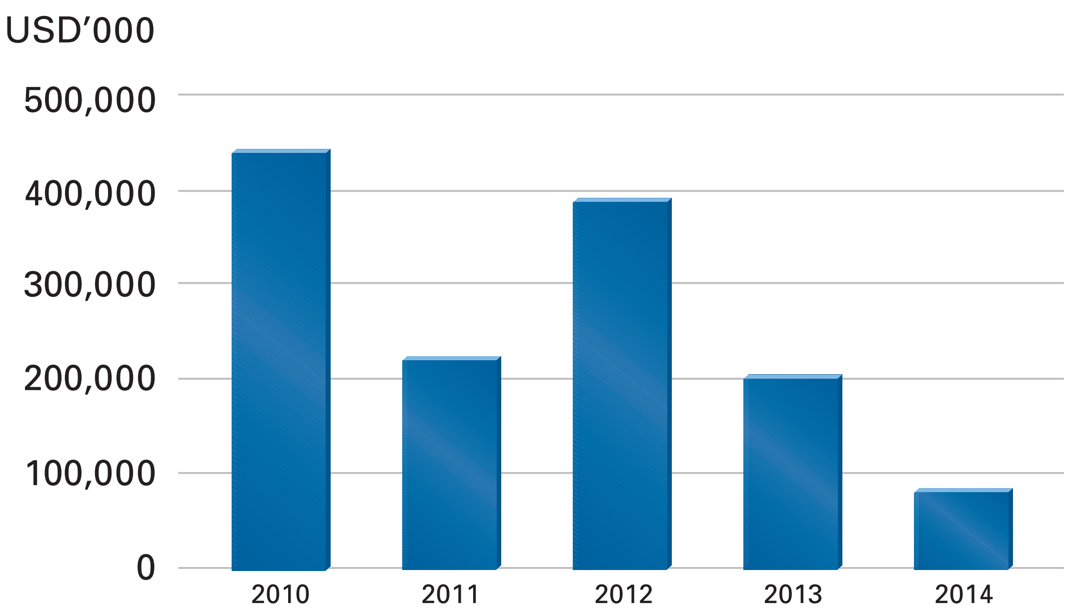
Total Debt

US$'000	2009	2008	Change	%
Bank loans	**780,080**	588,923	191,157	32%
Other loans	**273,394**	205,052	68,342	33%
Finance lease obligations	**1,514,403**	1,577,909	(63,506)	-4%
Bank overdrafts	**145**	262	(117)	-45%
	2,568,022	2,372,146	195,876	8%

Total debt increased during the year by US$195.9 million principally as a result of the financial obligations incurred upon the deliveries of new container vessels during the year, offset in part by the scheduled repayments and the reclassification of loans of OODL Division to "liabilities directly associated with assets held for sale" pursuant to the concluded sale of the division.

Total debt repayment between 2010 and 2014 is US$1,315 million, which is 51% of the total debt of 2009. Details of the repayment profile of the Group's borrowings are set out in Note 36 to the Accounts.

Debt Repayment Profile Between 2010 and 2014



Debt Profile

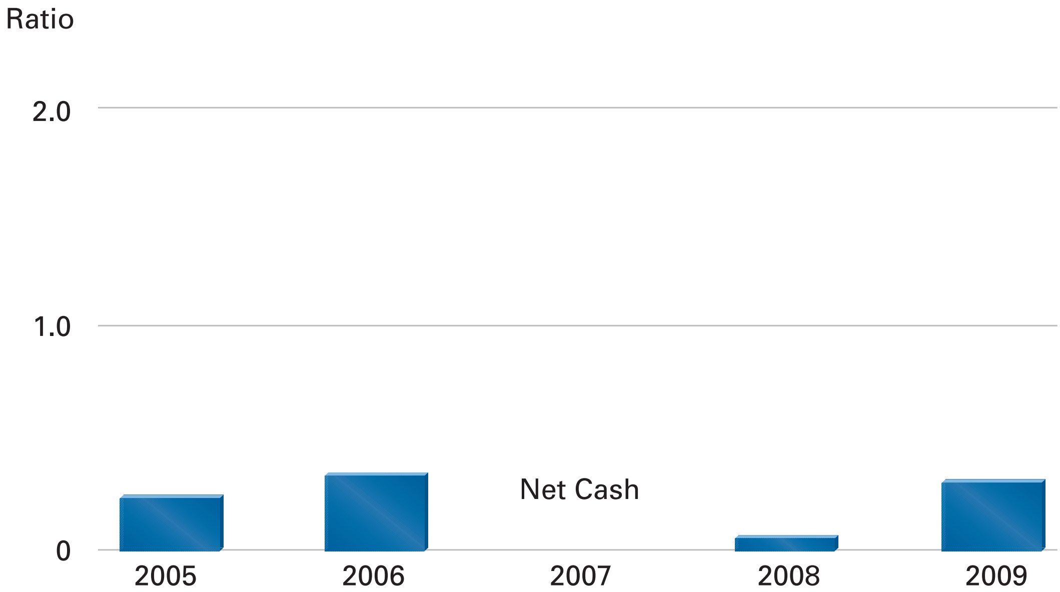
As at the end of 2009, 98% (2008: 95%) of the Group's total debt was denominated in US dollars which effectively reduced the risk of exchange fluctuations.

Of the total US$2,568.0 million debt outstanding at the end of 2009, US$68.1 million was fixed-rate debt and the remaining US$2,499.9 million of indebtedness was subject to floating interest rates at various competitive spreads over three-month LIBOR (or equivalent) and related principally to the financing of vessels, container equipment and the investment property, Wall Street Plaza. The Group's average cost of debt at 31st December 2009 was 0.8% (2008: 2.0%).

Net Debt to Equity Ratio

This ratio increased from 0.07: 1 at end of 2008 to 0.31: 1 at end of 2009 mainly a result of the stage payments on newbuildings and the loss suffered during the period. This ratio has been and will be closely monitored in the light of the delivery and financing of new vessels ordered and business forecasts over the next three years. It is the Group's objective to keep this key ratio below a threshold of 1.0.

Net Debt to Equity (Continuing Operations)



Shareholders' Funds

As at 31st December 2009, the Company had a number of 625,793,297 shares in issue, consisting entirely of ordinary shares. With the loss incurred during the year, the Group's consolidated shareholders' funds decreased by US$442.4 million to US$3,944.7 million as at the end of 2009 with a net asset value per ordinary share of US$6.30 (2008: US$7.01).

Operating Leases and Commitments

In addition to the operating assets owned by the Company and its subsidiaries, the Group also manages and utilizes assets through operating lease arrangements. The total rental payment in respect of these leases for 2010 amounted to US$218.9 million as detailed in Note 38(b) to the Accounts of this report. Assets under operating lease arrangements consist primarily of container boxes, chassis, container vessels and a terminal in North America.

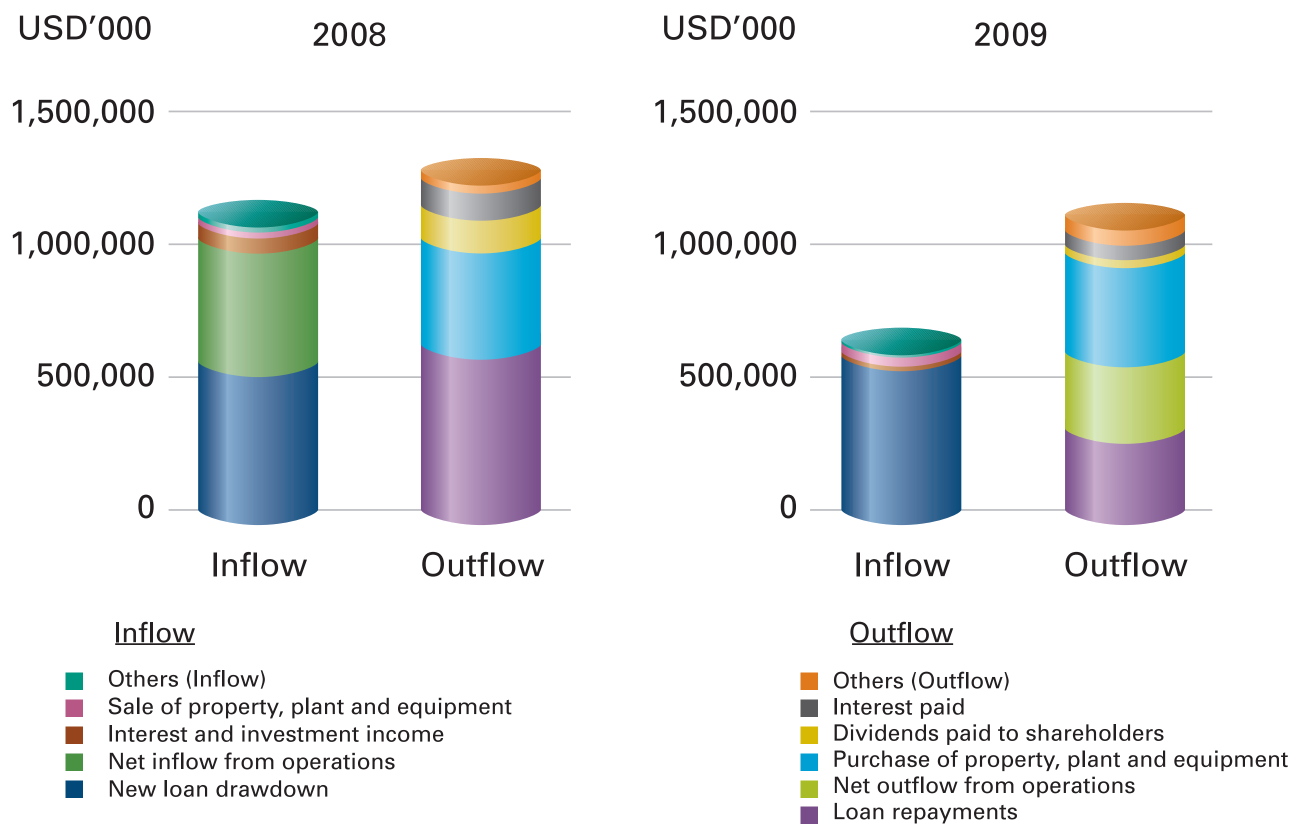
As at the end of 2009, the Group had outstanding capital commitments amounting to US$734.7 million, principally represented by the orders placed for new container vessels to be delivered between 2010 and 2013.

Analysis of Change in Liquid Assets

US$'000	2009	2008	Change	%
Net inflow from operations	**(291,049)**	463,341	(754,390)	-163%
Investing and financing inflow:				
Interest and investment income	**14,908**	53,051	(38,143)	-72%
Sale of property, plant and equipment and investments	**32,484**	22,646	9,838	43%
New loan drawdown	**525,154**	504,419	20,735	4%
Cash from jointly controlled entities	**2,570**	2,922	(352)	-12%
Contribution from minority interests	**—**	15,224	(15,224)	-100%
Others	**6,723**	—	6,723	N/A
	581,839	598,262	(16,423)	-3%
Investing and financing outflow:				
Interest paid	**(54,594)**	(102,275)	47,681	-47%
Dividends paid to shareholders	**(28,187)**	(125,167)	96,980	-77%
Taxation paid	**(8,233)**	(16,188)	7,955	-49%
Purchase of property, plant and equipment and investments	**(371,540)**	(399,957)	28,417	-7%
Loan repayments	**(248,806)**	(565,799)	316,993	-56%
Purchase of intangible assets	**(12,401)**	(14,107)	1,706	-12%
Acquisition of additional interest in a subsidiary	**(34,527)**	—	(34,527)	N/A
Others	**(1,296)**	(615)	(681)	111%
	(759,584)	(1,224,108)	464,524	-38%
Net outflow	**(468,794)**	(162,505)	(306,289)	188%
Beginning liquid asset balances	**2,077,087**	2,244,865	(167,778)	-7%
Classified as assets held for sale	**(262,124)**	—	(262,124)	N/A
Changes in exchange rates	**8,218**	(5,273)	13,491	-256%
Ending liquid asset balances	**1,354,387**	2,077,087	(722,700)	-35%
Represented by:				
Unrestricted bank balances and deposits	**1,225,102**	1,860,110	(635,008)	-34%
Restricted bank balances and deposits	**2,207**	120,867	(118,660)	-98%
Portfolio investments	**44,592**	54,043	(9,451)	-17%
Available-for-sale listed equity securities	**3,448**	5,435	(1,987)	-37%
Held-to-maturity investments	**79,038**	36,632	42,406	116%
	1,354,387	2,077,087	(722,700)	-35%

A net outflow of US$468.8 million was recorded in 2009 compared with a net outflow of US$162.5 million in 2008. Operating outflow of US$291.0 million for the year was US$754.4 million worse than that of 2008 mainly a result of the operating loss incurred in 2009. The capital payments and corresponding loan drawdown amounts in 2009 mainly reflected the scheduled stage payments on new vessels previously ordered. With the disposal of the OODL Division concluded in 2010, the associated liquid asset balances of US$262.1 million were reclassified as "Assets held for sale" under current assets in 2009. Total liquid asset balances dropped to US$1,354.4 million at the end of 2009 against US$2,077.1 million in 2008.

Cash Inflow / Outflow from Operating, Investing and Financing



Liquidity

As at 31st December 2009, the Group had total liquid asset balances of US$1,354.4 million compared with debt obligations of US$432.1 million repayable in 2010. Total current assets at the end of 2009 amounted to US$1,738.2 million against total current liabilities of US$1,049.6 million. The Group's shareholders' funds are entirely ordinary shareholders' equity with no loan capital. The Group prepares and updates cashflow forecasts for asset acquisitions, project development requirements, as well as working capital needs, from time to time with the objective of maintaining a proper balance between a conservative liquidity level and an efficient investment of surplus funds.

Board of Directors

TUNG Chee Chen

Mr. TUNG Chee Chen, aged 67, has been appointed as Chairman, President and Chief Executive Officer of the Company since October 1996. Mr. Tung chairs the Executive Committee and the Remuneration Committee of the Company. He is also the Chairman or a Director of various subsidiaries of the Company. Mr. Tung graduated from the University of Liverpool, England, where he received his Bachelor of Science degree and acquired a Master's degree in Mechanical Engineering at the Massachusetts Institute of Technology in the United States. Mr. Tung is an Independent Non-Executive Director of BOC Hong Kong (Holdings) Limited, Cathay Pacific Airways Limited, Wing Hang Bank, Limited, Sing Tao News Corporation Limited, PetroChina Company Limited, Zhejiang Expressway Co., Ltd., and U-Ming Marine Transport Corp., which are all listed public companies. Mr. Tung is the brother-in-law of Mr. King Roger, a Non-Executive Director of the Company, and an uncle of Mr. Tung Lieh Sing Alan, an Executive Director of the Company.

CHOW Philip Yiu Wah

Mr. CHOW Philip Yiu Wah, aged 62, has been an Executive Director of the Company since December 2003 and is a member of the Executive Committee, the Finance Committee and the Share Committee of the Company and a Director of various subsidiaries of the Company. Mr. Chow holds a Bachelor of Science degree in chemistry and physics from the University of Hong Kong and a Master of Business Administration degree from the Chinese University of Hong Kong. He has served the Group in various capacities for 34 years and is the Chief Executive Officer of Orient Overseas Container Line Limited. He did not hold directorships in any other public companies listed in Hong Kong and overseas in the last three years.

Kenneth Gilbert CAMBIE

Mr. Kenneth Gilbert CAMBIE, aged 48, has been an Executive Director and the Chief Financial Officer of the Company since August 2007. He chairs the Finance Committee and the Share Committee and is a member of the Compliance Committee and the Executive Committee of the Company and a Director of various subsidiaries of the Company. He is a member of the New Zealand Institute of Chartered Accountants and holds a Master of Commerce degree (first class honours) from Auckland University in New Zealand. Mr. Cambie joined the Company following a 20-year career with Citibank. His last position with Citibank was as Director, Transportation, Asia Pacific Corporate Banking based in Hong Kong. In that role Mr. Cambie was responsible for meeting the banking and financing needs of a range of shipping, port, airline and airport companies in the Asia and Pacific regions. Prior to moving to Hong Kong in mid-2001, Mr. Cambie was the corporate banking head for Citibank, New Zealand for seven years and had also spent several years with the bank in Australia in corporate banking and leveraged finance roles. He did not hold directorships in any other public companies listed in Hong Kong and overseas in the last three years.

TUNG Lieh Sing Alan

Mr. TUNG Lieh Sing Alan, aged 42, has been an Executive Director of the Company since 1st May 2005. He was the Managing Director of Orient Overseas Developments Limited, a wholly-owned subsidiary of the Company, which was the holding company for the Group's property investments until 10th February 2010. Mr. Tung has been with the Group in various capacities for 17 years and is a Director of various subsidiaries of the Company. Mr. Tung graduated from Princeton University, Politics Department with a Bachelor of Arts degree. Mr. Tung serves as the Vice Chairman of the Hong Kong Shipowners Association, and a member of the Hong Kong Government's Maritime Industry Council. He is on the Executive Committee of INTERCARGO, an international dry bulk shipowner organization, and a Departmental Advisory Committee member of The Hong Kong Polytechnic University Department of Logistics and Maritime Studies. He did not hold directorships in any other public companies listed in Hong Kong and overseas in the last three years. Mr. Tung is a nephew of Mr. Tung Chee Chen, the Chairman of the company, and Mr. King Roger, a Non-Executive Director of the Company.

KING Roger

Mr. KING Roger, aged 69, has been a Non-Executive Director of the Company since March 2000 and was an Executive Director from 1992, a member of the Finance Committee of the Company since 4th March 2008 and is also a Director of an associated company. He was the Managing Director and Chief Operating Officer of Orient Overseas (Holdings) Limited ("OOHL") for the period from September 1985 to January 1987 and a Director from 1983 until 1992. Mr. King is a graduate of the University of Michigan, BSEE, New York University, MSEE; Harvard Business School, AMP; and Hong Kong University of Science and Technology, Ph.D. in Finance. Prior to joining OOHL in 1974, he served in the United States Navy and worked in computer research and management consultancy at Bell Telephone Laboratories and John Diebold, respectively. Mr. King is currently a Non-Executive Director of a number of other companies, including Arrow Electronics, Inc., a company listed on the New York Stock Exchange, a Member of the Supervisory Board of TNT N.V., listed in the Netherlands and Sincere Watch (Hong Kong) Limited, listed on the Hong Kong Stock Exchange. He is the former Executive Chairman of System-pro Computers Limited, one of the largest personal computer reseller in Hong Kong and the former Non-Executive Chairman of Pacific Coffee Limited. He is also the former President and Chief Executive of Sa Sa International Holdings Limited and the former Independent Non-Executive Director and a member of Audit Committee of China LotSynergy Holdings Limited, both of which are listed companies in Hong Kong. Mr. King is the Honorary Consul for the Republic of Latvia in Hong Kong, an Adjunct Professor at The Hong Kong University of Science and Technology and was also a member of the Standing Committee of Zhejiang Province People's Political Consultative Conference. Mr. King is the brother-in-law of Mr. Tung Chee Chen, the Chairman of the Company, and an uncle of Mr. Tung Lieh Sing Alan, an Executive Director of the Company.

Simon MURRAY

Mr. Simon MURRAY, CBE, aged 69, has been an Independent Non-Executive Director of the Company since 1992 and was a Non-Executive Director of Orient Overseas (Holdings) Limited from 1989 until 1992. He serves on the Audit Committee of the Company. He is the Chairman of General Enterprise Management Services (International) Limited (GEMS Ltd.), a private equity fund management company. He is also a Director of a number of listed public companies, including Cheung Kong (Holdings) Limited, Arnhold Holdings Limited, Compagnie Financière Richemont SA, Sino-Forest Corporation, USI Holdings Limited and Vodafone Group Plc. He is a former Independent Non-Executive Director of Hutchison Whampoa Limited, a listed company in Hong Kong. Mr. Murray is a member of the Former Directors Committee of the Community Chest of Hong Kong and has been involved in a number of other charitable organisations, including Save The Children Fund and The China Coast Community Association.

CHANG Tsann Rong Ernest

Mr. CHANG Tsann Rong Ernest, aged 70, has been an Independent Non-Executive Director of the Company since 30th December 2008 and is a member of the Finance Committee, Share Committee, Audit Committee and Remuneration Committee of the Company. Mr. Chang was an Executive Director of the Company from 23rd December 1988, a member of the Executive Committee from 30th October 1996 and the Vice Chairman of the Company from 1st December 2003, all until 30th June 2006. He was a Non-Executive Director of the Company from 1st July 2006 until 29th December 2008. He is a Certified Public Accountant in Taiwan and holds a Master of Business Administration degree from Indiana State University, USA. He has served the Group in various capacities for 41 years and was the Chief Executive Officer of Orient Overseas Container Line Limited and a Director of various subsidiaries of the Company until 31st December 2003. He did not hold directorships in any other public companies listed in Hong Kong and overseas in the last three years.

Professor WONG Yue Chim Richard

Professor WONG Yue Chim Richard, aged 57, has been an Independent Non-Executive Director of the Company since December 2003. He is the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. He graduated from University of Chicago with Bachelor's, Master's and Ph.D. degrees in Economics and is Deputy Vice-Chancellor and Provost and Chair of Economics at The University of Hong Kong. He has been active in advancing economic research on policy issues in Hong Kong and China. He was awarded the Silver Bauhinia Star in 1999 by the Government of the Hong Kong Special Administrative Region for his contributions in education, housing, industry and technology development. He was appointed Justice of the Peace in July 2000. He is currently an Independent Non-Executive Director of five other listed companies in Hong Kong, namely CK Life Sciences Int'l., (Holdings) Inc., Great Eagle Holdings Limited, Industrial and Commercial Bank of China (Asia) Limited, Pacific Century Premium Developments Limited and Sun Hung Kai Properties Limited, and The Link Management Limited, the manager of The Link Real Estate Investment Trust, a Hong Kong listed company. He was an Independent Non-Executive Director of Pacific Century Insurance Holdings Limited (formerly a listed company in Hong Kong) from June 1999 to June 2007 and a member of the Managing Board of the Kowloon-Canton Railway Corporation from February 2004 to December 2007.

CHENG Wai Sun Edward

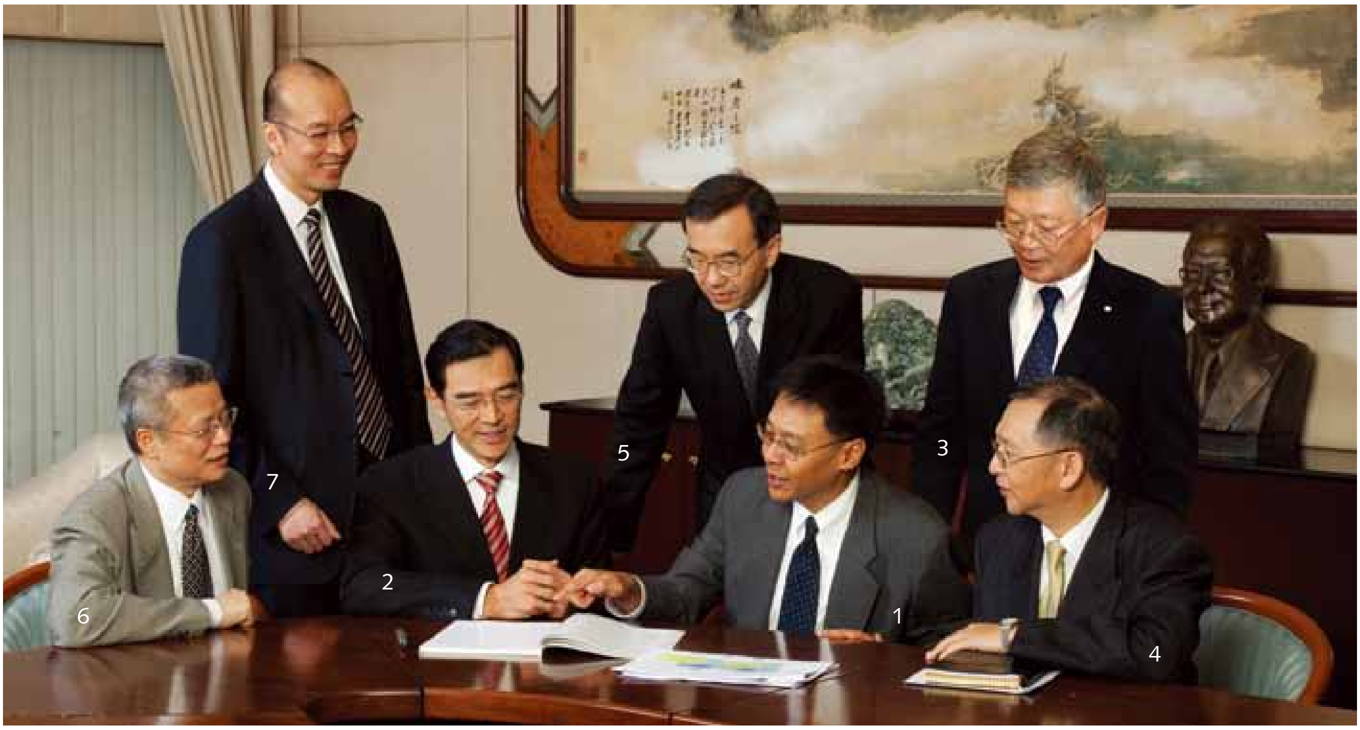
Mr. CHENG Wai Sun Edward, aged 54, has been an Independent Non-Executive Director of the Company since 19th March 2009. He serves on the Audit Committee of the Company. Mr. Cheng graduated from Cornell University with a bachelor degree in political science and economics, and Oxford University with a bachelor degree in jurisprudence and a master degree. He was qualified as a solicitor in England and Wales as well as in Hong Kong.

Mr. Cheng is an Executive Director, Chief Executive and Deputy Chairman of USI Holdings Limited, a Non-Executive Director of Winsor Properties Holdings Limited and an Independent Non-Executive Director of Television Broadcasts Limited, all listed on The Stock Exchange of Hong Kong Limited.

Mr. Cheng has many years of public service experience in urban renewal, housing, finance, corruption prevention, technology and education. He is a member of the University Grants Committee. He is a Justice of the Peace and is awarded the Silver Bauhinia Star by the Government of the Hong Kong Special Administrative Region.

Mr. Cheng was the former Chairman of the Urban Renewal Authority and ceased as a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption with effect from 31st December 2009. He has also served on the Hong Kong SAR Government's Commission on Strategic Development, the Steering Committee on Innovation & Technology, the Council of the Hong Kong Institute of Education, the Council of the City University of Hong Kong, the Council of the Hong Kong Polytechnic University, the Executive Committee of the Hong Kong Housing Society, the Council of the Hong Kong Institute of Certified Public Accountants, the Securities and Futures Commission's Takeovers and Mergers Panel and the Takeovers Appeal Committee, and was a part-time member of the Central Policy Unit.

Senior Management



Andy Tung 1

Mr Tung, aged 45, has been the Chief Operating Officer of OOCL since January 2009 and a Director of OOCL since March 2006. He was appointed as a Managing Director of OOCL in 2009. Mr Tung holds a Bachelor degree from Princeton University and a Master of Business Administration from Stanford University in the USA. Mr Tung worked for OOCL in various management capacities between 1993 and 1999.

C L Ting 2

Mr Ting, aged 61, has been Managing Director of Corporate Planning since November, 2009. He has been a Managing Director of OOCL since 1989. Mr Ting holds a Bachelor and a Master degree in Economics from the Université catholique de Louvain-Belgium. Mr Ting joined the Group in 1974 and has served OOCL and its subsidiaries in various capacities for 36 years.

Peter Leng 3

Mr Leng, aged 62, has been the President of OOCL (USA) Inc and a Director of OOCL since July 2003. Mr Leng holds a Bachelor of Arts degree from Soochow University, Taiwan. Mr Leng joined the group in 1976 and served OOCL and its subsidiaries in various capacities for 34 years. Mr Leng retired from OOCL on 31st December 2009. Mr Erxin Yao succeeded Mr Leng as President of OOCL (USA) Inc from 1st January 2010.

Allan Wong 4

Mr Wong, aged 56, has been the Managing Director of Corporate Sales since November, 2009. He has been a Director of OOCL since October 2000. Mr Wong was appointed as Managing Director of OOCL in November 2009. Mr Wong holds a Bachelor of Social Science degree and a Master of Business Administration from the Chinese University of Hong Kong. Mr Wong joined the Group in 1976 and has served OOCL and its subsidiaries in various capacities for 33 years and has been the Chief Executive Officer of OOCL Logistics Ltd. since June 2004.

Henry Wong 5

Mr Wong, aged 59, has been the Director of Corporate Logistics and Fleet Management since November 2009. He has been a Director of OOCL since January 2006. Mr Wong holds a Bachelor degree from the Chinese University of Hong Kong. Mr Wong joined the Group in 1973 and has served OOCL and its subsidiaries in various capacities for 36 years.

Bosco Louie 6

Mr Louie, aged 58, has been the Director of Regions Management since November 2009. He has been a Director of OOCL since 2004. Mr Louie holds a Bachelor degree from the University of Hong Kong. Mr Louie joined the Group in 1975 and has served OOCL in various capacities for 34 years.

Steve Siu 7

Mr Siu, aged 52, has been the Chief Information Officer and a Director of OOCL since November 2006. Mr Siu holds a Bachelor and Master degree of Science from the University of Essex, UK, and a Master of Business Administration jointly organized by Northwestern University and The Hong Kong University of Science and Technology. Mr Siu joined the Group in 1987 and has served OOCL and its subsidiaries in various capacities for 22 years, and has been the Chief Executive Officer of CargoSmart since January 2002.

Financial Calendar

Announcement of results for the half year ended 30th June 2009	7th August 2009
Despatch of 2009 Interim Report to shareholders	25th August 2009
Announcement of results for the year ended 31st December 2009	19th March 2010
Despatch of 2009 Annual Report to shareholders	15th April 2010
Closure of the Register of Members to determine entitlements to final dividend for ordinary shareholders in respect of the year ended 31st December 2009	4th May 2010 to 7th May 2010 both days inclusive
2009 Annual General Meeting	7th May 2010

Shareholder Information

Ordinary shares

Issued shares	625,793,297 shares (as at 31st December 2009)
Nominal value	US$0.10

Annual report

This annual report is available in both English and Chinese.
Shareholders can obtain copies by writing to:

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

If you are not a shareholder, please write to:

Orient Overseas (International) Limited
33rd Floor, Harbour Centre
25 Harbour Road
Wanchai, Hong Kong
Attn: Company Secretary

This annual report is also available at our website at http://www.ooilgroup.com.

Shareholder services

Any matters relating to your shareholding, including transfer of shares, change of name or address, and loss of share certificates should be addressed in writing to:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong
Telephone: (852) 2862 8555 Facsimile: (852) 2865 0990

Shareholder enquiries

Any matters relating to shareholders' rights should be addressed in writing to:

Orient Overseas (International) Limited
33rd Floor, Harbour Centre
25 Harbour Road
Wanchai, Hong Kong
Attn: Company Secretary

Our enquiry hotline is operational during normal office hours:
Telephone: (852) 2833 3888 Facsimile: (852) 2531 8147

Ordinary Shareholder Information as at 31st December 2009:

Category	Shareholders Number	Shareholders Percentage	Shares of US$0.10 each Number	Shares of US$0.10 each Percentage
Corporate	34	3.1746%	619,161,871	98.9403%
Untraceable shareholders registered in name of Computershare Hong Kong Investor Services Limited	1	0.0934%	2,740	0.0004%
Individual	1,036	96.7320%	6,628,686	1.0593%
	1,071	100.00%	625,793,297	100.00%

Number of Shares Held	Shareholders Number	Shareholders Percentage	Shares of US$0.10 each Number	Shares of US$0.10 each Percentage
1 – 10,000	993	92.7171%	1,411,200	0.2255%
10,001 – 100,000	65	6.0691%	1,903,355	0.3042%
100,001 – 1,000,000	8	0.7470%	2,456,974	0.3926%
1,000,001 or above	5	0.4668%	620,021,768	99.0777%
	1,071	100.00%	625,793,297	100.00%

Ten Largest Ordinary Shareholders

At 31st December 2009, the interests of the 10 largest ordinary shareholders of the Company, as recorded in the Company's principal register and Hong Kong branch register of members, were as follows:

Name of ordinary shareholder	Number of ordinary shares held	Percentage
Fortune Crest Inc.	347,188,656	55.48%
HKSCC Nominees Limited	192,590,069	30.78%
Gala Way Company Inc.	79,227,432	12.66%
Mok Kwun Cheung	1,237,111	0.20%
Cheng Tien Shun	619,021	0.10%
Chang Tsann Rong Ernest	612,731	0.10%
So Tung Lam	500,000	0.08%
Tam Wing Fan	157,322	0.03%
Wong Chun Shing	130,000	0.02%
Tai Wing Kee	110,900	0.02%

Corporate Governance Report

Corporate Governance Practices

The Board of Directors (the "Board") and management of the Company are committed to maintaining high standards of corporate governance and the Company considers that effective corporate governance makes an important contribution to corporate success and to the enhancement of shareholder value. The Company has adopted its own code on corporate governance practices (the "CG Code") which in addition to applying the principles as set out in the Code on Corporate Governance Practices (the "SEHK Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), also incorporates and conforms to local and international best practices. The CG Code sets out the corporate governance principles to be applied by the Company and its subsidiaries (the "Group") and is constantly reviewed to ensure transparency, accountability and independence.

Throughout the year of 2009, the Company has complied with the SEHK Code, except for the following:

- Code Provision

Code provision of the SEHK Code	Deviation	Considered reason for deviation
Separation of the role of Chairman and Chief Executive Officer of a listed issuer.	Mr. TUNG Chee Chen currently assumes the role of both Chairman and Chief Executive Officer of the Company.	The executive members of the Board currently consist of chief executive officers of its principal divisions and there is effective separation of the roles between chief executives of its principal divisions and the Chief Executive Officer of the Company. The Board considers that further separation of the roles of Chief Executive Officer and Chairman would represent duplication and is not necessary for the time being.

- Recommended Best Practices
  - a nomination committee has not been established
  - the remuneration of senior management is disclosed in bands
  - operational results are announced and published quarterly instead of financial results

We have set out in this report our guiding principles and rationale for implementation of the CG Code as well as the status of the Company's compliance with Appendix 23 to the Listing Rules:

A. BOARD OF DIRECTORS

1. Board Composition

The Board currently comprises four Executive Directors, one Non-Executive Director and four Independent Non-Executive Directors.

Executive Directors

Mr. TUNG Chee Chen *(Chairman, President and Chief Executive Officer)*
Mr. CHOW Philip Yiu Wah
Mr. Kenneth Gilbert CAMBIE *(Chief Financial Officer)*
Mr. TUNG Lieh Sing Alan

Non-Executive Director

Mr. KING Roger

Independent Non-Executive Directors

Mr. Simon MURRAY
Mr. CHANG Tsann Rong Ernest
Professor WONG Yue Chim Richard
Mr. CHENG Wai Sun Edward

The biographical details of the Directors and the relevant relationships between them are set out on the Company's website at http://www.ooilgroup.com and on pages 56 to 59 of this annual report.

The Directors, other than Mr. Kenneth Gilbert CAMBIE who has a service contract with the Company, have formal letters of appointment setting out the key terms and conditions of their appointment, and are for a fixed term of three years, renewable or extendable automatically by three years on the expiry of such initial term and every successive period of three years and are subject to re-election by rotation at least once every three years.

The Directors have extensive corporate and strategic planning experience and industry knowledge. All Independent Non-Executive Directors are financially independent from the Group bringing independent and diversified experience, competencies, skills and judgment to the Group's strategy and policies through their informed contributions. The Board considers that there is a reasonable balance between Executive and Non-Executive Directors and has provided adequate checks and balances for safeguarding the interests of the shareholders and the Group.

The Board has received from each Independent Non-Executive Director a written annual confirmation of their independence and considers that all the Independent Non-Executive Directors have satisfied their independence to the Group up to the date of this annual report.

During 2009, the Board has complied with the Listing Rules' requirement in having at least three Independent Non-Executive Directors, including one with appropriate professional qualifications or accounting or related financial management expertise.

Among the members of the Board, Mr. KING Roger (Non-Executive Director of the Company) is the brother-in-law of Mr. TUNG Chee Chen (Chairman, President and Chief Executive Officer of the Company), and Mr. TUNG Lieh Sing Alan (Executive Director of the Company) is the nephew of both Mr. TUNG Chee Chen and Mr. KING Roger.

Since 1990, the Company has arranged insurance cover for directors' and officers' liabilities including cover for Directors, officers and senior management of the Company and directors and officers of its subsidiaries arising out of corporate activities.

2. Board Responsibilities

The Board is responsible for the management of the business and affairs of the Group with the objective of enhancing shareholder value and presenting a balanced, clear and understandable assessment of the Company's performance, position and prospects in the annual and interim reports, and of other price-sensitive announcements and other financial disclosures as required under the Listing Rules, and reports to regulators any information required to be disclosed pursuant to statutory requirement.

The Board has a fiduciary duty and statutory responsibility towards the Company and the Group. Other responsibilities include formulation of the Group's overall strategy and policies, setting of corporate and management targets and key operational initiatives, setting of policies on risk management pursuant to the Group's strategic objectives, monitoring and control of operational and financial performance, and approval of budgets and major capital expenditures, major investments, material acquisitions and disposals of assets, corporate or financial restructuring, significant operational financial and management matters.

The Board delegates day-to-day management of the business of the Group to the management of the relevant principal divisions and certain specific responsibilities to six committees (Executive, Audit, Remuneration, Finance, Share and Compliance). The composition and functions of each committee are described below. These committees have specific functions and authority to examine issues and report to the Board with their recommendations (if appropriate). The final decision rests with the Board, unless otherwise provided for in the terms of reference of the relevant committees.

The Company Secretary provides the Directors with updates on developments regarding the Listing Rules and other applicable regulatory requirements. Any Director may request the Company Secretary to organise independent professional advice at the expense of the Company to assist the Directors to effectively discharge their duties to the Company. No such independent professional advice was requested by any Director in 2009.

3. Chairman and Chief Executive Officer

Mr. TUNG Chee Chen is the Chairman and the Chief Executive Officer of the Company with the respective roles set out in writing.

a. The primary role of the Chairman is to provide leadership to the Board and to ensure that the Board functions effectively in the discharge of its responsibilities. His duties include to:

- ensure that Directors are briefed and have received accurate, complete, timely and clear information on issues to be discussed at Board meetings;
- ensure that the Board has considered all key and appropriate issues in a timely manner and that good corporate governance practices and procedures are established, implemented and maintained;

— approve the agenda drawn up by the Company Secretary for each Board meeting taking into account any matters proposed by other Directors for inclusion in the agenda;

— encourage Directors to contribute fully and actively in the affairs of the Company and the Group and to take the lead to ensure that the Board acts in the best interests of the Company and the Group;

— at least annually to hold meetings with the Non-Executive Directors (including Independent Non-Executive Directors) without the presence of the other Executive Directors to facilitate the effective contribution of those Non-Executive Directors and Independent Non-Executive Directors (in particular) and to promote a constructive relationship amongst Executive Directors, Non-Executive Directors and Independent Non-Executive Directors;

— ensure effective communication with shareholders and that the views of shareholders are communicated to the Board; and

— attend the annual general meetings and arrange for the chairman of the Audit Committee and the Remuneration Committee, or in the absence of the chairman of the Audit Committee and/or the Remuneration Committee, other members of the Audit Committee and/or the Remuneration Committee, to be available to answer questions at the annual general meetings.

In case of an equality of votes at any Board meetings, the Chairman shall be entitled to a second or casting vote.

b. The primary role of the Chief Executive Officer is to be responsible for the day-to-day management and operations of the Company and Group business. These duties include to:

— provide leadership and supervise the effective management of the principal divisions of the Group;

— monitor and control the operational and financial performance of the various principal divisions of the Group;

— implement and report to the Board on the adoption of the Company's strategy, policies and objectives by the principal divisions of the Group;

— provide information to the Board (as necessary) to enable the Board to monitor the performance of management and operation of the various principal divisions of the Group; and

— set up programmes for management development and succession planning for the principal divisions of the Group.

4. Board Meetings

Regular Board meetings are scheduled one year in advance to maximise the attendance of Directors. The Board meets at least four times each year and has a formal schedule of matters referred to it for consideration and decision. Additional meetings may be convened as and when necessary. Notice of at least fourteen days is served for regular Board meetings and reasonable notice is given for all other Board meetings. Directors are consulted and provided with an opportunity to include matters into the agenda for discussion at the Board meetings. The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and to ensure that applicable rules and regulations regarding the meetings are observed. The final agenda together with the Board papers are distributed to the Directors at least three days before the Board meetings.

If a Director (who may also be a substantial shareholder of the Company) has a conflict of interest in any matter to be considered by the Board, the Company Secretary shall ensure that such matter is not dealt with by way of written resolution or by a committee (except if that committee was specifically established for such purpose by the Board or by the terms of reference of such committee). If considered appropriate, the Board meeting shall be attended by Independent Non-Executive Directors who have no material interest in the matter. The affected Director shall abstain from voting on any such resolution in which they or any of their associates have a material interest and shall not be counted in the quorum present at that Board meeting.

The Company Secretary shall ensure that the procedures and applicable rules and regulations are observed. Copies of all signed minutes of the Board are sent to the Directors for their record.

5. Supply of and Access to Information

All Directors have access to Board's and Committees' papers and other materials either from the Company Secretary or the Chairman so that they are able to make informed decisions on matters placed before them.

6. Nomination of Directors

The Company does not have a nomination committee.

The Board regularly reviews its structure, size and composition. The Company follows a formal, considered and transparent procedure for the appointment of new Directors to the Board. The appointment of a new Director is a collective decision of the Board, taking into consideration the expertise, experience, integrity and commitment of that appointee to the relevant principal division, the Company and the Group.

Each Director shall, after his appointment and semi-annually thereafter, disclose to the Board the number and nature of offices held by such Director in other public companies and organisations and any other significant commitments.

At the annual general meeting of the Company held on 30th April 2009 (the "2008 AGM"), Dr. FUNG Kwok King Victor retired as Director of the Company and Messrs. CHANG Tsann Rong Ernest, CHOW Philip Yiu Wah and CHENG Wai Sun Edward retired and were re-elected as Directors of the Company.

7. Board Committees

In addition to the Audit Committee and Remuneration Committee, established in compliance with the Listing Rules, the other committees comprise the Executive Committee, Finance Committee, Share Committee and Compliance Committee. Each committee has its own well defined scope of duties and terms of reference. The Company Secretary shall make available the terms of reference of the committees to any shareholder upon receipt of a written request from such shareholder. The members of a committee are empowered to make decisions on matters within the terms of reference of such committee. Copies of all signed minutes of the committees are sent to the Directors for their record.

a. Executive Committee

The Executive Committee was established in 1996 and currently comprises Mr. TUNG Chee Chen (Chairman), Mr. CHOW Philip Yiu Wah and Mr. Kenneth Gilbert CAMBIE, with Ms. Lammy LEE as the secretary of the Executive Committee.

The Executive Committee operates as an executive management committee under the direct authority of the Board. Its primary duties include to:

— formulate strategy and policies and to set corporate and management targets and operational initiatives and policies on risk management for the principal divisions of the Group and plans and operational directions for the Group;

— monitor, control and manage operational and financial performance and business affairs of the principal divisions of the Group;

— review, discuss and approve (if appropriate) (i) announcements, circulars and other documents (including price sensitive and financial information) required to be disclosed pursuant to the Listing Rules, regulatory or statutory requirements; (ii) submissions from the Finance Committee, the Share Committee and the Compliance Committee and, if appropriate, to recommend to the Board for consideration and approval;

— approve capital expenditure for a specified amount;

— liaise and consult with, advise and make recommendations to its subsidiaries and make such decisions with regard thereto as the Executive Committee shall in its absolute discretion think fit, and refer such matters as it thinks fit to the Board of the Company for consideration, approval and / or ratification, if necessary; and to

— report to the Board on its decisions, and any matters in respect of which it considers that action is needed, and its recommendations as to the steps to be taken.

b. **Audit Committee**

The Audit Committee was established in 1992 and currently comprises four members who are Independent Non-Executive Directors, namely, Professor WONG Yue Chim Richard (chairman), Mr. Simon MURRAY, Mr. CHANG Tsann Rong Ernest and Mr. CHENG Wai Sun Edward, with Mr. FUNG Yee Chung Vincent, the Head of Internal Audit as the secretary and Ms. Lammy LEE as the assistant secretary.

Under its Terms of Reference, the primary duties of the Audit Committee include to:

— make recommendation to the Board on the appointment and removal of external auditor and to assess their independence and performance;

— review the effectiveness of financial reporting processes and internal control systems of the Group and to monitor the integrity thereof;

— review the completeness, accuracy and fairness of the Company's financial statements before submission to the Board;

— review the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget;

— consider the nature and scope of internal audit programmes and audit reviews;

— ensure compliance with the applicable accounting standards and legal and regulatory requirements on financial reporting and disclosure; and

— monitor, receive, retain and handle complaints received by the Company regarding accounting, internal controls or auditing matters.

Under the Group's whistle-blowing policy, employees may report any concerns regarding accounting, internal accounting controls and auditing matters to the Audit Committee without fear of dismissal or retaliation, in order to ensure that the Group complies with all the applicable laws and regulations, accounting standards, accounting controls and audit practices. The Audit Committee will review each complaint and decide on how the investigation should be conducted. In 2009, the Audit Committee received no complaint from employees.

The Audit Committee held two meetings during the year ended 31st December 2009. The following is a summary of work performed by the Audit Committee during 2009:

(i) reviewed the annual accounts for 2008 and the interim accounts for 2009 with recommendations to the Board for approval;

(ii) reviewed the significant audit and accounting issues arising from the external auditor's statutory audit of the 2008 annual accounts and issues arising from the review of the 2009 interim accounts;

(iii) reviewed the assessment of carrying value of the Company's core assets and the property asset located in Tianjin;

(iv) reviewed the impact of the new and revised accounting standards on the Company;

(v) reviewed the external auditor's audit strategy and approach;

(vi) reviewed the draft policy for engagement of the external auditors to supply non-audit services with a recommendation to the Board for the approval;

(vii) reviewed the Internal Audit Department's audit objectives and approval of the annual Internal Audit Plan;

(viii) reviewed the findings and recommendations of the Internal Audit Department on the audits carried out on the principal activities of the Group during 2008;

(ix) reviewed the effectiveness of the internal control systems;

(x) reviewed the relevant sections in the Corporate Governance Report for the year ended 31st December 2008 concerning the Audit Committee;

(xi) reviewed the adequacy of the resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget;

(xii) reviewed the continuing connected transactions and their annual caps; and

(xiii) reviewed the continuous implementation of the whistle-blowing policy.

The minutes of the Audit Committee meetings are prepared by the secretary of the Audit Committee with details of all matters considered by the attendees and of decisions reached, including any concerns raised by the attendees and dissenting views expressed. The final version of the minutes is sent to the attendees for their records. The minutes are open for inspection by the Committee members and the Board members.

c. **Remuneration Committee**

The Remuneration Committee was established in 2005 and currently comprises Mr. TUNG Chee Chen (Chairman) and two Independent Non-Executive Directors of the Company, Professor WONG Yue Chim Richard and Mr. CHANG Tsann Rong Ernest, with Ms. Lammy LEE as the secretary of the Remuneration Committee.

The primary duties of the Remuneration Committee include to:

— establish and recommend for the Board's consideration, the Company's policy and structure for emoluments of the Executive Directors, senior management of the Company and employees of the Group including the performance-based bonus scheme;

— review from time to time and recommend for the Board's consideration, the Company's policy and structure for emoluments of the Executive Directors, senior management of the Company and employees of the Group including the performance-based bonus scheme; and to

— review and recommend for the Board's consideration remuneration packages and compensation arrangements for loss of office of Executive Directors and senior management of the Company.

In 2009, the Board accepted the recommendations of the Remuneration Committee:

(i) that the emoluments of the Executive Directors of the Company for the year 2009 should continue to be comprised of their respective remunerations as determined by reference to market terms, their individual experience, duties and responsibilities within the Company and its subsidiaries (if applicable) and the Executive Directors also participate in a performance-based discretionary bonus scheme determined by reference to the Company's and the individual's performance;

(ii) the bonus package for the Chairman and the Executive Directors for the year 2008;

(iii) the emolument of the Non-Executive Director of the Company for the year 2009; and

(iv) the directors' fee of the Independent Non-Executive Directors and fees for acting as committee members for the year 2009.

No Director is involved in determining his own remuneration.

d. Finance Committee

The Finance Committee was established in 1993 and currently comprises Mr. Kenneth Gilbert CAMBIE (chairman), Mr. CHOW Philip Yiu Wah, Mr. KING Roger and Mr. CHANG Tsann Rong Ernest, with Ms. Lammy LEE as the secretary of the Finance Committee.

The primary duties of the Finance Committee include to:

— assist in the financial requirements of the Group including financing, refinancing, leasing, purchase and sale of vessels, properties, equipment and the financing of the business operations of the Group;

— report to the Board on its decisions, and any matters in respect of which it considers that action is needed, and its recommendations as to the steps to be taken; and to

— discuss and review the disclosure obligations of the Company on financial, accounting or related issues on compliance with the Listing Rules and refer transactions with their recommendations to the Executive Committee of the Company for its approval.

e. **Share Committee**

The Share Committee was established in 1992 and currently comprises Mr. Kenneth Gilbert CAMBIE (chairman), Mr. CHOW Philip Yiu Wah and Mr. CHANG Tsann Rong Ernest, with Ms. Lammy LEE as the secretary of the Share Committee.

The primary duties of the Share Committee include to:

— deal with and grant approval on the removal of the ordinary shares of the Company from the Principal Register in Bermuda to the Branch Register in Hong Kong or vice versa;

— deal with share transactions including, but not limited to, share repurchases, the issue of bonus shares, scrip dividend schemes, top up placings, share subscriptions and the placement of the Company's shares;

— give authorisation to the Company's Principal Registrar and Branch Registrar to issue share certificates to shareholders who have reported loss of share certificates and in connection with the above share transactions; and to

— discuss and review the disclosure obligations of the Company on share transactions and compliance with the Listing Rules.

f. **Compliance Committee**

The Compliance Committee currently comprises Ms. Lammy LEE (Chairperson), Mr. Kenneth Gilbert CAMBIE, Mr. MOK Yun Lee Paul and Mr. FUNG Yee Chung Vincent.

The primary duties of the Compliance Committee is to ensure the Company's and its subsidiaries' compliance with disclosure obligations pursuant to the Listing Rules on notifiable transactions, connected transactions and continuing connected transactions, advance to an entity, financial assistance and guarantees to affiliated companies of the Company, disclosure of financial information pursuant to Appendix 16 to the Listing Rules and corporate governance compliance and reporting pursuant to Appendix 14 and Appendix 23 to the Listing Rules.

8. Attendance Records of Board Meetings, Board Committees Meetings and General Meetings

The attendance records of each Director and each member of the six Board Committees are as follows:

	Meetings Attended/Held in 2009							
	Board	Executive Committee	Audit Committee	Remuneration Committee	Finance Committee	Share Committee	Compliance Committee	2008 AGM
No. of meetings held during the year	6	11	2	1	4	—	2	1
Executive Directors								
Mr. TUNG Chee Chen (Chairman, President and Chief Executive Officer)	6/6	11/11	—	1/1	—	—	—	1/1
Mr. CHOW Philip Yiu Wah	6/6	11/11	—	—	3/4	—	—	1/1
Mr. Kenneth Gilbert CAMBIE (Chief Financial Officer)	6/6	11/11	—	—	4/4	—	2/2	1/1
Mr. TUNG Lieh Sing Alan	6/6	—	—	—	—	—	—	1/1
Non-Executive Director								
Mr. KING Roger	5/6	—	—	—	3/4	—	—	0/1
Independent Non-Executive Directors								
Mr. Simon MURRAY	4/6	—	0/2	—	—	—	—	0/1
Dr. FUNG Kwok King Victor *	1/2	—	1/1	1/1	—	—	—	0/1
Mr. CHANG Tsann Rong Ernest	6/6	—	2/2	1/1	4/4	—	—	1/1
Professor WONG Yue Chim Richard	5/6	—	2/2	1/1	—	—	—	0/1
Mr. CHENG Wai Sun Edward **	5/6	—	0/1	—	—	—	—	1/1
Others								
Ms. Lammy LEE (Company Secretary)	—	—	—	—	—	—	2/2	—
Mr. MOK Yun Lee Paul (Group Financial Controller)	—	—	—	—	—	—	2/2	—
Mr. FUNG Yee Chung Vincent (Chief Auditor)	—	—	—	—	—	—	2/2	—
Average attendance rate	86.67%	100%	60%	100%	87.5%	—	100%	66.67%

* retired as an Independent Non-Executive Director on 30th April 2009

** appointed as an Independent Non-Executive Director on 19th March 2009

9. Securities Transactions by Directors

The Company has adopted its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standards set out in both the Company's own code and the Model Code for the year ended 31st December 2009.

10. Share Interests of Directors and Senior Management

a) Directors

Directors' interests in the shares of the Company are set out on page 84 of this annual report.

b) Senior Management

As at 31st December 2009, the number of shares of the Company held by the senior management of the Company are as follows:

Name	Number of shares held
Mr. C L TING	5,000
Mr. Peter LENG	—
Mr. Allan WONG	290,000
Mr. Henry WONG	—
Mr. Bosco LOUIE	110,000
Mr. Andy TUNG	—
Mr. Steve SIU	—

11. Emoluments of Directors and Senior Management

a) Emoluments of Directors

The emoluments of the Directors of the Company for the year ended 31st December 2009 are set out on page 134 of this annual report.

b) Emoluments of Senior Management

The emoluments of the senior management of the Company for the year ended 31st December 2009 are set out below:

		Number of individuals
Emolument bands (US$)		2009
384,601 ~ 448,700	(HK$3,000,001 ~ HK$3,500,000)	2
448,701 ~ 512,800	(HK$3,500,001 ~ HK$4,000,000)	3
512,801 ~ 576,900	(HK$4,000,001 ~ HK$4,500,000)	1
576,901 ~ 641,000	(HK$4,500,001 ~ HK$5,000,000)	1
		7

biographical details of senior management are set out on page 60 of this annual report

B. ACCOUNTABILITY AND AUDIT

1. External Auditor

PricewaterhouseCoopers was re-appointed as the Company's external auditor by shareholders at the 2008 AGM until the conclusion of the next annual general meeting.

The Company has established a policy on appointment of external auditor in providing non-audit services, setting out the principles by which an external auditor may be appointed to provide non-audit services, with a view to ensuring the independence of the external auditor.

The fee in respect of audit and non-audit services provided by the external auditors to the Company for the year ended 31st December 2009 is set out on page 137 note 11 to the consolidated accounts of this annual report.

2. Directors' and Auditor's acknowledgement

All Directors acknowledge their responsibility for preparing the accounts for the year ended 31st December 2009.

PricewaterhouseCoopers, the auditor of the Company, acknowledges the reporting responsibilities in the auditor's report on the financial statements for the year ended 31st December 2009.

3. Internal Controls

The Board is responsible for maintaining sound and effective internal control systems for the Group, and through the Audit Committee, conducts reviews of the effectiveness of such systems at least annually, covering all material controls including financial, operational and compliance controls and risk management functions. The process used in reviewing the effectiveness of these internal control systems includes discussion with management on risk areas identified by management of the Company and principal divisions and review of significant issues arising from internal and external audits. The Company's internal control systems comprise a well established organisational structure and comprehensive policies and standards. Procedures have been designed to safeguard assets against unauthorised use or disposition, to maintain proper accounting records, for assurance of the reliability of financial information for internal use or publication, and to ensure compliance with applicable laws and regulations. The purpose of the Company's internal control is to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Company's objectives.

The Board has established the following measures to provide effective internal controls:

— A distinct organisational structure for each principal division with defined authority responsibilities and control/measures.

— An annual budget for each principal division allocating resources in accordance with identified and prioritised business opportunities. The annual budget for each principal division is approved by the Board on an annual basis.

— A comprehensive management accounting system for each principal division to provide financial and operational performance indicators to the relevant management, and financial information for reporting and disclosure purposes. Actual operational results are measured against budget each month. Detailed forecasts for the year and long-term forecasts of profit and loss, cash flow and balance sheets are regularly reviewed and updated. Variances to budget are analysed and explained and appropriate action taken, if necessary.

— Systems and procedures are in place to identify, measure, manage and control risks including business, compliance, operational, financial and information services risks that may have an impact on the Group and each principal division. Exposure to these risks is monitored by the Executive Committee and the management of the respective principal divisions.

— Clearly defined procedures are in place for the control of capital and major expenditure commitments, off-balance sheet financial instruments and the supervision, control and review of the investment portfolio.

— The Internal Audit Department performs independent reviews of the risks and controls identified to provide reasonable assurance to management of the Company and principal divisions and the Audit Committee that controls have been set in place and adequately addressed.

The internal audit function, which is centrally controlled, monitors compliance with policies and standards as well as the effectiveness of internal control structures across the Company and the Group. To preserve the independence of the internal audit function, the Head of Internal Audit reports functionally to the Audit Committee whose chairman is an Independent Non-Executive Director who has direct access to the Board. Using a risk-based approach, the Internal Audit Department plans its internal audit schedules annually in consultation with, but independent of, management of the Company and the principal divisions. The Internal Audit Department has unrestricted access to information that allows it to review all aspects of the Group's risk management, control and governance processes. Independent reviews of different financial, business and functional operations and activities are conducted with audit resources being focused on high risk areas. Ad hoc reviews are also conducted on areas of concern identified by the Audit Committee and management of the Company and the principal divisions. The management of the Company and the relevant principal divisions including the affected subsidiary are notified of the deficiencies noted for rectification, and the Internal Audit Department follows up with the implementation of audit recommendations.

The Audit Committee on behalf of the Board assesses the effectiveness of the internal control system including detecting fraud and other irregularities by reviewing the Internal Audit Department's work and findings. On a yearly basis, the Internal Audit Department summarises the major audit findings and other relevant information that have come to the Internal Audit Department's attention during the course of the audits and reports to the Audit Committee.

According to the 2009 Internal Audit report, the Group's internal control system is functioning effectively and there was no significant weakness found in the course of the audits carried out during the year. The Audit Committee has concluded that the Group has maintained sound and effective internal controls to safeguard the Group's assets, and there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group. The Board, therefore, is of the view that there are no suspected frauds, irregularities, internal control deficiencies or suspected infringement of laws, rules and regulations that cause the Board to believe that the systems of internal control are ineffective or inadequate, and there are no significant areas of concern which may affect shareholders. The Board is satisfied that the Company and the Group have fully complied with the code provisions on internal control as set forth in the SEHK Code for the year ended 31st December 2009.

To ensure on-going compliance with the newly amended CG Code, the Audit Committee reviewed the adequacy of staffing of the financial reporting function on behalf of the Board and was satisfied with the adequacy of resources, qualifications and experience of the staff of the accounting and financial reporting function, and their training programmes and budget.

The Company has implemented the following procedures and internal controls for the handling and dissemination of price sensitive information:-

a) it monitors any price sensitive information and makes appropriate announcement as required by the Listing Rules;

b) it conducts its affairs by reference to the "Guide on disclosure of price-sensitive information" issued by the Stock Exchange;

c) it has established procedures for handling external affairs about the Group; and

d) it has established guidelines to be followed by senior management and employees in dealing with confidential and insider information.

C. COMMUNICATION WITH SHAREHOLDERS

The Company attaches great importance to communications with shareholders. Extensive information on the Group's activities, business strategies and developments is provided in the Company's annual reports and interim reports. Shareholders of the Company are encouraged to attend the annual general meetings of the Company which offer a valuable forum for dialogue and interaction with management. The Chairman of the Board and the chairman of the Audit Committee and the Remuneration Committee, or in their absence, another member of the relevant committee, are available at the annual general meetings to answer questions from shareholders on the business of the Group. A separate resolution is proposed by the Chairman in respect of each issue at the general meetings.

The most recent shareholders' meeting of the Company was the 2008 AGM held at the Renaissance Harbour View Hotel, Wanchai, Hong Kong on 30th April 2009, at which the following ordinary resolutions were passed with the voting results as follows:-

		Number of Votes (%)	
	Ordinary Resolutions	**For**	**Against**
1.	To consider and adopt the audited Financial Statements and the Reports of the Directors and the Auditor for the year ended 31st December 2008.	488,338,631 (99.973079%)	131,500 (0.026921%)
2.	To declare a final dividend of US4.5 cents (HK$0.35) for the year ended 31st December 2008.	496,576,583 (99.999386%)	3,050 (0.000614%)
3(a).	To re-elect Mr. CHANG Tsann Rong Ernest as Director.	488,862,242 (98.444602%)	7,723,890 (1.555398%)
3(b).	To re-elect Mr. CHOW Philip Yiu Wah as Director.	494,505,902 (99.551805%)	2,226,330 (0.448195%)
3(c).	To re-elect Mr. CHENG Wai Sun Edward as Director.	494,871,663 (99.654749%)	1,714,470 (0.345251%)
4.	To authorise the Board of Directors to fix the Directors' remuneration.	496,310,478 (99.999998%)	10 (0.000002%)
5.	To re-appoint PricewaterhouseCoopers as Auditor and to authorise the Board of Directors to fix its remuneration.	493,897,920 (99.519605%)	2,384,113 (0.480395%)
6(a).	To grant a general mandate to the Directors to allot, issue and deal with the Company's shares.	447,550,753 (90.125504%)	49,035,379 (9.874496%)
6(b).	To grant a general mandate to the Directors to repurchase the Company's shares.	496,296,128 (99.999798%)	1,005 (0.000202%)
6(c).	To extend the general mandate to issue shares to cover the shares repurchased by the Company under Resolution 6(b) above.	452,021,713 (91.102812%)	44,144,874 (8.897188%)
		Number of Votes (%)	
	Special Resolution	**For**	**Against**
7.	To amend the Company's Bye-laws.	496,152,497 (99.998387%)	8,005 (0.001613%)

Shareholders who wish to put forward proposals at shareholders' meetings or who have enquiries to put to the Board of the Company may write to the Company Secretary at 33rd Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The procedures for shareholders to convene a special general meeting are available on our website or on request to the Company Secretary in writing.

D. INVESTOR RELATIONS

The Company continues to promote and enhance investor relations and communication with its investors. The Company's investor relations team maintains regular dialogue with institutional investors, analysts and fund managers to keep them abreast of the Group's development.

Shareholders, investors and members of the public are able to access up-to-date corporate information and events related to the Group on the Company's website.

1. Shareholdings Information

As at 31st December 2009:

Authorised share capital: US$205,000,000, comprising 900,000,000 ordinary shares of US$0.1 each, 65,000,000 convertible redeemable preferred shares of US$1 each and 50,000,000 redeemable preferred shares of US$1 each.

Issued and fully-paid up capital: US$62,579,329.7 comprising 625,793,297 ordinary shares of US$0.1 each.

Details of the shareholding of the ordinary shares of the Company by category as at 31st December 2009 are as follows:

Category	Number of Shareholders	Shareholders % of total	Number of Shares
Corporate	34	3.1746%	619,161,871
Untraceable Shareholders registered in name of Computershare Hong Kong Investor Services Limited	1	0.0934%	2,740
Individual	1,036	96.7320%	6,628,686
Total	1,071	100.00%	625,793,297

Details of the shareholding of the ordinary shares of the Company by range as at 31st December 2009 are as follows:

Number of Shares held	Number of Shareholders	Shareholders % of total
1 – 10,000	993	92.7171%
10,001 – 100,000	65	6.0691%
100,001 – 1,000,000	8	0.7470%
1,000,001 or above	5	0.4668%
Total	1,071	100.00%

2. Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the percentage of its public float exceeds 25% as at 31st December 2009.

3. Financial Calendar

Important dates for the coming financial year are set out on page 61 of this annual report.

4. Changes in the Company's Bye-laws

At the 2008 AGM, it was resolved to amend the Company's Bye-laws to allow the Company's shareholders (including a recognised clearing house or its nominee) to appoint multiple proxies to attend and vote on their behalf at any general meeting of the Company.

Report of the Directors

The Directors of the Company present their report together with the audited accounts of the Company for the year ended 31st December 2009.

Principal Activities

The principal activity of the Company is investment holding and the activities of its principal subsidiaries, associated companies and jointly controlled entities are set out on pages 189 to 203 of this annual report.

Group Results

The consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") are set out on page 92 of this annual report.

Dividend

The Directors did not recommend the payment of interim dividend for the first six months of the year 2009, and do not recommend the payment of a final dividend for the year ended 31st December 2009.

Directors

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

Executive Directors

Mr. TUNG Chee Chen *(Chairman, President and Chief Executive Officer)*
Mr. CHOW Philip Yiu Wah
Mr. Kenneth Gilbert CAMBIE *(Chief Financial Officer)*
Mr. TUNG Lieh Sing Alan

Non-Executive Director

Mr. KING Roger

Independent Non-Executive Directors

Mr. Simon MURRAY
Mr. CHANG Tsann Rong Ernest
Professor WONG Yue Chim Richard
Mr. CHENG Wai Sun Edward

In accordance with the provisions of the Company's Bye-laws, Mr. Tung Chee Chen, Mr. Tung Lieh Sing Alan and Professor Wong Yue Chim Richard will retire by rotation at the annual general meeting of the Company to be held on 7th May 2010 (the "Annual General Meeting"), and being eligible, offer themselves for re-election at the Annual General Meeting.

Mr. Kenneth Gilbert Cambie has a service contract with the Company which will expire on 31st July 2010. None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

The Company has received from each Independent Non-Executive Director confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Company considers all of the Independent Non-Executive Directors are independent.

Directors' and Chief Executive's Rights to Acquire Shares and Debt Securities

During the year and as at 31st December 2009, none of the Directors nor the Chief Executive of the Company (or any of their associates) (as defined in the Listing Rules) was granted any right to acquire shares in or debt securities of the Company.

Directors' Interest

1. Significant Contracts

The Group continues to share the rental of office space at Harbour Centre, Hong Kong on an actual cost reimbursement basis with Island Navigation Corporation International Limited ("INCIL"), which is owned by a Tung family trust. The total amount of rental on an actual cost reimbursement basis paid by INCIL to the Group for the year ended 31st December 2009 was approximately US$1,015,000.

Yuensung Investment Company Limited ("Yuensung"), a company controlled by Mr. C U Tung, uncle of Mr. Tung Chee Chen, also shares the rental of an office at Harbour Centre, Hong Kong with our Group. The total amount of rental on an actual cost reimbursement basis paid by Yuensung to the Group for the year ended 31st December 2009 was approximately US$70,000.

Except for the above (other than contracts amongst Group companies), no other contracts or arrangements of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director of the Company had a material interest, subsisted at the year end or at any time during the year.

2. Shares

As at 31st December 2009, the issued share capital of the Company (the "Issued Capital") consisted of 625,793,297 ordinary shares (the "Shares") and the interests and short positions of the Directors and the Chief Executive of the Company in the Shares, the underlying Shares and the debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:-

Name	Direct Interests	Other Interests	Total Number of Shares (Long Position)	Percentage
Tung Chee Chen	—	426,416,088 *(Notes 1 & 2)*	426,416,088	68.14%
Chang Tsann Rong Ernest	612,731	—	612,731	0.09%
Chow Philip Yiu Wah	133,100	7,000 *(Note 3)*	140,100	0.02%
Simon Murray	122,000	—	122,000	0.02%
Professor Wong Yue Chim Richard	—	500 *(Note 4)*	500	0.00008%

Notes:

1. Mr. Tung Chee Chen has an interest in a trust which, through Artson Global Limited ("Artson") as trustee, holds shares of Thelma Holdings Limited ("Thelma"), which has an indirect interest in 426,416,088 Shares, in which Fortune Crest Inc. ("Fortune Crest") and Gala Way Company Inc. ("Gala Way"), wholly owned subsidiaries of Thelma, have direct interests in 347,188,656 Shares and 79,227,432 Shares respectively. The voting rights in respect of such 426,416,088 Shares are held by Mr. Tung Chee Chen through Tung Holdings (Trustee) Inc. ("THTI").

2. Fortune Crest and Gala Way together are referred to as the controlling shareholders.

3. 7,000 Shares are held by the spouse of Mr. Chow Philip Yiu Wah.

4. 500 Shares are held by the spouse of Professor Wong Yue Chim Richard.

Save as disclosed above, as at 31st December 2009, none of the Directors or the Chief Executive of the Company had any interest or short position in the Shares, the underlying Shares and the debentures of the Company or any of its associated corporation (within the meaning of the SFO) which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed in below section "Substantial Shareholders' Interest", as at 31st December 2009, none of the Directors or the Chief Executive of the Company is a director or employee of a company which had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. **Directors' Interests in Competing Business**

As at 31st December 2009, none of the Directors and their respective associates (as defined in the Listing Rules) had any interest in a business, which competes or may compete with the business of the Group.

Substantial Shareholders' Share Interest

As at 31st December 2009, the following persons (other than a Director or Chief Executive of the Company) had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Name	Nature of Interest	Number of Shares Interested (in Long Position)	Percentage
Artson Global Limited *	Trustee	426,416,088 *(Note 1)*	68.14%
Hanberry Global Limited *	Trustee	426,416,088 *(Note 2)*	68.14%
Thelma Holdings Limited *	Indirect	426,416,088 *(Note 3)*	68.14%
Tung Chee Hwa	Indirect	426,441,319 *(Note 4)*	68.14%
Archmore Investment Limited *	Beneficiary of a trust	426,416,088 *(Note 5)*	68.14%
Edgemont Holdings Limited *	Indirect	426,416,088 *(Note 6)*	68.14%
Javier Global Limited *	Indirect	426,416,088 *(Note 7)*	68.14%
Bartlock Assets Ltd. *	Beneficiary of a trust	426,416,088 *(Note 8)*	68.14%
Flowell Development Inc.	Beneficiary of a trust	426,416,088 *(Note 9)*	68.14%
Izone Capital Limited *	Beneficiary of a trust	426,416,088 *(Note 10)*	68.14%
Jeference Capital Inc. *	Beneficiary of a trust	426,416,088 *(Note 11)*	68.14%
Tung Holdings (Trustee) Inc. *	Voting	426,416,088 *(Note 12)*	68.14%
Fortune Crest Inc.	Direct	347,188,656 *(Note 13)*	55.47%
Gala Way Company Inc.	Direct	79,227,432 *(Note 14)*	12.66%
JPMorgan Chase & Co.	Beneficial Owner, Investment Manager and Custodian/approved lending agent	118,060 23,353,740 9,026,441 *(Note 16)*	5.19%

Notes:

1. Artson, a company which is wholly owned by Mr. Tung Chee Chen, holds 56.36% of the shares of Thelma and, accordingly, has an indirect interest in the same Shares in which Thelma has an interest.

2. Hanberry Global Limited ("Hanberry"), a company which is wholly owned by Mr. Tung Chee Hwa, holds 43.64% of the shares of Thelma and, accordingly, has an indirect interest in the same Shares in which Thelma has an interest.

3. Thelma, a company which is owned collectively by Artson and Hanberry, has an indirect interest in the same Shares in which Fortune Crest and Gala Way, wholly-owned subsidiaries of Thelma, have an interest.

4. Mr. Tung Chee Hwa has an interest in a trust which, through Hanberry as trustee, holds shares of Thelma, which has an indirect interest in 426,416,088 Shares. Mrs. Tung Chiu Hung Ping Betty (spouse of Mr. Tung Chee Hwa, sister-in-law of Mr. Tung Chee Chen and Mr. King Roger, and mother of Mr. Tung Lieh Sing Alan) owns 25,231 Shares.

5. Archmore Investment Limited ("Archmore"), a company which is wholly owned by Edgemont Holdings Limited ("Edgemont"), has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 426,416,088 Shares.

6. Edgemont has an indirect interest in the same Shares in which Archmore, a wholly-owned subsidiary of Edgemont, has an interest.

7. Javier Global Limited ("Javier"), a company which is wholly owned by Mr. Tung Chee Chen, has an indirect interest in the same Shares in which Edgemont, a wholly-owned subsidiary of Javier, has an interest.

8. Bartlock Assets Ltd., a company which is wholly owned by Mr. Tung Chee Hwa, has an interest in a trust which, through Hanberry as trustee, holds shares of Thelma, which has an indirect interest in 426,416,088 Shares.

9. Flowell Development Inc., a company which is wholly owned by Mr. Tung Chee Chen , has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 426,416,088 Shares.

10. Izone Capital Limited, a company which is wholly owned by Mr. Tung Chee Chen, has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 426,416,088 Shares.

11. Jeference Capital Inc., a company which is wholly owned by Mr. Tung Chee Chen, has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 426,416,088 Shares.

12. THTI is a company wholly owned by Mr. Tung Chee Chen.

13. Fortune Crest has a direct interest in 347,188,656 Shares.

14. Gala Way has a direct interest in 79,227,432 Shares.

15. Mr. Tung Chee Chen is a director of companies marked with an asterisk.

16. JPMorgan Chase & Co. was interested in a total of 32,498,241 Shares of which 9,026,441 Shares were in the lending pool.

Save as disclosed herein, as at 31st December 2009, the Company has not been notified by any person (other than the Directors or Chief Executive of the Company) who had an interest or short position in the Shares or the underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Connected Transactions

1. During the year ended 31st December 2009, the Group had the following continuing connected transactions (the "Continuing Connected Transactions") constituted by the following agreements entered into by OOCL (Taiwan) Co. Ltd. ("OTWL"), the Group's Taiwanese subsidiary and acting as the general agent for the carrier of the Group in Taiwan:-

a) CMT Master Agreement

Pursuant to a master agreement dated 29th June 2005, as supplemented by the supplemental agreement dated 10th December 2007, both entered into between OTWL and Chinese Maritime Transport Ltd. ("CMT"), CMT agreed to provide and to procure members of the CMT group to provide various services to OTWL in Taiwan including (i) trucking service; (ii) leasing of equipment (including chassis and tractors); (iii) maintenance and repair services for generator sets and chassis; (iv) freight station depot and container storage facilities; (v) container yard and gate services; (vi) crew manning services; and (vii) container inspection services, for a period of three years commencing from 1st January 2008, which is renewable for successive periods of three years upon mutual agreement of the parties and subject to the annual caps of not exceeding US$30,560,000, US$36,000,000 and US$41,000,000 for the years 2008, 2009 and 2010 respectively.

During the year 2009, US$24,074,000 was paid by OTWL to the CMT group for the aforesaid services.

b) AII Master Agreement

Pursuant to a master agreement dated 29th June 2005, as supplemented by the supplemental agreement dated 10th December 2007, both entered into between OTWL and Associated International Inc. ("AII"), AII agreed to provide and to procure members of the AII group to provide various services to OTWL in Taiwan including (i) provision of office premises; and (ii) freight station depot and container storage facilities, for a period of three years commencing from 1st January 2008, which is renewable for successive periods of three years upon mutual agreement of the parties subject to the annual caps of not exceeding US$2,700,000 for the years 2008, 2009 and 2010 respectively.

During the year 2009, US$1,385,000 was paid by OTWL to AII group for the aforesaid services.

Mr. John Peng is the controlling shareholder of CMT and AII, and the brother-in-law of Mr. Tung Chee Chen who is an Executive Director, Chairman, President and Chief Executive Officer of the Company; brother-in-law of Mr. King Roger, a Non-Executive Director of the Company; uncle of Mr. Tung Lieh Sing Alan, an Executive Director of the Company; and brother-in-law of Mr. Tung Chee Hwa, a substantial shareholder of the Company. Mr. Peng and accordingly CMT and AII are therefore connected persons of the Company as defined in the Listing Rules.

Pursuant to Rule 14A.37 of the Listing Rules, the Independent Non-Executive Directors of the Company, namely Mr. Simon Murray, Mr. Chang Tsann Rong Ernest, Professor Wong Yue Chim Richard and Mr. Cheng Wai Sun Edward, have reviewed the Continuing Connected Transactions and confirmed that the Continuing Connected Transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

For the purpose of Rule 14A.38 of the Listing Rules, PricewaterhouseCoopers, the auditor of the Company, have also performed certain agreed-upon procedures on the above Continuing Connected Transactions and confirmed that the transactions entered into:

(i) were approved by the Board of Directors of the Company;

(ii) have been entered into in accordance with the relevant agreements governing the transactions; and

(iii) have not exceeded the respective annual caps.

2. During the year ended 31st December 2009, Konward Enterprises Limited ("Konward") entered into a bid agreement dated 13th August 2009 (the "Bid Agreement") with Shanghai Yong Ye Co., Ltd. (the "Vendor"), pursuant to which the Vendor agreed to sell to Konward 11% equity interests in the registered capital of Shanghai Orient Overseas Yongye Real Estate Co., Ltd. ("Yongye Real Estate") at a total consideration of RMB241,139,420.

   At the time of entering into the Bid Agreement, (i) Konward was an indirect wholly-owned subsidiary of the Company; (ii) Yongye Real Estate was a 88% indirect non-wholly owned subsidiary of the Company; and (iii) the Vendor, a PRC state owned company limited by shares, was a substantial shareholder of Yongye Real Estate owning 12% of the equity interests in the registered capital of Yongye Real Estate and a connected person of the Company.

   Both Konward and Yongye Real Estate were sold to CapitaLand China (RE) Holdings Co., Ltd. on 10th February 2010.

Purchase, Sale or Redemption of Shares

During the year ended 31st December 2009, the Company has not redeemed any of its Shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's Shares.

Pre-emptive Rights

No pre-emptive rights exist under Bermuda law in relation to the issue of new shares by the Company.

Reserves

Movements during the year in the reserves of the Group and the Company are set out in note 35 to the consolidated accounts on pages 178 to 179 of this annual report.

Corporate Governance

The Board and management of the Company are committed to maintaining high standards of corporate governance and the Company considers that effective corporate governance makes an important contribution to corporate success and to the enhancement of shareholder value. The Company has adopted its own code on corporate governance practices (the "CG Code") which in addition to applying the principles as set out in the Code on Corporate Governance Practices (the "SEHK Code") contained in Appendix 14 to the Listing Rules, also incorporates and conforms to local and international best practices. The CG Code sets out the corporate governance principles to be applied by the Company and its subsidiaries and is constantly reviewed to ensure transparency, accountability and independence. Further information on the CG Code is set out in the corporate governance report (the "Corporate Governance Report") on pages 64 to 81 of this annual report.

Throughout the year of 2009, the Company has complied with the SEHK Code except as set out in the Corporate Governance Report on page 64.

The Board, in addition, acknowledges its responsibility for the Group's systems of internal control and has pursued this responsibility through formalised Group financial and legal procedures, the Group's Internal Audit Department and the Audit Committee.

Public Float

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

Property, Plant and Equipment

Particulars of the movements in property, plant and equipment are set out in note 17 to the consolidated accounts on pages 146 to 148 of this annual report.

Donations

Donations made by the Group during the year amount to US$108,000.

Annual General Meeting

The Annual General Meeting will be held on 7th May 2010.

A circular containing, inter alia, (i) a notice convening the Annual General Meeting; (ii) details of biographical details of the retiring Directors to be re-elected at the Annual General Meeting; (iii) the general mandate to authorise the allotment of and otherwise dealing with shares of all classes in the capital of the Company and securities convertible into shares and options, warrants or similar rights to subscribe for shares or such convertible securities and (iv) the general mandate to authorise the repurchase of the Company's securities together with a proxy form will be distributed to the shareholders of the Company on around 7th April 2010.

Company Secretary

The Company Secretary of the Company is Ms. Lee Chee Fun Lammy, Barrister.

Auditor

The Group's financial accounts have been audited by PricewaterhouseCoopers who will retire at the Annual General Meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Orient Overseas (International) Limited

Tung Chee Chen

Chairman

Hong Kong, 18th March 2010

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Independent Auditor's Report

To the Shareholders of
Orient Overseas (International) Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated accounts of Orient Overseas (International) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 92 to 203, which comprise the consolidated and company balance sheets as at 31st December 2009, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the accounts

The Directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated accounts in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated accounts based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

Opinion

In our opinion, the consolidated accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31st December 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18th March 2010

Consolidated Profit and Loss Account

For the year ended 31st December 2009

US$'000	Note	2009	Restated 2008
Revenue	5	**4,350,195**	6,530,855
Operating costs	6	**(4,273,782)**	(5,658,200)
Gross profit		**76,413**	872,655
Fair value loss from an investment property	18	**(25,000)**	(25,000)
Other operating income	7	**34,058**	57,386
Other operating expenses	8	**(417,708)**	(507,277)
Operating (loss)/profit	11	**(332,237)**	397,764
Finance costs	12	**(35,347)**	(81,016)
Share of profits less losses of jointly controlled entities	21	**1,099**	2,101
Share of profits of associated companies	22	**4,615**	3,697
(Loss)/profit before taxation		**(361,870)**	322,546
Taxation	13	**(14,234)**	(24,977)
(Loss)/profit for the year from continuing operations		**(376,104)**	297,569
Discontinued operation:			
Loss for the year from discontinued operation	16	**(24,501)**	(22,040)
(Loss)/profit for the year		**(400,605)**	275,529
(Loss)/profit attributable to:			
Equity holders of the Company		**(402,294)**	272,337
Minority interests		**1,689**	3,192
		(400,605)	275,529
(Loss)/earnings per ordinary share (US cents)	14		
– from continuing operations		**(60.4)**	47.1
– from discontinued operation		**(3.9)**	(3.6)
Basic and diluted		**(64.3)**	43.5
Dividends	15	**—**	68,921

Year 2008 figures have been restated or reclassified to disclose the results of discontinued operation in a separate line.

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2009

US$'000	2009	2008
(Loss)/profit for the year	**(400,605)**	275,529
Other comprehensive income:		
Vessels		
– Assets revaluation reserve realised	**(8,033)**	—
Available-for-sale financial assets		
– Change in fair value	**(7,580)**	34,322
– Assets revaluation reserve realised	**(1,407)**	—
Currency translation adjustments	**5,080**	30,533
Other comprehensive (loss)/income for the year	**(11,940)**	64,855
Total comprehensive (loss)/income for the year	**(412,545)**	340,384
Total comprehensive (loss)/income attributable to :		
Equity holders of the Company	**(414,200)**	335,870
Minority interests	**1,655**	4,514
	(412,545)	340,384

Consolidated Balance Sheet

As at 31st December 2009

US$'000	Note	2009	2008
ASSETS			
Non-current assets			
Property, plant and equipment	17	**3,798,048**	3,780,945
Investment property	18	**150,000**	175,000
Prepayments of lease premiums	19	**10,175**	14,201
Jointly controlled entities	21	**4,465**	10,748
Associated companies	22	**59,737**	57,163
Intangible assets	23	**53,104**	47,098
Deferred taxation assets	24	**847**	1,008
Pension and retirement assets	25	**27,213**	21,868
Restricted bank balances	26	**447**	92,759
Bank deposit	33	**—**	55,200
Other non-current assets	27	**219,670**	195,427
		4,323,706	4,451,417
Current assets			
Properties under development and for sale	28	**—**	826,889
Inventories	29	**83,561**	89,905
Debtors and prepayments	30	**380,234**	440,237
Portfolio investments	31	**44,592**	54,043
Derivative financial instruments	32	**2,965**	6,126
Restricted bank balances	26	**1,760**	28,108
Cash and bank balances	33	**1,225,102**	1,804,910
		1,738,214	3,250,218
Assets held for sale	16	**1,268,254**	—
		3,006,468	3,250,218
Total assets		**7,330,174**	7,701,635

As at 31st December 2009

US$'000	Note	2009	2008
EQUITY			
Equity holders			
Share capital	34	**62,579**	62,579
Reserves	35	**3,882,105**	4,324,492
		3,944,684	4,387,071
Minority interests		**23,723**	34,292
Total equity		**3,968,407**	4,421,363
LIABILITIES			
Non-current liabilities			
Borrowings	36	**2,135,967**	2,218,251
Deferred taxation liabilities	24	**30,697**	37,689
Pension and retirement liabilities	25	**3,130**	3,931
		2,169,794	2,259,871
Current liabilities			
Creditors and accruals	37	**601,083**	836,535
Derivative financial instruments	32	**6,110**	13,937
Borrowings	36	**432,055**	153,895
Current taxation		**10,319**	16,034
		1,049,567	1,020,401
Liabilities directly associated with assets classified as held for sale	16	**142,406**	—
		1,191,973	1,020,401
Total liabilities		**3,361,767**	3,280,272
Total equity and liabilities		**7,330,174**	7,701,635
Net current assets		**1,814,495**	2,229,817
Total assets less current liabilities		**6,138,201**	6,681,234

C C Tung

Kenneth G Cambie

Directors

Balance Sheet

As at 31st December 2009

US$'000	Note	2009	2008
ASSETS			
Non-current assets			
Subsidiaries	20	**169,487**	169,482
Amount due from a subsidiary	20	**—**	1,143,186
		169,487	1,312,668
Current assets			
Prepayments		**71**	50
Amounts due from subsidiaries	20	**1,006,770**	932,346
Restricted bank balances	26	**193**	199
Cash and bank balances	33	**39,579**	1,449
		1,046,613	934,044
Asset held for sale	16	**1,037,388**	—
		2,084,001	934,044
Total assets		**2,253,488**	2,246,712
EQUITY			
Equity holders			
Share capital	34	**62,579**	62,579
Reserves	35	**1,216,633**	1,245,358
Total equity		**1,279,212**	1,307,937
LIABILITIES			
Non-current liability			
Amount due to a subsidiary	20	**717,863**	417,878

As at 31st December 2009

US$'000	Note	2009	2008
Current liabilities			
Accruals		**572**	596
Derivative financial instruments	32	**—**	1,102
Amounts due to subsidiaries	20	**255,841**	519,199
		256,413	520,897
Total liabilities		**974,276**	938,775
Total equity and liabilities		**2,253,488**	2,246,712
Net current assets		**1,827,588**	413,147
Total assets less current liabilities		**1,997,075**	1,725,815

C C Tung

Kenneth G Cambie

Directors

Consolidated Cash Flow Statement

For the year ended 31st December 2009

US$'000	Note	2009	2008
Cash flows from operating activities			
Cash (used in)/generated from operations	40(a)	**(291,049)**	463,341
Interest paid		**(17,378)**	(35,579)
Interest element of finance lease rental payments		**(33,981)**	(62,721)
Dividend on preference shares		**(3,235)**	(3,975)
Hong Kong profits tax paid		**(382)**	—
Overseas tax paid		**(7,851)**	(16,188)
Net cash (used in)/from operating activities		**(353,876)**	344,878
Cash flows from investing activities			
Sale of property, plant and equipment		**24,131**	24,964
Sale of available-for-sale financial assets		**3,971**	36
Sale of held-to-maturity investments		**6,369**	—
Purchase of property, plant and equipment		**(363,821)**	(394,444)
Purchase of available-for-sale financial assets		**(60)**	(123)
Purchase of held-to-maturity investments		**(50,065)**	(10,015)
Acquisition of additional interest in a subsidiary		**(34,527)**	—
Decrease in portfolio investments		**9,451**	207,155
Payment of lease premiums		**—**	(5,485)
(Increase)/decrease in amounts due by jointly controlled entities		**(1,409)**	445
Decrease/(increase) in restricted bank balances and bank deposits maturing more than three months from the date of placement		**63,352**	(108,376)
Purchase of intangible assets		**(12,401)**	(14,107)
Decrease/(increase) in other non-current assets		**6,723**	(232)
Interest received		**14,290**	51,957
Dividends received from portfolio investments		**535**	1,077
Income from available-for-sale financial assets		**83**	17
Dividends received from jointly controlled entities		**1,881**	2,477
Dividend received from an associated company		**2,098**	—
Net cash used in investing activities		**(329,399)**	(244,654)

For the year ended 31st December 2009

US$'000	Note	2009	2008
Cash flows from financing activities			
New loans		**525,154**	504,419
Repayment of loans		**(132,451)**	(495,420)
Redemption of preference shares		**(45,689)**	(10,145)
Capital element of finance lease rental payments		**(70,549)**	(60,315)
Contribution from minority interests		**—**	15,224
Dividend paid to shareholders		**(28,187)**	(125,167)
Dividend paid to minority interests		**(1,296)**	(383)
Net cash from/(used in) financing activities		**246,982**	(171,787)
Net decrease in cash and cash equivalents		**(436,293)**	(71,563)
Cash and cash equivalents at beginning of year		**1,778,453**	1,855,289
Cash and cash equivalents of disposal group classified as held for sale	16	**(262,124)**	—
Currency translation adjustments		**8,218**	(5,273)
Cash and cash equivalents at end of year	40(c)	**1,088,254**	1,778,453

Consolidated Statement of Changes in Equity

For the year ended 31st December 2009

US$'000	Equity holders				
	Share capital	Reserves	Sub-total	Minority interests	Total
At 31st December 2007	62,579	4,113,789	4,176,368	14,937	4,191,305
Total comprehensive income for the year	—	335,870	335,870	4,514	340,384
Transaction with owners					
2007 final dividend	—	(84,433)	(84,433)	—	(84,433)
2008 interim dividend	—	(40,734)	(40,734)	—	(40,734)
Contribution from minority interests	—	—	—	15,224	15,224
Dividend paid to minority interests	—	—	—	(383)	(383)
At 31st December 2008	62,579	4,324,492	4,387,071	34,292	4,421,363
Total comprehensive (loss)/income for the year	—	(414,200)	(414,200)	1,655	(412,545)
Transaction with owners					
2008 final dividend	—	(28,187)	(28,187)	—	(28,187)
Acquisition of additional interest in a subsidiary	—	—	—	(10,928)	(10,928)
Dividend paid to minority interests	—	—	—	(1,296)	(1,296)
At 31st December 2009	**62,579**	**3,882,105**	**3,944,684**	**23,723**	**3,968,407**

Notes to the Consolidated Accounts

1. General information

Orient Overseas (International) Limited ("the Company") is a limited liability company incorporated in Bermuda. The address of its registered office is 33rd floor, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding and the activities of its principal subsidiaries, associated companies and jointly controlled entities are set out on pages 189 to 203 of the accounts.

The Company has its listing on the Main Board of The Stock Exchange of Hong Kong Limited.

On 18th January 2010, the Board announced that the Company had entered into the Sale and Purchase Agreement with CapitaLand China (RE) Holdings Co., Ltd. to sell its entire interest in Orient Overseas Developments Limited and its subsidiaries and jointly controlled entities (collectively referred to as the "Disposal Group") and the assignment and transfer of the shareholder's loan for an aggregate consideration of US$2.2 billion, receivable in cash. After transaction costs, the gain arising on the disposal is estimated to be approximately US$1.06 billion which will be recognised in the consolidated profit and loss account in 2010 upon completion of the sale on 10th February 2010.

Analysis of the results, cash flows, assets and liabilities of the Disposal Group is presented in note 16.

2. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated accounts are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, and financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, which are carried at fair value.

The preparation of accounts in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated accounts, are disclosed in note 4.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The adoption of new/revised HKFRS

In 2009, the Group adopted the new standards, amendments and interpretations of HKFRS below, which are relevant to its operations.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HKFRS 7 Amendment	Financial Instruments: Disclosures

Annual improvements to HKFRS published in October 2008

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 10 Amendment	Events after the Reporting Period
HKAS 16 Amendment	Property, Plant and Equipment
HKAS 19 Amendment	Employee Benefits
HKAS 23 Amendment	Borrowing Costs
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKAS 28 Amendment	Investments in Associates
HKAS 31 Amendment	Interests in Joint Ventures
HKAS 34 Amendment	Interim Financial Reporting
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement
HKAS 40 Amendment	Investment Property
HKFRS 7 Amendment	Financial Instruments: Disclosures

The Group has assessed the impact of the adoption of these new standards, amendments and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the accounts except the presentation of the consolidated statement of comprehensive income to present the non-owner consolidated changes in equity as required under HKAS 1 (Revised), the segment information as required under HKFRS 8 and the improving disclosures about financial instruments as required under HKFRS 7 Amendment.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Standards, interpretations and amendments to existing standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published which are relevant to the Group's operations and accounts and are mandatory for the Group's accounting periods beginning on or after 1st July 2009 or later periods as follows:

New or revised standards, interpretations and amendments		Effective for accounting periods beginning on or after
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st July 2009
HKFRS 3 (Revised)	Business Combinations	1st July 2009
HK(IFRIC) - Int 17	Distributions of non-cash assets to owners	1st July 2009
HKFRS 5 Amendment	Non-current assets held for sale and discontinued operations	1st July 2009
HKAS 7 Amendment	Statement of Cash Flows	1st January 2010
HKAS 17 Amendment	Leases	1st January 2010
HKAS 36 Amendment	Impairment of Assets	1st January 2010
HKFRS 8 Amendment	Operating Segments	1st January 2010
HKFRS 9	Financial Instrument	1st January 2013

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Standards, interpretations and amendments to existing standards that are not yet effective (Continued)

Improvement to HKFRS published in May 2009		Effective for accounting periods beginning on or after
HKFRS 5 Amendment	Non-current assets held for sale and discontinued operations	1st January 2010
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 2010
HKFRS 8 Amendment	Operating Segments	1st January 2010

The Group has not early adopted the above standards, amendments and interpretations and is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of accounts will result.

2. Summary of significant accounting policies (Continued)

2.2 Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st December.

The consolidated accounts also include the Group's attributable share of post-acquisition results and reserves of its jointly controlled entities and associated companies.

(a) Subsidiaries

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. Amounts due from subsidiaries that are equity in nature are classified as non-current assets. The results of subsidiaries are recognised by the Company on the basis of dividend received and receivable.

(b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group and are recorded in the consolidated profit and loss account. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary.

2. Summary of significant accounting policies (Continued)

2.2 Consolidation (Continued)

(c) Jointly controlled entities

A jointly controlled entity is a joint venture in respect of which a contractual arrangement is established between the participating venturers and whereby the Group together with the venturers undertake an economic activity which is subject to joint control and none of the venturers has unilateral control over the economic activity. Jointly controlled entities are accounted for under the equity method whereby the Group's share of profits less losses is included in the consolidated profit and loss account and the Group's share of net assets is included in the consolidated balance sheet.

(d) Associated companies

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

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

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

2. Summary of significant accounting policies (Continued)

2.3 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated profit and loss account during the financial period in which they are incurred.

No depreciation is provided for vessels and buildings under construction and freehold land.

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

Container vessels	25 years
Containers	5 to 12 years
Chassis	10 to 12 years
Terminal equipment and improvements	10 to 15 years
Freehold buildings	Not exceeding 75 years
Leasehold buildings	Over period of the lease
Vehicles, furniture, computer and other equipment	3 to 15 years

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

The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Gains and losses on disposals are determined as the difference between the net disposal proceeds and the carrying amounts of the assets and are dealt with in the consolidated profit and loss account.

For the assets under the revaluation model, if an asset's carrying amount is increased as a result of a revaluation, the increase shall be credited directly to asset revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decrease as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be debited directly to asset revaluation reserve to the extent of any credit balance existing in the asset revaluation reserve in respect of that asset.

2. Summary of significant accounting policies (Continued)

2.4 Investment property

Property that is held for long-tem rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property comprises freehold land, land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is initially measured at cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on valuation carried out annually by Directors or independent external valuers. Changes in fair values are recognised in the consolidated profit and loss account.

2.5 Vessel repairs and surveys

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

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associated company or jointly controlled entity at the effective date of acquisition and, in respect of an increase in holding in a subsidiary, the excess of the cost of acquisition and the carrying amount of the proportion of the minority interests acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associated companies or jointly controlled entities is included in investments in associated companies or jointly controlled entities.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Computer software

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are stated at cost less accumulated amortisation. Amortisation is calculated on the straight-line basis over their estimated useful life of five years.

2. Summary of significant accounting policies (Continued)

2.7 Impairment of investments in subsidiaries and non-financial assets

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

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate account exceeds the carrying amount in the consolidated accounts of the investee's net assets including goodwill.

2.8 Investments

The Group classifies its investments in the following categories: portfolio investments, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Portfolio investments

Portfolio investments include financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date; which are classified as non-current assets.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity investments, the whole category would be reclassified as available for sale. Held-to-maturity investments are included in non-current assets, except for those with maturities less than 12 months from the balance sheet date; which are classified as current assets.

2. Summary of significant accounting policies (Continued)

2.8 Investments (Continued)

(d) Available-for-sale financial assets

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

(e) Recognition and measurement

Regular way purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and portfolio investments are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method less impairment losses, if any.

Realised and unrealised gains and losses arising from changes in the fair value of the portfolio investments are included in the consolidated profit and loss account in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the consolidated profit and loss account as gains and losses from available-for-sale financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables or held-to-maturity investments out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

2. Summary of significant accounting policies (Continued)

2.8 Investments (Continued)

(e) Recognition and measurement (Continued)

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated profit and loss account is removed from equity and recognised in the consolidated profit and loss account. Impairment losses recognised in the consolidated profit and loss account on equity instruments are not reversed through the consolidated profit and loss account.

Impairment on held-to-maturity investments is considered at both an individual and collective level. The individual impairment allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at asset's original effective interest rate, where the effect of discounting is material.

2.9 Properties under development and for sale

The cost of acquiring land held under operating leases is amortised on a straight-line basis over the lease term. If the property is in the course of development or re-development, the amortisation charge is included as part of the costs of the property under development. In all other cases the amortisation charge for the period is recognised in the consolidated profit and loss account immediately. In all other respects, inventories in respect of property development activities are carried at the lower of cost and net realisable value.

2.10 Inventories

Inventories mainly comprise bunkers and consumable stores. Inventories are stated at the lower of cost and net realisable value. Cost is calculated on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.11 Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated profit and loss account.

2. Summary of significant accounting policies (Continued)

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of three months or less and net of bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

2.13 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

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

2.14 Creditors

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

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

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds net of transaction costs and the redemption value is recognised in the consolidated profit and loss account over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the consolidated profit and loss account as finance costs.

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

2. Summary of significant accounting policies (Continued)

2.16 Current and deferred taxation

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

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

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.17 Employee benefits

(a) Pension obligations

The Group operates a number of defined benefit and defined contribution pension and retirement benefit schemes in the main countries in which the Group operates. These schemes are generally funded by payments from employees and by relevant group companies, taking into account of the recommendations of independent qualified actuaries where required.

For defined benefit pension plans, annual contributions are made in accordance with the advice of qualified actuaries for the funding of retirement benefits in order to build up reserves for each scheme member during the employee's service life and are used to pay to the employee or his or her dependent(s) a pension after retirement. Such pension costs are assessed using the projected unit credit method, under which, the cost of providing pensions is charged to the consolidated profit and loss account so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries with full valuation of the plans every two to three years. The pension obligations are measured as the present value of the estimated future cash outflows using interest rates of high quality corporate bonds which have terms to maturity approximating the terms of the related liabilities. Plan assets are measured at fair values. Actuarial gains and losses are recognised in the consolidated profit and loss account over the expected average remaining service lives of employees to the extent of the amount in excess of 10% of the greater of the present value of the plan obligations and the fair value of plan assets.

Contributions under the defined contribution schemes are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

2.19 Insurance contracts

The Group regards its financial guarantees provided to its subsidiaries as insurance contracts. The Group assesses at each balance sheet date the liabilities under its insurance contracts using current estimates of future cash flows. Changes in carrying amount of these insurance liabilities are recognised in the consolidated profit and loss account.

2. Summary of significant accounting policies (Continued)

2.20 Segment information

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

2.21 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit and loss account.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the assets revaluation reserve in equity.

(c) Group companies

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

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

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

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the consolidated profit and loss account as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2. Summary of significant accounting policies (Continued)

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services, net of value-added tax, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. Revenue is recognised as follows:—

(a) Freight revenues from the operation of the container transport and logistics business are recognised on a percentage of completion basis, which is determined on the time proportion method of each individual vessel voyage.

(b) Revenues from the operation of container terminals and provision of other services are recognised when services are rendered or on an accrual basis.

(c) Rental income under operating leases is recognised over the periods of the respective leases on a straight-line basis.

(d) Interest income is recognised on a time-proportion basis using the effective interest method.

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

2.23 Leases

(a) Operating lease

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

The up-front prepayments made for the leasehold land and land use rights are expensed in the consolidated profit and loss account on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the consolidated profit and loss account.

(b) Finance lease

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

2. Summary of significant accounting policies (Continued)

2.24 Borrowing costs

Borrowing costs are expensed in the consolidated profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2.25 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in fair value are recognised in the consolidated profit and loss account.

2.26 Disposal group - assets held for sale

Disposal group is classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

2.27 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's accounts in the period in which the dividends are approved by the Company's Directors / shareholders.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Additional focus has been put by the Group to mitigate the heightened risks as a result of the global financial turmoil, which presented the worst market conditions ever experienced in the container shipping industry.

The Group has regularly monitored current and expected liquidity requirements against the cash on hand, expected net operating cash flow, committed facilities and its compliance with loan covenants, to ensure the Group's liquidity requirements can be met in the short and longer term.

The Group has paid extra attention on credit quality of counterparties, in particular major customers and financial institutions with relationship in terms of equity and debt securities, derivatives and cash transactions. Credit qualities of respective counterparties are disclosed in respective notes to the consolidated accounts.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to fluctuation in the exchange rates of foreign currencies to the US dollar. Foreign currency exposures are covered by forward contracts and options whenever appropriate.

Income from container transport and logistics activities is mainly denominated in US dollar and expenses are incurred in various currencies, mainly including US dollar, Euro, Canadian dollar, Japanese yen and Renminbi.

As a main rule, a high US dollar exchange rate will have a positive effect on the Group's net earnings for the year and the Group's equity.

To limit currency exposure, the US dollar based activities are financed primarily by loans in US dollar. With all other variables held constant, an average change in the US dollar exchange rate of 1%, compared with all other non-US dollar related currencies, has an effect on the results for 2009 of approximately US$19.1 million (2008: US$23.7 million).

(ii) Price risk

The container transport and logistics activities are sensitive to economic fluctuations. The Group is exposed to freight rate risk. The Group's revenue will increase/decrease by US$38.0 million (2008: US$59.3 million) for 1% increase/reduction of the average container freight rates with all other variables held constant.

The Group is exposed to bunker price risk for its container transport and logistics activities. Bunker cost is one of the major cost components of container transport and logistics activities. An increase in bunker price can only be partially compensated through freight surcharge bunker price adjustment. With all other variables held constant, the operating cost will be increased by approximately US$1.7 million (2008: US$2.3 million) for one US dollar increase in bunker price per ton.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that services are provided to customers with an appropriate credit history.

The extent of the Group's credit exposure is represented by the aggregate balance of cash and bank balances, portfolio investments, available-for-sale financial assets, held-to-maturity investments, derivative financial instruments, restricted bank balances, other deposits, debtors and prepayments and loan to an investee company. The credit quality of these exposures is disclosed in relevant notes to the consolidated accounts.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping sufficient cash and cash equivalents and readily realisable liquid assets.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group Treasury. Group Treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room. At the reporting date, the Group held liquid assets of US$1,273.1 million (2008: US$1,919.6 million) that are expected to readily generate cash inflows for managing liquidity risk.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

US$'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Group				
At 31st December 2009				
Borrowings	458,153	243,452	711,349	1,379,878
Creditors and accruals	601,083	—	—	—
Derivative financial instruments	6,110	—	—	—
At 31st December 2008				
Borrowings	194,562	324,020	853,605	1,377,650
Creditors and accruals	836,535	—	—	—
Derivative financial instruments	13,937	—	—	—
Company				
At 31st December 2009				
Accruals	572	—	—	—
Amounts due to subsidiaries	255,841	717,863	—	—
At 31st December 2008				
Accruals	596	—	—	—
Derivative financial instruments	1,102	—	—	—
Amounts due to subsidiaries	519,199	417,878	—	—

The Group's and the Company's derivative financial instruments with negative fair value have been included at their fair value within the less than 1 year time bucket. This is because the contractual maturities are not essential for an understanding of the timing of the cash flows. These contracts are managed on a net-fair value basis rather than by maturity date.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(d) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has a policy to place surplus funds with creditable financial institutions which offer the best return for the Group on a short-term basis.

There are no material fixed rate receivables or borrowings in the Group.

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing bank balances and borrowings. These exposures are partially managed through the use of derivative financial instruments such as interest rate swaps.

At 31st December 2009, if interest rates had been 0.1% higher/lower with all other variables held constant, post-tax loss (2008 : profit) for the year would have been US$1.4 million higher/lower (2008: US$0.5 million lower/higher), mainly as a result of higher/lower net interest expense on the net floating rate borrowings.

3.2 Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less restricted bank balances, cash and bank balances and portfolio investments.

3. Financial risk management (Continued)

3.2 Capital risk management (Continued)

The gearing ratios at 31st December 2009 and 2008 were as follows:

US$'000	2009	2008
Total borrowings (note 36)	**(2,568,022)**	(2,372,146)
Less : Restricted bank balances (note 26)	**2,207**	120,867
Cash and bank balances (note 33)	**1,225,102**	1,860,110
Portfolio investments (note 31)	**44,592**	54,043
Net debt	**(1,296,121)**	(337,126)
Total equity	**3,968,407**	4,421,363
Gearing ratio	**0.33**	0.08

The change in the gearing ratio results primarily from stage payments on new vessels, new borrowings upon vessels delivery and loss suffered during the year.

3. Financial risk management (Continued)

3.3 Fair value estimation

Effective 1st January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise portfolio investments and listed equity securities classified as available for sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. None of the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include :

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Instruments included in level 3 comprise derivative financial instruments and unlisted equity securities classified as available for sale.

4. Critical accounting estimates and judgements

Estimates and judgements used in preparing the accounts are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(a) Income taxes

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

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

(b) Investment property

The fair value of investment property is determined by an independent valuer on an open market for existing use basis. In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates. Management has critically assessed these estimates and has regularly compared to actual market data and actual transactions entered into by the Group, in view of the volatility of the property market as a result of the global financial crisis.

(c) Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different from previously estimated.

Management determines the estimated useful lives and related depreciation expenses for the vessels and containers. Management estimates useful lives of its vessels and containers by reference to expected usage of the vessels and containers, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the market. It could change significantly as a result of the changes of these factors.

Were the useful lives of vessels and containers to differ by 10% from management estimates with all other variables held constant, it is estimated that depreciation expense would increase or decrease by approximately US$16.7 million or US$13.6 million respectively (2008: US$13.1 million or US$10.8 million respectively).

4. Critical accounting estimates and judgements (Continued)

(c) Property, plant and equipment and intangible assets (Continued)

The Group's management determines the residual values for its vessels and containers. This estimate is based on the current scrap values of steels in an active market at each measurement date since management decides to dispose of the fully depreciated vessels and containers as scrap steels. Depreciation expense would increase where the residual values are less than previously estimated values.

Were the residual values of containers and vessels to differ by 10% from management estimates with all other variables held constant, it is estimated that depreciation expense would increase or decrease by approximately US$6.5 million or US$6.6 million respectively (2008: US$6.7 million or US$7.4 million respectively).

(d) Impairment of container vessels, vessels under construction, containers, chassis and computer software

The Group's major operating assets represent container vessels, vessels under construction, containers, chassis and computer software ("Operating Assets"). Management performs review for impairment of the Operating Assets whenever events or changes in circumstances indicate that the carrying amounts of the Operating Assets may not be recoverable.

The recoverable amounts of Operating Assets are the higher of their value-in-use and fair value less costs to sell. The fair values of the assets were determined by independent valuers based on market transactions at the balance sheet date less cost of disposal. While the value-in-use calculations require the use of estimates on the projections of cash inflows from the continuing use of the Operating Assets, when applicable, including the amount to be received for the disposal and discount rate. All these items have been historically volatile and may impact the results of the value-in-use calculations.

Based on the management's best estimates for the value-in-use calculations, there was no impairment of Operating Assets noted during the year.

(e) Provision of operating cost

Operating costs, which mainly comprise cargo, vessel and voyage costs, equipment repositioning cost and terminal operating cost. Invoices in relation to these expenses are received approximately up to six months after the expenses have been incurred. Consequently, recognition of operating costs is based on the rendering of services as well as the latest tariff agreed with vendors.

If the actual expenses of a voyage differ from the estimated expenses, this will have an impact on operating cost in future periods. Historically, the Group has not experienced significant deviation from the actual expenses.

(f) Held-to-maturity investments

The Group follows the HKAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity investments. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for specific circumstances defined in HKAS 39, it will be required to reclassify the whole class as portfolio investments. The investments would therefore be measured at fair value, not amortised cost. If the class of held-to-maturity investments was tainted, the fair value would increase by US$2.6 million (2008: decrease by US$4.3 million), and recognised in the consolidated profit and loss account.

5. Revenue and segment information

(a) Revenue

US$'000	2009	2008
Container transport and logistics	**4,325,998**	6,502,631
Property investment	**24,197**	28,224
	4,350,195	6,530,855

The principal activities of the Group are container transport and logistics and property investment.

Revenue comprises turnover which includes gross freight, charterhire, service and other income from the operation of the container transport and logistics and rental income from the investment property.

(b) Segment information

The principal activities of the Group are container transport and logistics. Container transport and logistics include global containerised shipping services in major trade lanes, covering Trans-Pacific, Trans-Atlantic, Asia/Europe, Asia/Australia and Intra-Asia trades, and integrated services over the management and control of effective storage and flow of goods. In accordance with the Group's internal financial reporting provided to the chief operating decision-makers, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are container transport and logistics and others.

5. Revenue and segment information (Continued)

(b) Segment information (Continued)

Operating segments

The segment results for the year ended 31st December 2009 are as follows:

US$'000	Continuing operations: Container transport and logistics	Continuing operations: Others	Continuing operations: Elimination	Continuing operations: Sub-total	Discontinued operation: Property development	Group
Revenue	4,325,998	25,193	(996)	4,350,195	4,435	4,354,630
Operating loss	(331,181)	(1,056)	—	(332,237)	(22,230)	(354,467)
Finance costs (note 12)	(34,606)	(741)	—	(35,347)	(2,981)	(38,328)
Share of profits less losses of jointly controlled entities (note 21)	1,099	—	—	1,099	1,080	2,179
Share of profits of associated companies (note 22)	4,615	—	—	4,615	—	4,615
Loss before taxation	(360,073)	(1,797)	—	(361,870)	(24,131)	(386,001)
Taxation credit/(expense)	(15,002)	768	—	(14,234)	(370)	(14,604)
Loss for the year	(375,075)	(1,029)	—	(376,104)	(24,501)	(400,605)
Capital expenditure	375,567	—	—	375,567	4,594	380,161
Depreciation	203,826	—	—	203,826	3,449	207,275
Amortisation	6,882	—	—	6,882	96	6,978

5. Revenue and segment information (Continued)

(b) Segment information (Continued)

Operating segments (Continued)

The segment results for the year ended 31st December 2008 are as follows:

	Continuing operations				Discontinued operation	
US$'000	Container transport and logistics	Others	Elimination	Sub-total	Property development	Group
Revenue	6,502,631	29,162	(938)	6,530,855	14,285	6,545,140
Operating profit/(loss)	392,115	5,649	—	397,764	(9,497)	388,267
Finance costs (note 12)	(79,063)	(1,953)	—	(81,016)	(9,868)	(90,884)
Share of profits less losses of jointly controlled entities (note 21)	2,101	—	—	2,101	1,108	3,209
Share of profits of associated companies (note 22)	3,697	—	—	3,697	—	3,697
Profit/(loss) before taxation	318,850	3,696	—	322,546	(18,257)	304,289
Taxation credit/(expense)	(33,405)	8,428	—	(24,977)	(3,783)	(28,760)
Profit/(loss) for the year	285,445	12,124	—	297,569	(22,040)	275,529
Capital expenditure	596,666	—	—	596,666	53,902	650,568
Depreciation	180,907	—	—	180,907	991	181,898
Amortisation	7,047	—	—	7,047	416	7,463

Others mainly represent property investment and corporate level activities including central treasury management and administrative function.

Inter-segment transfers or transactions are conducted at prices and terms mutually agreed amongst those business segments.

5. Revenue and segment information (Continued)

(b) Segment information (Continued)

Operating segments (Continued)

The segment assets and liabilities at 31st December 2009 are as follows:

US$'000	Container transport and logistics	Others	Group
Segment assets	4,698,468	1,299,250	5,997,718
Jointly controlled entities	4,465	—	4,465
Associated companies	59,737	—	59,737
	4,762,670	1,299,250	6,061,920
Assets held for sale (note 16)			1,268,254
Total assets			7,330,174
Segment liabilities	(3,152,987)	(66,374)	(3,219,361)
Liabilities directly associated with assets held for sale (note 16)			(142,406)
Total liabilities			(3,361,767)

5. Revenue and segment information (Continued)

(b) Segment information (Continued)

Operating segments (Continued)

The segment assets and liabilities at 31st December 2008 are as follows:

US$'000	Container transport and logistics	Others	Property development	Group
Segment assets	4,876,040	1,228,957	1,528,727	7,633,724
Jointly controlled entities	3,831	—	6,917	10,748
Associated companies	57,163	—	—	57,163
Total assets	4,937,034	1,228,957	1,535,644	7,701,635
Segment liabilities	(2,850,466)	(69,181)	(360,625)	(3,280,272)

Others primarily included assets and liabilities of property investment and corporate level activities. Other assets consist primarily of investment property, available-for-sale financial assets, held-to-maturity investments, loan to an investee company and portfolio investments together with restricted bank balances and cash and bank balances that are managed at corporate level. While other liabilities primarily include creditors and accruals and deferred tax liabilities related to property investment and corporate level activities.

5. Revenue and segment information (Continued)

(b) Segment information (Continued)

Geographical information

The Group's two reportable operating segments operate in four main geographical areas, even though they are managed on a worldwide basis. Freight revenues from container transport and logistics are analysed based on the outbound cargoes of each geographical territory.

The Group's total assets mainly include container vessels and containers which are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, non-current assets by geographical areas are not presented.

US$'000	Revenue	Capital expenditure
Year ended 31st December 2009		
Continuing operations:		
Asia	**2,770,420**	**19,080**
North America	**880,785**	**2,672**
Europe	**582,633**	**219**
Australia	**116,357**	**12**
Unallocated *	**—**	**353,584**
	4,350,195	**375,567**
Discontinued operation	**4,435**	**4,594**
	4,354,630	**380,161**
Year ended 31st December 2008		
Continuing operations:		
Asia	4,334,816	93,144
North America	1,182,093	20,284
Europe	894,646	864
Australia	119,300	65
Unallocated *	—	536,211
	6,530,855	650,568
Discontinued operation	14,285	—
	6,545,140	650,568

* Unallocated capital expenditure comprises additions to vessels, dry-docking, containers and intangible assets.

\# Certain comparative figures have been restated to conform with the adoption of HKFRS8 : Operating segments.

6. Operating costs

US$'000	2009	2008
Cargo	**2,148,846**	2,805,290
Vessel and voyage	**1,482,056**	2,085,005
Equipment and repositioning	**628,467**	749,863
	4,259,369	5,640,158
Property management	**14,413**	18,042
	4,273,782	5,658,200

7. Other operating income

US$'000	2009	2008
Income from available-for-sale financial assets		
– Profit on disposal	**1,407**	—
– Dividend income	**85**	17
Interest income from banks	**9,110**	43,819
Interest income from held-to-maturity investments	**3,232**	1,327
Portfolio investment income		
– Fair value gain (realised and unrealised)	**11,634**	—
– Interest income	**1,563**	2,234
– Dividend income	**581**	1,077
Gain on foreign exchange forward contracts	**5,252**	—
Gain on interest rate swap contracts	**—**	5,916
Profit on disposal of property, plant and equipment	**—**	2,267
Exchange gain	**72**	—
Others	**1,122**	729
	34,058	57,386

The investment income from listed investments for the year amounts to US$18.5 million (2008: US$4.6 million).

8. Other operating expenses

US$'000	2009	2008
Business and administrative	**396,040**	458,898
Corporate	**9,243**	11,951
Portfolio investment loss		
– Fair value loss (realised and unrealised)	**—**	18,510
Loss on disposal of held-to-maturity investments	**1,506**	—
Loss on foreign exchange forward contracts	**—**	15,877
Loss on currency option contracts	**376**	1,473
Loss on interest rate swap contracts	**2,894**	—
Loss on disposal of property, plant and equipment	**7,649**	—
Exchange loss	**—**	568
	417,708	507,277

9. Employee benefit expense

US$'000	2009	2008
Wages and salaries	**362,191**	398,511
Pension and retirement benefits		
– Defined contribution plans (note 25)	**18,141**	18,790
– Defined benefit plans (note 25)	**2,375**	2,601
	382,707	419,902
Representing:		
– Continuing operations	**376,343**	414,986
– Discontinued operation	**6,364**	4,916
	382,707	419,902

Employee benefit expenses of US$113.4 million (2008: US$109.3 million) are included in operating costs in the consolidated profit and loss account.

10. Directors' and management's emoluments

(a) Directors' emoluments

The remuneration of every Director is set out below:

Name of Director US$'000	Fees	Salary	Discretionary bonuses	Employer's contribution to provident fund scheme	Total
For the year ended 31st December 2009					
Mr. C C Tung	107	566	168	73	914
Mr. Tsann Rong Chang	26	—	—	—	26
Mr. Roger King	60	—	—	—	60
Mr. Kenneth G Cambie	—	398	128	26	552
Mr. Philip Chow	—	507	196	70	773
Mr. Alan Tung	—	263	44	31	338
Mr. Simon Murray	19	—	—	—	19
Dr. Victor K Fung	11	—	—	—	11
Prof. Richard Wong	30	—	—	—	30
Mr. Edward Cheng	15	—	—	—	15

The discretionary bonuses paid in 2009 relate to performance for year 2008.

10. Directors' and management's emoluments (Continued)

(a) Directors' emoluments (Continued)

Name of Director US$'000	Fees	Salary	Discretionary bonuses	Employer's contribution to provident fund scheme	Total
For the year ended 31st December 2008					
Mr. C C Tung	107	561	724	129	1,521
Mr. Tsann Rong Chang	64	—	—	—	64
Mr. Roger King	—	54	—	5	59
Mr. Kenneth G Cambie	—	396	134	27	557
Mr. Philip Chow	—	504	734	124	1,362
Mr. Alan Tung	—	260	125	39	424
Mr. Simon Murray	19	—	—	—	19
Dr. Victor K Fung	32	—	—	—	32
Prof. Richard Wong	26	—	—	—	26

The discretionary bonuses paid in 2008 relate to performance for year 2007.

None of the Directors has waived the right to receive their emoluments.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2008: two) Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2008: three) individuals are as follows:

US$'000	2009	2008
Basic salaries, housing allowances, other allowances and benefits in kind	**744**	1,017
Discretionary bonuses	**261**	1,386
Pension costs - defined contribution plans	**101**	240
	1,106	2,643

10. Directors' and management's emoluments (Continued)

(b) Five highest paid individuals (Continued)

The emoluments of the five individuals fell within the following bands:

		Number of individuals	
Emolument bands (US$)		2009	2008
512,801 ~ 576,900	(HK$4,000,001 ~ HK$4,500,000)	**2**	—
576,901 ~ 641,000	(HK$4,500,001 ~ HK$5,000,000)	**1**	—
705,101 ~ 769,200	(HK$5,500,001 ~ HK$6,000,000)	**—**	1
769,201 ~ 833,300	(HK$6,000,001 ~ HK$6,500,000)	**1**	—
897,401 ~ 961,500	(HK$7,000,001 ~ HK$7,500,000)	**1**	1
961,501 ~ 1,025,600	(HK$7,500,001 ~ HK$8,000,000)	**—**	1
1,346,201 ~ 1,410,300	(HK$10,500,001 ~ HK$11,000,000)	**—**	1
1,474,301 ~ 1,538,400	(HK$11,500,001 ~ HK$12,000,000)	**—**	1
		5	5

(c) Key management compensation

US$'000	2009	2008
Salaries and other short-term employee benefits	**5,499**	8,501
Pension costs - defined contribution plans	**502**	788
	6,001	9,289

The Group usually determines and pays discretionary bonuses to employees (including Directors) around April / May each year based on the actual financial results of the Group for the preceding year. The discretionary bonuses shown above therefore represent actual payments to the Directors and individuals during the current financial year in relation to performance for the preceding year.

11. Operating (loss)/profit

US$'000	2009 Continuing operations	2009 Discontinued operation	2008 Continuing operations	2008 Discontinued operation
Operating (loss)/profit is arrived at				
after crediting :				
Operating lease rental income				
Land and buildings	**24,197**	**—**	28,224	—
and after charging:				
Depreciation				
Owned assets	**126,809**	**3,449**	117,602	991
Leased assets	**77,017**	**—**	63,305	—
Operating lease rental expense				
Vessels and equipment	**469,892**	**—**	573,618	—
Land and buildings	**28,055**	**1,408**	27,048	1,174
Rental outgoings in respect of an				
investment property	**14,413**	**—**	14,573	—
Amortisation of intangible assets	**6,395**	**—**	6,705	—
Amortisation of leasehold land				
and land use rights	**487**	**96**	342	416
Auditors' remuneration				
Audit	**2,337**	**148**	2,790	147
Non-audit	**959**	**—**	1,768	—

Operating lease rental expenses of US$469.9 million and US$29.5 million (2008: US$572.5 million and US$29.3 million) respectively are included in operating costs and other operating expenses in the consolidated profit and loss account.

12. Finance costs

US$'000	2009	2008
Interest expense		
Bank loans, overdrafts and other loans		
Wholly repayable within five years	**6,346**	15,022
Not wholly repayable within five years	**4,235**	4,797
Loans from minority interests		
Wholly repayable within five years	**85**	—
Not wholly repayable within five years	**2,730**	5,987
Finance lease obligations		
Wholly repayable within five years	**6,122**	12,799
Not wholly repayable within five years	**16,249**	42,440
	35,767	81,045
Amount capitalised under assets	**(2,024)**	(3,642)
Net interest expense	**33,743**	77,403
Dividend on preference shares	**1,604**	3,613
	35,347	81,016

The borrowing cost of the loans to finance the vessels under construction (note 17) represents an average capitalisation rate of approximately 1.0% (2008 : 2.2%).

13. Taxation

US$'000	2009	2008
Current taxation		
Hong Kong profits tax	**5**	(123)
Overseas taxation	**10,232**	24,268
	10,237	24,145
Deferred taxation		
Overseas taxation	**3,997**	832
	14,234	24,977

Taxation has been provided at the appropriate tax rates prevailing in the countries in which the Group operates on the estimated assessable profits for the year. These rates range from 12% to 47% (2008: 8% to 52%) and the rate applicable for Hong Kong profits tax is 16.5% (2008: 16.5%).

The associated companies in the People's Republic of China enjoy preferential tax treatment.

13. **Taxation** (Continued)

The tax of the Group's (loss)/profit before taxation differs from the theoretical amount that would arise using the applicable tax rate, being the weighted average of rates prevailing in the territories in which the Group operates, as follows:

US$'000	2009	2008
(Loss)/profit before taxation	**(361,870)**	322,546
Share of profits less losses of jointly controlled entities	**(1,099)**	(2,101)
Share of profits of associated companies	**(4,615)**	(3,697)
	(367,584)	316,748
Tax calculated at applicable tax rates	**(55,232)**	80,441
Income not subject to tax	**(29,243)**	(79,760)
Expenses not deductible for tax purposes	**95,197**	21,504
Tax losses not recognised	**4,688**	1,982
Temporary differences not recognised	**993**	1,100
Utilisation of previously unrecognised tax losses	**(1,269)**	(1,235)
Utilisation of previously unrecognised temporary differences	**(1,871)**	(363)
Recognition of previously unrecognised temporary differences	**(90)**	(56)
Change in tax rates	**(10)**	(18)
Withholding tax	**121**	789
Other items	**950**	593
	14,234	24,977

14. (Loss)/earnings per ordinary share

The calculation of basic and diluted (loss)/earnings per ordinary share is based on the Group's (loss)/profit attributable to equity holders of the Company divided by the number of ordinary shares in issue during the year.

The basic and diluted (loss)/earnings per ordinary share are the same since there are no potential dilutive shares.

US$'000	2009	2008
Number of ordinary shares in issue (thousands)	**625,793**	625,793
Group's (loss)/profit from continuing operations attributable to:		
Equity holders of the Company	**(377,891)**	294,640
Minority interests	**1,787**	2,929
	(376,104)	297,569
(Loss)/earnings per share from continuing operations attributable to equity holders of the Company (US cents)	**(60.4)**	47.1
(Loss)/profit from discontinued operation attributable to:		
Equity holders of the Company	**(24,403)**	(22,303)
Minority interests	**(98)**	263
	(24,501)	(22,040)
Loss per share from discontinued operation attributable to equity holders of the Company (US cents)	**(3.9)**	(3.6)

15. Dividends

US$'000	2009	2008
Interim paid of nil (2008: US6.5 cents) per ordinary share	—	40,734
Proposed final of nil (2008: US4.5 cents) per ordinary share	—	28,187
	—	68,921

The Board of Directors do not recommend a final dividend in respect of 2009 (2008: US4.5 cents per ordinary share).

16. Discontinued operation and assets held for sale

An analysis of the results, cash flows and assets and liabilities of the Disposal Group is as follows:

(a) Discontinued operation

US$'000		2009	2008
Group			
(i)	**Results**		
	Revenue	**4,435**	14,285
	Operating costs	**(8,169)**	(10,706)
	Gross (loss)/profit	**(3,734)**	3,579
	Other operating income	**997**	6,558
	Other operating expenses	**(19,493)**	(19,634)
	Operating loss	**(22,230)**	(9,497)
	Finance costs	**(2,981)**	(9,868)
	Share of profits less losses of jointly controlled entities	**1,080**	1,108
	Loss before taxation	**(24,131)**	(18,257)
	Taxation	**(370)**	(3,783)
	Loss for the year	**(24,501)**	(22,040)
(ii)	**Cash flows**		
	Operating cash flows	**(223,927)**	(160,792)
	Investing cash flows	**19,747**	(104,205)
	Financing cash flows	**(56,754)**	568,169
	Total cash flows	**(260,934)**	303,172

16. Discontinued operation and assets held for sale (Continued)

(b) Assets held for sale

US$'000	Note	As at 31st December 2009
Group		
ASSETS		
Non-current assets		
Property, plant and equipment	17	**104,010**
Prepayments of lease premiums	19	**3,467**
Goodwill		**23,599**
Jointly controlled entities	21	**9,804**
Deferred tax assets	24	**592**
		141,472
Current assets		
Inventories		**218**
Properties under development and for sale	28	**855,886**
Debtors and prepayments		**8,554**
Cash and bank balances		**262,124**
		1,126,782
Total assets		**1,268,254**

16. Discontinued operation and assets held for sale (Continued)

(c) Liabilities directly associated with assets held for sale

US$'000	Note	As at 31st December 2009
Group		
LIABILITIES		
Non-current liabilities		
Borrowings, secured		**87,565**
Deferred taxation liabilities	24	**11,377**
		98,942
Current liabilities		
Creditors and accruals		**39,639**
Amount due to a jointly controlled entity		**1,800**
Current taxation		**2,025**
		43,464
Total liabilities		**142,406**

16. Discontinued operation and assets held for sale (Continued)

(d) Cumulative income recognised directly in equity relating to Disposal Group classified as held for sale

US$'000	2009	2008
Currency translation adjustments	**59,011**	57,978

Note:

The aggregate net book amounts of assets pledged as securities for loans amount to US$258.2 million.

US$'000	As at 31st December 2009
Company	
(a) Asset held for sale	
ASSET	
Current asset	
Amount due from a subsidiary	**1,037,388**

17. Property, plant and equipment

US$'000	Container vessels and capitalised dry-docking costs	Vessels under construction	Containers	Chassis	Freehold land and buildings outside Hong Kong	Buildings outside Hong Kong	Vehicles, furnitures, computer and other equipment	Total
Group								
Cost								
At 31st December 2008	2,304,236	864,691	1,130,040	162,489	7,057	149,929	295,580	**4,914,022**
Currency translation adjustments	—	—	—	1	86	177	1,162	**1,426**
Additions	48,521	292,662	—	520	—	9,782	16,275	**367,760**
Classified as assets held for sale (note 16)	—	—	—	—	—	(105,704)	(3,074)	**(108,778)**
Reclassification	334,867	(334,867)	—	—	—	—	—	**—**
Asset revaluation reserve	(4,728)	—	—	—	—	—	—	**(4,728)**
Disposals	(37,224)	—	(48,005)	(3,396)	—	(2,871)	(6,466)	**(97,962)**
At 31st December 2009	2,645,672	822,486	1,082,035	159,614	7,143	51,313	303,477	**5,071,740**
Accumulated depreciation								
At 31st December 2008	558,059	—	272,550	110,619	2,067	17,935	171,847	**1,133,077**
Currency translation adjustments	—	—	—	—	33	53	899	**985**
Charge for the year	93,128	—	69,385	5,959	116	6,530	32,157	**207,275**
Classified as assets held for sale (note 16)	—	—	—	—	—	(3,772)	(996)	**(4,768)**
Disposals	(28,736)	—	(27,393)	(2,406)	—	(1,386)	(2,956)	**(62,877)**
At 31st December 2009	622,451	—	314,542	114,172	2,216	19,360	200,951	**1,273,692**
Net book amount								
At 31st December 2009	2,023,221	822,486	767,493	45,442	4,927	31,953	102,526	**3,798,048**
At 31st December 2008	1,746,177	864,691	857,490	51,870	4,990	131,994	123,733	**3,780,945**
Net book amount of leased assets								
At 31st December 2009	1,220,801	—	320,802	2,652	—	—	9,276	**1,553,531**
At 31st December 2008	1,128,116	134,880	350,542	3,282	—	—	1,334	**1,618,154**

17. Property, plant and equipment (Continued)

US$'000	Container vessels and capitalised dry-docking costs	Vessels under construction	Containers	Chassis	Freehold land and buildings outside Hong Kong	Buildings outside Hong Kong	Vehicles, furnitures, computer and other equipment	Total
Group								
Cost								
At 31st December 2007	2,097,344	769,822	974,483	161,670	7,107	87,966	260,889	**4,359,281**
Currency translation adjustments	—	—	—	27	(50)	4,592	(708)	**3,861**
Additions	18,261	292,834	211,009	5,663	—	57,673	45,536	**630,976**
Reclassification	197,965	(197,965)	—	—	—	—	—	**—**
Disposals	(9,334)	—	(55,452)	(4,871)	—	(302)	(10,137)	**(80,096)**
At 31st December 2008	2,304,236	864,691	1,130,040	162,489	7,057	149,929	295,580	**4,914,022**
Accumulated depreciation								
At 31st December 2007	492,664	—	245,928	106,782	1,965	13,176	147,922	**1,008,437**
Currency translation adjustments	—	—	—	12	(16)	688	(543)	**141**
Charge for the year	74,729	—	63,930	6,206	118	4,373	32,542	**181,898**
Disposals	(9,334)	—	(37,308)	(2,381)	—	(302)	(8,074)	**(57,399)**
At 31st December 2008	558,059	—	272,550	110,619	2,067	17,935	171,847	**1,133,077**
Net book amount								
At 31st December 2008	1,746,177	864,691	857,490	51,870	4,990	131,994	123,733	**3,780,945**
At 31st December 2007	1,604,680	769,822	728,555	54,888	5,142	74,790	112,967	**3,350,844**
Net book amount of leased assets								
At 31st December 2008	1,128,116	134,880	350,542	3,282	—	—	1,334	**1,618,154**
At 31st December 2007	968,212	196,559	276,270	6,315	—	—	8,865	**1,456,221**

17. Property, plant and equipment (Continued)

(a) Container vessels include two (2008: three) vessels which were previously operated under finance lease terms and direct ownership was acquired by the Group in May 1990. These vessels are carried at Directors' valuation, representing the then purchase consideration which was determined by reference to professional valuations on a cum-charter open market basis of US$58.0 million (2008: US$87.0 million). Subsequent revaluations of these vessels are not required to be made in accordance with paragraph 80A of Hong Kong Accounting Standard 16 "Property, plant and equipment". Had these vessels been carried at cost, the net book amount of the container vessels would have been reduced by US$0.3 million (2008: US$0.6 million).

(b) Apart from the container vessels mentioned under (a) above, all other property, plant and equipment are carried at cost.

(c) The aggregate net book amount of assets pledged as securities for loans amounts to US$1,111.0 million (2008: US$890.6 million). Specific charges on vessels of the Group include legal mortgages and assignments of insurance claims and charterhire income relating to these vessels.

(d) Interest costs of US$2.0 million (2008: US$3.7 million) during the year were capitalised as part of vessels under construction.

(e) Depreciation charge of US$179.7 million (2008: US$154.3 million) for the year has been expensed in operating costs and US$24.2 million (2008: US$26.6 million) in other operating expenses and US$3.4 million (2008: US$1.0 million) in discontinued operation.

(f) As at 31st December 2009, the buildings outside Hong Kong are held under medium-term leasehold land. As at 31st December 2008, the buildings outside Hong Kong are held under medium-term leasehold land except for US$41.3 million are held under long-term leasehold land. As at 31st December 2008, US$44.4 million of the buildings were under construction.

18. Investment property

US$'000	2009	2008
Group		
Balance at beginning of year	**175,000**	200,000
Fair value loss	**(25,000)**	(25,000)
Balance at end of year	**150,000**	175,000

The investment property, "Wall Street Plaza", is a commercial property located at 88, Pine Street, New York, USA. The property is situated on three parcels of freehold land, two of which are wholly owned by the Group. The freehold interest in the third parcel, representing approximately 10% of the site, is owned 50% by the Group and under a long-term lease to the Group expiring in the year 2066. The property is stated at Directors' valuation of US$150.0 million (2008: US$175.0 million), by reference to a professional valuation made by an independent valuer in December 2009 on an open market basis.

The investment property is pledged for bank borrowings in 2008 and 2009.

19. Prepayments of lease premiums

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

US$'000	2009	2008
Group		
Leasehold land outside Hong Kong	**10,175**	14,201
Balance at beginning of year	**14,201**	8,710
Currency translation adjustments	**24**	375
Additions	**—**	5,485
Classified as assets held for sale (note 16)	**(3,467)**	—
Amortisation	**(583)**	(369)
Balance at end of year	**10,175**	14,201

Amortisation of US$0.6 million (2008: US$0.4 million) is included in "other operating expenses" in the consolidated profit and loss account.

As at 31st December 2008, the lease premiums outside Hong Kong are held under medium-term lease, except US$0.4 million were held under long-term lease. The lease premiums were pledged as securities for bank loans.

20. Subsidiaries

US$'000	2009	2008
Company		
Unlisted shares, at cost less provision	**169,487**	169,482
Non-current		
Amount due from a subsidiary	**—**	1,143,186
Amount due to a subsidiary	**717,863**	417,878
Current		
Amounts due from subsidiaries	**1,006,770**	932,346
Amounts due to subsidiaries	**255,841**	519,199

The amounts due from and to subsidiaries are interest free, unsecured and have no specific terms of repayment, except for amount payable of US$717.9 million (2008 : US$417.9 million) which is not repayable within one year.

As at 31st December 2008, the amount due from a subsidiary of US$1,143 million represents equity funding.

Particulars of the principal subsidiaries at 31st December 2009 are shown on pages 189 to 202.

21. Jointly controlled entities

US$'000	2009	2008
Group		
Balance at beginning of year	**14,896**	13,617
Share of results		
Profit before taxation		
– from continuing operations	**1,280**	2,243
– from discontinued operation	**1,180**	1,291
Taxation		
– from continuing operations	**(181)**	(142)
– from discontinued operation	**(100)**	(183)
	17,075	16,826
Currency translation adjustments	**14**	823
Transfer to investment in a subsidiary	**—**	(276)
Classified as assets held for sale (note 16)	**(9,804)**	—
Dividends received	**(1,881)**	(2,477)
Balance at end of year	**5,404**	14,896
Share of net assets	**5,404**	14,896
Amounts payable	**(939)**	(4,148)
	4,465	10,748

The amounts payable are unsecured, interest free and have no specific repayment terms.

21. Jointly controlled entities (Continued)

The Group's share of assets, liabilities and results of the jointly controlled entities are summarised below:

US$'000	2009	2008
Non-current assets	**15**	280
Current assets	**5,763**	44,531
Current liabilities	**(374)**	(29,915)
	5,404	14,896
Income	**4,030**	5,973
Expenses	**(2,931)**	(2,764)
Capital commitment	**—**	—

Particulars of the principal jointly controlled entities at 31st December 2009 are shown on page 203.

22. Associated companies

US$'000	2009	2008
Group		
Share of net assets		
Balance at beginning of year	**57,163**	49,982
Share of results		
– Profit for the year	**4,615**	3,697
	61,778	53,679
Currency translation adjustments	**57**	3,484
Dividend received	**(2,098)**	—
Balance at end of year	**59,737**	57,163

22. Associated companies (Continued)

The Group's share of assets, liabilities and results of the associated companies are summarised as follows:

US$'000	2009	2008
Non-current assets	**100,369**	104,521
Current assets	**5,275**	9,280
Non-current liabilities	**(41,826)**	(42,869)
Current liabilities	**(4,081)**	(13,769)
	59,737	57,163
Income	**20,836**	18,302
Expenses	**(16,221)**	(14,605)

Particulars of the associated companies at 31st December 2009 are shown on page 203.

23. Intangible assets

US$'000	Computer software development costs
Group	
At 1st January 2008	
Cost	88,617
Accumulated amortisation	(48,921)
Net book amount	39,696
Year ended 31st December 2008	
Opening net book amount	39,696
Additions	14,107
Amortisation	(6,705)
Closing net book amount	47,098
At 31st December 2008	
Cost	102,724
Accumulated amortisation	(55,626)
Net book amount	47,098
Year ended 31st December 2009	
Opening net book amount	47,098
Additions	12,401
Amortisation	(6,395)
Closing net book amount	53,104
At 31st December 2009	
Cost	110,788
Accumulated amortisation	(57,684)
Net book amount	53,104

Computer software development costs mainly comprise internally generated capitalised software development costs.

Amortisation of US$6.4 million (2008: US$6.7 million) is included in "other operating expenses" in the consolidated profit and loss account.

24. Deferred taxation assets/(liabilities)

US$'000	2009	2008
Group		
Deferred taxation assets	**847**	1,008
Deferred taxation liabilities	**(30,697)**	(37,689)
	(29,850)	(36,681)

Deferred taxation assets and liabilities are offset when there is a legal right to set off current taxation assets with current taxation liabilities and when the deferred taxation relates to the same authority. The above assets/(liabilities) shown in the consolidated balance sheet are determined after appropriate offsetting of the relevant amounts and include the following:

US$'000	2009	2008
Deferred taxation assets to be recovered after more than twelve months	**—**	186
Deferred taxation liabilities to be settled after more than twelve months	**(30,697)**	(37,689)

24. Deferred taxation assets/(liabilities) (Continued)

Deferred taxation is calculated in full on temporary differences under the liability method using applicable tax rates prevailing in the countries in which the Group operates. Movements on the deferred taxation account are as follows:

US$'000	Revenue expenditure	Tax losses	Pensions	Total
Deferred taxation assets				
At 31st December 2007	13,907	875	3,122	17,904
Currency translation adjustments	5	118	—	123
Credited/(charged) to consolidated profit and loss account	(4,930)	1,130	(3,122)	(6,922)
At 31st December 2008	8,982	2,123	—	11,105
Currency translation adjustments	59	2	—	61
Credited to consolidated profit and loss account	921	1,216	—	2,137
Classified as assets held for sale (note 16)	(186)	(406)	—	(592)
At 31st December 2009	**9,776**	**2,935**	**—**	**12,711**

24. Deferred taxation assets/(liabilities) (Continued)

US$'000	Depreciation allowances	Revaluation	Pensions	Revenue expenditure	Total
Deferred taxation liabilities					
At 31st December 2007	11,354	32,211	1,024	5,895	50,484
Currency translation adjustments	72	—	—	338	410
Charged to reserve	—	—	—	2,049	2,049
Charged/(credited) to consolidated profit and loss account	3,249	(9,701)	155	1,140	(5,157)
At 31st December 2008	14,675	22,510	1,179	9,422	47,786
Currency translation adjustments	(109)	—	(17)	7	(119)
Charged/(credited) to consolidated profit and loss account	3,794	(1,070)	3,604	(57)	6,271
Classified as liabilities directly associated with assets held for sale (note 16)	—	(3,792)	—	(7,585)	(11,377)
At 31st December 2009	**18,360**	**17,648**	**4,766**	**1,787**	**42,561**

Deferred taxation assets of US$13.3 million (2008: US$16.7 million) arising from unused tax losses of US$59.5 million (2008: US$75.8 million) have not been recognised in the consolidated accounts. Unused tax losses of US$51.2 million (2008: US$60.0 million) have no expiry date and the balance will expire at various dates up to and including 2014.

Deferred taxation liabilities of US$32.4 million (2008: US$30.4 million) on temporary differences associated with investments in subsidiaries of US$176.4 million (2008: US$226.7 million) have not been recognised as there is no current intention of remitting the retained profit of these subsidiaries to the holding companies in the foreseeable future.

25. Pension and retirement benefits

The Group operates a number of defined benefit and defined contribution pension and retirement schemes in the main countries in which the Group operates. The total charges to the consolidated profit and loss account for the year were US$20.5 million (2008: US$21.4 million).

Defined contribution schemes

The principal defined contribution schemes are operated in Hong Kong and the USA. These schemes cover approximately 83% of the Group's employees. Contributions to the defined contribution schemes, all the assets of which are held in trust funds separate from the Group, are based on a percentage of an employee's salary, depending upon the length of service of the employee, but the Group's contributions to certain schemes may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in those contributions. The charges for the defined contribution schemes to the consolidated profit and loss account during the year are as follows:

US$'000	2009	2008
Group		
Contributions to the schemes	**18,152**	18,808
Forfeitures utilised	**(11)**	(18)
	18,141	18,790

Contributions totalling US$14.1 million (2008: US$13.0 million) were payable to the schemes at the balance sheet date.

25. Pension and retirement benefits (Continued)

Defined benefit schemes

The amounts recognised in the consolidated balance sheet are as follows:

US$'000	Note	2009	2008
Group			
Schemes assets		**27,213**	21,868
Schemes liabilities		**(3,130)**	(3,931)
Net Schemes assets	(a)	**24,083**	17,937
Representing:			
Pension and retirement assets		**27,213**	21,868
Pension and retirement liabilities		**(3,130)**	(3,931)
		24,083	17,937

The charges recognised in the consolidated profit and loss account are as follows:

US$'000	Note	2009	2008
Schemes	(a)	**2,375**	2,635
Post-retirement medical plans	(b)	**—**	(34)
		2,375	2,601

In 2008, the Group terminated the defined benefit scheme and post-retirement medical plans in the USA at the request of the labour unions. All the pension assets and obligations were transferred to a defined benefit multi-employer pension plan and a defined benefit multi-employer post-retirement medical plan (the "Plans") together with other industry players. Since the Group is not able to identify its share of the underlying financial position and performance of the Plans with sufficient reliability for accounting purposes, accordingly the Plans are accounted for by the Group as defined contribution plans.

25. Pension and retirement benefits (Continued)

Defined benefit schemes (Continued)

(a) Net schemes assets

The principal defined benefit schemes are operated in the United Kingdom and Japan, which were valued by Watson Wyatt Limited and Japan Pension Navigator Co., Ltd. respectively. The defined benefit schemes (the "Schemes") cover approximately 2% of the Group's employees and are funded. The assets of the funded schemes are held in trust funds separate from the Group. Contributions to these schemes are assessed in accordance with the advice of qualified actuaries in compliance with local practice and regulations. The actuarial assumptions used to calculate the projected benefit obligations of the Group's pension schemes vary according to the economic conditions of the countries in which they are situated.

The net schemes assets recognised in the consolidated balance sheet are determined as follows:

US$'000	2009	2008
Fair value of plan assets	**225,993**	197,498
Present value of funded obligations	**(237,837)**	(182,312)
	(11,844)	15,186
Unrecognised actuarial losses	**35,927**	2,751
Net schemes assets	**24,083**	17,937

Movements in the fair value of the plan assets of the schemes during the year are as follows:

US$'000	2009	2008
Balance at beginning of year	**197,498**	265,213
Expected return on plan assets	**11,632**	14,038
Actuarial gains/(losses)	**6,497**	(17,529)
Currency translation adjustments	**20,758**	(67,183)
Contributions from the Group	**5,725**	21,704
Contributions from plan members	**191**	530
Benefits paid	**(16,308)**	(13,699)
Settlements/curtailments	**—**	(5,576)
Balance at end of year	**225,993**	197,498

25. Pension and retirement benefits (Continued)

Defined benefit schemes (Continued)

(a) Net schemes assets (Continued)

Movements in the present value of obligations of the Schemes during the year are as follows:

US$'000	2009	2008
Balance at beginning of year	**182,312**	267,271
Current service cost	**2,334**	3,067
Interest cost	**11,673**	10,628
Actuarial losses/(gains)	**39,530**	(10,229)
Currency translation adjustments	**18,105**	(65,310)
Contributions from the plan members	**191**	530
Benefits paid	**(16,308)**	(13,699)
Settlements/curtailments	**—**	(7,675)
Transfer out of liabilities	**—**	(2,271)
Balance at end of year	**237,837**	182,312

The charges of the schemes recognised in the consolidated profit and loss account are as follows:

US$'000	2009	2008
Current service cost	**2,334**	3,067
Interest cost	**11,673**	10,628
Expected return on plan assets	**(11,632)**	(14,038)
Gain on curtailments	**—**	(2,099)
Net actuarial loss	**—**	5,077
Net expense recognised for the year	**2,375**	2,635

Charges of US$2.4 million (2008: US$2.6 million) were included in other operating expenses in the consolidated profit and loss account.

25. Pension and retirement benefits(Continued)

Defined benefit schemes (Continued)

(a) Net schemes assets(Continued)

The main actuarial assumptions made for the Schemes were as follows:

	2009	2008
Discount rate	**2 to 6%**	2 to 6%
Expected return on plan assets	**1 to 6%**	1 to 6%
Expected future salary increases	**4 to 5%**	4%
Expected future pension increases	**3%**	3%
Actual return/(loss) on plan assets (US$'000)	**20,277**	(2,959)

Plan assets of the Schemes comprise the following:

US$'000	2009		2008	
Equity	**77,069**	**34%**	53,953	27%
Debt	**136,797**	**61%**	131,768	67%
Others	**12,127**	**5%**	11,777	6%
	225,993	**100%**	197,498	100%

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity reflect long-term real rates of return experienced in the respective markets.

25. Pension and retirement benefits (Continued)

Defined benefit schemes (Continued)

(b) Post-retirement medical plans

The credits of the post-retirement medical plans recognised in the consolidated profit and loss account are as follows:

US$'000	2009	2008
Curtailments	—	122
Net actuarial gain	—	(156)
Net income recognised for the year	—	(34)

These credits are included in "other operating expenses" in the consolidated profit and loss account.

(c) The experience adjustments of 2007 to 2009 are as follows:

US$'000	2009	2008	2007
Fair value of plan assets	**225,993**	197,498	265,498
Present value of defined benefit obligations	**(237,837)**	(182,312)	(275,482)
Plan (deficit)/surplus	**(11,844)**	15,186	(9,984)
Experience adjustment on plan assets	**(8,798)**	14,601	(934)
Percentage of plan assets (%)	**-3.9%**	7.4%	-0.4%
Experience adjustment on plan obligations	**(625)**	(904)	3,222
Percentage of plan obligations (%)	**-0.3%**	-0.5%	1.2%

26. Restricted bank balances

US$'000	2009	2008
Group		
Non-current	**447**	92,759
Current	**1,760**	28,108
Restricted bank balances	**2,207**	120,867

As at 31st December 2008, the restricted bank balances of US$120.9 million were funds pledged as securities for banking facilities, redeemable preference shares redemption (note 36) and performance under leasing arrangements or required to be utilised for specific purposes.

As at 31st December 2009, the restricted bank balances of US$2.2 million are funds pledged as securities for banking facilities or required to be utilised for specific purposes.

The carrying amounts of the Group's restricted bank balances are mainly denominated in New Taiwanese dollar (2008: US dollar).

The credit quality of restricted bank balances by reference to Standard & Poor's and Moody's credit ratings is as follows:

US$'000	2009	2008
Group		
AA	**378**	74,356
A	**992**	2
BBB	**837**	46,509
	2,207	120,867

US$'000	2009	2008
Company		
Restricted bank balances	**193**	199

27. Other non-current assets

US$'000	Note	2009	2008
Group			
Available-for-sale financial assets	(a)	**48,206**	59,646
Held-to-maturity investments	(b)	**79,038**	36,632
Loan to an investee company	(c)	**71,100**	79,000
Other deposit		**11,825**	11,825
Others		**9,501**	8,324
		219,670	195,427

(a) Available-for-sale financial assets

US$'000	2009	2008
Group		
Balance at beginning of year	**59,646**	25,420
Currency translation adjustments	**52**	(183)
Additions	**60**	123
Disposals	**(3,971)**	(36)
Change in fair value transferred to equity	**(7,581)**	34,322
Balance at end of year	**48,206**	59,646

The fair value of unlisted equity securities is estimated with reference to a valuation performed by an independent third party using market approach.

27. Other non-current assets (Continued)

(a) Available-for-sale financial assets (Continued)

Available-for-sale financial assets include the following:

US$'000	2009	2008
Listed equity securities		
Hong Kong	**3,440**	5,428
Overseas	**8**	7
Market value of listed equity securities	**3,448**	5,435
Unlisted equity securities	**42,935**	52,595
Unlisted debt securities	**—**	1
Others	**1,823**	1,615
	48,206	59,646

The carrying amounts of the Group's available-for-sale financial assets are denominated in the following currencies:

US$'000	2009	2008
Renminbi	**42,900**	52,508
Hong Kong dollar	**4,397**	6,287
Other currencies	**909**	851
	48,206	59,646

The maximum exposure to credit risk at the reporting date is the carrying value of debt securities classified as available-for-sale.

None of these financial assets is either past due or impaired.

27. Other non-current assets (Continued)

(b) Held-to-maturity investments

US$'000	2009	2008
Group		
Listed debt securities		
Hong Kong	**26,734**	14,177
Overseas	**51,504**	22,455
	78,238	36,632
Unlisted debt securities		
Hong Kong	**800**	—
	79,038	36,632
Market value	**81,605**	32,330

Movements in held-to-maturity investments are as follows:

US$'000	2009	2008
Balance at beginning of year	**36,632**	—
Transfer from portfolio investments	—	26,522
Additions	**50,065**	10,015
Disposals	**(7,875)**	—
Amortisation	**216**	95
Balance at end of year	**79,038**	36,632

The carrying amounts of held-to-maturity investments are mainly denominated in US dollar.

27. Other non-current assets (Continued)

(b) Held-to-maturity investments (Continued)

The credit quality of held-to-maturity investments by reference to Standard & Poor's and Moody's credit ratings is as follows:

US$'000	2009	2008
AAA	**10,968**	—
AA	**3,478**	—
A	**42,581**	28,890
BBB	**12,031**	7,742
Non-ranking	**9,980**	—
	79,038	36,632

The maximum exposure to credit risk at the reporting date is the carrying amount of held-to-maturity investments.

(c) Loan to an investee company

The loan represents equity funding to the investee company and is interest free, unsecured and has no specific terms of repayment.

28. Properties under development and for sale

US$'000	2009	2008
Group		
Properties under development and for sale	—	826,889
Representing :		
Leasehold land and land use rights	**476,677**	488,668
Development costs	**379,209**	338,221
	855,886	826,889
Classified as assets held for sale (note 16)	**(855,886)**	—
	—	826,889

Interest costs of US$2.5 million during the year ended 31st December 2008 were capitalised as part of properties under development and for sale.

As at 31st December 2008, the properties under development were held under medium-term lease outside Hong Kong, US$177.8 million were held under long-term lease outside Hong Kong.

As at 31st December 2008, a bank borrowing was secured on properties under development with the carrying amount of US$114.3 million.

29. Inventories

US$'000	2009	2008
Group		
Bunker	**73,933**	83,997
Consumable stores	**9,628**	5,908
	83,561	89,905

The cost of inventories recognised as expense and included in operating costs amounts to US$674.4 million (2008: US$1,211.8 million).

30. Debtors and prepayments

US$'000	2009	2008
Group		
Trade receivables		
- Fully performing	**158,832**	187,757
- Past due but not impaired	**77,171**	97,374
- Impaired and provided for	**5,664**	4,072
	241,667	289,203
Less : provision for impairment	**(5,664)**	(4,072)
Trade receivables - net	**236,003**	285,131
Other debtors	**39,364**	50,594
Other prepayments	**80,321**	72,349
Utility and other deposits	**7,518**	9,208
Tax recoverable	**17,028**	22,955
	380,234	440,237

30. Debtors and prepayments (Continued)

The credit quality of trade receivables by reference to Standard & Poor's and Moody's credit ratings (if available) or to historical information about counterparty default rates is as follows:

US$'000	2009	2008
Group		
Counterparties with external credit rating		
A	**11,997**	10,477
BB	**3,095**	3,016
BBB	**8,630**	4,508
	23,722	18,001
Counterparties without external credit rating		
Group 1	**17,828**	26,465
Group 2	**191,246**	236,943
Group 3	**3,207**	3,722
	212,281	267,130
	236,003	285,131

Note:

Group 1 - new customers (less than 6 months).

Group 2 - existing customers (more than 6 months) with no defaults in the past.

Group 3 - existing customers (more than 6 months) with some defaults in the past.

Trade receivables are normally due for payment on presentation of invoices or granted with an approved credit period ranging mainly from 10 to 45 days. Trade receivables with overdue balances are requested to settle all outstanding balances before any further credit is granted.

30. Debtors and prepayments (Continued)

The majority of past due but not impaired trade receivables are less than three months. The ageing analysis of the Group's trade receivables, net of provision for impairment, prepared in accordance with the due date of invoices, is as follows:

US$'000	2009	2008
Below one month	**223,184**	255,626
Two to three months	**12,397**	24,693
Four to six months	**422**	4,812
	236,003	285,131

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed. Other debtors are fully performing.

The carrying amounts of the Group's trade receivables are mainly denominated in US dollar.

Movements on the provision for impairment of trade receivables are as follows:

US$'000	2009	2008
Group		
Balance at beginning of year	**4,072**	5,474
Provision	**2,602**	1,629
Write off	**(762)**	(375)
Unused amounts reversed	**(248)**	(2,656)
Balance at end of year	**5,664**	4,072

The provision for impairment has been included in 'other operating expenses' in the consolidated profit and loss account.

31. Portfolio investments

US$'000	2009	2008
Group		
Listed equity securities		
Hong Kong	**15,068**	16,219
Overseas	**559**	2,302
Market value of listed equity securities	**15,627**	18,521
Unit trust	**4,110**	4,295
Listed debt securities		
Hong Kong	**3,135**	2,958
Overseas	**21,646**	27,966
Money market instruments	**—**	303
Others	**74**	—
	44,592	54,043

The carrying amounts of the Group's portfolio investments are mainly denominated in US dollar.

The credit quality of listed debt securities and money market instruments by reference to Standard & Poor's and Moody's credit ratings is as follows:

US$'000	2009	2008
Group		
AAA	**430**	431
AA	**2,566**	2,702
A	**19,493**	27,343
BBB	**2,292**	219
Non-ranking	**—**	532
	24,781	31,227

The fair value of all equity securities and debt securities are based on their current bid prices in an active market.

32. Derivative financial instruments

US$'000	2009	2008
Group		
Assets/(liabilities)		
Foreign exchange forward contracts	**(6,110)**	(12,464)
Currency option contracts	**—**	(1,473)
Interest rate swap contracts	**2,965**	6,126

The credit quality of derivative financial assets by reference to the Standard & Poor's and Moody's credit rating is as follows:

US$'000	2009	2008
AA	**2,965**	1,980
A	**—**	4,146
	2,965	6,126

(a) Foreign exchange forward contracts

The notional principal amounts of the outstanding foreign exchange forward contracts at 31st December 2009 were US$43.4 million (2008: US$63.8 million).

(b) Currency option contracts

The notional amounts of the outstanding currency option contracts at 31st December 2008 were US$17.5 million.

32. Derivative financial instruments (Continued)

(c) Interest rate swap contracts

The notional amounts of the outstanding interest rate swap contracts at 31st December 2009 were US$228.9 million (2008: US$139.7 million).

US$'000	2009	2008
Company		
Foreign exchange forward contracts	—	(1,102)

33. Cash and bank balances

US$'000	2009	2008
Group		
Non-current		
Bank deposit	—	55,200
Current		
Short-term bank deposits		
- Maturing within three months from the date of placement	**684,279**	849,813
Cash at bank and in hand	**404,120**	928,902
	1,088,399	1,778,715
Short-term bank deposits		
- Maturing more than three months from the date of placement	**136,703**	26,195
	1,225,102	1,804,910
Total cash and bank balances	**1,225,102**	1,860,110

The carrying amounts of the Group's cash and bank balances are mainly denominated in US dollar.

33. Cash and bank balances (Continued)

The credit quality of cash at bank and in hand and short-term bank deposits by reference to Standard & Poor's and Moody's credit ratings is as follows:

US$'000	2009	2008
Group		
AAA	**5,029**	8,845
AA	**688,284**	1,419,655
A	**439,910**	340,550
BBB	**76,818**	45,181
BB	**1,433**	37,406
Others	**13,628**	8,473
	1,225,102	1,860,110

US$'000	2009	2008
Company		
Short-term bank deposits		
- Maturing within three months from the date of placement	**2,000**	—
Cash at bank and in hand	**37,579**	1,449
Total cash and bank balances	**39,579**	1,449

34. Share capital

US$'000	2009	2008
Authorised:		
900,000,000 ordinary shares of US$0.10 each	**90,000**	90,000
65,000,000 convertible redeemable preferred shares of US$1 each	**65,000**	65,000
50,000,000 redeemable preferred shares of US$1 each	**50,000**	50,000
	205,000	205,000

	Number of shares (thousands)	Ordinary shares US$'000
Issued and fully paid:		
At 31st December 2008 and 2009	625,793	62,579

35. Reserves

US$'000	Share premium	Contributed surplus	Capital redemption reserve	Assets revaluation reserve: Vessels	Assets revaluation reserve: Available-for-sale financial assets	Foreign exchange translation reserve	Retained profit	Total
Group								
Balance at 31st December 2007	172,457	88,547	4,696	9,948	19,063	10,238	3,808,840	4,113,789
Total comprehensive income for the year	—	—	—	—	34,322	29,211	272,337	335,870
2007 final dividend	—	—	—	—	—	—	(84,433)	(84,433)
2008 interim dividend	—	—	—	—	—	—	(40,734)	(40,734)
Balance at 31st December 2008	172,457	88,547	4,696	9,948	53,385	39,449	3,956,010	4,324,492
Total comprehensive income/(loss) for the year	—	—	—	(8,033)	(8,987)	5,114	(402,294)	(414,200)
2008 final dividend	—	—	—	—	—	—	(28,187)	(28,187)
Balance at 31st December 2009	**172,457**	**88,547**	**4,696**	**1,915**	**44,398**	**44,563**	**3,525,529**	**3,882,105**

US$'000	Share premium	Contributed surplus	Capital redemption reserve	Retained profit	Total
Company					
Balance at 31st December 2007	172,457	88,547	4,696	587,620	853,320
Total comprehensive income for the year	—	—	—	517,205	517,205
2007 final dividend	—	—	—	(84,433)	(84,433)
2008 interim dividend	—	—	—	(40,734)	(40,734)
Balance at 31st December 2008	172,457	88,547	4,696	979,658	1,245,358
Total comprehensive loss for the year	—	—	—	(538)	(538)
2008 final dividend	—	—	—	(28,187)	(28,187)
Balance at 31st December 2009	**172,457**	**88,547**	**4,696**	**950,933**	**1,216,633**

35. Reserves (Continued)

The loss attributable to shareholders for the year is dealt with in the accounts of the Company to the extent of US$0.5 million (2008: profit of US$517.2 million).

Under the Companies Act of Bermuda and the Bye-laws of the Company, the contributed surplus is also distributable. Accordingly, total distributable reserves of the Company amount to US$1,039.5 million as at 31st December 2009 (2008: US$1,068.2 million before the proposed final dividends of US$28.2 million) (note 15).

36. Borrowings

US$'000	2009	2008
Group		
Non-current		
Bank loans		
- Secured	**491,225**	455,585
- Unsecured	**21,190**	63,000
Loans from minority interests		
- Secured	**139,100**	154,394
- Unsecured	**18,232**	—
Redeemable preference shares and premium (note)	—	35,057
Finance lease obligations	**1,466,220**	1,510,215
	2,135,967	2,218,251
Current		
Bank overdrafts, unsecured	**145**	262
Bank loans		
- Secured	**146,623**	65,949
- Unsecured	**121,042**	4,389
Other loans, secured	—	6
Loans from minority interests		
- Secured	**106,500**	4,963
- Unsecured	**9,562**	—
Redeemable preference shares and premium (note)	—	10,632
Finance lease obligations	**48,183**	67,694
	432,055	153,895
Total borrowings	**2,568,022**	2,372,146

36. Borrowings (Continued)

The maturity of borrowings is as follows:

US$'000	Bank loans	Bank overdrafts	Other loans	Loans from minority interests	Redeemable preference shares and premium	Finance leases Present value	Finance leases Minimum payments
As at 31st December 2009							
2010	267,665	145	—	116,062	—	48,183	61,165
2011	126,305	—	—	3,962	—	91,770	105,087
2012	126,267	—	—	3,962	—	246,859	259,869
2013	60,997	—	—	3,962	—	135,458	147,486
2014	39,421	—	—	3,964	—	39,569	51,721
2015 onwards	159,425	—	—	141,482	—	952,564	1,072,911
	780,080	145	—	273,394	—	1,514,403	1,698,239
Wholly repayable within five years	557,062	145	—	5,608	—	364,363	
Not wholly repayable within five years	223,018	—	—	267,786	—	1,150,040	
	780,080	145	—	273,394	—	1,514,403	
As at 31st December 2008							
2009	70,338	262	6	4,963	10,632	67,694	91,045
2010	220,438	—	—	4,963	11,142	47,707	72,863
2011	168,733	—	—	4,963	11,677	91,342	115,485
2012	45,150	—	—	4,963	12,223	246,408	267,835
2013	40,953	—	—	4,963	15	134,985	152,600
2014 onwards	43,311	—	—	134,542	—	989,773	1,149,586
	588,923	262	6	159,357	45,689	1,577,909	1,849,414
Wholly repayable within five years	490,597	262	6	—	45,689	375,324	
Not wholly repayable within five years	98,326	—	—	159,357	—	1,202,585	
	588,923	262	6	159,357	45,689	1,577,909	

36. Borrowings (Continued)

Borrowings are secured by property, plant and equipment of the Group (note 17).

The effective interest rates at the balance sheet date were as follows:

	2009				2008			
	US$	£	Rmb	Others	US$	£	Rmb	Others
Bank loans	**1.4%**	—	**4.8%**	—	1.7%	—	5.6%	—
Other loans	—	—	—	—	2.4%	—	—	—
Loans from minority interests	**0.4%**	—	—	—	0.5%	—	—	—
Redeemable preference shares and premium	—	—	—	—	7.1%	—	—	—
Finance lease obligations	**0.5%**	**1.0%**	—	**3.7%**	0.7%	2.5%	—	5.6%

The carrying amounts and fair values of the non-current borrowings are as follows:

	Carrying amounts		Fair values	
US$'000	2009	2008	2009	2008
Bank loans	**512,415**	518,585	**517,636**	506,772
Loans from minority interests	**157,332**	154,394	**157,332**	154,394
Redeemable preference shares and premium	—	35,057	—	39,173
Finance lease obligations	**1,466,220**	1,510,215	**1,466,220**	1,510,152
	2,135,967	2,218,251	**2,141,188**	2,210,491

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 2.3% (2008: 1.2%).

The carrying amounts of short-term borrowings approximate their fair values.

36. Borrowings (Continued)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

US$'000	2009	2008
US dollar	**2,523,717**	2,251,492
Pound sterling	**40,780**	40,135
Renminbi	**3,515**	80,473
Other currencies	**10**	46
	2,568,022	2,372,146

The fixed interest rate borrowings of the Group as at 31st December 2009 amounted to US$68.1 million (2008: US$128.7 million). The remaining borrowings of US$2,499.9 million (2008: US$2,243.4 million) were subject to floating interest rates.

Note:

In June 2002, the Group entered into, inter alia, a Shareholders Agreement, as subsequently amended, with, inter alios, two unrelated third parties (together the "Preference Shareholders") in relation to a subsidiary. Under the Shareholders Agreement, the Preference Shareholders acquired from the Group 90 cumulative preference shares (the "Preference Shares") of €150 each in this subsidiary and contributed an aggregate of US$100.0 million less the nominal value of the Preference Shares as share premium (the "Premium"). The Preference Shareholders are entitled to receive annual dividends of 7.08% per annum on the aggregate amount of the nominal value of the Preference Shares and Premium outstanding from time to time. To the extent permitted by local law, the Preference Shareholders may propose a repayment of the Premium annually, provided that such repayment does not exceed a maximum percentage specified in the Shareholders Agreement. During the year, the redeemable preference shares and premium were fully prepaid, with the corresponding restricted deposits being released (note 26).

37. Creditors and accruals

US$'000	2009	2008
Group		
Trade payables	**171,111**	159,436
Other creditors	**61,328**	43,728
Accrued expenses	**306,988**	586,744
Deferred revenue	**61,656**	46,627
	601,083	836,535

The ageing analysis of the Group's trade payables, prepared in accordance with dates of invoices, is as follows:

US$'000	2009	2008
Below one month	**117,856**	103,227
Two to three months	**49,532**	47,894
Four to six months	**3,463**	7,873
Over six months	**260**	442
	171,111	159,436

37. Creditors and accruals (Continued)

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

US$'000	2009	2008
US dollar	**59,786**	52,303
Canadian dollar	**12,850**	12,278
Euro	**13,441**	12,605
Japanese Yen	**24,666**	25,374
Hong Kong dollar	**15,618**	20,979
Renminbi	**17,713**	21,284
Other currencies	**27,037**	14,613
	171,111	159,436

38. Commitments

Group

(a) Capital commitments - Property, plant and equipment

US$'000	2009	2008
Contracted but not provided for		
– Continuing operations	**711,803**	1,004,763
– Discontinued operation	**6,289**	—
	718,092	1,004,763
Authorised but not contracted for		
– Continuing operations	**16,587**	69,458
	734,679	1,074,221

38. Commitments (Continued)

Group (Continued)

(b) Operating lease commitments

The future aggregate minimum lease rental expenses under non-cancellable operating leases are payable in the following years:

US$'000	Vessels and equipment	Land and buildings	Total
As at 31st December 2009			
2010	**187,810**	**31,124**	**218,934**
2011	**133,427**	**21,943**	**155,370**
2012	**83,747**	**12,890**	**96,637**
2013	**81,220**	**6,171**	**87,391**
2014	**77,872**	**3,902**	**81,774**
2015 onwards	**500,097**	**1,375**	**501,472**
	1,064,173	**77,405**	**1,141,578**
As at 31st December 2008			
2009	320,040	29,833	349,873
2010	177,960	23,019	200,979
2011	122,425	14,526	136,951
2012	79,297	4,984	84,281
2013	76,891	2,804	79,695
2014 onwards	534,245	2,731	536,976
	1,310,858	77,897	1,388,755

38. Commitments (Continued)

Group (Continued)

(c) Operating lease rental receivable

The future aggregate minimum lease rental income on land and buildings under non-cancellable operating leases are receivable in the following years:

US$'000	2009	2008
2009	—	20,372
2010	**20,809**	18,814
2011	**20,557**	16,719
2012	**20,371**	16,286
2013	**19,532**	15,228
2014	**18,605**	14,854
2015 onwards	**52,505**	27,197
	152,379	129,470

39. Financial guarantees

Group

The Group has not given any corporate guarantee as at 31st December 2009 (2008: nil).

Company

(a) The Company has given corporate guarantees of approximately US$2,887.1 million (2008: US$2,830.0 million) for its subsidiaries. As at 31st December 2009, the amounts utilised by the subsidiaries were US$2,525.8 million (2008: US$2,150.1 million).

At 31st December 2009, corporate guarantee given by the Company in relation to the Disposal Group amounted to US$86.9 million. At 31st December 2009, the amount utilised by the Disposal Group was US$86.9 million.

(b) The Company has given corporate guarantees for its subsidiaries in respect of future payment of operating lease rentals amounting to US$278.1 million (2008: US$401.0 million).

(c) The Company has given corporate guarantees of approximately US$338.0 million (2008: US$434.5 million) to its subsidiaries in respect of the instalments of shipbuilding contracts.

The Directors consider that the subsidiaries are financially resourceful in settling the obligations.

40. Notes to consolidated cash flow statement

(a) Reconciliation of operating (loss)/profit to cash (used in)/generated from operations

US$'000	2009	2008
Operating (loss)/profit from continuing operations	**(332,237)**	397,764
Operating loss from discontinued operation	**(22,230)**	(9,497)
Interest income from banks	**(9,110)**	(48,060)
Interest income from portfolio and held-to-maturity investments	**(4,795)**	(3,561)
Dividend income from portfolio investments	**(581)**	(1,077)
Depreciation	**207,275**	181,898
Fair value loss from an investment property	**25,000**	25,000
Loss/(profit) on disposal of property, plant and equipment	**7,649**	(2,267)
Income from available-for-sale financial assets	**(85)**	(17)
Profit on disposal of available-for-sale financial assets	**(1,407)**	—
Loss on disposal of held-to-maturity investments	**1,506**	—
Amortisation of intangible assets	**6,395**	6,705
Amortisation of leasehold land and land use rights	**583**	758
Net (gain)/loss on derivative financial instruments	**(1,982)**	11,434
Change in net pension assets/liabilities	**(6,146)**	2,548
Operating (loss)/profit before working capital changes	**(130,165)**	561,628
Increase in properties under development and for sale	**(27,735)**	(73,486)
Decrease in inventories	**6,126**	11,048
Decrease in debtors and prepayments	**44,969**	55,097
Decrease in creditors and accruals	**(181,560)**	(94,422)
Settlement of derivative financial instruments	**(2,684)**	3,476
Cash (used in)/generated from operations	**(291,049)**	463,341

40. Notes to consolidated cash flow statement (Continued)

(b) Major non-cash transactions

During the year, the major non-cash transactions included the inception of finance leases of US$2.7 million (2008: US$232.9 million).

(c) Analysis of cash and cash equivalents

US$'000	2009	2008
Bank balances and deposits maturing within three months from the date of placement	**1,088,399**	1,778,715
Bank overdrafts	**(145)**	(262)
	1,088,254	1,778,453

41. Approval of accounts

The accounts were approved by the Board of Directors on 18th March 2010.

Principal Subsidiaries, Associated Companies and Jointly Controlled Entities

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries					
Cargo System Warehouse and Transport Ltd.	100	3,000 ordinary shares of HK$100 each HK$300,000	Investment holding and container transportation	Hong Kong	Hong Kong
Consolidated Leasing & Terminals, Inc.	100	1 common stock of no par value US$100	Investment holding, equipment owning and leasing	USA	USA
Containers No. 1 Inc.	100	10,000 ordinary shares of US$10 each US$100,000	Equipment owning and leasing	Marshall Islands	Worldwide
Containers No. 2 Inc.	100	10,000 ordinary shares of US$10 each US$100,000	Equipment owning and leasing	Marshall Islands	Worldwide
Dongguan Orient Container Co. Ltd.	100	Registered capital HK$29,000,000	Container depot	China *	China
DongJin Real Estate Development (TianJin) Co. Ltd.	100	Registered capital US$376,400,000	Property development	China *	China
Far Gain Investment Ltd.	100	10,000 ordinary shares of HK$1 each HK$10,000	Investment holding	Hong Kong	Hong Kong
Glory Top Investment Ltd.	100	10,000 ordinary shares of HK$1 each HK$10,000	Portfolio investment	Hong Kong	Hong Kong
Hai Dong Transportation Co. Ltd.	100	100,000 ordinary shares of HK$1 each HK$100,000	Container transport	Hong Kong	Hong Kong

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Kenwake Ltd.	100	1,600,000 ordinary shares of £1 each	Investment holding	United Kingdom	United Kingdom
	100	520,000 5% cumulative preference shares of £1 each £2,120,000			
Kunshan Guangting Property Co. Ltd.	100	Registered capital US$39,000,000	Property development	China *	China
Kunshan Orient Overseas Kunan Property Co. Ltd.	100	Registered capital US$36,500,000	Property development	China ♀	China
Laronda Company Ltd.	100	5,000 ordinary shares of US$1 each US$5,000	Portfolio investment	British Virgin Islands	Worldwide
Long Beach Container Terminal, Inc.	100	5,000 common stock of no par value US$500,000	Terminal operating	USA	USA
Longtex Investment Ltd.	100	2 ordinary shares of HK$1 each HK$2	Investment holding	Hong Kong	China
Maritime Delivery Services Inc.	100	1,000 common stock of US$10 each US$10,000	Trucking service	USA	USA
Millerian Company Ltd.	100	5,000 ordinary shares of US$1 each US$5,000	Portfolio investment	British Virgin Islands	Worldwide
Newcontainer No. 1 (Luxembourg) Shipping S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer No. 2 (Luxembourg) Shipping S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide
Newcontainer No. 3 (Luxembourg) Shipping S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide
Newcontainer No. 4 (Luxembourg) Shipping S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide
Newcontainer No. 5 (Luxembourg) Shipping S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide
Newcontainer No. 6 (Luxembourg) Shipping S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide
Newcontainer No. 15 (Luxembourg) Shipping S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide
Newcontainer No. 45 (Luxembourg) Shipping S.à r.l.	100	100 ordinary shares of US$250 each US$25,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 48 (Luxembourg) Shipping S.à r.l.	100	100 ordinary shares of US$250 each US$25,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 49 (Luxembourg) Shipping S.à r.l.	100	100 ordinary shares of US$250 each US$25,000	Ship owning	Luxembourg	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer No. 7 Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Liberia †	Worldwide
Newcontainer No. 9 (Marshall Islands) Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 10 (Marshall Islands) Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 31 (Marshall Islands) Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 32 (Marshall Islands) Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 36 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 37 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 38 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 39 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer No. 40 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 41 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 42 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 43 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 50 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 51 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 52 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 53 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 55 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OLL Logistics (Malaysia) Sdn Bhd	100	10,000 ordinary shares of RM1 each RM10,000	Logistics, cargo consolidation and forwarding	Malaysia	Malaysia
OOCL (Agencies) Ltd.	100	200 ordinary shares of US$100 each US$20,000	Investment holding	Bermuda	Worldwide
OOCL (Asia Pacific) Ltd.	100	2 ordinary shares of HK$1 each HK$2	Liner territorial office	Hong Kong	Asia Pacific
OOCL (Assets) Holdings Inc.	100	500 ordinary shares of no par value US$5,000	Investment holding	Liberia †	Worldwide
OOCL (Assets USA) Holdings Inc.	100	50,000 ordinary shares of US$1 each US$50,000	Investment holding	Liberia †	USA
OOCL (Australia) Pty Ltd.	100	200,000 ordinary shares of A$1 each A$200,000	Liner agency	Australia	Australia
OOCL BENELUX	100	226,271 ordinary shares of no par value €609,799	Liner agency	Belgium	Belgium
OOCL (Canada) Inc.	100	10,000 common stock of no par value C$91,000	Liner agency	Canada	Canada
OOCL (China) Investment Ltd.	100	2 ordinary shares of HK$1 each HK$2	Investment holding	Hong Kong	China

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL (Denmark) A/S	100	1,000 ordinary shares of DKK500 each DKK500,000	Liner agency	Denmark	Northern Europe
OOCL (Deutschland) GmbH	100	Registered capital €130,000	Liner agency	Germany	Germany
OOCL (Europe) Ltd.	100	5,000,000 ordinary shares of £1 each £5,000,000	Investment holding and liner territorial office	United Kingdom	Europe
OOCL (Finland) Ltd. Oy	100	150 ordinary shares of €16.82 each €2,522.82	Liner agency	Finland	Finland
OOCL (France) SA	100	60,000 ordinary shares of €15.24 each €914,694.10	Liner agency	France	France
OOCL (HK) Ltd.	100	500 ordinary shares of HK$100 each HK$50,000	Liner agency	Hong Kong	Hong Kong
OOCL (India) Private Ltd.	100	1,000 equity shares of Rupees100 each Rupees100,000	Liner agency	India	India
OOCL (Infotech) Holdings Ltd.	100	2 ordinary shares of US$1 each US$2	Investment holding	British Virgin Islands	Worldwide
OOCL (Ireland) Ltd.	100	100 ordinary shares of €1.25 each €125	Liner agency	Ireland	Ireland
OOCL (Italy) S.r.l.	100	1 quota of €10,000 each €10,000	Liner agency	Italy	Italy

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL (Japan) Ltd.	100	160,000 ordinary shares of Yen500 each Yen80,000,000	Liner agency	Japan	Japan
OOCL (Korea) Ltd.	100	16,000 common stock of Won10,000 each Won160,000,000	Liner agency	Korea	Korea
OOCL (Liners) Holdings Ltd.	100	2 ordinary shares of HK$1 each HK$2	Investment holding	Hong Kong	Hong Kong
OOCL (Logistics) Holdings Ltd.	100	10,000 ordinary shares of US$1 each US$10,000	Investment holding	British Virgin Islands	Worldwide
OOCL (Macau) Ltd.	100	50 quotas of MOP1,000 each MOP50,000	Liner agency	Macau	Macau
OOCL (Philippines) Inc.	100	55,000 common stock of Peso100 each Peso5,500,000	Liner agency	Philippines	Philippines
OOCL (Portugal), Lda	100 100	1 quota of €500 each 1 quota of €24,500 each €25,000	Liner agency	Portugal	Portugal
OOCL (Russia) Ltd.	100	1 participatory share of Rub10,000 each Rub10,000	Liner agency and forwarding	Russia	Russia
OOCL (Singapore) Pte Ltd.	100	100,000 ordinary shares of S$1 each S$100,000	Liner agency	Singapore	Singapore

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL (Sweden) AB	100	100,000 ordinary shares of SEK1 each SEK100,000	Liner agency	Sweden	Sweden
OOCL (Switzerland) AG	100	200,000 ordinary shares of CHF1 each CHF200,000	Liner agency	Switzerland	Switzerland
OOCL (Taiwan) Co. Ltd.	100	10,000,000 ordinary shares of NT$10 each NT$100,000,000	Liner agency	Taiwan	Taiwan
OOCL (Terminals) Investment Ltd.	100	500 ordinary shares of US$1 each US$500	Investment holding	British Virgin Islands	Worldwide
OOCL (UK) Ltd.	100	3,100,000 ordinary shares of £10 each £31,000,000	Liner agency	United Kingdom	United Kingdom
OOCL (USA) Inc.	100	1,030 common stock of US$1 each US$1,030	Liner agency	USA	USA
OOCL (Vietnam) Co. Ltd.	51	Legal capital US$500,000	Liner agency	Vietnam	Vietnam
OOCL China Domestics Ltd.	100	Registered capital RMB21,250,000	Freight agency and cargo consolidation	China ±	China
OOCL Logistics (Asia Pacific) Ltd.	100	200 ordinary shares of US$100 each US$20,000	Investment holding, transportation and logistics	Bermuda	Asia Pacific

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL Logistics (Canada) Ltd.	100	1,000 common stock of C$1 each C$1,000	Logistics, cargo consolidation and forwarding	Canada	Canada
OOCL Logistics (China) Ltd.	100	Registered capital US$4,840,000	Logistics, cargo consolidation and forwarding	China *	China
OOCL Logistics (Europe) Ltd.	100	2 ordinary shares of £1 each £2	Logistics, cargo consolidation and forwarding	United Kingdom	Europe
OOCL Logistics (Hong Kong) Ltd.	100	50,000 ordinary shares of HK$10 each HK$500,000	Logistics, cargo consolidation and forwarding	Hong Kong	Hong Kong
OOCL Logistics (India) Private Ltd.	100	35,000 equity shares of Rupees100 each Rupees 3,500,000	Logistics, cargo consolidation and forwarding	India	India
OOCL Logistics (Japan) Ltd.	100	200 ordinary shares of Yen50,000 each Yen10,000,000	Logistics, cargo consolidation and forwarding	Japan	Japan
OOCL Logistics (Korea) Ltd.	100	30,000 common stock of Won10,000 each Won300,000,000	Logistics, cargo consolidation and forwarding	Korea	Korea
OOCL Logistics (Singapore) Pte Ltd.	100	2 ordinary shares of S$1 each S$2	Logistics, cargo consolidation and forwarding	Singapore	Singapore
OOCL Logistics (Taiwan) Ltd.	100	4,250,000 ordinary shares of NT$10 each NT$42,500,000	Logistics, cargo consolidation and forwarding	Taiwan	Taiwan

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL Logistics (USA) Inc.	100	100 common stock of no par value US$200	Logistics, cargo consolidation, forwarding and investment holding	USA	Worldwide
OOCL Logistics Warehousing and Transportation (Dalian) Co. Ltd.	100	Registered capital US$200,000	Warehousing	China *	China
OOCL Logistics Warehousing and Transportation (Shanghai) Co. Ltd.	100	Registered capital US$1,000,000	Warehousing	China *	China
OOCL Logistics Warehousing and Transportation (Tianjin) Co. Ltd.	100	Registered capital US$4,700,000	Warehousing, transportation and logistics services	China *	China
# OOCL Transport & Logistics Holdings Ltd.	100	169,477,152 ordinary shares of US$1 each US$169,477,152	Investment holding	Bermuda	Worldwide
# OOIL (Investments) Inc.	100	500 ordinary shares of no par value US$5,000	Investment holding	Liberia †	Worldwide
Orient Container No. 1 (Marshall Islands) Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide
Orient Container No. 3 (Marshall Islands) Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide
Orient Overseas (Shanghai) Investment Co. Ltd.	100	Registered capital US$44,250,000	Investment holding	China *	China
Orient Overseas Associates	100	Limited partnership	Property owning	USA	USA

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Orient Overseas Building Corp.	100	10 common stock of no par value US$150,000	Property owning	USA	USA
Orient Overseas Container Line (China) Co. Ltd.	100	Registered capital US$2,800,000	Liner agency	China *	China
Orient Overseas Container Line (Europe) Ltd.	100	66,000,000 ordinary shares of £1 each £66,000,000	Investment holding	United Kingdom	United Kingdom
Orient Overseas Container Line (Luxembourg) S.A.	—	5,370 class A shares of US$5 each	Investment holding	Luxembourg	Luxembourg
	100	30,430 class B shares of US$5 each US$179,000			
Orient Overseas Container Line (Malaysia) Sdn Bhd	100	250,000 ordinary shares of RM1 each RM250,000	Liner agency	Malaysia	Malaysia
Orient Overseas Container Line (Spain), S.L.	100	3,100 ordinary shares of €1 each €3,100	Liner agency	Spain	Spain
Orient Overseas Container Line (UK) Ltd.	100	5,000 ordinary shares of US$1 each US$5,000	Container transport and ship management	Cayman Islands	Worldwide
Orient Overseas Container Line Inc.	100	500 ordinary shares of no par value US$25,000,000	Investment holding	Liberia †	Worldwide
Orient Overseas Container Line Ltd.	100	10,000 ordinary shares of HK$100 each HK$1,000,000	Container transport	Hong Kong	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
# Orient Overseas Developments Ltd.	100	10,000 ordinary shares of HK$10 each HK$100,000	Investment holding	Hong Kong	Hong Kong
Orient Overseas Property (Shanghai) Co. Ltd.	100	Registered capital US$72,100,000	Property development	China *	China
Shanghai OOCL Container Transportation Co. Ltd.	60	Registered capital US$9,350,000	Container depot	China §	China
Shanghai Orient Overseas Huangpu Real Estate Co. Ltd.	100	Registered capital US$30,000,000	Property development	China ♀	China
Shanghai Orient Overseas Kaixuan Real Estate Co. Ltd.	95	Registered capital US$240,000,000	Property development	China §	China
Shanghai Orient Overseas Yongye Real Estate Co. Ltd.	99	Registered capital US$88,000,000	Property development	China §	China
Shanghai Waigaoqiao Xuhui Club Co. Ltd.	100	Registered capital RMB412,600,000	Property development	China ♀	China
Soberry Investments Ltd.	100	5,000 ordinary shares of US$1 each US$5,000	Portfolio investment	British Virgin Islands	Worldwide
Surbiton Ltd.	100	500 ordinary shares of no par value US$5,000	Portfolio investment	Liberia †	Worldwide
Union Faith (H.K.) Limited	100	1 ordinary share of HK$1 HK$1	Ship owning	Hong Kong	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Wall Street Plaza, Inc.	100	40 class A common stock of US$1 each	Investment holding	USA	USA
	100	160 class B common stock of US$1 each			
	100	20,000 12% series A non-cumulative non-voting preferred stock of US$1,000 each			
	100	18,000 11% series B non-cumulative non-voting preferred stock of US$1,000 each			
	100	19,500 12% series C non-cumulative non-voting preferred stock of US$1,000 each			
	100	19,000 12% series D non-cumulative non-voting preferred stock of US$1,000 each			
		US$76,500,200			
Wayton (Luxembourg) S.à r.l.	85	75 ordinary shares of US$250 each	Ship owning	Luxembourg	Worldwide
		US$18,750			
Wealth Capital Corporation	100	500 ordinary shares of no par value	Investment holding	Liberia †	Worldwide
		US$5,000			

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Associated companies					
Ningbo Yuan Dong Terminal Co. Ltd.	20	Registered capital RMB624,000,000	Terminal operating	China §	China
Tianjin Port Alliance International Container Terminal Co. Ltd.	20	Registered capital US$160,000,000	Terminal operating	China §	China
Jointly controlled entities					
OOCL (UAE) LLC	49	300 ordinary shares of AED1,000 each AED300,000	Liner agency	Dubai	Dubai
Qingdao Orient International Container Storage & Transportation Co. Ltd.	59	Registered capital RMB69,900,000	Container depot	China §	China
Shanghai Orient Overseas Xujiahui Real Estate Co. Ltd.	47.5	Registered capital US$10,000,000	Property development	China §	China

Direct subsidiaries of the Company.
† Companies incorporated in Liberia but redomiciled to the Marshall Islands.
* Wholly foreign-owned enterprise.
§ Sino-foreign equity joint venture enterprise.
± Domestic joint venture enterprise.
♀ Foreign investment enterprise.

Major Customers and Suppliers

Approximately 7.5% and 24.5% of the Group's total expenditure on purchases of goods and services for the year are attributable to the largest supplier and five largest suppliers respectively.

Approximately 1.7% and 5.2% of the Group's total reported revenues for the year are attributable to the largest customer and five largest customers respectively.

The Group has entered into slot sharing arrangements with other container shipping companies. The receipts and payments from slot sharing arrangements have not been included in determining the major customers and suppliers since it would be misleading to do so as the receipts and payments are in respect of sharing arrangements for the utilisation of vessel space.

No director or any of his associates holds any equity interest in the suppliers or customers included above.

10-Year Financial Summary

US$'000	2000	2001	2002	2003	2004	2005	2006	2007	2008	**2009**
Consolidated Profit and Loss Data										
Revenue	2,395,160	2,378,950	2,457,952	3,241,113	4,140,328	4,345,647	4,609,751	5,651,030	6,530,855	**4,350,195**
Operating (loss)/profit	166,399	107,391	90,846	359,384	729,008	693,563	621,364	687,437	397,764	**(332,237)**
Finance costs	(48,246)	(45,614)	(30,634)	(18,740)	(43,787)	(55,744)	(71,721)	(99,078)	(81,016)	**(35,347)**
(Loss)/profit before taxation	131,464	71,089	62,902	353,306	696,337	644,685	553,218	592,024	322,546	**(361,870)**
(Loss)/profit for the year from continuing operations	112,477	61,809	51,948	329,161	670,598	615,198	528,335	553,749	297,569	**(376,104)**
(Loss)/profit for the year from discontinued operation	—	—	—	—	—	36,093	52,805	1,994,653	—	**(24,501)**
(Loss)/profit for the year	112,477	61,809	51,948	329,161	670,598	651,291	581,140	2,548,402	297,569	**(400,605)**
(Loss)/profit attributable to ordinary shareholders	111,863	61,287	51,738	329,044	670,449	650,854	580,603	2,546,979	272,337	**(402,294)**
Per Ordinary Share										
(Loss)/earnings (US cents)										
from continuing operations	17.9	9.8	8.3	53.9	108.5	98.2	84.4	88.3	47.1	**(60.4)**
from discontinued operation	—	—	—	—	—	5.8	8.4	318.7	(3.6)	**(3.9)**
Dividends (US cents)	3.31	2.06	2.06	13.76	27.27	27.00	103.00	103.00	11.00	**—**
Weighted average number of ordinary shares in issue ('000)	625,742	625,742	625,742	610,486	618,024	625,793	625,793	625,793	625,793	**625,793**

Notes:

(1) The accounting policies on employee benefits and income taxes were changed in 2002 and the figures prior to 2000 have not been restated to reflect this change.

(2) The net asset value, dividends and earnings per ordinary share of previous years have been restated for the bonus issue.

(3) The results of discontinued operation prior to 2008 have not been restated or reclassified.

US$'000	2000	2001	2002	2003	2004	2005	2006	2007	2008	**2009**
Consolidated Balance Sheet Data										
Property, plant and equipment	1,286,197	1,365,378	1,342,438	1,579,798	2,132,066	2,593,946	2,777,004	3,350,844	3,780,945	**3,798,048**
Liquid assets	458,025	402,424	412,446	680,806	1,105,011	1,286,579	1,167,924	2,244,865	2,077,087	**1,354,387**
Assets held for sale	—	—	—	—	—	—	406,232	—	—	**1,268,254**
Liabilities directly associated with assets classified as held for sale	—	—	—	—	—	—	(178,992)	—	—	**(142,406)**
Other net current (liabilities)/assets	(346,574)	(343,659)	(341,356)	(422,020)	(227,924)	(165,629)	56,348	75,034	342,756	**(582,807)**
Gross assets	2,155,254	2,150,284	2,189,340	2,754,910	4,014,602	4,814,916	5,600,003	7,213,644	7,701,635	**7,330,174**
Long-term debt	753,761	760,386	682,759	840,677	1,427,690	1,650,044	1,870,890	1,864,436	2,218,251	**2,135,967**
Total long and short-term debt	952,053	936,459	895,608	1,098,162	1,581,499	1,838,592	2,068,798	2,206,184	2,372,146	**2,568,022**
Net debt/(liquid assets)	494,028	534,035	483,162	417,356	476,488	552,013	900,874	(38,681)	295,059	**1,213,635**
Ordinary shareholders' funds	796,747	812,924	860,443	1,110,754	1,809,409	2,284,330	2,727,206	4,176,368	4,387,071	**3,944,684**
Other Financial Information										
Depreciation	84,118	88,227	101,948	114,740	144,860	157,302	178,761	173,988	181,898	**207,275**
Capital expenditure	378,458	232,353	89,873	437,801	806,491	635,494	633,128	752,903	650,568	**380,161**
Consolidated Financial Ratios/Percentages										
Debt to equity ratio	1.19	1.15	1.04	0.99	0.87	0.80	0.76	0.53	0.54	**0.65**
Net debt to equity ratio	0.62	0.66	0.56	0.38	0.26	0.24	0.33	N/A	0.07	**0.31**
(Loss)/return on average ordinary shareholders' funds (%)	14.9	7.6	6.2	33.4	45.9	31.8	23.2	73.8	6.4	**(9.7)**
Accounts payable as a % of turnover	16.3	15.0	15.6	15.0	13.4	13.9	12.2	13.3	12.8	**13.8**
Accounts receivable as a % of turnover	10.2	7.3	7.9	7.6	8.7	9.6	8.3	12.3	6.7	**8.7**
Net asset value per ordinary share (US$)	1.27	1.30	1.37	1.95	2.89	3.65	4.36	6.67	7.01	**6.30**

Fleet and Container Information

Fleet

The following table sets out the Group's vessels as at 31st December 2009.

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	SERVICE SPEED IN KNOTS	FLAG
OOCL America	5,344	Owned	Trans-Pacific	1995	24.6	Hong Kong
OOCL Australia	4,583	Owned	Intra-Asia	2006	24.2	Hong Kong
OOCL Belgium	2,808	Owned	Trans-Atlantic	1998	21.0	Hong Kong
OOCL Britain (Note)	5,344	Owned	Asia-USEC	1996	24.6	Hong Kong
OOCL California	5,344	Owned	Asia-USEC	1995	24.6	Hong Kong
OOCL Chicago	5,714	Owned	Asia-USEC	2000	24.6	Hong Kong
OOCL China	5,344	Owned	Asia-USEC	1996	24.6	Hong Kong
OOCL Fidelity	3,161	Owned	Intra-Asia	1987	21.0	Hong Kong
OOCL Fortune	3,161	Owned	Intra-Asia	1987	21.0	Hong Kong
OOCL Hong Kong	5,344	Owned	Asia-USEC	1995	24.6	Hong Kong
OOCL Japan	5,344	Owned	Trans-Pacific	1996	24.6	Hong Kong
OOCL Rotterdam	8,063	Owned	Asia-Europe	2004	25.2	Hong Kong
OOCL San Francisco	5,714	Owned	Asia-USEC	2000	24.6	Hong Kong
OOCL Singapore	5,390	Owned	Asia-USEC	1997	24.6	Hong Kong

Fleet (Continued)

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	SERVICE SPEED IN KNOTS	FLAG
OOCL Zhoushan	4,583	Owned	Intra-Asia	2006	24.2	Hong Kong
OOCL Asia	8,063	Finance Lease	Trans-Pacific	2006	25.2	Hong Kong
OOCL Atlanta	8,063	Finance Lease	Asia-Europe	2005	25.2	Hong Kong
OOCL Busan	4,578	Finance Lease	Asia-USEC	2008	24.5	Hong Kong
OOCL Europe	8,063	Finance Lease	Trans-Pacific	2006	25.2	Hong Kong
OOCL Hamburg	8,063	Finance Lease	Asia-Europe	2004	25.2	Hong Kong
OOCL Houston	4,578	Finance Lease	Asia-Australia	2007	24.5	Hong Kong
OOCL Kobe	4,578	Finance Lease	S.Asia-USEC	2007	24.5	Hong Kong
OOCL Long Beach	8,063	Finance Lease	Asia-Europe	2003	25.2	Hong Kong
OOCL Ningbo	8,063	Finance Lease	Trans-Pacific	2004	25.2	Hong Kong
OOCL Panama	4,578	Finance Lease	Asia-Australia	2008	24.5	Hong Kong
OOCL Qingdao	8,063	Finance Lease	Trans-Pacific	2004	25.2	Hong Kong
OOCL Shenzhen	8,063	Finance Lease	Trans-Pacific	2003	25.2	Hong Kong
OOCL Southampton	8,063	Finance Lease	Asia-Europe	2007	25.2	Hong Kong
OOCL Texas	4,578	Finance Lease	Intra-Asia	2008	24.5	Hong Kong
OOCL Tianjin	8,063	Finance Lease	Trans-Pacific	2005	25.2	Hong Kong
OOCL Tokyo	8,063	Finance Lease	Trans-Pacific	2007	25.2	Hong Kong
OOCL Yokohama	4,578	Finance Lease	Asia-Australia	2007	24.5	Hong Kong
OOCL Montreal	4,402	Operating Lease	Trans-Atlantic	2003	23.0	Hong Kong
OOCL Netherlands	5,390	Owned	Trans-Pacific	1997	24.6	Hong Kong
OOCL Norfolk	4,578	Finance Lease	Trans-Atlantic	2009	24.5	Hong Kong
OOCL Brisbane	4,578	Finance Lease	Asia-Australia	2009	24.5	Hong Kong
OOCL New Zealand	4,578	Finance Lease	Asia-Australia	2009	24.5	Hong Kong
OOCL Dalian	4,578	Finance Lease	Intra-Asia	2009	24.5	Hong Kong
OOCL Nagoya	4,578	Finance Lease	Asia-USEC	2009	24.5	Hong Kong
MCP Kopenhagen	629	Chartered	Intra-Asia	2008	15.0	The Netherlands
OOCL Antwerp (Note)	5,888	Chartered	N/A	2006	25.0	Panama
OOCL Dubai	5,888	Chartered	Trans-Pacific	2006	25.0	Hong Kong
OOCL Finland	1,008	Chartered	Intra-Europe	2006	18.0	United Kingdom
OOCL Germany	5,560	Chartered	Trans-Pacific	2000	24.9	Liberia
OOCL Italy	5,888	Chartered	Asia-Europe	2007	25.0	Hong Kong
OOCL Kaohsiung (Note)	5,888	Chartered	N/A	2006	25.0	Hong Kong
OOCL Kuala Lumpur	5,888	Chartered	Trans-Pacific	2007	25.0	Hong Kong
OOCL Manila	1,679	Chartered	Intra-Asia	2008	21.0	Cyprus
OOCL Melbourne	2,762	Chartered	Asia-Australia	2003	22.0	Hong Kong

Fleet (Continued)

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	SERVICE SPEED IN KNOTS	FLAG
OOCL Narva	868	Chartered	Intra-Europe	2004	18.0	Germany
OOCL Neva	868	Chartered	Intra-Europe	2001	18.0	Luxembourg
OOCL Nevskiy	868	Chartered	Intra-Europe	2001	18.0	Luxembourg
OOCL New York	5,560	Chartered	Asia-USEC	1999	24.9	Germany
OOCL Oakland	5,888	Chartered	Asia-USEC	2007	25.0	Panama
OOCL Osaka	2,762	Chartered	Intra-Asia	2003	22.0	Panama
OOCL Seattle	5,888	Chartered	Trans-Pacific	2007	25.0	Panama
OOCL Shanghai	5,560	Chartered	Asia-Europe	1999	24.9	Germany
OOCL St Petersburg	1,008	Chartered	Intra-Europe	2005	18.0	The Netherlands
OOCL Sydney	2,762	Chartered	Intra-Asia	2003	22.0	Singapore
OOCL Taichung	1,560	Chartered	Intra-Asia	2008	18.5	Hong Kong
OOCL Vancouver (Note)	5,888	Chartered	N/A	2006	25.0	Panama
OOCL Xiamen	2,762	Chartered	Intra-Asia	2003	22.0	Panama
Valentina	1,875	Chartered	N/A	2007	21.0	Marshall Islands
Heike P	2,732	Chartered	Intra-Asia	2007	22.5	Liberia
COSCO Yokohama (Note)	7,455	Chartered	Intra-Asia	2004	25.2	Liberia
COSCO Vancouver (Note)	7,455	Chartered	Intra-Asia	2004	25.2	Liberia
King Bruce	1,710	Chartered	Intra-Asia	2008	19.8	Marshall Islands
Teng Yun He	1,702	Chartered	Intra-Asia	2000	20.0	China
Hansa Calypso	1,645	Chartered	Intra-Asia	2009	19.0	Liberia
Sanya	1,560	Chartered	Intra-Asia	2009	19.0	Singapore
Cape Flores	1,200	Chartered	Intra-Asia	2005	19.0	Marshall Islands
WMS Vlissingen	698	Chartered	Intra-Asia	2005	17.5	Cyprus
RBD Esperanza	698	Chartered	Intra-Asia	2008	17.0	Cyprus
TOTAL 73 VESSELS	**336,134**					

Note : As at 31st December 2009, OOCL Vancouver, OOCL Antwerp and OOCL Kaohsiung were chartered out to COSCO; OOCL Britain was chartered out to MISC; and, COSCO Yokohama and COSCO Vancouver were chartered in from COSCO under swapping program.

Container Information

The Group owned, purchased on finance lease terms or leased under operating lease agreements 383,011 units (612,349 TEU) as of 31st December 2009. Approximately 78.6% of the container fleet in TEU capacity was owned or purchased under finance leases with the remainder leased under operating lease agreements.

In addition, at 31st December 2009 the Group owned, purchased on finance lease terms or leased under operating lease terms 19,646 trailer chassis.

Terminal Information

LONG BEACH CONTAINER TERMINAL, INC.

Location: Long Beach, California, USA.

Status of Terminal: A 100 acre, three berth container terminal facility operated under a long-term preferential use agreement from the Port of Long Beach, which expires in 2011.

Equipment/Facilities: Three container-vessel berths; seven post-Panamax quayside container gantry cranes; twelve rubber-tired gantry cranes; 75 yard tractors; eleven top handlers; five side picks; twelve utility forklifts; 56 yard chassis; various pick-up trucks and other vehicles and handling equipment.

Building Facilities: 13,000 sq ft main office building; 3,200 sq ft marine operations building; 9,600 sq ft repair shop.

Principal Customers: OOCL, NYK, Hapag Lloyd.

KAOHSIUNG CONTAINER TERMINAL

Location: Pier 66 Kaohsiung Harbour, Kaohsiung, Taiwan.

Status of Terminal: One of the original container facilities in the Kaohsiung Harbour. The terminal was deepened in 2002 to have deep-water berths of 14.5 meters and the entire facility has been modernized since then. More enhancements have been scheduled.

Equipment/Facilities: Two container-vessel berths (680 meters long) on a total of approximately 56 acres operating on 24-hour 7-day basis for vessel and gate activities; six post-Panamax quay cranes including four with 19 rows and twin-20 ft lifting capacity; 18 rail-mounted gantry cranes (RMGs); five empty stackers and various shipside handling equipment. Four new RMGs have been delivered in 2009 and four old RMGs will be replaced in 2010.

Building Facilities (approximate area): 2,350 sqm new office building, 7,000 sqm container freight station, 1,000 sqm maintenance building.

Principal Customers: ANL, APL, COSCO, China Shipping, Evergreen Marine Corp, Hapag Lloyd, Hyundai Marine, NYK, OOCL, Yang Ming and ZIM.

Property Information

Property Development

Projects Under Construction / Development

Project Name	Location	Address	Group's Interest %
Changle Lu	Changle Lu, Shanghai	Lot No. 12 Lu Wan District, Shanghai	99
Kunshan	Kunshan, Jiangsu	Zhao Feng Lu, Hua Qiao Town, Kunshan, Jiangsu Province	100
Heng Shan Lu	Heng Shan Lu, Shanghai	No. 85 Heng Shan Lu, Shanghai	100
Changning Lu	Changning Lu, Shanghai	Plot 32/8, 88 Street, Changning Lu, Changning District, Shanghai	95
Nanmatou	Nanmatou Jiedao, Shanghai	Plot 15/1 & 86/1, No. 8 Nanmatou Jiedao, Pudong New District, Shanghai	100
International Trade Centre	Xiaobailou area, Hexi District, Tianjin	Intersection of Nan Jin Road and Ma Chang Road, Hexi District, Tianjin	100

Corporate Information

Executive Directors

Mr. TUNG Chee Chen
(Chairman, President and Chief Executive Officer)
Mr. CHOW Philip Yiu Wah
Mr. Kenneth Gilbert CAMBIE
(Chief Financial Officer)
Mr. TUNG Lieh Sing Alan

Non-Executive Director

Mr. KING Roger

Independent Non-Executive Directors

Mr. Simon MURRAY
Mr. CHANG Tsann Rong Ernest
Professor WONG Yue Chim Richard
Mr. CHENG Wai Sun Edward

Company Secretary

Ms. LEE Chee Fun Lammy

Authorised Representatives

Mr. Kenneth Gilbert CAMBIE
Ms. LEE Chee Fun Lammy

Principal Office

33rd Floor
Harbour Centre
25 Harbour Road, Wanchai
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Registrar

Butterfield Fulcrum Group
(Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke, HM 08
Bermuda

Branch Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Listing Exchange

The Stock Exchange of Hong Kong Limited
Stock Code : 0316

Website

http://www.ooilgroup.com

Major Bankers

HSBC Holdings plc
HSH Nordbank
The Royal Bank of Scotland
National Australia Bank
Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

Solicitors

Conyers Dill & Pearman
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

and at

2901 One Exchange Square
8 Connaught Place
Central
Hong Kong

Ince & Co
Rooms 3801-6, 38th Floor
ICBC Tower, Citibank Plaza
3 Garden Road, Central
Hong Kong

Slaughter and May
47th Floor, Jardine House
One Connaught Place
Central
Hong Kong

Auditor

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

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Art Director: Man Leung
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Orient Overseas (International) Limited
(Incorporated in Bermuda with Limited Liability)
33rd Floor Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong Telephone: (852) 2833 3838
www.ooilgroup.com