2010

Annual Report

Orient Overseas (International) Limited

(Incorporated in Bermuda with Limited Liability)

Corporate Profile

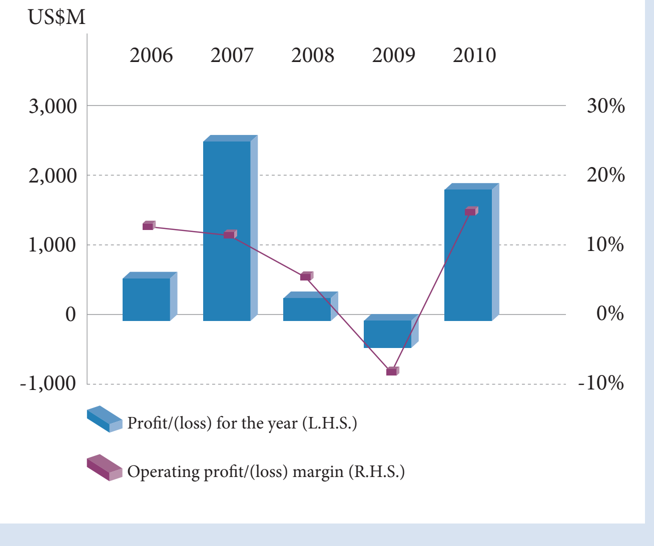
Orient Overseas (International) Limited ("OOIL"), a company with total revenues in excess of US$6.0 billion, has principal business activities in container transport and logistics services. Listed on The Stock Exchange of Hong Kong, the OOIL Group has more than 270 offices in 60 countries.

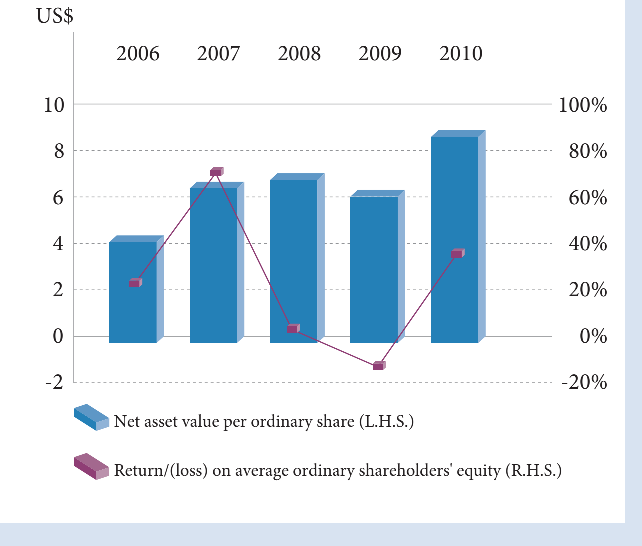
Orient Overseas Container Line Limited, operating under the trade name OOCL, OOIL's wholly owned subsidiary, is one of the world's largest integrated international transportation and logistics companies, and is one of Hong Kong's most recognized global brands. OOCL is one of the leading international 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.

Contents

Financial Highlights

US$M	2010	2009	Favourable/ (unfavourable) %
Consolidated Profit and Loss			
Revenue	**6,033**	4,350	39%
Operating profit/(loss)	**919**	(332)	N/A
Revaluation of Wall Street Plaza	**5**	(25)	N/A
Finance costs	**(29)**	(35)	17%
Profit/(loss) from continuing operations	**870**	(376)	N/A
Profit/(loss) for the year	**1,874**	(401)	N/A
Consolidated Balance Sheet			
Liquid assets	**4,133**	1,354	205%
Property, plant and equipment	**3,860**	3,798	2%
Total assets	**9,072**	7,330	24%
Borrowings	**2,664**	2,568	(4%)
Total liabilities	**3,493**	3,362	(4%)
Ordinary shareholders' equity	**5,573**	3,945	41%
Consolidated Net Cash Flow			
Operating activities	**1,175**	(354)	N/A
Investing activities	**(698)**	(329)	N/A
Financing activities	**(353)**	247	N/A
Net increase/(decrease) in cash and cash equivalents	**124**	(436)	N/A
Key Ratios			
Operating profit/(loss) margin	**15%**	(8%)	N/A
Gross debt to equity	**0.48**	0.65	17%
Net (cash)/debt to equity	**(0.26)**	0.31	N/A
Return/(loss) on average ordinary shareholders' equity	**39%**	(10%)	N/A
Earnings/(loss) per ordinary share (US cents)	**298.3**	(64.3)	N/A
Net asset value per ordinary share (US dollar)	**8.9**	6.3	41%





Significant Events

January

OOCL demonstrated its industry leadership in innovative information technology solutions with the launch of Mobile Cargo Tracking for customers.

OOCL celebrated the christening of the *OOCL Washington* 8,063 TEU and the *OOCL Le Havre* 4,578 TEU at the Samsung Heavy Industries shipyard on Geoje island, Korea. 01

OOCL celebrated the christening of the *OOCL Seoul*, the fourteenth SX class vessel 8,063 TEU in OOCL's line of sixteen SX class vessels ordered from Samsung Heavy Industries. 02

February

OOIL concluded the sale of its PRC property development business conducted under Orient Overseas Developments Ltd.

OOCL announced an enhanced feature, ePouch, in the eFolder (Shipment Folder) of My OOCL Center, to help customers lower costs of doing business, save time, and offer total transparency and maximum control.

May

OOCL celebrated the christening of the *OOCL Guangzhou*, the fourteenth in our line of sixteen 4,578 TEU vessels ordered from Samsung Heavy Industries. 06

OOCL celebrated the christening of the *OOCL Savannah*, the fifteenth in our line of sixteen 4,578 TEU vessels ordered from Samsung Heavy Industries. 07

OOCL announced the enhanced Invoice function in My OOCL Center to provide customers with maximum efficiency, consistency and accuracy in the billing process.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March

OOCL won the Green Culture Award by Hong Kong Marine Department on Onboard Safety and Environmental Culture as well as the highest levels of staff training at sea and onshore.

April

OOCL introduced a new China/Thailand/Vietnam service, (CTV) in response to increasing customer demand in the region. 03

OOCL celebrated the christening of the *OOCL London*, the fifteenth SX class vessel 8,063 TEU in OOCL's line of sixteen SX class vessels ordered from Samsung Heavy Industries. 04

OOCL announced the launching of the OOCL Carbon Calculator to assist OOCL customers in measuring the carbon dioxide (CO_2) emissions in their supply chain.

OOCL celebrated the christening of the *OOCL Luxembourg*, the sixteenth in our line of sixteen 8,063 TEU vessels ordered from Samsung Heavy Industries. 05

June

OOCL celebrated the christening of the *OOCL Jakarta* 4,578 TEU, the last in our line of 32 vessels on order from Samsung Heavy Industries. 08

OOCL announced the availability of OOCL Carbon Calculator on Mobile OOCL.com, from 23rd June 2010. The innovative new service can be accessed by all major mobile systems.

OOCL announced the extension of the KTX3 service on the Intra-Asia trade to provide increased service frequency to and from Jakarta. 09

OOCL demonstrated its industry leadership in innovative IT solutions with the launch of Mobile Vessel Tracking to offer customers the ability to search and track any OOCL vessel from the convenience of their mobile device.

Significant Events

July

Orient Overseas (International) Limited is proud to announce its inclusion as a founding constituent in the new "Hang Seng Corporate Sustainability Index".

Owens Corning named OOCL as a recipient of a "2009 Global Logistics Carrier Excellence" award. 10

OOCL announced the appointment of a new agent in Kuwait.

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

October

To help customers get ready for the new European regulations, OOCL organized a seminar which was the first of its kind to be organized by a container shipping company in Hong Kong.

OOCL won the "Environment Protection Award" at the Seatrade China Awards. 13

November

OOCL was awarded the "Liner Trade Award to Europe" in the 5th Annual Lloyd's List DCN Australian Shipping and Maritime Industry Awards. 14

OOCL was selected as "Vendor of the Year 2010" from Mallory Dallas Cotton Division and Mallory Alexander International Logistics in Atlanta.

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OOCL Green Week, held annually in July in all our offices around the world, highlights the importance of environmental protection in the communities where OOCL staff live and work. The 2010 theme was "Acting Green".

August

OOCL announced the new Atlantic Express Shuttle (AES) service, offering a weekly sprint service between Antwerp and New York. 11

Evergreen Line, OOCL and Simatech Shipping have agreed to operate a new joint Southeast Asia-India-Middle East liner service, ASEAN-Gulf-ISC (AGI). 12

Orient Overseas (International) Limited announced its interim results with a profit attributable to equity holders of US$1,284.6 million for the six month period ended 30th June 2010.

OOCL announced our participation in the Fair Winds Charter, a voluntary shipping industry initiative for our vessels to switch to 0.5% or less sulphur fuel in the auxiliary engines while at berth in Hong Kong from 1st January 2011 until 31st December 2012.

OOCL demonstrated its industry leadership in innovative information technology solutions with the launch of Mobile Rates of Exchange to assist our customers to access the inbound and outbound rates of exchange for a particular port from the convenience of a mobile phone.

December

OOCL entered into a Shipbuilding Contract with Hudong for the construction of two 8,888 TEU vessels.

Chairman's Letter

Tung Chee Chen
Chairman and CEO

> "Improvements in freight rates across all trades, combined with cost savings implemented in 2009, have produced a record profit for our liner operation in 2010."

2010 was another extraordinary year for the container shipping industry. From the depths of the industry crisis in 2009, the extent of the rebound has been beyond all expectations. Unusually strong demand in the first half of 2010, and positive trading conditions throughout the remainder of the year, saw our lifting volumes nearing 2008 levels. Improvements in freight rates across all trades, combined with cost savings implemented in 2009, have produced a record profit for our liner operation in 2010.

Despite the slow recovery of the United States, continuing stimulus from its fiscal and monetary programs should underpin further trade growth in 2011. European economies are also improving, and both Asian and commodity-based economies have proven resilient. With continued strong growth in China, this makes for a positive outlook for global trade.

While the ongoing improvement in trade volumes and freight rates is good news, fuel and other cost pressures are again re-emerging as the global economic recovery continues. Continued focus on operational efficiency and pricing discipline will accordingly remain important in the current year.

I am pleased to report that, with the strong liner performance last year, Orient Overseas (International) Limited and its subsidiaries (the "Group") has recorded a profit attributable to shareholders for 2010 of US$1,866.8 million, compared to a loss of US$402.3 million reported for 2009.

This result includes the net profit of US$1,004.6 million from the sale of OODL, the Group's former PRC property development business. The profit attributable to shareholders from our container transportation and logistics business was US$841.6 million, compared to a loss of US$376.9 million for the equivalent activities in 2009. Management of the Group's liquidity and investments at the OOIL level contributed the remaining US$20.6 million of profit attributable to shareholders.

The Board of Directors recommends the payment of a final ordinary dividend of US23 cents (HK$1.79) per share to shareholders for 2010. Combined with the 2010 interim dividend, this represents a total ordinary dividend payout of 25% of the Profit Attributable to Shareholders excluding the profit from OODL. The ordinary dividends for 2010 reflect the return to profitability of the business in 2010, its present liquidity position, and its ongoing funding needs.

In addition, having considered the level of capital needed to support growth and expansion of the business, the Board of Directors is recommending a further special dividend of US209.3 cents (HK$16.33) per ordinary share from the proceeds of the OODL sale.

The Group's overall financial goal is to deliver superior returns to shareholders throughout the course of economic and market cycles. To produce an appropriate return on capital, we seek to generate sustainable operating margins that are amongst the highest in the industry. Such margins come from a continued focus on service and quality to enhance customer satisfaction, and from a relentless focus on operational efficiency throughout the Group.

Following the sale of OODL in 2010, the Group is now focused solely on its container transportation and logistics business under the OOCL brand. The Group is well positioned to grow the OOCL business – enhancing its market position and maintaining superior profit margins through ongoing development and delivery of products and services to meet customer needs.

The business will need to expand to meet demand as the major economies continue to recover over the next four to five years. Along with our primary focus on profitability, it is important that we grow to maintain a global service to our customers. We gave up unprofitable market share over 2009 and into 2010 as we adjusted operations through the downturn, and we need to rebuild the spread and frequency of our services to meet customer needs. We will achieve growth not through rate cutting, but through the provision of superior customer focus and service.

Despite expecting a positive environment, we do not expect a repeat of the high growth rates for demand seen from 2002 to 2007 when outsourcing of production for OECD countries to the developing world was accelerating. Rather, we expect average growth for container volumes over the next five to ten years to reflect the lower rates of economic growth forecast for the major industrial economies. At the same time, the trend towards the use of larger container vessels on the main trade routes will continue given their reduced environmental impact and lower operating cost per slot.

To remain competitive in both the provision of services to our customers and on an operating cost basis, the Group will continue to invest in the expansion of the OOCL vessel and box fleets, and in the terminal infrastructure needed to support anticipated demand growth. Capital expenditure will be made progressively to match our financial capacity, and will be undertaken only where it supports or enhances our profitability.

With the extremes of the last two years behind us and the prospect of a period of steady growth ahead, it is opportune for the industry to reflect on the changes that have occurred and to give thought to the future direction of the industry.

The balancing of supply and demand remains key to the health of container shipping. The industry remains exposed to the risk of imprudent deployment of capacity if mismatched to demand, and to misguided attempts to gain market share other than through improvements in service.

The container shipping industry crisis of 2009 highlighted the need for change in fleet operation. Historically, capital costs have outweighed fuel and other operating costs, leading liner operators to focus predominantly on asset utilization. An emphasis on maximising load factor and gaining volume-based market share contributes to the rate volatility seen each year. Such volatility provides only short-term benefit to shippers and their customers, but threatens the orderly supply of capacity both intra-seasonally and over the longer shipping cycle.

As operating cost per slot increasingly outweighs capital cost per slot, removing excess capacity in times of weak demand is the better economic alternative to seeking scarce cargo at ever-lower prices.

High asset utilization and market share remain important to liner companies, but only so long as pricing and profitability are not unduly sacrificed. Sustainable gains in market share and achieving an appropriate return on capital come from the provision of superior customer service coupled with efficient operations.

The industry will do well if we place the same emphasis on managing customer relationships as has been placed on managing vessel utilisation. Improved communication is needed to achieve better matching of capacity to demand and to avoid disruption to supply chains.

As well as operating profitably, we also need to maintain OOCL's core long-term advantage of quality customer service – maintaining an appropriate network, transit times, and provision of information and responsiveness to grow our base of customers that recognise and ultimately reward our superior service in both monetary and non-monetary terms.

Our logistics business remains an important area for us in continuing to attract and hold customers through high quality service levels. Equally, our superior Information Technology gives us significant competitive advantages and we will continue to invest in IT prudently. Our IT gives us visibility of full shipment cycles, enabling us to take prompt action on operational variations and to exploit downstream opportunities. As a result, we can sustain high quality service to meet or exceed our customers' expectations, while also achieving operational efficiencies that keep our cost base competitive. Moreover, our information systems have developed into a common platform for collaboration and innovation.

The immediate outlook for 2011 remains positive though the level of demand growth seen in 2010 on the East-West trades is unlikely to be repeated in 2011. While global economic growth in 2011 is likely to be muted, we do expect supply and demand to be in near-balance. This should see a return to a normalised seasonal pattern in volumes and freight rates in 2011 compared to 2009 and 2010.

The Group remains operationally robust and financially strong being well capitalised and with sufficient liquidity and funding to meet future needs. Given the strong financial condition that the Group is in, and with the unflagging efforts of our outstanding staff, we are confident of our ability to continuing growing and meeting our goals.

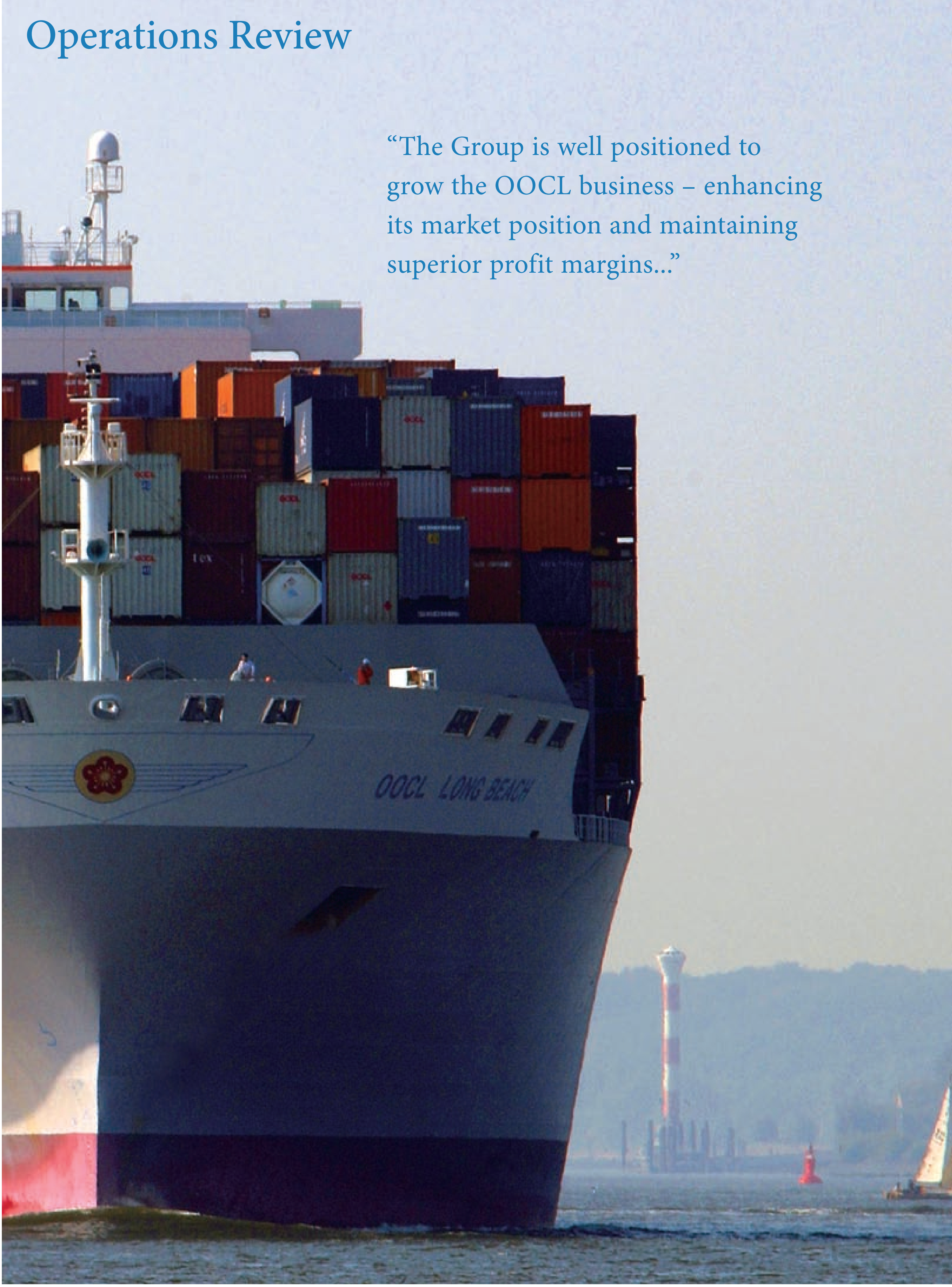
C C Tung
Chairman

Hong Kong, 11th March 2011

"...fuel and other cost pressures are again re-emerging as the global economic recovery continues."

Operations Review

"The Group is well positioned to grow the OOCL business – enhancing its market position and maintaining superior profit margins..."



CONTAINER TRANSPORT AND LOGISTICS

(US$ million)	2010	2009	Variance
Liner Volumes (TEU)	**4,767,672**	4,158,487	15%
Revenue	**6,008.8**	4,326.0	39%
EBITDA	**1,162.7**	(114.8)	N/A
Depreciation/Amortisation	**266.0**	210.7	26%
EBIT	**896.7**	(325.5)	N/A

CONTAINER TRANSPORT

Trading conditions and container transportation rebounded sharply at the end of 2009 and robust growth continued in 2010. Global demand increased 12% (Transpacific EB: 16%; Asia-Europe WB: 17%; Trans Atlantic WB: 12%). Capacity grew by only 9% – which was still significantly higher than the market expectation of around 6% at the beginning of the year.

The sudden increase in cargo volume caught carriers by surprise. Over 1.5 million TEU or 11.6% of capacity was idled at the beginning of 2010. Vessels were re-deployed quickly and the idled capacity came down to below 7% in April. Many customers found that they were unable to secure shipping space during the first quarter, leading to a Federal Maritime Commission fact-finding initiative in March to investigate liner practices in capacity deployment and booking acceptance. The investigation concluded that no parties were at fault but that certain industry practices could be improved for better shipper-carrier coordination. By the fourth quarter of the year, the supply-demand balance had settled into a more typical pattern.

The continued increase in fuel price was a clear and concerning trend in 2010. By the end of the year, 100% of our Asia-Europe loops and 78% of our Pacific loops by loop count, were being slow-steamed. Apart from cost savings and a reduction in emissions, slow steaming provided additional margin to maintain vessel schedules when impacted by weather or operational delays. Slow steaming continued to expand in 2010.

OOCL lifting increased 15% year-on-year. Volume and revenue increases were amplified in the last three quarters of 2010 due to the very low base of the previous year.

OOCL Liner	TEU	Rev	Rev/TEU
Q1	7.2%	18.9%	10.9%
Q2	15.7%	60.1%	38.3%
Q3	16.0%	65.5%	42.6%
Q4	18.9%	41.9%	19.4%
Total	**14.6%**	**46.1%**	**27.5%**

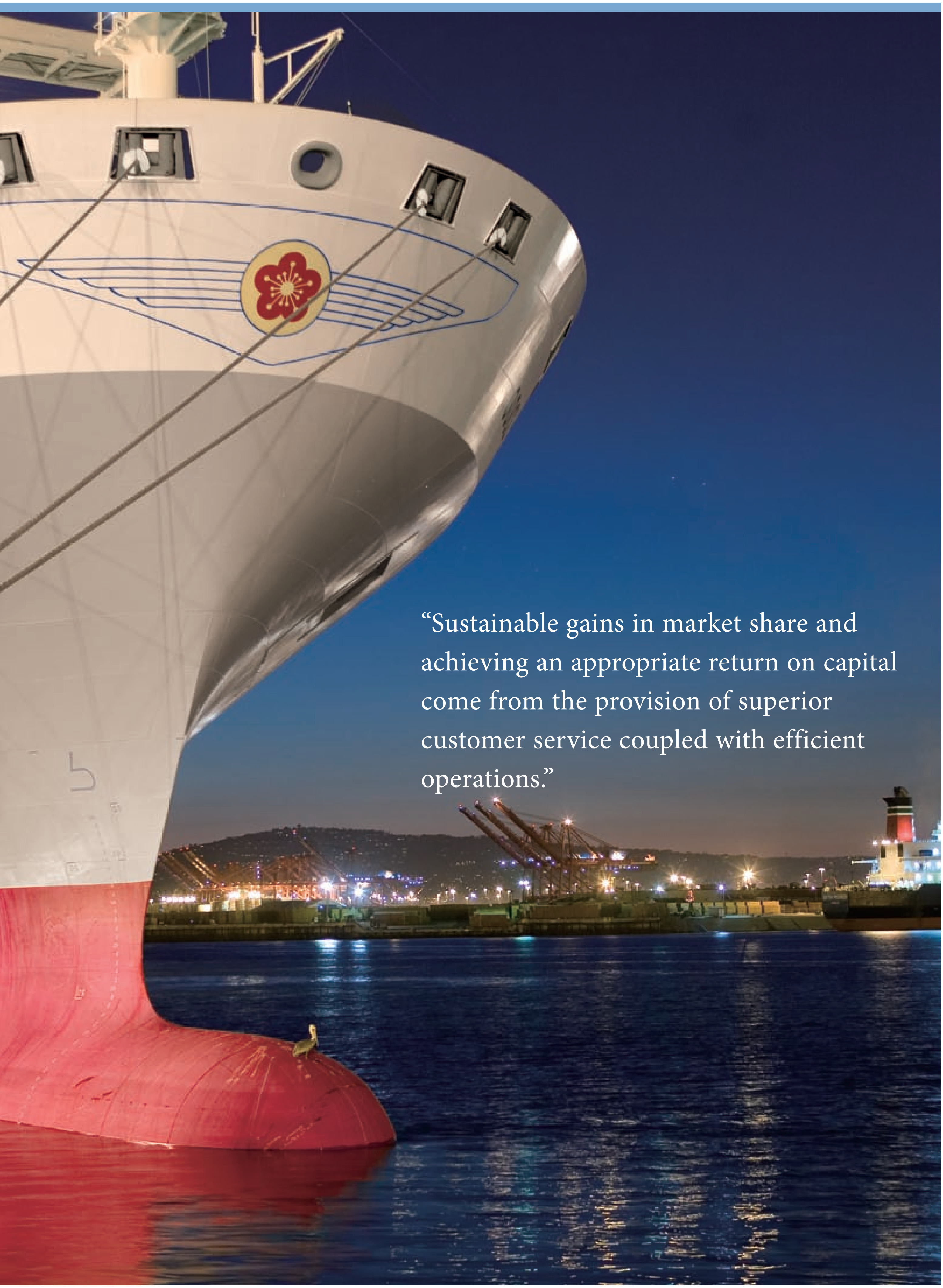
Revenue peaked in September and tapered off in the last quarter as the peak shipping season passed in line with the past trends and as new capacity continued to enter the market.

	LIFTING ('000 TEU)			REVENUE (US$ million)		
Trade	2010	2009	Var	2010	2009	Var
Trans-Pacific	**1,225**	1,158	6%	**2,035**	1,493	36%
Asia-Europe	**794**	679	17%	**1,283**	688	86%
Intra-Asia/Australasia	**2,391**	1,972	21%	**1,708**	1,174	45%
Trans-Atlantic	**358**	349	3%	**589**	488	21%
Total	**4,768**	4,158	15%	**5,615**	3,843	46%

Trans-Pacific – The strong rebound of cargo flow at the end of 2009 and into 2010 on the Trans-Pacific services enabled the successful introduction of an emergency revenue recovery charge in January, followed by general rate increases and peak season surcharges in the middle of the year – lifting freight rates above their unsustainable 2009 levels. As customers were predominantly concerned to achieve space protection, many service contracts were negotiated with clearer terms of commitment on space, rates and service levels.

Asia-Europe – Over the course of 2010, the Asia Europe trade experienced a V-shape rebound in rate level. Following a 48% drop in revenue the previous year, freight rate levels picked up in the early part of 2010 and stayed at high levels from April through to September. The introduction of very large container ships over 10,000 TEU added pressure to the rate level once the peak shipping season had ended.

Intra-Asia and Australasia – Intra-Asia trade enjoyed healthy growth in the first half of 2010, fuelled by the Free Trade Agreement between China and ASEAN that was signed on 1st January 2010. The rapid trade growth and low charter hire rates attracted more new entrants while the cascading of ships from the deep-sea trades also resulted in increased capacity on Intra-Asia trades. For Australasia, trade capacity increased by 32% in the North East Asia sector and 14% in the South East Asia. The surplus of capacity over demand drove carriers in the North East Asia sector to withdraw sailings by the end of the year, and this is expected to continue until the slow season ends around May 2011.



"Sustainable gains in market share and achieving an appropriate return on capital come from the provision of superior customer service coupled with efficient operations."

Trans-Atlantic – The Trans-Atlantic trade enjoyed high capacity utilization during the first three quarters of the year as volume rebounded and carriers progressively reintroduced capacity withdrawn in 2009. Rate levels rose steadily throughout the year, leading to the re-introduction of new services in the United States and Mexico to Europe trade in the latter part of 2010.

Reefer Trade – The trade growth for reefer in 2010 was relatively slow, compared to that for general cargo. Trade volume in temperature controlled cargo shrunk in the Intra-Asia and Australasia trade with appreciation of the Australian dollar hurting exports from Australia. High demand in the domestic market dampened exports from China, but did benefit our domestic cold chain business in China.






SHIP OPERATIONS

As at 31st December 2010, the OOCL fleet composition was as follows:

Operated	No. of Vessels	TEU Capacity
Owned/Long Term Chartered/Operating Lease	52	298,832
Short Term Chartered	32	85,023
Operating Capacity	**84**	**383,855**

In the first half of year 2010, we took delivery of nine new vessels from Samsung Heavy Industries Co Ltd in South Korea – being five P-class vessels of 4,578 TEU and four SX-class vessels 8,063 TEU capacity. We sold two units of 3,161 TEU at the beginning of the year. As at the end of 2010, OOCL owned 46 vessels with an average age of 5.3 years and an average size of 5,933 TEU – one of the most efficient and modern fleets in the industry.

Near the end of 2010, we placed an order for two additional vessels with capacity of 8,888 TEU each from Hudong-Zhonghua Shipyard (Group) Co., Ltd. in China. With this new order, we have a total of eight new buildings of 8,888 TEU each from Hudong for delivery between 2011 and 2014, with the first two vessels due in the first half of 2011.

During the year, we chartered seven additional ships for new services and expansions.

Bunker Saving

In view of the rising fuel price, we focused intensely on our bunker saving program, which included initiatives covering technology, route selection, continuously optimized speeds, minimum ballast, trimming and terminal productivity. Close coordination among our crews, regions, service centres and corporate departments has been a key contributor to the success of the program.

Environmental Protection

Emission control is a key corporate focus. We participated voluntarily in the Port of Long Beach Green Flag Program, and achieved 100% compliance for slowing our vessels within 20 nautical miles of the harbour. We have expanded our support by participating in a new program for slowing our vessels within 40 nautical miles of the harbour effective 1st January 2011.

We are one of the leading carriers to participate in the Fair Winds Charter – an industry-led voluntary fuel switching initiative in Hong Kong that was announced in October 2010. Under the program, vessels will switch to low sulphur fuel (0.5% or lower) when berthing in Hong Kong effective 1st January 2011. This is the first initiative of its kind in Asia, and the first unsubsidized voluntary fuel switch in the world.

On shore, we are expanding our environment initiatives to cover a more comprehensive set of office consumables effective 1st January 2011.

OVERSIZE CARGO

An initiative undertaken during the year was a project focusing on the opportunities to maximize revenue and slot utilisation arising from the carriage of oversize cargo. Cargo carried included luxury yachts, MTR railcars, large printing presses, ship propellers, and stainless steel tanks for food processing. Handling oversize and over-weight cargoes requires additional expertise but has proven both profitable and of value to our customers.

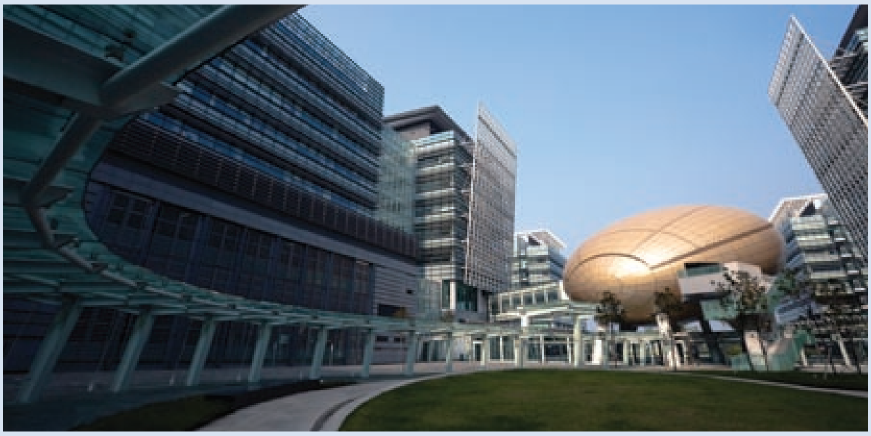
MARINE TERMINALS

OOCL continued to operate the Long Beach Container Terminal in California and the Kaohsiung Container Terminal in Taiwan, with a total throughput of 1.8 million TEU in 2010. We also have a 20% interest and management participation in the Tianjin Port Alliance International Container Terminal Co., Ltd. and the Ningbo Yuandong Terminal Ltd., with a combined throughput of 3.0 million TEU.

The lease of LBCT will expire on 30th June 2011 and the negotiation with the Port of Long Beach for a new lease involving redevelopment of the existing terminal is in progress.

LOGISTICS

OOCL's Logistics Division increased turnover by 32% in 2010. We are seeing pleasing results from our investments in the past few years, which included network building (particularly in China), process optimization, people and organization refinement, and adoption of the latest IT technologies. The financial



improvement came mainly from the China domestic sector, which grew 55% compared to 2009.

In 2010, we put a strategic cooperating agreement in place with Li Ning, which includes an investment in their distribution hub in Jingman, Hubei. We were also awarded the highest performance (AA) grade for our customs house broker operation by Shanghai Customs. OOCL Logistics is one of the few non-mainland companies holding a customs broking license in China.

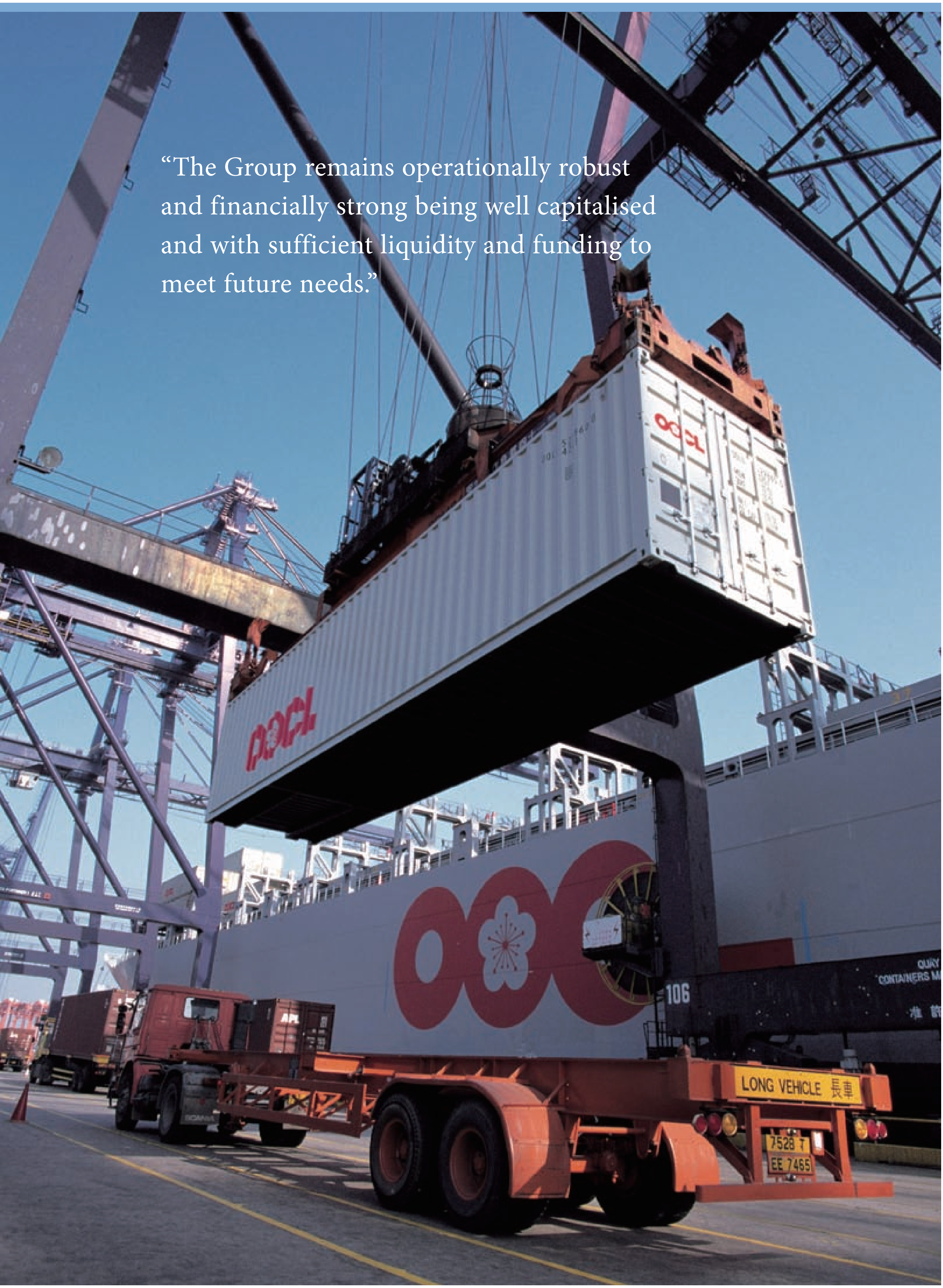
In 2011, we shall continue to expand our network coverage in China to second and third-tier cities. We believe that the growth of China consumption will create a favourable domestic logistics business environment for the next 10 years. At the same time, we continue to embrace information technology as one of our core differentiators and to expand our "Podium" platform to cover both international and domestic supply chains.

INFORMATION TECHNOLOGY

In 2010, we upgraded our IT infrastructure to encompass the latest technology such as virtualization; and stood ready to extend private cloud computing. The goal of our IT focus is to support business growth with a cost effective and flexible production platform.

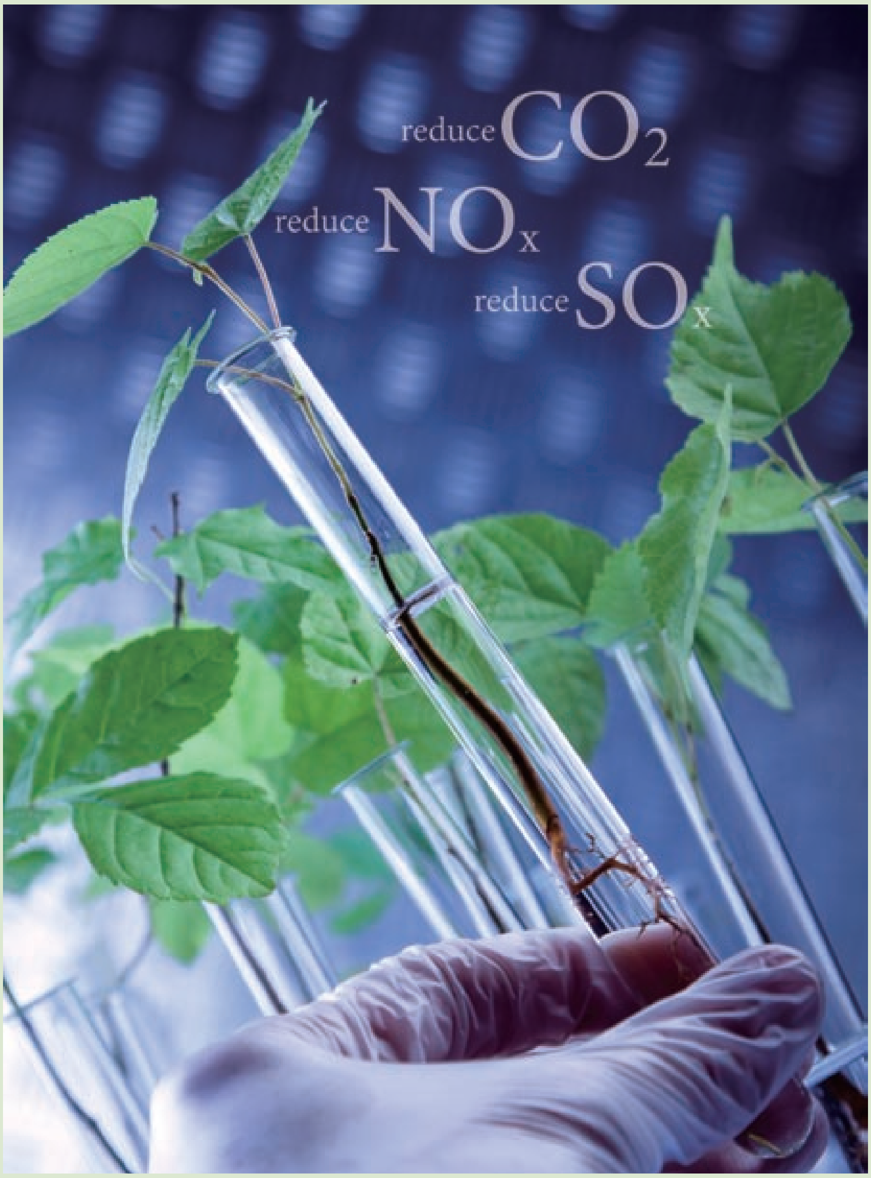
The extension of Internet connectivity at our major regional offices has enabled all employees in these locations to make use of Internet applications, such as YouTube, Blogs, and other social media. Internet connectivity has also been extended to all smart devices, such as iPhone and iPad. We were successful in keeping the overall running costs low for the upgraded network, while positioning ourselves to capture opportunities in the latest market developments.

"The Group remains operationally robust and financially strong being well capitalised and with sufficient liquidity and funding to meet future needs."



Corporate Responsibility

The 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 recognizes 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 minimize 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 Safety, Quality and Environmental (SQE) Management System Certificate. OOCL was the first container shipping line in the world to have achieved the SQE certification which consolidates the ISM-Code, ISO9001.2000 and ISO 14001 requirements.

Green Flag Award (voluntary speed reduction program). OOCL voluntarily participated in the Port of Long Beach and Port of Los Angeles Vessel Speed Reduction Program. We continue to achieve one of the best records of 100% voluntary compliance in reducing vessel speed. At the Port of Long Beach, our company has been awarded the Green Flag Award and 15% rebates on dockage fees as a result. Our efforts will contribute in cutting air pollution such as smog-forming nitrogen oxides (NOx), diesel particulate matter and greenhouse gases. Port officials estimate that if all vessels comply with the program, the amount of NOx produced by container ships would be reduced by nearly 550 tons a year.

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.

Green Culture Award from the Hong Kong Marine Department in March 2010. We were pleased to be recognized for our proactive promotion of Onboard Safety and Environmental Culture and engagement of our staff at sea and onshore with the highest levels of training.

Environment Protection Award received at the Seatrade China Awards Ceremony held in Dalian on 13th October 2010. We demonstrated our commitments to adopting new technology available for the reduction and prevention of the marine and atmospheric pollution.

Hang Seng Corporate Sustainability Index. On 16th July 2010, OOIL was included as a founding constituent member of the Hang Seng Corporate Sustainability Index. The index has been created to allow investors to identify corporations that emphasize long-term value for shareholders and it creates a benchmark against which the investment community can assess socially responsible investments.

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

- **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 working group include the Environmental Performance Survey (EPS), which offers consistent standards and measurements of environmental performance of carriers.

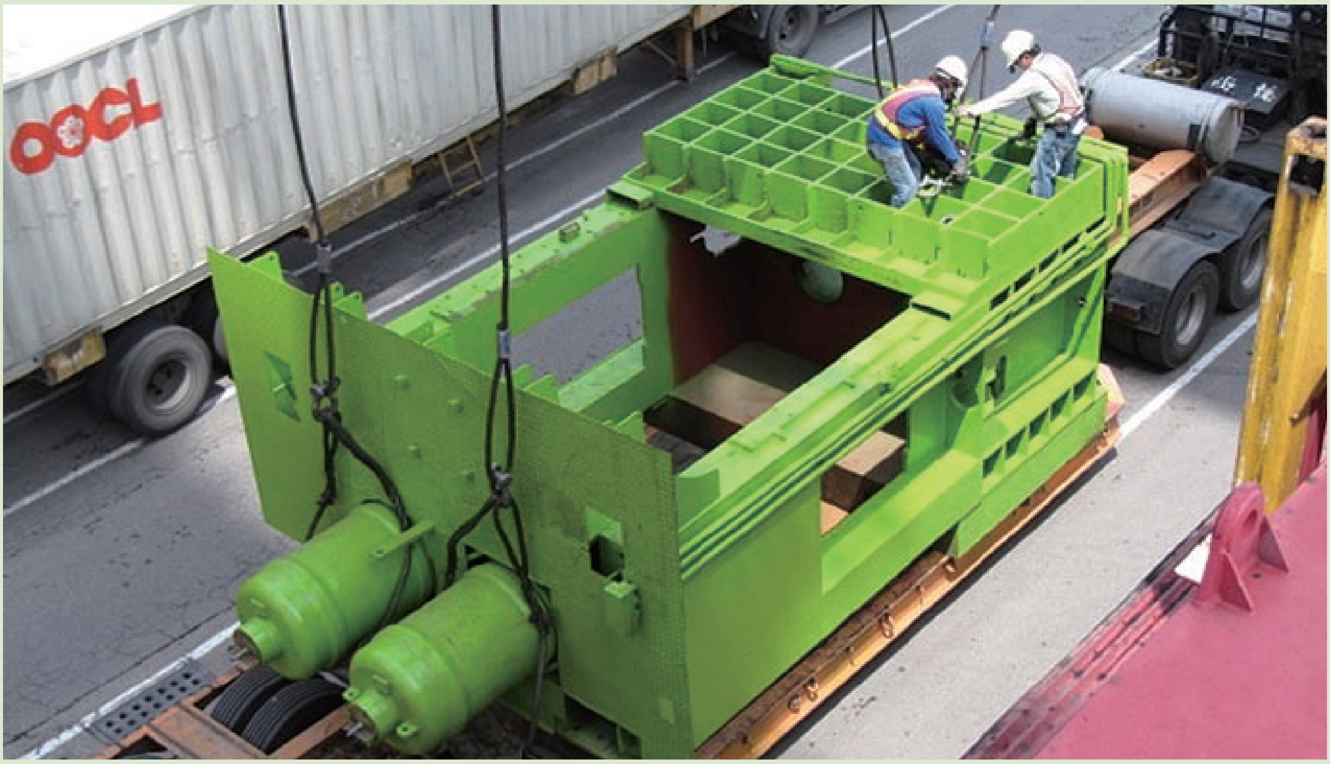
- **Business Environmental Council (BEC)**, a non-profit organization in Hong Kong promoting corporate social and environmental responsibility. Members can share the responsible business practices which balance economic, social and environmental interests.

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

The Group is committed to reducing emissions, promoting environmental care and conserving natural 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 traveling at slower speeds), minimum ballast water to help achieve a lighter vessel load and better trim of ship draughts by good stowage, thereby burning less fuel. We have reduced CO_2 emissions by more than 15% since 2004. This also helps our customers achieve a lower carbon footprint across their supply chain.

   Since 2000, all our vessels have been installed with environmental-friendly NOx-controlled propulsive engines. Advanced slide fuel injection valves, reducing NOx by

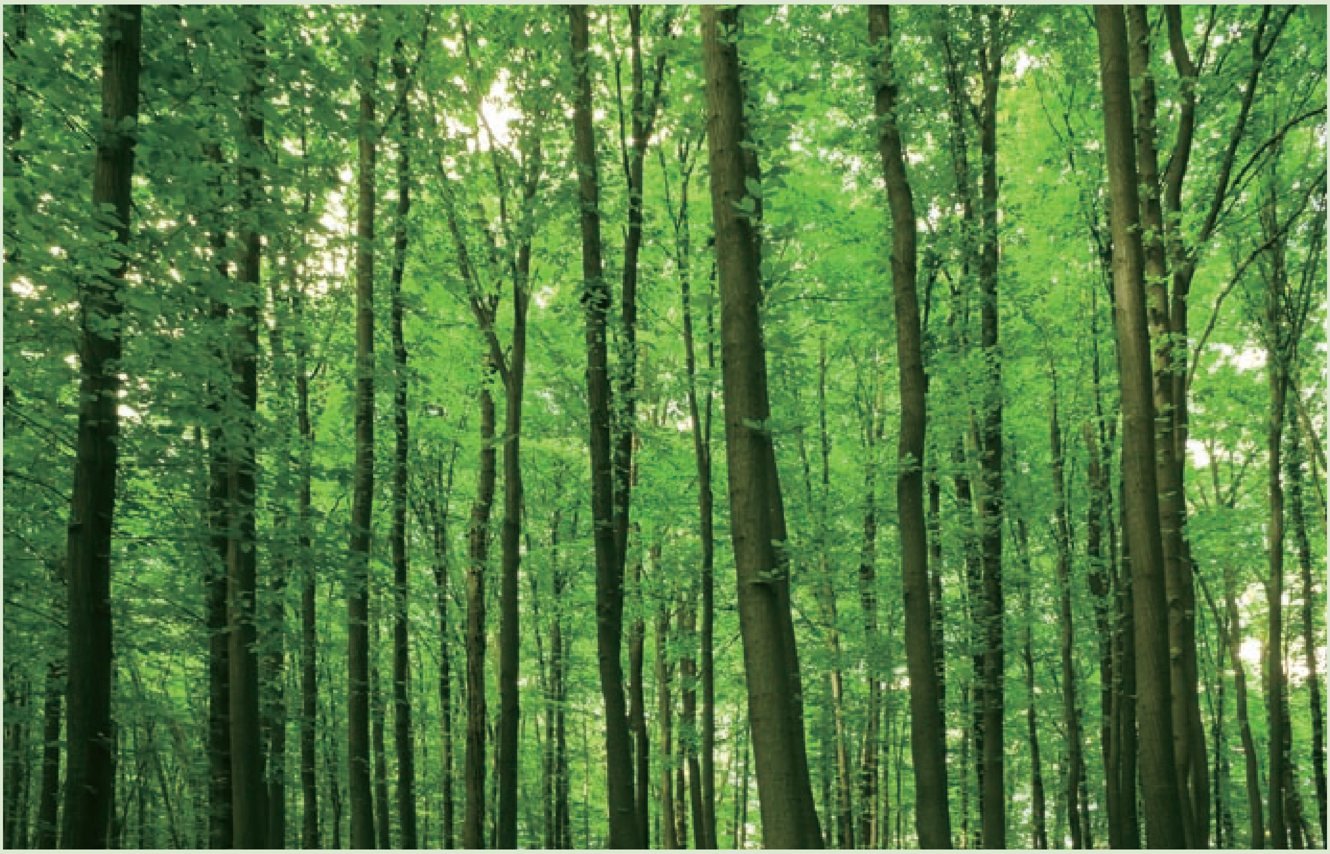


30%, are being adopted on all our vessels.

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 SOx Emissions Control Area's (SECA) requirements, we ensure that the average sulphur content of our fuel is well below the International Maritime Organization's (IMO) prescribed standard of 4.5%; in 2010, we achieved an average sulphur content of 2.7%. In the North Sea, the English Channel and the Baltic Sea, our vessels are now using the new 1.0% sulphur fuel (effective 1st July 2010) as per EU/IMO requirements and 0.1% in some of the EU ports (effective 1st January 2010). In California, we use 0.5% sulphur fuel. OOCL's new buildings currently under construction are installed with "Cold Ironing" or Alternative Maritime Power (AMP) System which can use shore-supplied electricity at wharf for at-berth emission control. We are studying Scrubber technology to potentially further reduce SOx emissions.

Apart from compliance with Emission Control Areas (ECAs) and regional requirements, OOCL is one of the leading carriers voluntarily initiating the **Fair Winds Charter**. Under this Charter, our vessels are switching to use a fuel of 0.5% sulphur content or less while at berth in Hong Kong. This voluntary initiative will take place between 1st January 2011 and 31st December 2012. At the same time, we urge the Hong Kong SAR Government to take the lead and work with the Guangdong Government to regulate the use of low sulphur fuel in the Pearl River Delta region by 31st December 2012.

2. **OOIL 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 bills of lading and invoices, this is an extremely innovative step, and we have reduced paper consumption by 20%. We discourage the use of manual fax and we use electronic means where possible. In addition, we have implemented a "reduce, re-use and recycle" campaign in all our 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 organize OOCL Green Week every July in offices around the world.

3. **OOCL Terminals** – OOCL's container terminal in Long Beach, LBCTI, 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 straddle carriers operation with electric rail-mounted gantry cranes (RMGs) in 2005. In order to improve electric and operation efficiency, KAOCT started RMG renewal program from 2009, four old rail-mounted gantry cranes (RMGs) retired in 2010 and there are now a total of 18 RMGs in the terminal running electrically on a fixed-rail system, these RMGs are emission-free, quiet and provide a much safer working environment at the port. With the new RMGs KAOCT 2010 shipside productivities increased 14.8% from 2008 which helps shorten vessel berthing time and reduce bunker cost and emissions.

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 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.

6. **OOCL Carbon Calculator** – OOCL launched the OOCL Carbon Calculator online and on mobile this year. The calculator is designed to assist OOCL customers in measuring the carbon dioxide (CO_2) emissions in their supply chain. The scope of the calculator spans across vessels, trucks, feeders, barge and rail with over 70,000 port pairs recorded. OOCL conducted the project in partner with the Hong Kong Polytechnic University, Department of Logistics and Maritime Studies, which acted as our third party verifier.

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, the Group 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 recognize 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 the US Customs-Trade Partnership Against Terrorism (C-TPAT) initiative and the EU Authorized Economic Operator (AEO) Program, as well as international rules and regulations, and we work actively with various governments and 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 checks of the offices and facilities of the Group 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 preventive 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 maintained BS7799 certification.

OOCL has been certified as a "Partners in Protection" (PIP) carrier by the Canada Border Services Agency (CBSA) Partners in Protection. It is a voluntary program established by the CBSA for companies which 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 travelers across the US-Canadian border.

Anti-piracy guidelines for vessels: OOCL applies anti-piracy measures before our vessels entering the high risk area to well after vessels transiting the area. One of the key measures is to maintain a 24-hour, 360-degree anti-piracy visual and radar watch and to deploy with additional watch-keepers for bridge and deck watch while transiting the High Risk Area (HRA) to watch out for suspected small pirate crafts. Physical measures are also installed onboard such as barbed wires, spikes, night vision binoculars. Other best practices benchmarking are adopted. Close communication is always kept between ships and Fleet Management Department (FMD) office. FMD's 24-hour emergency hotline is on standby mode in case of emergency.

COMMUNITY AND EDUCATION

The Group commits to being a responsible corporate citizen and recognizes 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. The Group concentrates its community efforts on charity programs designed to provide well-rounded youth education programs, charity relief to the needy and cultural entertainment to the whole community.

OOCL employees across the world are encouraged to give something back to the communities in which they live, through charity events, fundraising and dedicating their time and efforts. OOCL assists in transporting medical diagnostic equipment and supplies from the US to China to care for those children who need treatments urgently. In 2010, the Group donated more than US$103,000.

In addition to financial donations, the Group also contributes in kind. We offer transportation and logistics support to send relief to the affected areas. Assistance in the form of free transportation is often given to a number of charitable projects. In regard to sponsorship, our employees form volunteer teams to support various charitable organizations through community service, fundraising and donations. Beneficiaries of the charity donations made by the Group and its employees include social services, orphanages, elderly homes, schools, children's hospitals, cancer research, multiple sclerosis, diabetes research and many others in Asia, North America, Australasia and Europe.

In keeping with the Group's long tradition of community responsibility, the Tung OOCL Scholarship supports youth education. The Group, in partnership with The Tung Foundation, gave over US$399,000 in 2010 to scholarships for students in mainland China and our employees' children.

EMPLOYEE INFORMATION

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

In the spirit of mutual respect, the Group is an equal opportunity employer with a clearly defined policy, for example, treating all employees with fairness and dignity, promoting the corporate culture of encouraging open and frank communication throughout the organization, investing in its employees and caring for their hopes and aspirations through people-development programs and education, as well as recognizing their efforts and achievements.

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

The Group employs an innovative approach to employee learning and management development. The Group recognizes that on-demand performance support to its employees is the key to help them deliver what customers need. Through the Company's intranet, "InfoNet" the Company offers an all new string to its human-resources bow, creating learner-centric platforms with interactive paths to training and self-improvement, as well as opening up learning opportunities to many more people within the business. The new intranet portal introduced in 2010 allows speedy sharing of company news and business updates while giving its employees a platform to exchange views and suggestions. Adoption of enterprise collaboration tools further makes capturing and sharing of knowledge and best practices between and amongst all employees more efficiently.

As at 31st December 2010, the Group had 7,688 full-time employees. Their salary and benefit levels are maintained at competitive levels. Employees are rewarded on a performance related basis within the general policy and framework of the Group's salary and bonus schemes which are regularly reviewed. Other benefits including medical insurance and pension funds are also provided, and social and recreational activities are organized around the world.

In the interest of adhering to the highest ethical standards on an ongoing basis, the Group 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. The Group has set up procedures to identify, manage and control risks that may have an impact on the business of the Group. The Group's "Whistle Blower Policy", established in 2006, is one of the Group's formalized procedures through which employees can anonymously file reports or register concerns, helps govern the reporting and thorough investigation of allegations of suspected improper activities.

The Group is committed to the philosophy of equal opportunity in employment. It is the Group's policy not to discriminate against any employee or applicant for employment on the grounds of race, color, 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	2010	2009	Change	Favourable/ (unfavourable) %
Operating revenue by activity:				
Container Transport and Logistics	**6,008,842**	4,325,998	1,682,844	39%
Other Activities	**24,560**	24,197	363	2%
Group operating revenue	**6,033,402**	4,350,195	1,683,207	39%
Operating profit/(loss) by activity:				
Container Transport and Logistics	**887,640**	(331,181)	1,218,821	N/A
Other Activities	**26,167**	23,944	2,223	9%
Group operating profit/(loss)	**913,807**	(307,237)	1,221,044	N/A
Finance costs	**(29,091)**	(35,347)	6,256	18%
Share of profits of jointly controlled entities and associated companies	**9,060**	5,714	3,346	59%
	893,776	(336,870)	1,230,646	N/A
Profit/(loss) in fair value on investment property	**5,000**	(25,000)	30,000	N/A
Profit/(loss) before taxation	**898,776**	(361,870)	1,260,646	N/A
Taxation	**(28,959)**	(14,234)	(14,725)	(103%)
Non-controlling interests	**(7,591)**	(1,689)	(5,902)	(349%)
Profit/(loss) from continuing operations	**862,226**	(377,793)	1,240,019	N/A
Profit/(loss) from discontinued operation*	**1,004,554**	(24,501)	1,029,055	N/A
Profit/(loss) attributable to shareholders	**1,866,780**	(402,294)	2,269,074	N/A

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

Revenue for 2010 was US$1,683.2 million higher than that of 2009, representing an increase of 39%. This was mainly attributable to the recovery in cargo volume for the core Container Transport and Logistics business which accounted for over 99% of the Group's revenue for both 2010 and 2009. Other revenue, comprising less than 1% of the Group's revenue for both 2010 and 2009, mainly represented rental income from the Group's investment property Wall Street Plaza in New York.

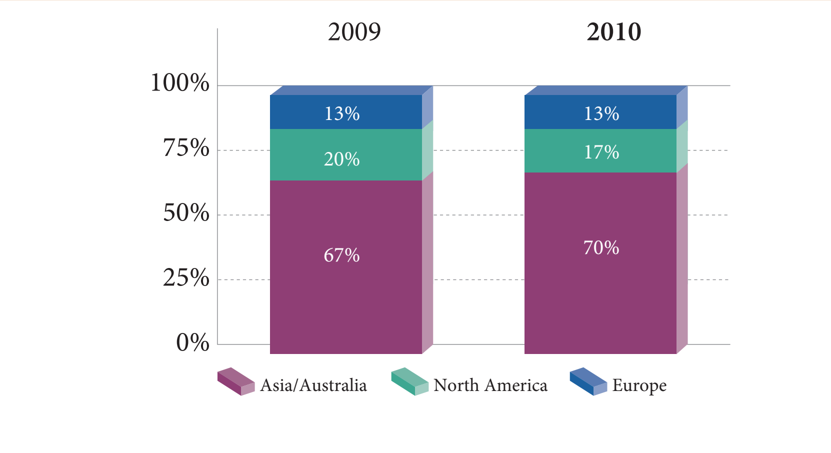
Container Transport and Logistics

Summary of Operating Results

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Liftings (TEUs)	**4,767,672**	4,158,487	609,185	15%
Revenue per TEU (US$)	**1,178**	924	254	27%
Operating revenue by location:				
Asia/Australia	**4,222,713**	2,886,777	1,335,936	46%
North America	**1,015,106**	856,588	158,518	19%
Europe	**771,023**	582,633	188,390	32%
Operating revenue	**6,008,842**	4,325,998	1,682,844	39%
Operating costs by items:				
Cargo costs	**(2,398,654)**	(2,148,846)	(249,808)	(12%)
Bunker costs	**(856,523)**	(674,141)	(182,382)	(27%)
Vessel and voyage costs (excluding Bunker)	**(734,545)**	(807,915)	73,370	9%
Equipment and repositioning costs	**(668,558)**	(628,467)	(40,091)	(6%)
Operating costs	**(4,658,280)**	(4,259,369)	(398,911)	(9%)
Gross profit	**1,350,562**	66,629	1,283,933	1927%
Business and administrative expenses	**(472,806)**	(407,374)	(65,432)	(16%)
Other operating income, net	**9,884**	9,564	320	3%
Operating profit/(loss)	**887,640**	(331,181)	1,218,821	N/A

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 2010. 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 rose from US$2,886.8 million in 2009 to US$4,222.7 million in 2010 as a result of a rebound in both volume and freight rate level. All services recorded a notable recovery in terms of volume and revenue for the year.

Overall liftings of the Trans-Pacific eastbound services increased by 11% while freight rates improved by 24% when compared with those of 2009. Performance on the westbound legs of the Asia/Northern Europe services was up on that of 2009 with a 16% gain in volume and a 77% lift in rates. Intra-Asia regained its momentum with a 22% growth in liftings for the year as well as a 20% improvement in average freight rates. Liftings of the Asia/Australia and New Zealand services rose by 19% in 2010 and freight rates also recorded a 29% increase during the year.

Overall load factor as a percentage of the capacity available during 2010 increased by 9 percentage points from 2009 despite a 6% increase 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 is 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 increased by US$158.5 million for this area in 2010. Performance of this region recovered from the 2009 results with an improvement in average freight rates, albeit at a comparable volume level as last year. Both Europe- and Asia-bound cargoes recorded an increase in average freight rates which contributed to the growth in revenue from the region.

Although the westbound liftings from the Asia/North America West Coast service and the Asia/US East Coast service via the Panama Canal was in line with last year, revenue recorded a 30% increase due to a 31% improvement in freight rates. The eastbound Canada/ Northern Europe and US East Coast/Northern Europe services showed a similar pattern with a modest growth in volume but a 16% rise in revenue.

Overall volumes dropped slightly by 1% during 2010 but the average revenue per TEU on all outbound cargoes from North America recorded a 26% increase as compared with last year.

With a 5% reduction in capacity during the year, the overall load factor in the region was 3 percentage points up from that of 2009.

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

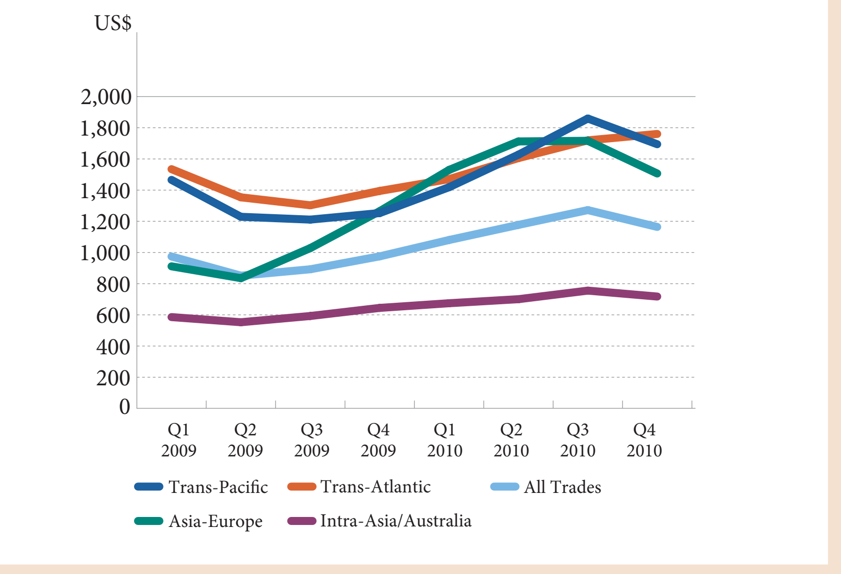
Turnover for this area in 2010 recorded a noticeable improvement from 2009 by US$188.4 million. The eastbound leg of the Asia/ Northern Europe services, being the largest revenue contributor for the Europe area in the past years had a 15% growth in volume and a 53% surge in revenue. The westbound rates of the Trans-Atlantic routes also came back from the downturn in 2009, also contributing to the revenue improvement.

The eastbound leg of the Asia/Northern Europe services saw a moderate growth volume but a significant lift in freight rates during 2010. Liftings for the westbound sectors of the Canada/Northern Europe and US East Coast/Northern Europe services were 4% higher than those of 2009 while average revenue per TEU for both services recorded a 20% gain.

Overall load factors as a percentage of capacity available for cargo shipments from this region were 3 percentage points higher than those recorded in 2009 despite an 8% capacity increase for the Europe area during 2010.

Average revenue per TEU on all outbound cargoes from Europe was 21% higher than that of 2009, with a 13% increase in overall volume for the region.

Revenue per TEU by Services

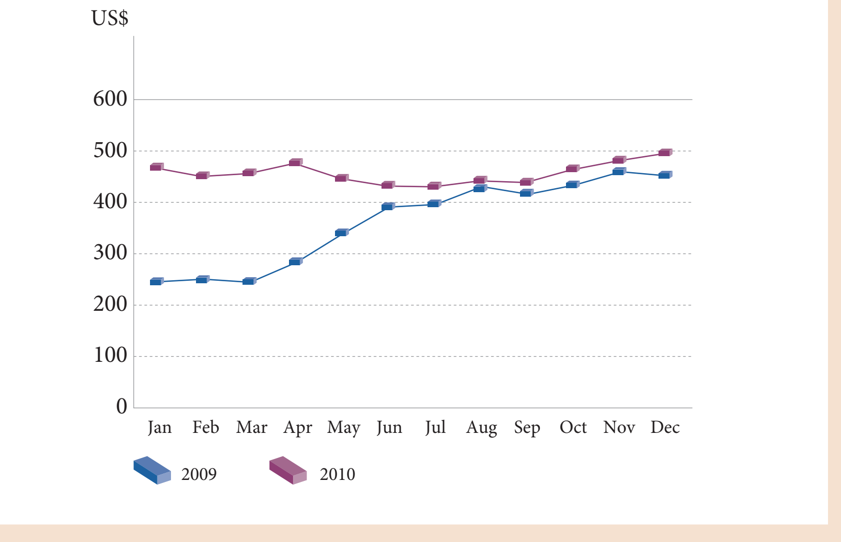


Operating Costs

Principal operating costs of the container transport business, including cargo costs, vessel costs, voyage costs, equipment and repositioning costs, increased by 9% from that of 2009 pursuant to the higher 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. Oil price picked up in mid 2009 and remained buoyant throughout the year, driving terminal and transportation related costs up by 12% in 2010.

Average Bunker Price per Ton

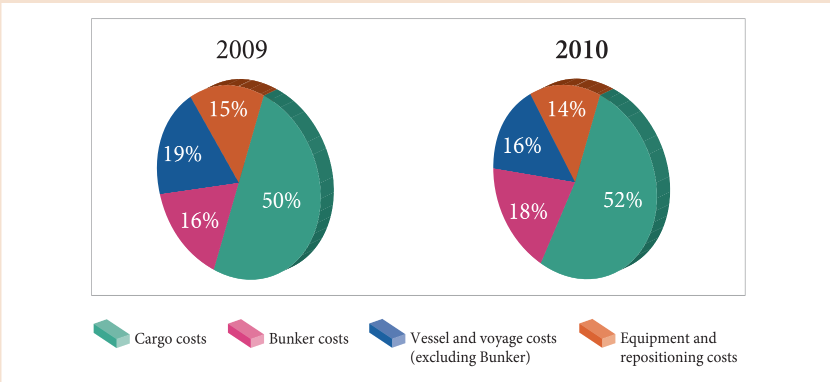


Voyage costs comprise mainly bunker costs, port charges, canal dues, cargo claims and insurance. Bunker price rose from an average of US$353 per ton in 2009 to an average of US$458 per ton in 2010, resulting in a 27% increase in bunker cost alone for the year.

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 extra capacity from newbuildings and the increases in chartered-in vessel capacity, total carrying capacity grew from 313,126 TEU as at 2009 year-end to 383,855 TEU in 2010 and the total number of vessels, either owned or chartered in and operated by OOCL, also increased from 69 to 84. However, as charter hire rates returned to a more regular level, resulting in substantial savings in charterhire expenses compared with 2009, overall vessel costs recorded a 9% decrease in 2010.

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 expansion of the container fleet size from 612,349 TEU in 2009 to 727,370 TEU in 2010 and an increase in positioning costs, total equipment and repositioning costs increased by US$40.1 million, or 6%, 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. Pursuant to the recovery in cargo volume and increases in business activities, business and administrative expenses in 2010 were higher than 2009 by 16%.

Other Operating Income

Other operating income, comprising principally exchange arising from foreign currency transactions and profits from the disposal of retiring assets, for 2010 was comparable with that of 2009.

Other Activities

Summary of Operating Results

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Rental income	**25,539**	25,193	346	1%
Elimination	**(979)**	(996)	17	2%
Operating revenue	**24,560**	24,197	363	2%
Operating costs	**(12,807)**	(14,413)	1,606	11%
Gross profit	**11,753**	9,784	1,969	20%
Investment income	**12,580**	16,911	(4,331)	(26%)
Interest income	**17,571**	4,610	12,961	281%
Other expenses	**(15,737)**	(7,361)	(8,376)	(114%)
Operating profit	**26,167**	23,944	2,223	9%

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 2010 were US$2.2 million better than that of 2009. Investment income was lower than last year but was more than compensated by increases in interest income from the proceeds on the disposal of OODL.

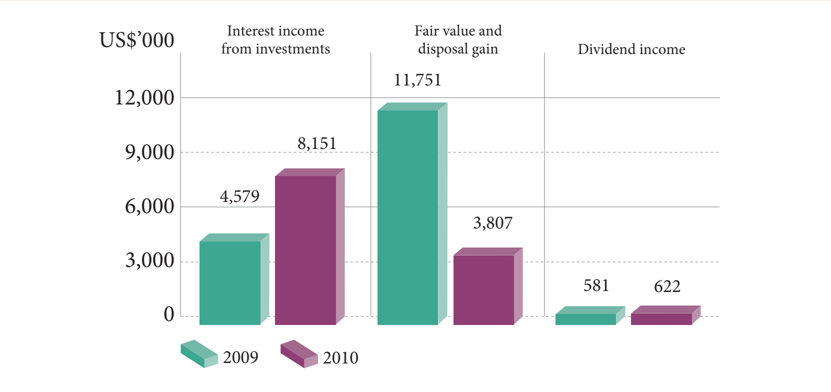
Rental Income

Rental income from Wall Street Plaza was comparable to that of last year, with the building maintaining an occupancy rate of over 94% as at the end of 2010.

Investment income

Compared with a profit of US$16.9 million in 2009, investment activities recorded a profit of US$12.6 million for the year. Although interest income from bond investments increased in 2010, fair value gains were lower than last year, reflecting a more moderate movement over the major global financial markets for the year.

Investment Income by Activities



Interest income

Interest income was US$13.0 million higher in 2010 which was attributable to the higher average cash balance available for deposit purposes following the receipt of the disposal proceeds on OODL.

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 and terminal equipment owned by the Group. Finance costs also include fees on lease administration.

Finance costs decreased by US$6.3 million as compared with 2009 principally as a result of the falling interest rates, offset in part by the increase in indebtedness pursuant to the deliveries of newbuildings in 2010. The average cost of financing dropped from 0.8% in 2009 to 0.7% in 2010.

Gain in Fair Value on Investment Property

As at 31st December 2010, the Group's investment property, Wall Street Plaza, was valued at US$155 million, up from the US$150 million valuation at the end of 2009, by an independent valuer. Consequently, a US$5 million gain in fair value was recorded in 2010.

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$9.1 million profit from jointly controlled entities and associated companies in 2010 was US$3.3 million higher than 2009, reflecting the full swing operation of the Tianjin and Ningbo terminals.

Profit before Taxation

Pre-tax profit for the year was US$898.8 million compared with last year's loss of US$361.9 million. The turnaround in earnings reflected the improvement in market conditions of the Container Transport and Logistics business for the best part of the year.

Taxation

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Company and subsidiaries:				
North America	**14,602**	3,463	11,139	(322%)
Europe	**2,544**	3,623	(1,079)	30%
China	**(541)**	2,481	(3,022)	N/A
Asia and others	**12,354**	4,667	7,687	(165%)
Total	**28,959**	14,234	14,725	(103%)

Taxation for 2010 was US$14.7 million higher than that of 2009 reflecting an increase in business volume and the favourable operating results. Tax liabilities for Europe and China were less than that of 2009 principally as a result of a lower deferred taxation charged for UK and a write-back of tax provision for a subsidiary in China.

Profit from Discontinued Operation

Pursuant to an agreement reached between the Group and the CapitaLand China (RE) Holdings Co. Ltd on 18th January 2010, OODL was sold at a total consideration of US$2.2 billion and the transfer of OODL was duly completed in February 2010. Accordingly, the operation of OODL was separately identified as discontinued operation in the years under review. Total profit from the disposal amounted to US$1,004.6 million in 2010 and no more income is expected from the discontinued operation in future years.

Capital Expenditure

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Container vessels and capitalised dry-docking costs	**11,353**	48,521	(37,168)	77%
Vessels under construction	**201,814**	292,662	(90,848)	31%
Containers	**116,941**	–	116,941	N/A
Chassis	**75**	520	(445)	86%
Leasehold improvement and furniture	**778**	5,821	(5,043)	87%
Vehicles, computer and other equipment	**7,604**	11,197	(3,593)	32%
Computer software	**4,043**	12,401	(8,358)	67%
Land and buildings	**2,647**	9,039	(6,392)	71%
	345,255	380,161	(34,906)	9%

Capital expenditure decreased from US$380.2 million in 2009 to US$345.3 million in 2010, representing a 9% decrease from the 2009 level. Vessels under construction accounted for 58% and 77% of the total capital expenditure in 2010 and 2009 respectively. Capital payments on container and chassis increased by US$116.5 million in 2010, while other capital expenditures were muted compared with 2009.

Vessels

During 2010 the Group took deliveries of five "P" Class 4,578 TEU Panamax-sized vessels and four "SX" Class 8,063 TEU vessels from Samsung Heavy Industries Co Ltd in South Korea, adding over 54,000 TEU carrying capacity to the OOCL fleet.

In addition, the Group have further eight 8,888 TEU newbuilds from Hudong – Zhonghua Shipyard (Group) Co. Ltd. Two will be delivered in 2011 and the rest in the pipeline from 2012 to 2014.

Newbuilding Delivery Schedule

No.		Newbuilding	TEU		Delivery	Date of Order
1	Hull no. 1562	"OOCL Beijing"	8,888		Apr 2011	2007
2	Hull no. 1563	"OOCL Canada"	8,888		Jun 2011	2007
				17,776		
3	Hull no. 1564	"to be Named"	8,888		Dec 2012	2007
				8,888		
4	Hull no. 1584	"to be Named"	8,888		Mar 2013	2007
5	Hull no. 1565	"to be Named"	8,888		Aug 2013	2007
6	Hull no. 1585	"to be Named"	8,888		Nov 2013	2007
				26,664		
7	Hull no. 1667	"to be Named"	8,888		Jan 2014	2010
8	Hull no. 1668	"to be Named"	8,888		Apr 2014	2010
				17,776		
				71,104		

Review of Consolidated Balance Sheet

Summary of Consolidated Balance Sheet

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Property, plant and equipment	**3,860,367**	3,798,048	62,319	2%
Investment property and prepayments of lease premiums	**165,122**	160,175	4,947	3%
Jointly controlled entities and associated companies	**69,478**	64,202	5,276	8%
Intangible assets	**46,648**	53,104	(6,456)	(12%)
Liquid assets	**4,132,897**	1,354,387	2,778,510	205%
Accounts receivable and other assets	**738,836**	1,708,466	(969,630)	(57%)
Other non-current assets	**59,031**	49,386	9,645	20%
TOTAL ASSETS	**9,072,379**	7,187,768	1,884,611	26%
Accounts payable and other liabilities	**(768,369)**	(607,193)	(161,176)	(27%)
Current taxation	**(17,950)**	(10,319)	(7,631)	(74%)
TOTAL ASSETS LESS TRADING LIABILITIES	**8,286,060**	6,570,256	1,715,804	26%
Long-term borrowings	**2,416,367**	2,135,967	280,400	(13%)
Short-term borrowings, overdrafts and current portion of long-term borrowings	**247,755**	432,055	(184,300)	43%
Total debt	**2,664,122**	2,568,022	96,100	(4%)
Non-controlling interests and deferred liabilities	**49,206**	57,550	(8,344)	14%
Ordinary shareholders' equity	**5,572,732**	3,944,684	1,628,048	41%
CAPITAL EMPLOYED	**8,286,060**	6,570,256	1,715,804	26%
Debt to equity ratio	**0.48**	0.65		
Net (cash)/debt to equity ratio	**(0.26)**	0.31		
Accounts payable as a % of turnover	**12.57**	13.82		
Accounts receivable as a % of turnover	**7.54**	8.74		
% return/(loss) on average ordinary shareholders' equity	**39.23**	(9.66)		
Net asset value per ordinary share (US$)	**8.91**	6.30		
Liquid assets per ordinary share (US$)	**6.60**	2.16		
Share price at 31st December (US$)	**9.67**	4.65		
Price to book ratio based on share price at 31st December	**1.09**	0.74		

Property, Plant and Equipment

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Vessels	**2,922,971**	2,845,707	77,264	3%
Containers and chassis	**816,370**	812,935	3,435	–
Land and buildings	**35,229**	33,401	1,828	5%
Others	**85,797**	106,005	(20,208)	(19%)
	3,860,367	3,798,048	62,319	2%

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. In 2010, the Group took delivery of five 4,578 TEU and four 8,063 TEU new vessels ordered in 2006 and 2007. As at the end of 2010, the Group had a total of 8 newbuildings on order to be delivered in 2011 to 2014.

The increase in property, plant and equipment in 2010 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.

Investment Property and Prepayments of Lease Premiums

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Investment property	**155,000**	150,000	5,000	3%
Prepayments of lease premiums	**10,122**	10,175	(53)	(1%)
	165,122	160,175	4,947	3%

Investment property represents the Group's commercial building, Wall Street Plaza, in New York. The building was valued at US$155.0 million at the end of 2010 by an independent valuer (2009: US$150.0 million).

Jointly Controlled Entities and Associated Companies

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Jointly Controlled Entities	**3,256**	4,465	(1,209)	(27%)
Associated Companies	**66,222**	59,737	6,485	11%
	69,478	64,202	5,276	8%

The investment in jointly controlled entities and associated companies for 2010 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. The increase in total investments in jointly controlled entities and associated companies for 2010 mainly arose from the profits shared for the year.

Intangible Assets

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Beginning balances	**53,104**	47,098	6,006	13%
Additions	**4,045**	12,401	(8,356)	(67%)
Amortisation	**(10,501)**	(6,395)	(4,106)	(64%)
Closing balances	**46,648**	53,104	(6,456)	(12%)

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

Liquid Assets

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Container Transport and Logistics	**187,217**	343,438	(156,221)	(45%)
Other Activities	**22,864**	18,433	4,431	24%
Cash and portfolio funds	**3,799,123**	910,030	2,889,093	317%
Available-for-sale listed equity securities	**1,956**	3,448	(1,492)	(43%)
Held-to-maturity investments	**121,737**	79,038	42,699	54%
Liquid assets held under continuing operations	**4,132,897**	1,354,387	2,778,510	205%
Cash classified as held for sale	–	262,124	(262,124)	N/A
Total liquid assets	**4,132,897**	1,616,511	2,516,386	156%

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 concluded in February 2010, its liquid asset balances was reclassified as "Assets held for sale" under current assets at 2009 balance sheet date. The Group received cash of approximately US$2.2 billion upon the completion of the disposal of OODL in 2010.

The Group's total liquid assets at the end of 2009 and 2010 can be further analyzed as follows:

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Cash (per cashflow statement)	**1,213,283**	1,088,254	125,029	11%
Bank overdrafts	**78**	145	(67)	46%
Bank balances and deposits maturing within three months from the date of placement	**1,213,361**	1,088,399	124,962	11%
Bank balances and deposits maturing over three months from the date of placement	**2,638,541**	136,703	2,501,838	1830%
Cash and bank balances (per balance sheet)	**3,851,902**	1,225,102	2,626,800	214%
Restricted bank balances	**5,854**	2,207	3,647	165%
Portfolio investments	**151,448**	44,592	106,856	240%
Available-for-sale listed equity securities	**1,956**	3,448	(1,492)	(43%)
Held-to-maturity investments	**121,737**	79,038	42,699	54%
Liquid assets held under continuing operations	**4,132,897**	1,354,387	2,778,510	205%
Cash classified as held for sale	**–**	262,124	(262,124)	N/A
Total liquid assets	**4,132,897**	1,616,511	2,516,386	156%

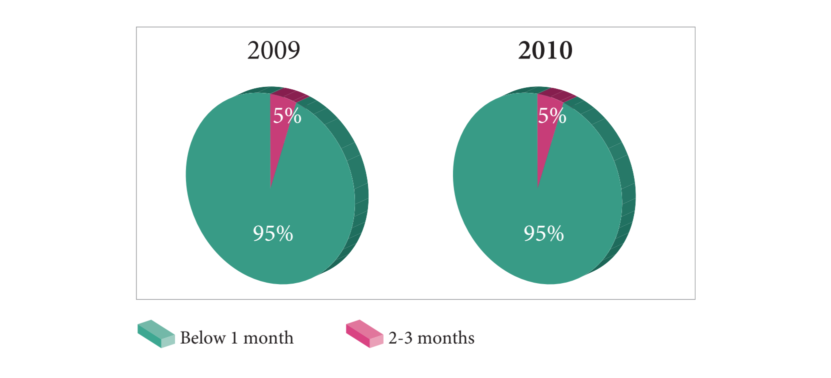
Accounts Receivable and Other Assets

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Container Transport and Logistics	**533,085**	453,810	79,275	17%
Others	**205,751**	128,808	76,943	60%
Assets held for sale	**–**	1,125,848	(1,125,848)	N/A
	738,836	1,708,466	(969,630)	(57%)

Accounts receivable and other assets for Container Transport and Logistics increased by US$79.3 million to US$533.1 million at the end of 2010. The increase principally reflected a higher balance of trade receivables in line with the growth in business volume. Other assets increased by US$76.9 million, mainly reflecting the fair value gain on the valuation of the Group's investment in Beijing Oriental Plaza.

Pursuant to the conclusion of its disposal, OODL was treated as "Assets held for sale" at the end of 2009 with a net asset value of US$1,126 million. The disposal was duly completed in 2010 and hence, no more balances for this category was recorded at 2010 balance sheet date.

Ageing Analysis of Trade Receivables

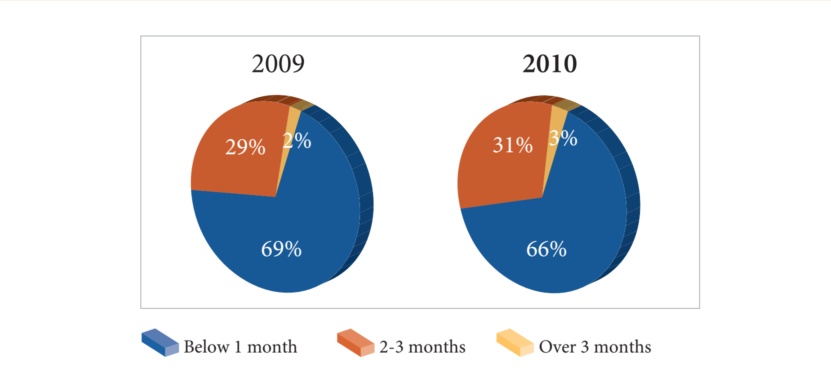


Accounts Payable and Other Liabilities

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Container Transport and Logistics	**716,236**	603,716	112,520	(19%)
Others	**52,133**	3,477	48,656	(1399%)
	768,369	607,193	161,176	(27%)

Accounts payable and other liabilities at the end of 2010 were US$161.2 million higher than that of 2009, reflecting the recovery in business volume for Container Transport and Logistics during the year.

Ageing Analysis of Trade Payables



Total Debt

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Bank loans	**1,075,567**	780,080	295,487	(38%)
Other loans	**–**	273,394	(273,394)	N/A
Finance lease obligations	**1,588,477**	1,514,403	74,074	(5%)
Bank overdrafts	**78**	145	(67)	46%
	2,664,122	2,568,022	96,100	(4%)

Total debt increased during the year by US$96.1 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.

Total debt repayment between 2011 and 2015 is US$1,044 million, which is 39% of the total debt of 2010. Details of the repayment profile of the Group's borrowings are set out in Note 35 to the Accounts.

Debt Profile

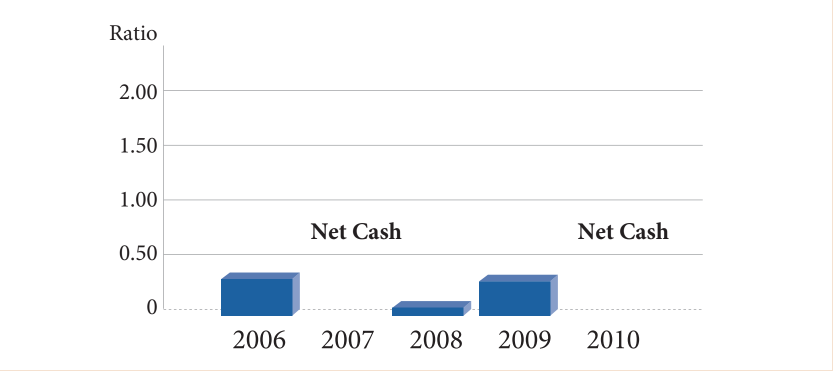
As at the end of 2010, 99% (2009: 98%) of the Group's total debt was denominated in US dollars which effectively reduced the risk of exchange fluctuations.

Of the total US$2,664.1 million debt outstanding at the end of 2010, US$58.3 million was fixed-rate debt and the remaining US$2,605.8 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 and container equipment. The Group's average cost of debt at 31st December 2010 was 0.7% (2009: 0.8%).

Net (Cash)/Debt to Equity Ratio

This ratio changed from 0.31: 1 at end of 2009 to a net cash position at end of 2010 with the receipt of disposal proceeds on OODL. This ratio 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 (Cash)/Debt to Equity (Continuing Operations)



Ordinary Shareholders' Equity

As at 31st December 2010, the Company had a number of 625,793,297 shares in issue, consisting entirely of ordinary shares. With the handsome profit recorded for the year, the Group's consolidated shareholders' equity increased by US$1,628.0 million to US$5,572.7 million as at the end of 2010 with a net asset value per ordinary share of US$8.91 (2009: US$6.30).

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 2011 amounted to US$212.5 million as detailed in Note 37(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 2010, the Group had outstanding capital commitments amounting to US$920.2 million, principally represented by the orders placed for new container vessels to be delivered between 2011 and 2014.

Analysis of Change in Liquid Assets

US$'000	2010	2009	Change	Favourable/ (unfavourable) %
Net inflow/(outflow) from operations	**1,212,722**	(291,049)	1,503,771	N/A
Other inflow:				
Interest and investment income	**19,605**	14,908	4,697	32%
Sale of property, plant and equipment and investments	**63,472**	32,484	30,988	95%
New loan drawdown	**583,976**	525,154	58,822	11%
Cash from jointly controlled entities and associated companies	**5,895**	2,570	3,325	129%
Cash from disposal of subsidiaries	**2,130,402**	–	2,130,402	N/A
Others	**–**	6,723	(6,723)	N/A
	2,803,350	581,839	2,221,511	382%
Other outflow:				
Interest paid	**(29,514)**	(54,594)	25,080	46%
Dividends paid to shareholders	**(322,493)**	(28,187)	(294,306)	(1044%)
Taxation paid	**(8,474)**	(8,233)	(241)	(3%)
Purchase of property, plant and equipment and investments	**(244,733)**	(371,540)	126,807	34%
Loan repayments	**(612,381)**	(248,806)	(363,575)	(146%)
Purchase of intangible assets	**(4,043)**	(12,401)	8,358	67%
Acquisition of additional interests in subsidiaries	**(14,123)**	(34,527)	20,404	59%
Others	**(2,857)**	(1,296)	(1,561)	(120%)
	(1,238,618)	(759,584)	(479,034)	(63%)
Net inflow/(outflow)	**2,777,454**	(468,794)	3,246,248	N/A
Beginning liquid asset balances	**1,354,387**	2,077,087	(722,700)	(35%)
Classified as assets held for sale	**–**	(262,124)	262,124	N/A
Changes in exchange rates	**1,056**	8,218	(7,162)	(87%)
Ending liquid asset balances	**4,132,897**	1,354,387	2,778,510	205%
Represented by:				
Unrestricted bank balances and deposits	**3,851,902**	1,225,102	2,626,800	214%
Restricted bank balances	**5,854**	2,207	3,647	165%
Portfolio investments	**151,448**	44,592	106,856	240%
Available-for-sale listed equity securities	**1,956**	3,448	(1,492)	(43%)
Held-to-maturity investments	**121,737**	79,038	42,699	54%
	4,132,897	1,354,387	2,778,510	205%

A net inflow of US$2,777.5 million was recorded in 2010 compared with a net outflow of US$468.8 million in 2009. Operating inflow of US$1,212.7 million for the year was US$1,503.8 million better than that of 2009 with the turnaround in operating results for 2010. The capital payments and corresponding loan drawdown amounts in 2010 mainly reflected the scheduled stage payments on new vessels ordered. With the disposal of the OODL 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 increased to US$4,132.9 million at the end of 2010, against US$1,354.4 million in 2009, with the receipt of disposal proceeds for OODL and favourable operating results.

Liquidity

As at 31st December 2010, the Group had total liquid asset balances of US$4,132.9 million compared with debt obligations of US$247.8 million repayable in 2011. Total current assets at the end of 2010 amounted to US$4,556.0 million against total current liabilities of US$1,023.9 million. The Group's shareholders' equity contains 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 68, has been appointed 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 a brother of Mr. Tung Chee Hwa, a substantial shareholder of the Company; a 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, and Mr. Tung Lieh Cheung Andy, the Chief Operating Officer and Managing Director of Orient Overseas Container Line Limited, a wholly-owned subsidiary of the Company.

CHOW Philip Yiu Wah

Mr. CHOW Philip Yiu Wah, aged 63, 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 35 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 49, 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 43, has been an Executive Director of the Company since 1st May 2005. He was the Managing Director of Orient Overseas Developments Limited ("OODL") until completion of the sale of the OODL Group on 10th February 2010. OODL was formerly wholly-owned by the Company and was the holding company of the Group's property investments. Mr. Tung has been with the Group in various capacities for 18 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 Deputy Chairman of the Hong Kong Shipowners Association and is a member of the Hong Kong Maritime Industry Council. He is on the Executive Committee of the International Association of Dry Cargo Shipowners (Intercargo) and is a member of the Departmental Advisory Committee of Logistics and Maritime Studies of The Hong Kong Polytechnic University. He did not hold directorships in any other public companies listed in Hong Kong and overseas in the last three years. Mr. Tung is the son of Mr. Tung Chee Hwa, a substantial shareholder of the Company; a nephew of Mr. Tung Chee Chen, the Chairman of the Company, and Mr. King Roger, a Non-Executive Director of the Company; and a brother of Mr. Tung Lieh Cheung Andy, the Chief Operating Officer and Managing Director of Orient Overseas Container Line Limited, a wholly-owned subsidiary of the Company.

KING Roger

Mr. KING Roger, aged 70, 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 Officer 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 Hwa, a substantial shareholder of the Company, and Mr. Tung Chee Chen, the Chairman of the Company; and an uncle of Mr. Tung Lieh Sing Alan, an Executive Director of the Company, and Mr. Tung Lieh Cheung Andy, the Chief Operating Officer and Managing Director of Orient Overseas Container Line Limited, a wholly-owned subsidiary of the Company.

Simon MURRAY

Mr. Simon MURRAY, CBE, aged 70, 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 an Independent Non-Executive Director of a number of listed public companies, including Cheung Kong (Holdings) Limited, Arnhold Holdings Limited and Wing Tai Properties Limited (formerly known as USI Holdings Limited). He is also a Non-Executive Director of Compagnie Financière Richemont SA, Essar Energy plc, Greenheart Group Limited and IRC Limited, and an Independent Director of Sino-Forest Corporation. He was formerly an Independent Non-Executive Director of Hutchison Whampoa Limited, a listed company in Hong Kong and a Non-Executive Director of Vodafone Group Plc, a listed company in the United Kingdom. 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 71, 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 had served the Group in various capacities 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.

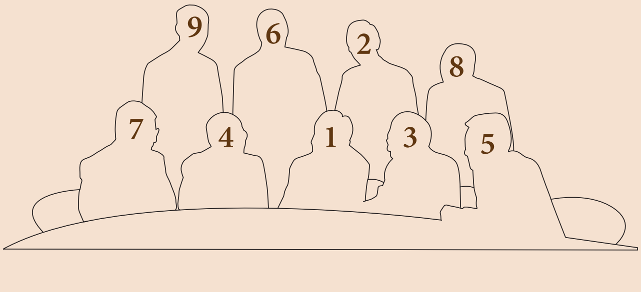
Professor WONG Yue Chim Richard

Professor WONG Yue Chim Richard, aged 58, 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 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. Professor Wong is currently an Independent Non-Executive Director of four other listed companies in Hong Kong, namely CK Life Sciences Int'l., (Holdings) Inc., Great Eagle Holdings Limited, Pacific Century Premium Developments Limited and Sun Hung Kai Properties Limited. He is an Independent Non-Executive Director of The Link Management Limited, the manager of The Link Real Estate Investment Trust, a Hong Kong listed company. He is also an Independent Non-Executive Director of Industrial and Commercial Bank of China (Asia) Limited, a Hong Kong listed company until its withdrawal of listing on 21st December 2010.

CHENG Wai Sun Edward

Mr. CHENG Wai Sun Edward, aged 55, 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 Wing Tai Properties Limited (formerly known as 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 has been 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 former member of the Advisory Committee on Corruption of the Independent Commission Against Corruption. 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



1. Andy Tung

Mr. Tung, aged 46, has been the Chief Operating Officer of OOCL since January 2009, Managing Director of OOCL since November 2009 and a Director of OOCL since March 2006. He holds a Bachelor's degree from Princeton University and a Master of Business Administration from Stanford University, USA. Mr. Tung worked for OOCL in various capacities between 1993 and 1999.

2. C L Ting

Mr. Ting, aged 62, took up the roles of managing the Corporate Planning function and overseeing Intra-Asia Trade, Australia Trade and Global Refrigerated Trade before he retired on 1st August 2010. He holds a Bachelor and Master degree in Economics from the Université Catholique de Louvain in Belgium. Mr. Ting joined the Group in 1974 and had served OOCL and its subsidiaries in various capacities for 36 years. During this time he served as Managing Director of OOCL (Asia Pacific) Ltd since October 2000 and Managing Director of OOCL since October 1996.

3. Allan Wong

Mr. Wong, aged 57, has been the Managing Director of Corporate Sales since November 2009, Chief Executive Officer of OOCL Logistics Ltd since June 2004 and a Director of OOCL since October 2000. He was appointed Managing Director of OOCL in November 2009. Mr. Wong holds a Bachelor of Social Science and a Master of Business Administration from the Chinese University of Hong Kong. He joined the Group in 1976 and has served OOCL and its subsidiaries in various capacities for 34 years.

4. Bosco Louie

Mr. Louie, aged 59, has been the Director of Regions Management and Corporate Administration since August 2010 and a Director of OOCL since March 2004. He holds a Bachelor's degree from The University of Hong Kong. Mr. Louie joined the Group in 1975 and has served OOCL and its subsidiaries in various capacities for 35 years.

5. Henry Wong

Mr. Wong, aged 60, has been the Director of Corporate Logistics and Fleet Management since November 2009 and a Director of OOCL since January 2006. He holds a Bachelor's 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 37 years.

6. Steve Siu

Mr. Siu, aged 53, has been the Chief Information Officer and a Director of OOCL since November 2006 and Chief Executive Officer of CargoSmart since January 2002. He holds a Bachelor of Science degree and a Master of Science degree 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 23 years.

7. Erxin Yao

Mr. Yao, aged 53, has been the President of OOCL (USA) Inc. and a Director of OOCL since January 2010. He holds a Bachelor of Arts degree from Toronto/Fudan University joint program and a Master of International Affairs from Columbia University. Mr. Yao joined the Group in 1993 and has served the company in various capacities for 17 years, including serving as Executive Vice-President and Head of Corporate Services of OOCL Logistics in Hong Kong, Managing Director of OOCL (China) Limited and Managing Director of OOCL Logistics (China) Limited based in Shanghai.

8. Michael Kwok

Mr. Kwok, aged 56, has been the Director of Trades and a Director of OOCL since August 2010. He holds a Bachelor of Business Administration from Chinese University of Hong Kong. Mr. Kwok joined the Group in 1978 and has served OOCL and its subsidiaries in various capacities for 32 years, including serving as Director of Intra Asia Trade and Head of Fleet Management and Corporate Logistics.

9. Stephen Ng

Mr. Ng, aged 52, has been the Director of Corporate Planning and a Director of OOCL since August 2010. He holds a Bachelor of Social Sciences degree from the University of Hong Kong and an MBA from the Chinese University of Hong Kong. Mr. Ng joined the Group in 1987 and has served the company in various capacities for 23 years. Before being transferred back to Hong Kong in 2010, he worked in California for seven years as Head of Trans-Pacific Trade.

Financial Calendar

Announcement of results for the half year ended 30th June 2010	4th August 2010
Despatch of 2010 Interim Report to shareholders	27th August 2010
Announcement of results for the year ended 31st December 2010	11th March 2011
Despatch of 2010 Annual Report to shareholders	8th April 2011
Closure of the Register of Members to determine entitlements to final dividend and special dividend for ordinary shareholders in respect of the year ended 31st December 2010	27th April 2011 to 3rd May 2011 Both days inclusive
2010 Annual General Meeting	3rd May 2011

Shareholder Information

Ordinary Shares

Issued shares	625,793,297 shares (as at 31st December 2010)
Nominal value per share	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

Shareholder Information

Ordinary shareholder information as at 31st December 2010:

Category	Shareholders Number	Shareholders Percentage	Shares of US$0.10 each Number	Shares of US$0.10 each Percentage
Corporate	29	3.0335%	620,473,379	99.1499%
Untraceable shareholders registered in name of Computershare Hong Kong Investor Services Limited	1	0.1046%	2,740	0.0004%
Individual	926	96.8619%	5,317,178	0.8497%
	956	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	895	93.6193%	1,162,486	0.1858%
10,001 – 100,000	52	5.4393%	1,559,802	0.2493%
100,001 – 1,000,000	5	0.5230%	1,488,013	0.2378%
1,000,001 or above	4	0.4184%	621,582,996	99.3271%
	956	100.00%	625,793,297	100.00%

Ten Largest Ordinary Shareholders

At 31st December 2010, the interests of the ten 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	193,929,797	30.99%
Gala Way Company Inc.	79,227,432	12.66%
Mok Kwun Cheung	1,237,111	0.20%
Chang Tsann Rong Ernest	612,731	0.10%
So Tung Lam	500,000	0.08%
Tam Wing Fan	157,322	0.03%
Ho Fuk Chuen	111,560	0.02%
Tai Wing Kee	106,400	0.02%
Kwan Bing Hang	93,400	0.01%

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 applied by the Company and its subsidiaries (the "Group") and is constantly reviewed to ensure transparency, accountability and independence.

Throughout the year of 2010, 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 40 to 44 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 2010, 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 2010.

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 to

- 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 to

- 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 7th May 2010 (the "2009 AGM"), Mr. TUNG Chee Chen, Mr. TUNG Lieh Sing Alan and Professor WONG Yue Chim Richard 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 of the Company, 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 to

– 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 concern 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 2010, the Audit Committee received no complaint from employees.

The Audit Committee held two meetings during the year ended 31st December 2010. The following is a summary of work performed by the Audit Committee during 2010:

(i) reviewed the annual accounts for 2009 and the interim accounts for 2010 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 2009 annual accounts and issues arising from the review of the 2010 interim accounts;

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

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

(v) reviewed the non-audit services provided by the external auditor in 2009;

(vi) reviewed the engagement of the external auditor to assist the preparation of documentation and discussion with tax authorities on tax matters in respect of the sale of Orient Overseas Developments Limited;

(vii) met with the external auditor without the presence of management to discuss issues arising from the audits and any other matters the external auditor might care to raise;

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

(ix) reviewed the findings and recommendations of the Internal Audit Department on the audits carried out on the principal activities of the Group during 2009;

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

(xi) reviewed the relevant sections in the Corporate Governance Report for the year ended 31st December 2009 concerning the Audit Committee;

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

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

(xiv) 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 2010, the Board accepted the recommendations of the Remuneration Committee:

(i) that the emoluments of the Executive Directors of the Company for the year 2010 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 2009; and

(iii) the directors' fee of the Non-Executive Director and the Independent Non-Executive Directors of the Company and the fees for acting as committee members of the Company for the year 2010.

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 compliance with disclosure obligations by the Company and its subsidiaries 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 2010							
	Board	Executive Committee	Audit Committee	Remuneration Committee	Finance Committee	Share Committee	Compliance Committee	2009 AGM
No. of meetings held during the year	5	12	2	1	3	–	3	1
Executive Directors								
Mr. TUNG Chee Chen *(Chairman, President and Chief Executive Officer)*	5/5	12/12	–	1/1	–	–	–	1/1
Mr. CHOW Philip Yiu Wah	5/5	12/12	–	–	3/3	–	–	1/1
Mr. Kenneth Gilbert CAMBIE *(Chief Financial Officer)*	5/5	12/12	–	–	3/3	–	3/3	1/1
Mr. TUNG Lieh Sing Alan	5/5	–	–	–	–	–	–	1/1
Non-Executive Director								
Mr. KING Roger	5/5	–	–	–	2/3	–	–	1/1
Independent Non-Executive Directors								
Mr. Simon MURRAY	2/5	–	2/2	–	–	–	–	0/1
Mr. CHANG Tsann Rong Ernest	5/5	–	2/2	1/1	3/3	–	–	0/1
Professor WONG Yue Chim Richard	5/5	–	2/2	1/1	–	–	–	0/1
Mr. CHENG Wai Sun Edward	3/5	–	2/2	–	–	–	–	1/1
Others								
Ms. Lammy LEE *(Company Secretary)*	–	–	–	–	–	–	3/3	–
Mr. MOK Yun Lee Paul *(Group Financial Controller)*	–	–	–	–	–	–	2/3	–
Mr. FUNG Yee Chung Vincent *(Chief Auditor)*	–	–	–	–	–	–	3/3	–
Average attendance rate	88.89%	100%	100%	100%	91.67%	–	91.67%	66.67%

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 2010.

10. Share Interests of Directors and Senior Management

(a) Directors

Directors' interests in the shares of the Company are set out on pages 65 and 66 of this annual report.

(b) Senior Management

As at 31st December 2010, the number of shares of the Company held by the senior management of the Company are as follows:

Name	Number of shares held
Mr. Andy TUNG	–
Mr. Allan WONG	290,000
Mr. Henry WONG	–
Mr. Bosco LOUIE	110,000
Mr. Steve SIU	–
Mr. Erxin YAO	5,000
Mr. Michael KWOK	–
Mr. Stephen NG	–

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 2010 are set out on pages 100 and 101 of this annual report.

(b) Emoluments of Senior Management

The emoluments of the senior management of the Company for the year ended 31st December 2010 are set out below:

Emolument bands (US$)		Number of individuals 2010
64,101 ~ 128,200	(HK$500,001 ~ HK$1,000,000)	1
128,201 ~ 192,300	(HK$1,000,001 ~ HK$1,500,000)	1
256,401 ~ 320,500	(HK$2,000,001 ~ HK$2,500,000)	3
320,501 ~ 384,600	(HK$2,500,001 ~ HK$3,000,000)	2
384,601 ~ 448,700	(HK$3,000,001 ~ HK$3,500,000)	2
Total		9

\# *biographical details of senior management are set out on page 45 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 2009 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 2010 is set out on page 102 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 2010.

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 2010.

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 2010 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 2010.

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 2009 AGM held at the Renaissance Harbour View Hotel, Wanchai, Hong Kong on 7th May 2010, at which the following ordinary resolutions were passed with the voting results as follows:

	Ordinary Resolutions	Number of Votes (%) For	Number of Votes (%) 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 2009.	489,022,444 (99.979351%)	101,000 (0.020649%)
2(a).	To re-elect Mr. TUNG Chee Chen as Director.	490,673,597 (98.743722%)	6,242,649 (1.256278%)
2(b).	To re-elect Mr. TUNG Lieh Sing Alan as Director.	493,011,819 (99.214269%)	3,904,427 (0.785731%)
2(c).	To re-elect Professor WONG Yue Chim Richard as Director.	496,887,882 (99.995378%)	22,967 (0.004622%)
3.	To authorise the Board of Directors to fix the Directors' remuneration.	495,303,990 (99.932713%)	333,500 (0.067287%)
4.	To re-appoint PricewaterhouseCoopers as Auditor and to authorise the Board of Directors to fix their remuneration.	494,057,337 (99.446984%)	2,747,409 (0.553016%)
5(a).	To grant a general mandate to the Directors to allot, issue and deal with the Company's shares.	459,976,100 (92.568078%)	36,929,646 (7.431922%)
5(b).	To grant a general mandate to the Directors to repurchase the Company's shares.	496,610,499 (99.944103%)	277,747 (0.055897%)
5(c).	To extend the general mandate to issue shares to cover the shares repurchased by the Company under Resolution 5(b) above.	460,087,055 (92.590975%)	36,815,646 (7.409025%)

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.

Since the publication of the Company's 2010 interim report, the Company has offered to the shareholders of the Company the following options to choose the language and means of receipt of the corporate communications of the Company in support of environment protection and for the purpose of saving printing and mailing costs:

(1) to read the corporate communication published on the Company's website at http://www.ooilgroup.com in place of receiving printed copies, and receive an e-mail notification or a printed notification letter (as the case may be) of the publication of the corporate communication on website; or

(2) to receive either the printed English version, the printed Chinese version or both the printed English and Chinese versions of the Company's corporate communication.

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 2010:

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 2010 are as follows:

Category	Number of Shareholders	Shareholders % of total	Number of Shares
Corporate	29	3.0335%	620,473,379
Untraceable Shareholders registered in name of Computershare Hong Kong Investor Services Limited	1	0.1046%	2,740
Individual	926	96.8619%	5,317,178
Total	956	100.00%	625,793,297

Details of the shareholding of the ordinary shares of the Company by range as at 31st December 2010 are as follows:

Number of Shares held	Number of Shareholders	Shareholders % of total
1 – 10,000	895	93.6193%
10,001 – 100,000	52	5.4393%
100,001 – 1,000,000	5	0.5230%
1,000,001 or above	4	0.4184%
Total	956	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 2010.

3. Financial Calendar

Important dates for the coming financial year are set out on page 46 of this annual report.

Report of the Directors

The Board of Directors of the Company present their report together with the audited accounts for the year ended 31st December 2010.

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 130 to 136 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 73 of this annual report.

Final and Special Dividends

An interim dividend of US11.5 cents (HK$0.897) per ordinary share and a special dividend of US40 cents (HK$3.12) per ordinary share were paid on 21st September 2010.

The Board of Directors of the Company have recommended the payment of a total dividend of US232.3 cents (HK$18.12 at the exchange rate of US$1: HK$7.8) which is comprised of a final dividend of US23 cents (HK$1.79) and a special dividend of US209.3 cents (HK$16.33) per ordinary share to be paid on 20th May 2011 to the shareholders of the Company whose names appear on the register of members of the Company on 3rd May 2011. Shareholders should complete the Dividend Election Form (if applicable) and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, not later than 4:30 p.m. on 6th May 2011.

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. Kenneth Gilbert Cambie, Mr. King Roger and Mr. Simon Murray will retire by rotation at the annual general meeting of the Company to be held on 3rd May 2011 (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 12th July 2013. 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 2010, 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 2010 was approximately US$962,000.

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 2010 was approximately US$65,000.

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 2010, the issued share capital of the Company (the "Issued Capital") consisted of 625,793,297 ordinary shares (the "Shares"). 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 (the "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	104,000	–	104,000	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 2010, 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' Share Interest", as at 31st December 2010, 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 2010, 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 2010, the following persons (other than the Directors 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 by the Company 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%

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 (brother of Mr. Tung Chee Chen, brother-in-law of Mr. King Roger, and father of Mr. Tung Lieh Sing Alan), 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) 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. For those companies marked with an asterisk, Mr. Tung Chee Chen is either a director of these companies or a director of a company which is a corporate director of these companies.

Save as disclosed herein, as at 31st December 2010, 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

During the year ended 31st December 2010, 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 2010, US$30,349,000 was paid by OTWL to the CMT group for the aforesaid services.

On 15th December 2010, OTWL and CMT agreed to renew the term of the master agreement for three years commencing from 1st January 2011 for the provision of the aforesaid services by CMT to the Group and to revise the annual caps to not exceeding US$43,000,000, US$45,200,000 and US$47,500,000 for the years 2011, 2012 and 2013 respectively.

(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 2010, US$1,388,000 was paid by OTWL to the AII group for the aforesaid services.

On 15th December 2010, OTWL and AII agreed to renew the term of the master agreement for three years commencing from 1st January 2011 for the provision of the aforesaid services by AII to the Group and to maintain the annual caps of not exceeding US$2,700,000 for the years 2011, 2012 and 2013 respectively.

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.

The Company's auditor was engaged to report on the Group's Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the Continuing Connected Transactions as disclosed on page 68 above in accordance with Rule 14A.38 of the Listing Rules and nothing has come to his attention that causes him to believe that the disclosed Continuing Connected Transactions:

(i) have not been approved by the Board of Directors of the Company;
(ii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
(iii) have exceeded the maximum aggregate annual caps in respect of each of the disclosed Continuing Connected Transactions.

Purchase, Sale or Redemption of Shares

During the year ended 31st December 2010, 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 34 to the consolidated accounts on page 123 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 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 49 to 63 of this annual report.

Throughout the year of 2010, the Company has complied with the SEHK Code except as set out in the Corporate Governance Report on page 49.

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 107 and 108 of this annual report.

Donations

Donations made by the Group during the year amount to US$103,000.

Annual General Meeting

The Annual General Meeting will be held on 3rd May 2011.

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 25th March 2011.

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, 11th March 2011

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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 73 to 136, which comprise the consolidated and company balance sheets as at 31st December 2010, 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 information.

Directors' responsibility for the consolidated accounts

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated accounts that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated 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 2010, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 11th March 2011

Consolidated Profit and Loss Account

For the year ended 31st December 2010

US$'000	Note	2010	2009
Revenue	5	6,033,402	4,350,195
Operating costs	6	(4,671,087)	(4,273,782)
Gross profit		1,362,315	76,413
Fair value gain/(loss) from an investment property	18	5,000	(25,000)
Other operating income	7	39,911	34,058
Other operating expenses	8	(488,419)	(417,708)
Operating profit/(loss)	11	918,807	(332,237)
Finance costs	12	(29,091)	(35,347)
Share of profits of jointly controlled entities	21	1,659	1,099
Share of profits of associated companies	22	7,401	4,615
Profit/(loss) before taxation		898,776	(361,870)
Taxation	13	(28,959)	(14,234)
Profit/(loss) for the year from continuing operations		869,817	(376,104)
Discontinued operation:			
Profit/(loss) for the year from discontinued operation	16	1,004,554	(24,501)
Profit/(loss) for the year		1,874,371	(400,605)
Profit/(loss) attributable to:			
Equity holders of the Company		1,866,780	(402,294)
Non-controlling interests		7,591	1,689
		1,874,371	(400,605)
Earnings/(loss) per ordinary share (US cents)	14		
– from continuing operations		137.8	(60.4)
– from discontinued operation		160.5	(3.9)
Basic and diluted		298.3	(64.3)
Dividends	15	1,776,210	–

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2010

US$'000	2010	2009
Profit/(loss) for the year	1,874,371	(400,605)
Other comprehensive income:		
Vessels		
– Assets revaluation reserve realised	(1,915)	(8,033)
Available-for-sale financial assets		
– Change in fair value	71,934	(7,580)
– Assets revaluation reserve realised	(1,314)	(1,407)
Currency translation adjustments	6,958	5,080
Other comprehensive income/(loss) for the year	75,663	(11,940)
Total comprehensive income/(loss) for the year	1,950,034	(412,545)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	1,942,336	(414,200)
Non-controlling interests	7,698	1,655
	1,950,034	(412,545)

Consolidated Balance Sheet

As at 31st December 2010

US$'000	Note	2010	2009
ASSETS			
Non-current assets			
Property, plant and equipment	17	3,860,367	3,798,048
Investment property	18	155,000	150,000
Prepayments of lease premiums	19	10,122	10,175
Jointly controlled entities	21	3,256	4,465
Associated companies	22	66,222	59,737
Intangible assets	23	46,648	53,104
Deferred taxation assets	24	1,778	847
Pension and retirement assets	25	29,692	27,213
Derivative financial instruments	31	5,672	–
Restricted bank balances	26	4,648	447
Other non-current assets	27	333,001	219,670
		4,516,406	4,323,706
Current assets			
Inventories	28	96,265	83,561
Debtors and prepayments	29	454,997	380,234
Portfolio investments	30	151,448	44,592
Derivative financial instruments	31	155	2,965
Restricted bank balances	26	1,206	1,760
Cash and bank balances	32	3,851,902	1,225,102
		4,555,973	1,738,214
Assets held for sale	16	–	1,268,254
		4,555,973	3,006,468
Total assets		9,072,379	7,330,174
EQUITY			
Equity holders			
Share capital	33	62,579	62,579
Reserves	34	5,510,153	3,882,105
		5,572,732	3,944,684
Non-controlling interests		6,799	23,723
Total equity		5,579,531	3,968,407

Consolidated Balance Sheet

As at 31st December 2010

US$'000	Note	2010	2009
LIABILITIES			
Non-current liabilities			
Borrowings	35	**2,416,367**	2,135,967
Deferred taxation liabilities	24	**39,914**	30,697
Pension and retirement liabilities	25	**2,493**	3,130
Derivative financial instruments	31	**10,157**	–
		2,468,931	2,169,794
Current liabilities			
Creditors and accruals	36	**758,212**	601,083
Derivative financial instruments	31	**–**	6,110
Borrowings	35	**247,755**	432,055
Current taxation		**17,950**	10,319
		1,023,917	1,049,567
Liabilities directly associated with assets held for sale	16	**–**	142,406
		1,023,917	1,191,973
Total liabilities		**3,492,848**	3,361,767
Total equity and liabilities		**9,072,379**	7,330,174
Net current assets		**3,532,056**	1,814,495
Total assets less current liabilities		**8,048,462**	6,138,201

C C Tung
Kenneth G Cambie
Directors

Balance Sheet

As at 31st December 2010

US$'000	Note	2010	2009
ASSETS			
Non-current assets			
Subsidiaries	20	169,487	169,487
Current assets			
Prepayments		77	71
Amounts due from subsidiaries	20	3,732,353	1,006,770
Restricted bank balances	26	197	193
Cash and bank balances	32	96,255	39,579
		3,828,882	1,046,613
Asset held for sale	16	–	1,037,388
		3,828,882	2,084,001
Total assets		3,998,369	2,253,488
EQUITY			
Equity holders			
Share capital	33	62,579	62,579
Reserves	34	1,969,279	1,216,633
Total equity		2,031,858	1,279,212
LIABILITIES			
Non-current liabilities			
Derivative financial instruments	31	3,353	–
Amount due to a subsidiary	20	719,730	717,863
		723,083	717,863
Current liabilities			
Accruals		45,501	572
Amounts due to subsidiaries	20	1,197,927	255,841
		1,243,428	256,413
Total liabilities		1,966,511	974,276
Total equity and liabilities		3,998,369	2,253,488
Net current assets		2,585,454	1,827,588
Total assets less current liabilities		2,754,941	1,997,075

C C Tung
Kenneth G Cambie
Directors

Consolidated Cash Flow Statement

For the year ended 31st December 2010

US$'000	Note	2010	2009
Cash flows from operating activities			
Cash generated from/(used in) operations	39(a)	**1,212,722**	(291,049)
Interest paid		**(14,362)**	(17,378)
Interest element of finance lease rental payments		**(15,152)**	(33,981)
Dividend on preference shares		**–**	(3,235)
Hong Kong profits tax refunded/(paid)		**2,009**	(382)
Overseas tax paid		**(10,483)**	(7,851)
Net cash from/(used in) operating activities		**1,174,734**	(353,876)
Cash flows from investing activities			
Sale of property, plant and equipment		**30,304**	24,131
Sale of available-for-sale financial assets		**2,399**	3,971
Sale/redemption on maturity of held-to-maturity investments		**32,261**	6,369
Purchase of property, plant and equipment		**(214,313)**	(363,821)
Purchase of available-for-sale financial assets		**(343)**	(60)
Purchase of held-to-maturity investments		**(72,776)**	(50,065)
Acquisition of additional interests in subsidiaries		**(14,123)**	(34,527)
(Increase)/decrease in portfolio investments		**(106,856)**	9,451
Disposal of subsidiaries	39(b)	**2,130,402**	–
Increase/(decrease) in amounts due to jointly controlled entities		**1,865**	(1,409)
(Increase)/decrease in restricted bank balances and bank deposits maturing more than three months from the date of placement		**(2,505,485)**	63,352
Purchase of intangible assets		**(4,043)**	(12,401)
(Increase)/decrease in other non-current assets		**(563)**	6,723
Interest received		**18,976**	14,290
Dividends received from portfolio investments		**622**	535
Income from available-for-sale financial assets		**7**	83
Dividends received from jointly controlled entities		**1,233**	1,881
Dividends received from associated companies		**2,797**	2,098
Net cash used in investing activities		**(697,636)**	(329,399)
Cash flows from financing activities			
New loans		**583,976**	525,154
Repayment of loans		**(561,883)**	(132,451)
Redemption of preference shares		**–**	(45,689)
Capital element of finance lease rental payments		**(50,431)**	(70,549)
Dividends paid to equity holders of the Company		**(322,493)**	(28,187)
Dividends paid to non-controlling interests		**(2,294)**	(1,296)
Net cash (used in)/from financing activities		**(353,125)**	246,982
Net increase/(decrease) in cash and cash equivalents		**123,973**	(436,293)
Cash and cash equivalents at beginning of year		**1,088,254**	1,778,453
Cash and cash equivalents of disposal group classified as held for sale	16	**–**	(262,124)
Currency translation adjustments		**1,056**	8,218
Cash and cash equivalents at end of year	39(d)	**1,213,283**	1,088,254

Consolidated Statement of Changes in Equity

For the year ended 31st December 2010

	Equity holders				
US$'000	**Share capital**	**Reserves**	**Sub-total**	**Non-controlling interests**	**Total**
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)
Dividends paid to non-controlling interests	–	–	–	(1,296)	(1,296)
At 31st December 2009	62,579	3,882,105	3,944,684	23,723	3,968,407
Total comprehensive income for the year	–	1,942,336	1,942,336	7,698	1,950,034
Transaction with owners					
2010 interim dividend	–	(72,013)	(72,013)	–	(72,013)
2010 special dividend	–	(250,480)	(250,480)	–	(250,480)
Acquisition of additional interests in subsidiaries	–	8,205	8,205	(22,328)	(14,123)
Dividends paid to non-controlling interests	–	–	–	(2,294)	(2,294)
At 31st December 2010	**62,579**	**5,510,153**	**5,572,732**	**6,799**	**5,579,531**

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 130 to 136 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 ("OODL") 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. The transaction was completed on 10th February 2010. After transaction costs, the profit arising on the disposal was approximately US$1.0 billion which had been recognised in the consolidated profit and loss account in 2010.

Analysis of the results, cash flows, assets and liabilities of the Disposal Group is presented in notes 16 and 39(b).

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 property, 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.

The adoption of revised HKFRS

In 2010, the Group adopted the revised standards, amendments and interpretations of HKFRS below, which are relevant to its operations.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 5 Amendment	Non-current Assets Held for Sale and Discontinued Operations
HK – Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause

Annual improvements to HKFRS published in May 2009

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 7 Amendment	Statement of Cash Flows
HKAS 17 Amendment	Leases
HKAS 18 Amendment	Revenue
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKFRS 5 Amendment	Non-current Assets Held for Sale and Discontinued Operations
HKFRS 8 Amendment	Operating Segments

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The adoption of revised HKFRS (Continued)

The Group has assessed the impact of the adoption of these revised 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 for HKAS 27 (Revised) and HK-Interpretation 5 as set out below:

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests that do not result in the change of control to be recorded as equity transactions and these transactions will no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the entity is remeasured to fair value, the difference between its fair value and carrying amount is recognised in the consolidated profit and loss account.

The adoption of HKAS 27 (Revised) has resulted in the difference between the consideration paid and the relevant share of the net asset value acquired from the non-controlling interests of US$8,205,000 which is now recorded in equity.

HK-Interpretation 5 is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability irrespective of the probability that the lender will invoke the clause without cause. The adoption of this interpretation has no effect on the balance sheet of the Group as at 31st December 2010 and 2009.

Standards, interpretations and amendments to existing standards that are relevant but not yet effective to the Group

New or revised standards, amendments and interpretations		Effective for accounting periods beginning on or after
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments	1st July 2010
HKAS 24 (Revised)	Related Party Disclosures	1st January 2011
HK(IFRIC) – Int 14 Amendment	Prepayments of a Minimum Funding Requirement	1st January 2011
HKFRS 7 Amendment	Financial Instruments: Disclosures – Transfer of Financial Assets	1st July 2011
HKAS 12 Amendment	Deferred tax: Recovery of Underlying Assets	1st January 2012
HKFRS 9	Financial Instruments	1st January 2013

Annual improvements to HKFRS published in May 2010		Effective for accounting periods beginning on or after
HKFRS 3 Amendment	Business Combinations	1st July 2010
HKAS 27 Amendment	Consolidated and Separate Financial Statements	1st July 2010
HKAS 1 Amendment	Presentation of Financial Statements	1st January 2011
HKAS 34 Amendment	Interim Financial Reporting	1st January 2011
HKFRS 7 Amendment	Financial Instruments: Disclosure	1st January 2011

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

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated 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. The results of subsidiaries are recognised by the Company on the basis of dividend received and receivable.

(b) Transactions with non-controlling interests

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

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

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

(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.

2. Summary of significant accounting policies (Continued)

2.2 Consolidation (Continued)

(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.

2.3 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.

Vehicles, computer and other equipment includes terminal equipment and improvements.

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
Leasehold improvement	Over period of the lease
Furniture, vehicles, 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 decreased 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-term 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 an independent external valuer. 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.

Goodwill on acquisition of a foreign operation is treated as an asset of the foreign operation.

Goodwill arising on acquisition of subsidiaries is retained at the carrying amount as an intangible asset. Goodwill arising on acquisition of associated companies and jointly controlled entities is included within investments in associated companies and jointly controlled entities respectively and is tested for impairment as part of overall balance. Separately recognised goodwill is subject to impairment review annually and when there are indications that the carrying value may not be recoverable. If the cost of acquisition is less than the fair value of the Group's share of the net identifiable assets of the acquired company, the difference is recognised in the consolidated profit and loss account.

The profit or loss on disposal of subsidiaries, associated companies or jointly controlled entities is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill but does not include any attributable goodwill previously eliminated against reserves.

(b) Computer software

Costs associated with 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 accounts 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 as 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 from 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 financial assets. 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.

(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 carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated profit and loss account. 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.

2. Summary of significant accounting policies (Continued)

2.8 Investments (Continued)

(e) Recognition and measurement (Continued)

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 financial assets are recognised in other comprehensive income. When securities classified as available-for-sale financial assets 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 financial assets 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.

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 financial assets, 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 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.

2.10 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)

2.11 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.

2.12 Share capital

Ordinary shares are classified as equity.

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

2.13 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.

2.14 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.

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.

2.15 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 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)

2.16 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.

2.17 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.

2.18 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.

2.19 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. Summary of significant accounting policies (Continued)

2.20 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 in other comprehensive income.

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 other comprehensive income. 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.

2.21 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 are recognised on a percentage of completion basis, which is determined on the time proportion method of each individual vessel voyage.

(b) Revenues from logistics business are recognised when services are rendered or on an accrual basis.

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

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

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

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

2. Summary of significant accounting policies (Continued)

2.22 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.

2.23 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.

2.24 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.

2.25 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.

2.26 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: foreign exchange risk, price risk, credit risk, liquidity risk and cash flow and fair value 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.

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

(a) 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 a positive/negative effect on the results for 2010 of approximately US$21.3 million (2009: US$19.1 million).

(b) 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$53.1 million (2009: US$38.0 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$1.9 million (2009: US$1.7 million) for one US dollar increase in bunker price per ton.

(c) 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, 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.

(d) 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.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

Surplus cash held by the operating entities over and above the 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$4,005.3 million (2009: US$1,273.1 million) that are expected to readily generate cash inflows for managing liquidity risk.

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 2010				
Borrowings	**274,900**	**430,605**	**446,640**	**1,761,170**
Creditors and accruals	**758,212**	–	–	–
Derivative financial instruments	**10,157**	–	–	–
At 31st December 2009				
Borrowings	458,153	243,452	711,349	1,379,878
Creditors and accruals	601,083	–	–	–
Derivative financial instruments	6,110	–	–	–
Company				
At 31st December 2010				
Accruals	**45,501**	–	–	–
Amounts due to subsidiaries	**1,197,927**	**719,730**	–	–
Derivative financial instruments	**3,353**	–	–	–
At 31st December 2009				
Accruals	572	–	–	–
Amounts due to subsidiaries	255,841	717,863	–	–

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)

(e) 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 2010, if interest rates had been 0.1% higher/lower with all other variables held constant, post-tax profit (2009: loss) for the year would have been US$1.1 million higher/lower (2009: US$1.4 million higher/lower), mainly as a result of higher/lower net interest income (2009: expense) on the net floating rate bank balances (2009: 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.

The gearing ratios at 31st December 2010 and 2009 are as follows:

US$'000	2010	2009
Total borrowings (note 35)	(2,664,122)	(2,568,022)
Less: Restricted bank balances (note 26)	5,854	2,207
Cash and bank balances (note 32)	3,851,902	1,225,102
Portfolio investments (note 30)	151,448	44,592
Net cash/(debt)	1,345,082	(1,296,121)
Total equity	5,579,531	3,968,407
Gearing ratio	N/A	0.33

The change to net cash position results primarily from the cash receipt on the disposal of Orient Overseas Developments Limited group as mentioned in note 1 above.

3. Financial risk management (Continued)

3.3 Fair value estimation

The financial instruments that are measured in the balance sheet at fair value, require 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 financial assets.

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 financial assets.

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.

4. Critical accounting estimates and judgements (Continued)

(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.

(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$21.3 million or US$17.4 million respectively (2009: US$16.7 million or US$13.6 million respectively).

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$7.6 million or US$7.5 million respectively (2009: US$6.5 million or US$6.6 million respectively).

(d) 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 four 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.

(e) Held-to-maturity investments

The Group follows 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 available-for-sale financial assets. The investments would therefore be measured at fair value, not amortised cost. If the class of held-to-maturity investments was tainted, the carrying amount would increase to fair value by US$1.7 million (2009: US$2.6 million), and be recognised in the consolidated statement of comprehensive income.

5. Revenue and segment information

(a) Revenue

US$'000	2010	2009
Container transport and logistics	6,008,842	4,325,998
Others	24,560	24,197
	6,033,402	4,350,195

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

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.

Operating segments

The segment results for the year ended 31st December 2010 are as follows:

	Continuing operations				Discontinued operation	
US$'000	Container transport and logistics	Others	Elimination	Sub-total	Property development	Group
Revenue	6,008,842	25,539	(979)	6,033,402	–	6,033,402
Operating profit	887,640	31,167	–	918,807	–	918,807
Finance costs (note 12)	(28,555)	(536)	–	(29,091)	–	(29,091)
Share of profits of jointly controlled entities (note 21)	1,659	–	–	1,659	–	1,659
Share of profits of associated companies (note 22)	7,401	–	–	7,401	–	7,401
Profit before taxation	868,145	30,631	–	898,776	–	898,776
Taxation	(18,963)	(9,996)	–	(28,959)	–	(28,959)
Profit after taxation	849,182	20,635	–	869,817	–	869,817
Profit on disposal of subsidiaries	–	–	–	–	1,004,554	1,004,554
Profit for the year	849,182	20,635	–	869,817	1,004,554	1,874,371
Capital expenditure	345,255	–	–	345,255	–	345,255
Depreciation	255,010	–	–	255,010	–	255,010
Amortisation	10,972	–	–	10,972	–	10,972

5. Revenue and segment information (Continued)

(b) Segment information (Continued)

Operating segments (Continued)

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

	Continuing operations				Discontinued operation	
US$'000	Container transport and logistics	Others	Elimination	Sub-total	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 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 (expense)/credit	(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

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

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

The segment assets and liabilities at 31st December 2010 are as follows:

US$'000	**Container transport and logistics**	**Others**	**Group**
Segment assets	**4,685,887**	**4,317,014**	**9,002,901**
Jointly controlled entities	**3,256**	**–**	**3,256**
Associated companies	**66,222**	**–**	**66,222**
Total assets	**4,755,365**	**4,317,014**	**9,072,379**
Segment liabilities	**(3,417,245)**	**(75,603)**	**(3,492,848)**

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)

Others primarily include assets and liabilities of property 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 cash and bank balances that are managed at corporate level. Other liabilities primarily include creditors and accruals, deferred taxation liabilities and derivative financial instruments related to corporate level activities.

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 2010		
Continuing operations:		
Asia	**4,086,343**	**9,913**
North America	**1,039,666**	**853**
Europe	**771,023**	**258**
Australia	**136,370**	**80**
Unallocated *	**–**	**334,151**
	6,033,402	**345,255**
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

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

6. Operating costs

US$'000	2010	2009
Cargo	2,398,654	2,148,846
Vessel and voyage	1,591,068	1,482,056
Equipment and repositioning	668,558	628,467
	4,658,280	4,259,369
Investment property	12,807	14,413
	4,671,087	4,273,782

7. Other operating income

US$'000	2010	2009
Income from available-for-sale financial assets		
– Profit on disposal	1,314	1,407
– Dividend income	7	85
Interest income from banks	18,526	9,110
Interest income from held-to-maturity investments	5,217	3,232
Gain on disposal of held-to-maturity investments	2,044	–
Portfolio investment income		
– Fair value gain (realised and unrealised)	449	11,634
– Interest income	2,934	1,563
– Dividend income	622	581
Gain on foreign exchange forward contracts	–	5,252
Profit on disposal of property, plant and equipment	6,924	–
Exchange gain	–	72
Others	1,874	1,122
	39,911	34,058

The investment income from listed investments for the year amounts to US$12.6 million (2009: US$18.5 million).

8. Other operating expenses

US$'000	2010	2009
Business and administrative	472,182	396,040
Corporate	13,140	9,243
Loss on disposal of held-to-maturity investments	–	1,506
Loss on currency option contracts	–	376
Loss on interest rate swap contracts	159	2,894
Loss on foreign exchange forward contracts	694	–
Loss on disposal of property, plant and equipment	–	7,649
Exchange loss	2,244	–
	488,419	417,708

9. Employee benefit expense

US$'000	2010	2009
Wages and salaries	488,813	362,191
Pension and retirement benefits		
– Defined contribution plans (note 25)	25,298	18,141
– Defined benefit plans (note 25)	1,861	2,375
	515,972	382,707
Representing:		
– Continuing operations	515,972	376,343
– Discontinued operation	–	6,364
	515,972	382,707

Employee benefit expenses of US$150.4 million (2009: US$113.4 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 2010					
Mr. C C Tung	107	566	–	57	730
Mr. Tsann Rong Chang	26	–	–	–	26
Mr. Roger King	60	–	–	–	60
Mr. Kenneth G Cambie	–	404	385	20	809
Mr. Philip Chow	–	513	–	51	564
Mr. Alan Tung	–	267	1,538	27	1,832
Mr. Simon Murray	19	–	–	–	19
Prof. Richard Wong	32	–	–	–	32
Mr. Edward Cheng	19	–	–	–	19

The discretionary bonuses paid in 2010 relate to the disposal of Orient Overseas Developments Limited group as mentioned in note 1 above.

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.

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

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2009: three) Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2009: two) individuals are as follows:

US$'000	2010	2009
Basic salaries, housing allowances, other allowances and benefits in kind	550	744
Discretionary bonuses	1,410	261
Pension costs – defined contribution plans	49	101
	2,009	1,106

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

		Number of individuals	
Emolument bands (US$)		2010	2009
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)	2	–
769,201 ~ 833,300	(HK$6,000,001 ~ HK$6,500,000)	1	1
897,401 ~ 961,500	(HK$7,000,001 ~ HK$7,500,000)	–	1
1,282,001 ~ 1,346,100	(HK$10,000,001 ~ HK$10,500,000)	1	–
1,794,801 ~ 1,858,900	(HK$14,000,001 ~ HK$14,500,000)	1	–
		5	5

(c) Key management compensation

US$'000	2010	2009
Salaries and other short-term employee benefits	6,259	5,499
Pension costs – defined contribution plans	388	502
	6,647	6,001

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. Save for the discretionary bonuses paid in relation to the disposal of Orient Overseas Developments Limited group, the discretionary bonuses shown above represent actual payments to the Directors and individuals during the current financial year in relation to performance for the preceding year.

11. Operating profit/(loss)

US$'000	2010 Continuing operations	2010 Discontinued operation	2009 Continuing operations	2009 Discontinued operation
Operating profit/(loss) is arrived at after crediting:				
Operating lease rental income				
Land and buildings	**24,560**	–	24,197	–
and after charging:				
Depreciation				
Owned assets	**169,029**	–	126,809	3,449
Leased assets	**85,981**	–	77,017	–
Operating lease rental expense				
Vessels and equipment	**353,575**	–	469,892	–
Land and buildings	**27,778**	–	28,055	1,408
Rental outgoings in respect of an investment property	**12,807**	–	14,413	–
Amortisation of intangible assets	**10,501**	–	6,395	–
Amortisation of prepayments of lease premiums	**471**	–	487	96
Auditors' remuneration				
Audit	**2,450**	–	2,337	148
Non-audit	**1,809**	–	959	–

Operating lease rental expenses of US$352.4 million and US$29.0 million (2009: US$469.9 million and US$29.5 million) respectively are included in operating costs and other operating expenses in the consolidated profit and loss account.

12. Finance costs

US$'000	2010	2009
Interest expense		
Bank loans and bank overdrafts		
Wholly repayable within five years	**6,281**	6,346
Not wholly repayable within five years	**8,131**	4,235
Loans from non-controlling interests		
Wholly repayable within five years	**276**	85
Not wholly repayable within five years	**–**	2,730
Finance lease obligations		
Wholly repayable within five years	**4,014**	6,122
Not wholly repayable within five years	**11,238**	16,249
	29,940	35,767
Amount capitalised under assets	**(849)**	(2,024)
Net interest expense	**29,091**	33,743
Dividend on preference shares	**–**	1,604
	29,091	35,347

The borrowing cost of the loans to finance the vessels under construction (note 17) represents an average capitalisation rate of approximately 1.2% (2009: 1.0%).

13. Taxation

US$'000	2010	2009
Current taxation		
Hong Kong profits tax	1,313	5
Overseas taxation	19,137	10,232
	20,450	10,237
Deferred taxation		
Overseas taxation	8,509	3,997
	28,959	14,234

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% (2009: 12% to 47%) and the rate applicable for Hong Kong profits tax is 16.5% (2009: 16.5%).

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

The tax of the Group's profit/(loss) 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	2010	2009
Profit/(loss) before taxation	898,776	(361,870)
Share of profits of jointly controlled entities	(1,659)	(1,099)
Share of profits of associated companies	(7,401)	(4,615)
	889,716	(367,584)
Tax calculated at applicable tax rates	171,814	(55,232)
Income not subject to tax	(202,051)	(29,243)
Expenses not deductible for tax purposes	61,972	95,197
Tax losses not recognised	771	4,688
Temporary differences not recognised	(124)	993
Utilisation of previously unrecognised tax losses	(4,705)	(1,269)
Utilisation of previously unrecognised temporary differences	593	(1,871)
Recognition of previously unrecognised temporary differences	–	(90)
Change in tax rates	(116)	(10)
Withholding tax	130	121
Other items	675	950
	28,959	14,234

14. Earnings/(loss) per ordinary share

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

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

US$'000	2010	2009
Number of ordinary shares in issue (thousands)	625,793	625,793
Group's profit/(loss) from continuing operations attributable to:		
Equity holders of the Company	862,226	(377,891)
Non-controlling interests	7,591	1,787
	869,817	(376,104)
Earnings/(loss) per share from continuing operations attributable to equity holders of the Company (US cents)	137.8	(60.4)
Group's profit/(loss) from discontinued operation attributable to:		
Equity holders of the Company	1,004,554	(24,403)
Non-controlling interests	–	(98)
	1,004,554	(24,501)
Earnings/(loss) per share from discontinued operation attributable to equity holders of the Company (US cents)	160.5	(3.9)

15. Dividends

US$'000	2010	2009
Interim paid of US11.5 cents (2009: nil) per ordinary share	72,013	–
Special paid of US40.0 cents (2009: nil) per ordinary share	250,480	–
Proposed final of US23.0 cents (2009: nil) per ordinary share	143,932	–
Proposed special of US209.3 cents (2009: nil) per ordinary share	1,309,785	–
	1,776,210	–

The Board of Directors proposes a final dividend in respect of 2010 of US23.0 cents (2009: nil) per ordinary share. In addition, the Board of Directors proposes a special dividend of US209.3 cents per ordinary share from the proceeds of the OODL sale. These proposed dividends will be accounted for as an appropriation of retained profit in the year ending 31st December 2011.

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	2010	2009
Group		
(i) Results		
Revenue	–	4,435
Operating costs	–	(8,169)
Gross loss	–	(3,734)
Other operating income	–	997
Other operating expenses	–	(19,493)
Operating loss	–	(22,230)
Finance costs	–	(2,981)
Share of profits of jointly controlled entities	–	1,080
Loss before taxation	–	(24,131)
Taxation	–	(370)
Profit on disposal of subsidiaries	1,004,554	–
Profit/(loss) from discontinued operation	1,004,554	(24,501)
(ii) Cash flows		
Operating cash flows	–	(223,927)
Investing cash flows	1,004,554	19,747
Financing cash flows	–	(56,754)
Total cash flows	1,004,554	(260,934)

(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		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

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

US$'000	2010	2009
Currency translation adjustments	–	59,011

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	
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	Leasehold improvement and furniture	Vehicles, computer and other equipment	Total
Group									
Cost									
At 31st December 2009	2,645,672	822,486	1,082,035	159,614	7,143	40,047	50,124	264,619	5,071,740
Currency translation adjustments	–	–	–	16	210	1,105	1,027	1,196	3,554
Additions	11,353	201,814	116,941	75	–	2,647	778	7,604	341,212
Reclassification	804,115	(804,115)	–	–	–	–	–	–	–
Disposals	(62,361)	–	(20,510)	(6,851)	–	–	(544)	(9,905)	(100,171)
At 31st December 2010	**3,398,779**	**220,185**	**1,178,466**	**152,854**	**7,353**	**43,799**	**51,385**	**263,514**	**5,316,335**
Accumulated depreciation									
At 31st December 2009	622,451	–	314,542	114,172	2,216	11,573	35,977	172,761	1,273,692
Currency translation adjustments	–	–	–	7	94	339	761	941	2,142
Charge for the year	126,190	–	93,286	5,523	123	1,578	5,999	22,311	255,010
Disposals	(52,648)	–	(7,935)	(4,645)	–	–	(371)	(9,277)	(74,876)
At 31st December 2010	**695,993**	**–**	**399,893**	**115,057**	**2,433**	**13,490**	**42,366**	**186,736**	**1,455,968**
Net book amount									
At 31st December 2010	**2,702,786**	**220,185**	**778,573**	**37,797**	**4,920**	**30,309**	**9,019**	**76,778**	**3,860,367**
At 31st December 2009	2,023,221	822,486	767,493	45,442	4,927	28,474	14,147	91,858	3,798,048
Net book amount of leased assets									
At 31st December 2010	**1,297,779**	**–**	**285,903**	**–**	**–**	**–**	**–**	**563**	**1,584,245**
At 31st December 2009	1,220,801	–	320,802	2,652	–	–	–	9,276	1,553,531

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	Leasehold improvement and furniture	Vehicles, computer and other equipment	Total
Group									
Cost									
At 31st December 2008	2,304,236	864,691	1,130,040	162,489	7,057	136,480	52,120	256,909	**4,914,022**
Currency translation adjustments	–	–	–	1	86	101	761	477	**1,426**
Additions	48,521	292,662	–	520	–	9,039	5,821	11,197	**367,760**
Classified as assets held for sale (note 16)	–	–	–	–	–	(105,573)	(2,391)	(814)	**(108,778)**
Reclassification	334,867	(334,867)	–	–	–	–	–	–	**–**
Asset revaluation reserve	(4,728)	–	–	–	–	–	–	–	**(4,728)**
Disposals	(37,224)	–	(48,005)	(3,396)	–	–	(6,187)	(3,150)	**(97,962)**
At 31st December 2009	2,645,672	822,486	1,082,035	159,614	7,143	40,047	50,124	264,619	**5,071,740**
Accumulated depreciation									
At 31st December 2008	558,059	–	272,550	110,619	2,067	10,871	31,619	147,292	**1,133,077**
Currency translation adjustments	–	–	–	–	33	4	558	390	**985**
Charge for the year	93,128	–	69,385	5,959	116	4,339	7,731	26,617	**207,275**
Classified as assets held for sale (note 16)	–	–	–	–	–	(3,641)	(707)	(420)	**(4,768)**
Disposals	(28,736)	–	(27,393)	(2,406)	–	–	(3,224)	(1,118)	**(62,877)**
At 31st December 2009	622,451	–	314,542	114,172	2,216	11,573	35,977	172,761	**1,273,692**
Net book amount									
At 31st December 2009	2,023,221	822,486	767,493	45,442	4,927	28,474	14,147	91,858	**3,798,048**
At 31st December 2008	1,746,177	864,691	857,490	51,870	4,990	125,609	20,501	109,617	**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**

(a) As at 31st December 2009, container vessels included two vessels which were previously operated under finance lease terms and direct ownership was acquired by the Group in May 1990. These vessels were carried at Directors' valuation, representing the then purchase consideration which were determined by reference to professional valuations on a cum-charter open market basis of US$58.0 million. Subsequent revaluations of these vessels were 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. These two vessels were disposed of during the year ended 31st December 2010.

(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 borrowings amounts to US$1,463.5 million (2009: US$1,111.0 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$0.8 million (2009: US$2.0 million) during the year were capitalised as part of vessels under construction.

(e) Depreciation charge of US$233.7 million (2009: US$179.7 million) for the year has been expensed in operating costs and US$21.3 million (2009: US$24.2 million) in other operating expenses and US$ nil (2009: US$3.4 million) in discontinued operation.

(f) As at 31st December 2010 and 2009, the buildings outside Hong Kong are held under medium-term leasehold land.

18. Investment property

US$'000	2010	2009
Group		
Balance at beginning of year	150,000	175,000
Fair value gain/(loss)	5,000	(25,000)
Balance at end of year	155,000	150,000

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$155.0 million (2009: US$150.0 million), by reference to a professional valuation made by an independent valuer in December 2010 on an open market basis.

The investment property was pledged for bank borrowings in 2009.

19. Prepayments of lease premiums

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments for leases of between 10 and 50 years and their net book values are analysed as follows:

US$'000	2010	2009
Group		
Leasehold land outside Hong Kong	10,122	10,175
Balance at beginning of year	10,175	14,201
Currency translation adjustments	418	24
Classified as assets held for sale (note 16)	–	(3,467)
Amortisation	(471)	(583)
Balance at end of year	10,122	10,175

Amortisation of US$0.5 million (2009: US$0.6 million) is included in "other operating expenses" in the consolidated profit and loss account.

20. Subsidiaries

US$'000	2010	2009
Company		
Unlisted shares, at cost less provision	169,487	169,487
Non-current		
Amount due to a subsidiary	719,730	717,863
Current		
Amounts due from subsidiaries	3,732,353	1,006,770
Amounts due to subsidiaries	1,197,927	255,841

The amounts due from and to subsidiaries are interest free, unsecured and have no specific terms of repayment, except for amount payable of US$719.7 million (2009: US$717.9 million) which is not repayable within one year.

Particulars of the principal subsidiaries at 31st December 2010 are shown on pages 130 to 136.

21. Jointly controlled entities

US$'000	2010	2009
Group		
Balance at beginning of year	5,404	14,896
Share of results		
Profit before taxation		
– from continuing operations	1,868	1,280
– from discontinued operation	–	1,180
Taxation		
– from continuing operations	(209)	(181)
– from discontinued operation	–	(100)
	7,063	17,075
Currency translation adjustments	230	14
Classified as assets held for sale (note 16)	–	(9,804)
Dividends received	(1,233)	(1,881)
Balance at end of year	6,060	5,404
Share of net assets	6,060	5,404
Amounts payable	(2,804)	(939)
	3,256	4,465

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

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

US$'000	2010	2009
Non-current assets	262	15
Current assets	6,341	5,763
Non-current liabilities	(34)	–
Current liabilities	(509)	(374)
	6,060	5,404
Income	5,218	4,030
Expenses	(3,559)	(2,931)

Particulars of the jointly controlled entities at 31st December 2010 are shown on page 136.

22. Associated companies

US$'000	2010	2009
Group		
Share of net assets		
Balance at beginning of year	59,737	57,163
Share of results		
– Profit for the year	7,401	4,615
	67,138	61,778
Currency translation adjustments	1,881	57
Dividend received	(2,797)	(2,098)
Balance at end of year	66,222	59,737

22. Associated companies (Continued)

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

US$'000	2010	2009
Non-current assets	116,429	100,369
Current assets	5,827	5,275
Non-current liabilities	(35,968)	(41,826)
Current liabilities	(20,066)	(4,081)
	66,222	59,737
Income	24,904	20,836
Expenses	(17,503)	(16,221)

Particulars of the associated companies at 31st December 2010 are shown on page 136.

23. Intangible assets

US$'000	Computer software development costs
Group	
At 1st January 2009	
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
Year ended 31st December 2010	
Opening net book amount	53,104
Currency translation adjustments	2
Additions	4,043
Amortisation	(10,501)
Closing net book amount	46,648
At 31st December 2010	
Cost	114,480
Accumulated amortisation	(67,832)
Net book amount	46,648

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

Amortisation of US$10.5 million (2009: US$6.4 million) is included in "other operating expenses" in the consolidated profit and loss account.

24. Deferred taxation assets/(liabilities)

US$'000	2010	2009
Group		
Deferred taxation assets	**1,778**	847
Deferred taxation liabilities	**(39,914)**	(30,697)
	(38,136)	(29,850)

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	2010	2009
Deferred taxation assets to be recovered after more than twelve months	**923**	–
Deferred taxation liabilities to be settled after more than twelve months	**(39,914)**	(30,697)

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	Total
Deferred taxation assets			
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
Currency translation adjustments	26	(25)	1
Credited/(charged) to consolidated profit and loss account	405	(911)	(506)
At 31st December 2010	**10,207**	**1,999**	**12,206**

US$'000	Depreciation allowances	Revaluation	Pensions	Revenue expenditure	Total
Deferred taxation liabilities					
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
Currency translation adjustments	(35)	–	(173)	(14)	(222)
Charged/(credited) to consolidated profit and loss account	1,123	5,822	1,913	(855)	8,003
At 31st December 2010	**19,448**	**23,470**	**6,506**	**918**	**50,342**

Deferred taxation assets of US$16.7 million (2009: US$13.3 million) arising from unused tax losses of US$73.2 million (2009: US$59.5 million) have not been recognised in the consolidated accounts. Unused tax losses of US$57.5 million (2009: US$51.2 million) have no expiry date and the balance will expire at various dates up to and including 2015.

Deferred taxation liabilities of US$28.3 million (2009: US$32.4 million) on temporary differences associated with investments in subsidiaries of US$189.2 million (2009: US$176.4 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$27.2 million (2009: US$20.5 million).

Defined contribution schemes

The principal defined contribution schemes are operated in Hong Kong and the USA. These schemes cover approximately 80% 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	2010	2009
Group		
Contributions to the schemes	25,394	18,152
Forfeitures utilised	(96)	(11)
	25,298	18,141

Contributions totalling US$12.8 million (2009: US$14.1 million) were payable to the schemes at the balance sheet date.

Defined benefit schemes

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

US$'000	Note	2010	2009
Group			
Schemes assets		29,692	27,213
Schemes liabilities		(2,493)	(3,130)
Net schemes assets	(a)	27,199	24,083
Representing:			
Pension and retirement assets		29,692	27,213
Pension and retirement liabilities		(2,493)	(3,130)
		27,199	24,083

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

US$'000	Note	2010	2009
Charge for the year	(a)	1,861	2,375

In previous year, 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)

(a) Net schemes assets

The principal defined benefit schemes are operated in the United Kingdom and Japan, which were valued by Towers Watson 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	2010	2009
Fair value of plan assets	233,697	225,993
Present value of funded obligations	(229,496)	(237,837)
	4,201	(11,844)
Unrecognised actuarial losses	22,998	35,927
Net schemes assets	27,199	24,083

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

US$'000	2010	2009
Balance at beginning of year	225,993	197,498
Currency translation adjustments	(6,814)	20,758
Expected return on plan assets	12,732	11,632
Actuarial gains	10,327	6,497
Contributions from the Group	5,869	5,725
Contributions from plan members	151	191
Benefits paid	(14,561)	(16,308)
Balance at end of year	233,697	225,993

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

US$'000	2010	2009
Balance at beginning of year	237,837	182,312
Currency translation adjustments	(7,190)	18,105
Current service cost	2,744	2,334
Interest cost	11,849	11,673
Actuarial (gains)/losses	(1,334)	39,530
Contributions from the plan members	151	191
Benefits paid	(14,561)	(16,308)
Balance at end of year	229,496	237,837

25. Pension and retirement benefits (Continued)

(a) Net schemes assets (Continued)

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

US$'000	2010	2009
Current service cost	2,744	2,334
Interest cost	11,849	11,673
Expected return on plan assets	(12,732)	(11,632)
Net expense recognised for the year	1,861	2,375

Charges of US$1.9 million (2009: US$2.4 million) were included in other operating expenses in the consolidated profit and loss account.

The main actuarial assumptions made for the schemes are as follows:

	2010	2009
Discount rate	2 to 5%	2 to 6%
Expected return on plan assets	1 to 6%	1 to 6%
Expected future salary increases	4 to 5%	4 to 5%
Expected future pension increases	3%	3%
Actual return on plan assets (US$'000)	23,068	20,277

Plan assets of the schemes comprise the following:

US$'000	2010		2009	
Equity	84,341	36%	77,069	34%
Debt	134,267	58%	136,797	61%
Others	15,089	6%	12,127	5%
	233,697	100%	225,993	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.

(b) The experience adjustments of 2008 to 2010 are as follows:

US$'000	2010	2009	2008
Fair value of plan assets	233,697	225,993	197,498
Present value of defined benefit obligations	(229,496)	(237,837)	(182,312)
Plan surplus/(deficit)	4,201	(11,844)	15,186
Experience adjustment on plan assets	(10,516)	(8,798)	14,601
Percentage of plan assets (%)	-4.5%	-3.9%	7.4%
Experience adjustment on plan obligations	(1,869)	(625)	(904)
Percentage of plan obligations (%)	-0.8%	-0.3%	-0.5%

26. Restricted bank balances

US$'000	2010	2009
Group		
Non-current	**4,648**	447
Current	**1,206**	1,760
Restricted bank balances	**5,854**	2,207

As at 31st December 2010, the restricted bank balances of US$5.9 million (2009: 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 US dollar (2009: New Taiwanese dollar).

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

US$'000	2010	2009
Group		
AA	**222**	378
A	**5,632**	992
BBB	**–**	837
	5,854	2,207

US$'000	2010	2009
Company		
Restricted bank balances	**197**	193

27. Other non-current assets

US$'000	Note	2010	2009
Group			
Available-for-sale financial assets	(a)	**118,275**	48,206
Held-to-maturity investments	(b)	**121,737**	79,038
Loan to an investee company	(c)	**71,100**	71,100
Other deposit		**11,825**	11,825
Others		**10,064**	9,501
		333,001	219,670

27. Other non-current assets (Continued)

(a) Available-for-sale financial assets

US$'000	2010	2009
Group		
Balance at beginning of year	48,206	59,646
Currency translation adjustments	191	51
Additions	343	60
Disposals	(2,399)	(3,971)
Change in fair value transferred to equity	71,934	(7,580)
Balance at end of year	118,275	48,206

The fair value of unlisted equity securities is estimated with reference to a valuation performed by an independent third party using market approach.

Available-for-sale financial assets include the following:

US$'000	2010	2009
Listed equity securities		
Hong Kong	1,948	3,440
Overseas	8	8
Market value of listed equity securities	1,956	3,448
Unlisted equity securities	114,340	42,935
Others	1,979	1,823
	118,275	48,206

The carrying amounts of the Group's available-for-sale financial assets are denominated in the following currencies:

US$'000	2010	2009
Renminbi	114,300	42,900
Hong Kong dollar	3,100	4,397
Other currencies	875	909
	118,275	48,206

27. Other non-current assets (Continued)

(b) Held-to-maturity investments

US$'000	2010	2009
Group		
Listed debt securities		
Hong Kong	80,321	26,734
Overseas	41,416	51,504
	121,737	78,238
Unlisted debt securities		
Hong Kong	–	800
	121,737	79,038
Market value	123,463	81,605

Movements in held-to-maturity investments are as follows:

US$'000	2010	2009
Balance at beginning of year	79,038	36,632
Additions	72,776	50,065
Disposals/redemption on maturity	(30,217)	(7,875)
Amortisation	140	216
Balance at end of year	121,737	79,038

The carrying amounts of held-to-maturity investments are mainly denominated in US dollar.

The credit quality of held-to-maturity investments by reference to Standard & Poor's and/or Moody's credit ratings is as follows:

US$'000	2010	2009
AAA	9,470	10,968
AA	5,949	3,478
A	39,006	42,581
BBB	46,150	12,031
Non-ranking	21,162	9,980
	121,737	79,038

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. Inventories

US$'000	2010	2009
Group		
Bunker	85,142	73,933
Consumable stores	11,123	9,628
	96,265	83,561

The cost of inventories recognised as expense and included in operating costs amounts to US$856.5 million (2009: US$674.4 million).

29. Debtors and prepayments

US$'000	2010	2009
Group		
Trade receivables		
– Fully performing	207,356	158,832
– Past due but not impaired	90,206	77,171
– Impaired and provided for	4,597	5,664
	302,159	241,667
Less: provision for impairment	(4,597)	(5,664)
Trade receivables – net	297,562	236,003
Other debtors	60,146	39,364
Other prepayments	77,467	80,321
Utility and other deposits	7,139	7,518
Tax recoverable	12,683	17,028
	454,997	380,234

The credit quality of trade receivables by reference to Standard & Poor's and/or Moody's credit ratings (if available) or to historical information about counterparty default rates is as follows:

US$'000	2010	2009
Group		
Counterparties with external credit rating		
A	13,429	11,997
BB	9,159	3,095
BBB	4,265	8,630
	26,853	23,722
Counterparties without external credit rating		
Group 1	13,990	17,828
Group 2	255,486	191,246
Group 3	1,233	3,207
	270,709	212,281
	297,562	236,003

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.

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	2010	2009
Below one month	283,418	223,184
Two to three months	13,539	12,397
Four to six months	605	422
	297,562	236,003

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of internationally dispersed customers. Other debtors are fully performing.

29. Debtors and prepayments (Continued)

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	2010	2009
Group		
Balance at beginning of year	**5,664**	4,072
Provision	**1,164**	2,602
Write off	**(821)**	(762)
Unused amounts reversed	**(1,410)**	(248)
Balance at end of year	**4,597**	5,664

The provision for impairment has been included in "other operating expenses" in the consolidated profit and loss account.

30. Portfolio investments

US$'000	2010	2009
Group		
Listed equity securities		
Hong Kong	**26,981**	15,068
Overseas	**531**	559
Market value of listed equity securities	**27,512**	15,627
Unit trust	**4,907**	4,110
Listed debt securities		
Hong Kong	**33,389**	3,135
Overseas	**85,544**	21,646
Others	**96**	74
	151,448	44,592

The carrying amounts of the Group's portfolio investments are mainly denominated in US dollar.

The credit quality of listed debt securities by reference to Standard & Poor's and/or Moody's credit ratings is as follows:

US$'000	2010	2009
Group		
AAA	**7,326**	430
AA	**5,849**	2,566
A	**63,054**	19,493
BBB	**29,720**	2,292
BB	**1,818**	–
Non-ranking	**11,166**	–
	118,933	24,781

The fair values of all equity securities and debt securities are based on their current bid prices in an active market.

31. Derivative financial instruments

US$'000	2010	2009
Assets		
Non-current assets		
Interest rate swap contracts	5,672	–
Current assets		
Interest rate swap contracts	155	2,965
Liabilities		
Non-current liabilities		
Interest rate swap contract	(3,353)	–
Foreign exchange forward contract	(6,804)	–
	(10,157)	–
Current liability		
Foreign exchange forward contract	–	(6,110)

The credit quality of derivative financial assets by reference to the Standard & Poor's and/or Moody's credit rating is as follows:

US$'000	2010	2009
AA	5,827	2,965

(a) Foreign exchange forward contract

The notional principal amount of the outstanding foreign exchange forward contract at 31st December 2010 was US$38.8 million (2009: US$43.4 million).

(b) Interest rate swap contracts

The notional amounts of the outstanding interest rate swap contracts at 31st December 2010 were US$260.2 million (2009: US$228.9 million).

US$'000	2010	2009
Company		
Non-current liability		
Interest rate swap contract	(3,353)	–

32. Cash and bank balances

US$'000	2010	2009
Group		
Short-term bank deposits		
– Maturing within three months from the date of placement	856,032	684,279
Cash at bank and in hand	357,329	404,120
	1,213,361	1,088,399
Short-term bank deposits		
– Maturing more than three months from the date of placement	2,638,541	136,703
	3,851,902	1,225,102

The carrying amounts of the Group's cash and bank balances are mainly denominated in US dollar.

32. 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/or Moody's credit ratings is as follows:

US$'000	2010	2009
Group		
AAA	5,660	5,029
AA	1,833,716	688,284
A	2,001,061	439,910
BBB	6,123	76,818
BB	1,187	1,433
Others	4,155	13,628
	3,851,902	1,225,102

US$'000	2010	2009
Company		
Short-term bank deposits		
– Maturing within three months from the date of placement	71,090	2,000
Cash at bank and in hand	25,165	37,579
Total cash and bank balances	96,255	39,579

33. Share capital

US$'000	2010	2009
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 2009 and 2010	625,793	62,579

34. 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 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
Total comprehensive income/(loss) for the year	–	–	–	(1,915)	70,620	6,851	1,866,780	1,942,336
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	8,205	8,205
2010 interim dividend	–	–	–	–	–	–	(72,013)	(72,013)
2010 special dividend	–	–	–	–	–	–	(250,480)	(250,480)
Balance at 31st December 2010	**172,457**	**88,547**	**4,696**	**–**	**115,018**	**51,414**	**5,078,021**	**5,510,153**

US$'000	Share premium	Contributed surplus	Capital redemption reserve	Retained profit	Total
Company					
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
Total comprehensive income for the year	–	–	–	1,075,139	1,075,139
2010 interim dividend	–	–	–	(72,013)	(72,013)
2010 special dividend	–	–	–	(250,480)	(250,480)
Balance at 31st December 2010	**172,457**	**88,547**	**4,696**	**1,703,579**	**1,969,279**

The profit attributable to shareholders for the year is dealt with in the accounts of the Company to the extent of US$1,075.1 million (2009: loss of US$0.5 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$1,792.1 million as at 31st December 2010 (2009: US$1,039.5 million).

35. Borrowings

US$'000	2010	2009
Group		
Non-current		
Bank loans		
– Secured	**851,177**	491,225
– Unsecured	**74,459**	21,190
Loans from non-controlling interests		
– Secured	**–**	139,100
– Unsecured	**–**	18,232
Finance lease obligations	**1,490,731**	1,466,220
	2,416,367	2,135,967
Current		
Bank overdrafts, unsecured	**78**	145
Bank loans		
– Secured	**117,621**	146,623
– Unsecured	**32,310**	121,042
Loans from non-controlling interests		
– Secured	**–**	106,500
– Unsecured	**–**	9,562
Finance lease obligations	**97,746**	48,183
	247,755	432,055
Total borrowings	**2,664,122**	2,568,022

35. **Borrowings** (Continued)

The maturity of borrowings is as follows:

US$'000	Bank loans	Bank overdrafts	Loans from non-controlling interests	Finance leases Present value	Finance leases Minimum payments
As at 31st December 2010					
2011	**149,931**	**78**	**–**	**97,746**	**112,944**
2012	**153,474**	**–**	**–**	**253,304**	**267,528**
2013	**88,669**	**–**	**–**	**142,180**	**154,611**
2014	**53,352**	**–**	**–**	**46,570**	**59,171**
2015	**10,930**	**–**	**–**	**47,411**	**60,038**
2016 onwards	**619,211**	**–**	**–**	**1,001,266**	**1,120,615**
	1,075,567	**78**	**–**	**1,588,477**	**1,774,907**
Wholly repayable within five years	**297,873**	**78**	**–**	**358,037**	
Not wholly repayable within five years	**777,694**	**–**	**–**	**1,230,440**	
	1,075,567	**78**	**–**	**1,588,477**	
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	

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:

	2010			2009			
	US$	**£**	**Others**	US$	£	RMB	Others
Bank loans	**1.1%**	**–**	**–**	1.4%	–	4.8%	–
Loans from non-controlling interests	**–**	**–**	**–**	0.4%	–	–	–
Finance lease obligations	**0.5%**	**1.1%**	**3.5%**	0.5%	1.0%	–	3.7%

35. Borrowings (Continued)

The carrying amounts and fair values of the non-current borrowings are as follows:

	Carrying amounts		Fair values	
US$'000	**2010**	2009	**2010**	2009
Bank loans	**925,636**	512,415	**929,479**	517,636
Loans from non-controlling interests	**–**	157,332	**–**	157,332
Finance lease obligations	**1,490,731**	1,466,220	**1,490,731**	1,466,220
	2,416,367	2,135,967	**2,420,210**	2,141,188

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 2.3% (2009: 2.3%).

The carrying amounts of short-term borrowings approximate their fair values.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

US$'000	**2010**	2009
US dollar	**2,628,835**	2,523,717
Pound sterling	**35,284**	40,780
Renminbi	**–**	3,515
Other currencies	**3**	10
	2,664,122	2,568,022

The fixed interest rate borrowings of the Group as at 31st December 2010 amounted to US$58.3 million (2009: US$68.1 million). The remaining borrowings of US$2,605.8 million (2009: US$2,499.9 million) were subject to floating interest rates.

36. Creditors and accruals

US$'000	**2010**	2009
Group		
Trade payables	**198,514**	171,111
Other creditors	**62,532**	61,328
Accrued expenses	**461,620**	306,988
Deferred revenue	**35,546**	61,656
	758,212	601,083

The ageing analysis of the Group's trade payables, prepared in accordance with dates of invoices, is as follows:

US$'000	**2010**	2009
Below one month	**131,765**	117,856
Two to three months	**61,882**	49,532
Four to six months	**4,697**	3,463
Over six months	**170**	260
	198,514	171,111

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

US$'000	**2010**	2009
US dollar	**79,885**	59,786
Canadian dollar	**11,115**	12,850
Euro	**13,398**	13,441
Japanese yen	**25,295**	24,666
Hong Kong dollar	**14,994**	15,618
Renminbi	**25,913**	17,713
Other currencies	**27,914**	27,037
	198,514	171,111

37. Commitments

Group

(a) Capital commitments – Property, plant and equipment

US$'000	2010	2009
Contracted but not provided for		
– Continuing operations	690,422	711,803
– Discontinued operation	–	6,289
	690,422	718,092
Authorised but not contracted for		
– Continuing operations	229,735	16,587
	920,157	734,679

(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 2010			
2011	186,026	26,446	212,472
2012	108,044	15,692	123,736
2013	98,461	7,580	106,041
2014	96,415	4,098	100,513
2015	86,859	615	87,474
2016 onwards	426,136	158	426,294
	1,001,941	54,589	1,056,530
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

(c) Operating lease rental receivable

The future aggregate minimum lease rental incomes on land and buildings under non-cancellable operating leases are receivable in the following years:

US$'000	2010	2009
2010	–	20,809
2011	22,857	20,557
2012	22,366	20,371
2013	20,231	19,532
2014	19,138	18,605
2015	15,180	14,490
2016 onwards	44,918	38,015
	144,690	152,379

38. Financial guarantees

Group

The Group has not given any corporate guarantee as at 31st December 2010 (2009: nil).

Company

(a) The Company has given corporate guarantees of approximately US$2,790.6 million (2009: US$2,887.1 million) for its subsidiaries. As at 31st December 2010, the amounts utilised by the subsidiaries were US$2,669.9 million (2009: US$2,525.8 million).

At 31st December 2010, corporate guarantee given by the Company in relation to the Disposal Group amounted to US$nil (2009: 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$452.8 million (2009: US$278.1 million).

(c) The Company has given corporate guarantees of approximately US$394.1 million (2009: US$338.0 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.

39. Notes to consolidated cash flow statement

(a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations

US$'000	2010	2009
Operating profit/(loss) from continuing operations	918,807	(332,237)
Operating loss from discontinued operation	–	(22,230)
Interest income from banks	(18,526)	(9,110)
Interest income from portfolio and held-to-maturity investments	(8,151)	(4,795)
Dividend income from portfolio investments	(622)	(581)
Depreciation	255,010	207,275
Fair value (gain)/loss from an investment property	(5,000)	25,000
(Profit)/loss on disposal of property, plant and equipment	(6,924)	7,649
Income from available-for-sale financial assets	(7)	(85)
Profit on disposal of available-for-sale financial assets	(1,314)	(1,407)
(Gain)/loss on disposal of held-to-maturity investments	(2,044)	1,506
Amortisation of intangible assets	10,501	6,395
Amortisation of prepayments of lease premiums	471	583
Net loss/(gain) on derivative financial instruments	853	(1,982)
Change in net pension assets/liabilities	(3,116)	(6,146)
Operating profit/(loss) before working capital changes	1,139,938	(130,165)
Increase in properties under development and for sale	–	(27,735)
(Increase)/decrease in inventories	(12,704)	6,126
(Increase)/decrease in debtors and prepayments	(71,547)	44,969
Increase/(decrease) in creditors and accruals	156,703	(181,560)
Settlement of derivative financial instruments	332	(2,684)
Cash generated from/(used in) operations	1,212,722	(291,049)

39. Notes to consolidated cash flow statement (Continued)

(b) Disposal of subsidiaries

US$'000	2010	2009
Net assets disposed		
Property, plant and equipment	104,010	–
Prepayments of lease premiums	3,467	–
Goodwill	23,599	–
Jointly controlled entities	9,804	–
Deferred tax assets	592	–
Inventories	218	–
Properties under development and for sale	855,886	–
Debtors and prepayments	8,554	–
Cash and bank balances	262,124	–
Total assets	1,268,254	–
Borrowings, secured	(87,565)	–
Deferred taxation liabilities	(11,377)	–
Creditors and accruals	(39,639)	–
Amount due to a jointly controlled entity	(1,800)	–
Current taxation	(2,025)	–
Total liabilities	(142,406)	–
Net assets	1,125,848	–
Profit on disposal of subsidiaries	1,004,554	–
Cash consideration, net	2,130,402	–

(c) Major non-cash transactions

During the year, major non-cash transactions included the inception of finance leases of US$126.1 million (2009: US$2.7 million).

(d) Analysis of cash and cash equivalents

US$'000	2010	2009
Bank balances and deposits maturing within three months from the date of placement	1,213,361	1,088,399
Bank overdrafts	(78)	(145)
	1,213,283	1,088,254

40. Subsequent event

Subsequent to the reporting period, the Board of Directors made a resolution on 11th March 2011 to enter into shipbuilding contracts for the construction of vessels for a total consideration of approximately US$0.8 billion.

41. Approval of accounts

The accounts were approved by the Board of Directors on 11th March 2011.

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
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
Kenwake Ltd.	100 100	1,600,000 ordinary shares of £1 each 520,000 5% cumulative preference shares of £1 each £2,120,000	Investment holding	United Kingdom	United Kingdom
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
Loyalton Shipping Limited	100	500 ordinary shares of US$10 each US$5,000	Ship owning	Marshall Islands	Worldwide
Maritime Delivery Services Inc.	100	1,000 common stock of US$10 each US$10,000	Trucking service	USA	USA
Newcontainer No. 36 (Luxembourg) Shipping S.à r.l.	100	100 ordinary shares of US$250 each US$25,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 37 (Luxembourg) Shipping S.à r.l.	100	100 ordinary shares of US$250 each US$25,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 40 (Luxembourg) Shipping S.à r.l.	100	600 ordinary shares of US$250 each US$150,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 41 (Luxembourg) Shipping S.à r.l.	100	600 ordinary shares of US$250 each US$150,000	Ship owning	Luxembourg	Worldwide

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 (Continued)					
Newcontainer No. 42 (Luxembourg) Shipping S.à r.l.	100	600 ordinary shares of US$250 each US$150,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 43 (Luxembourg) Shipping S.à r.l.	100	600 ordinary shares of US$250 each US$150,000	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
Newcontainer No. 50 (Luxembourg) Shipping S.à r.l.	100	100 ordinary shares of US$250 each US$25,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 1 Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Liberia †	Worldwide
Newcontainer No. 2 Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Liberia †	Worldwide
Newcontainer No. 3 Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Liberia †	Worldwide
Newcontainer No. 4 Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Liberia †	Worldwide
Newcontainer No. 5 Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Liberia †	Worldwide
Newcontainer No. 6 Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Liberia †	Worldwide
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. 15 (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

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 (Continued)					
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
Newcontainer No. 56 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 57 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 60 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 61 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
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
OOCL (Denmark) A/S	100	1,000 ordinary shares of DKK500 each DKK500,000	Liner agency	Denmark	Northern Europe

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 (Continued)					
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 (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
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 (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 €178,819 each 1 quota of €500 each €179,319	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
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

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 (Continued)					
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
OOCL Logistics (Australia) Pty. Limited	100	200,000 ordinary shares of A$1 each A$200,000	Logistics, cargo consolidation and forwarding	Australia	Australia
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

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 (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 Line Limited	100	2 ordinary shares of HK$1 each HK$2	Logistics, cargo consolidation and forwarding	Hong Kong	Worldwide
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
OOCL Warehousing (Shanghai) Limited	100	Registered capital US$10,000,000	Warehousing	China *	China
# OOIL (Investments) Inc.	100	500 ordinary shares of no par value US$5,000	Investment holding	Liberia †	Worldwide
Orient Overseas Associates	100	Limited partnership	Property owning	USA	USA
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 (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
Shanghai OOCL Container Transportation Co. Ltd.	60	Registered capital US$9,350,000	Container depot	China §	China
Soberry Investments Ltd.	100	5,000 ordinary shares of US$1 each US$5,000	Portfolio investment	British Virgin Islands	Worldwide

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 (Continued)					
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 each HK$1	Ship owning	Hong Kong	Worldwide
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			
Wealth Capital Corporation	100	500 ordinary shares of no par value US$5,000	Investment holding	Liberia †	Worldwide
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

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.*

Major Customers and Suppliers

Approximately 9.4% and 24.9% 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 2.0% and 5.7% 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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Consolidated Profit and Loss Data										
Revenue	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	**6,033,402**
Operating profit/(loss)	107,391	90,846	359,384	729,008	693,563	621,364	687,437	397,764	(332,237)	**918,807**
Finance costs	(45,614)	(30,634)	(18,740)	(43,787)	(55,744)	(71,721)	(99,078)	(81,016)	(35,347)	**(29,091)**
Profit/(loss) before taxation	71,089	62,902	353,306	696,337	644,685	553,218	592,024	322,546	(361,870)	**898,776**
Profit/(loss) for the year from continuing operations	61,809	51,948	329,161	670,598	615,198	528,335	553,749	297,569	(376,104)	**869,817**
Profit/(loss) for the year from discontinued operation	–	–	–	–	36,093	52,805	1,994,653	(22,040)	(24,501)	**1,004,554**
Profit/(loss) for the year	61,809	51,948	329,161	670,598	651,291	581,140	2,548,402	275,529	(400,605)	**1,874,371**
Profit/(loss) attributable to ordinary shareholders	61,287	51,738	329,044	670,449	650,854	580,603	2,546,979	272,337	(402,294)	**1,866,780**
Per Ordinary Share										
Earnings/(loss) (US cents)										
from continuing operations	9.8	8.3	53.9	108.5	98.2	84.4	88.3	47.1	(60.4)	**137.8**
from discontinued operation	–	–	–	–	5.8	8.4	318.7	(3.6)	(3.9)	**160.5**
Dividends (US cents)	2.06	2.06	13.76	27.27	27.00	103.00	103.00	11.00	–	**283.80**
Weighted average number of ordinary shares in issue ('000)	625,742	625,742	610,486	618,024	625,793	625,793	625,793	625,793	625,793	**625,793**
Consolidated Balance Sheet Data										
Property, plant and equipment	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	**3,860,367**
Liquid assets	402,424	412,446	680,806	1,105,011	1,286,579	1,167,924	2,244,865	2,077,087	1,354,387	**4,132,897**
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	(343,659)	(341,356)	(422,020)	(227,924)	(165,629)	56,348	75,034	342,756	(582,807)	**(472,500)**
Total assets	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	**9,072,379**
Long-term debt	760,386	682,759	840,677	1,427,690	1,650,044	1,870,890	1,864,436	2,218,251	2,135,967	**2,416,367**
Total long and short-term debt	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	**2,664,122**
Net (liquid assets)/debt	534,035	483,162	417,356	476,488	552,013	900,874	(38,681)	295,059	1,213,635	**(1,468,775)**
Ordinary shareholders' equity	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	**5,572,732**
Other Financial Information										
Depreciation	88,227	101,948	114,740	144,860	157,302	178,761	173,988	181,898	207,275	**255,010**
Capital expenditure	232,353	89,873	437,801	806,491	635,494	633,128	752,903	650,568	380,161	**345,255**
Consolidated Financial Ratios/ Percentages										
Debt to equity ratio	1.15	1.04	0.99	0.87	0.80	0.76	0.53	0.54	0.65	**0.48**
Net (cash)/debt to equity ratio	0.66	0.56	0.38	0.26	0.24	0.33	(0.01)	0.07	0.31	**(0.26)**
Return/(loss) on average ordinary shareholders' equity (%)	7.6	6.2	33.4	45.9	31.8	23.2	73.8	6.4	(9.7)	**39.2**
Accounts payable as a % of revenue	15.0	15.6	15.0	13.4	13.9	12.2	13.3	12.8	13.8	**12.6**
Accounts receivable as a % of revenue	7.3	7.9	7.6	8.7	9.6	8.3	12.3	6.7	8.7	**7.5**
Net asset value per ordinary share (US$)	1.30	1.37	1.95	2.89	3.65	4.36	6.67	7.01	6.30	**8.91**

Note: The results of discontinued operation prior to 2008 have not been restated or reclassified.

Fleet and Container Information

Fleet

The following table sets out the Group's vessels as at 31st December 2010.

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	SERVICE SPEED IN KNOTS	FLAG
OOCL America	5,344	Owned	Asia-Middle East	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	Hong Kong
OOCL Britain	5,344	Owned	Asia-USEC	1996	24.6	Hong Kong
OOCL California	5,344	Owned	Asia-Europe	1995	24.6	Hong Kong
OOCL Chicago	5,714	Owned	Intra-Asia	2000	24.6	Hong Kong
OOCL China	5,344	Owned	Asia-USEC	1996	24.6	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	Trans-Pacific	2000	24.6	Hong Kong
OOCL Netherlands	5,390	Owned	Asia-Middle East	1997	24.6	Hong Kong
OOCL Singapore	5,390	Owned	Asia-Middle East	1997	24.6	Hong Kong
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

Fleet (Continued)

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	SERVICE SPEED IN KNOTS	FLAG
OOCL Atlanta	8,063	Finance Lease	Trans-Pacific	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	Asia-Europe	2004	25.2	Hong Kong
OOCL Shenzhen	8,063	Finance Lease	Asia-Europe	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	Hong Kong
OOCL Norfolk	4,578	Owned	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-New Zealand	2009	24.5	Hong Kong
OOCL Dalian	4,578	Owned	Intra-Asia	2009	24.5	Hong Kong
OOCL Nagoya	4,578	Owned	Trans-Atlantic	2009	24.5	Hong Kong
OOCL Charleston	4,578	Owned	Intra-Asia	2010	24.5	Hong Kong
OOCL Le Havre	4,578	Owned	Intra-Asia	2010	24.5	Hong Kong
OOCL Guangzhou	4,578	Owned	Asia-USEC	2010	24.5	Hong Kong
OOCL Savannah	4,578	Finance Lease	Intra-Asia	2010	24.5	Hong Kong
OOCL Jakarta	4,578	Finance Lease	Intra-Asia	2010	24.5	Hong Kong
OOCL Washington	8,063	Owned	Asia-Europe	2010	25.2	Hong Kong
OOCL Seoul	8,063	Owned	Asia-Europe	2010	25.2	Hong Kong

Fleet and Container Information

Fleet (Continued)

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	SERVICE SPEED IN KNOTS	FLAG
OOCL London	8,063	Owned	Asia-Europe	2010	25.2	Hong Kong
OOCL Luxembourg	8,063	Owned	Asia-Europe	2010	25.2	Hong Kong
Hamburg Express (Note)	7,506	Chartered	Trans-Pacific	2010	21.7	Germany
Hong Kong Express (Note)	7,506	Chartered	Trans-Pacific	2010	21.7	Germany
Shanghai Express (Note)	7,506	Chartered	Trans-Pacific	2010	21.7	Germany
NYK Pegasus	6,238	Chartered	Asia-Europe	2010	21.3	Panama
OOCL Antwerp	5,888	Chartered	Asia-USEC	2006	25	Panama
OOCL Dubai (Note)	5,888	Chartered	N/A	2006	25	Hong Kong
OOCL Italy (Note)	5,888	Chartered	N/A	2007	25	Hong Kong
OOCL Kaohsiung	5,888	Chartered	Asia-USEC	2006	25	Hong Kong
OOCL Kuala Lumpur	5,888	Chartered	Trans-Pacific	2007	25	Hong Kong
OOCL Oakland	5,888	Chartered	Asia-USEC	2007	25	Panama
OOCL Seattle (Note)	5,888	Chartered	N/A	2007	25	Panama
OOCL Vancouver (Note)	5,888	Chartered	N/A	2006	25	Panama
OOCL New York	5,560	Chartered	Asia-USEC	1999	24.9	Germany
OOCL Shanghai	5,560	Chartered	Trans-Pacific	1999	24.9	Germany
OOCL Melbourne	2,762	Chartered	Asia-Australia	2003	22	Hong Kong
OOCL Osaka	2,762	Chartered	Intra-Asia	2003	22	Panama
OOCL Sydney	2,762	Chartered	Intra-Asia	2003	22	Singapore
OOCL Xiamen	2,762	Chartered	Intra-Asia	2003	22	Panama
Cape Martin	2,741	Chartered	Intra-Asia	2010	17.5	Cyprus
Cape Moreton	2,741	Chartered	Intra-Asia	2010	17.5	Marshall Islands
Buxharmony	2,702	Chartered	Intra-Asia	2010	20	Liberia
Buxmelody	2,702	Chartered	Intra-Asia	2010	20	Liberia
Magnavia	2,078	Chartered	Intra-Asia	2010	18	Liberia
King Bruce	1,710	Chartered	Intra-Asia	2009	19.8	Marshall Islands

Fleet (Continued)

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	SERVICE SPEED IN KNOTS	FLAG
Teng Yun He	1,702	Chartered	Intra-Asia	2009	20	China
Hansa Calypso	1,645	Chartered	Intra-Asia	2009	18	Liberia
OOCL Taichung	1,560	Chartered	Intra-Asia	2008	18.5	Hong Kong
Sanya	1,560	Chartered	Intra-Asia	2009	19	Singapore
San Clemente	1,512	Chartered	Intra-Asia	2010	19	Liberia
Far Colombo	1,510	Chartered	Intra-Asia	2010	18	Singapore
Wilhelm E	1,452	Chartered	Intra-Asia	2010	17	Liberia
Cape Forby	1,440	Chartered	Intra-Asia	2010	16	Marshall Islands
Theraps	1,388	Chartered	Intra-Asia	2010	17	Liberia
Cape Flores	1,200	Chartered	Intra-Asia	2009	19	Marshall Islands
OOCL Finland	1,008	Chartered	Intra-Europe	2006	18	United Kingdom
OOCL St Petersburg	1,008	Chartered	Intra-Europe	2005	18	The Netherlands
OOCL Narva	868	Chartered	Intra-Europe	2004	18	Germany
OOCL Neva	868	Chartered	Intra-Europe	2001	18	Luxembourg
OOCL Nevskiy	868	Chartered	Intra-Europe	2001	18	Luxembourg
Venus C	816	Chartered	Intra-Asia	2010	14	Liberia
RBD Esperanza	698	Chartered	Intra-Asia	2009	17	Cyprus
WMS Vlissingen	698	Chartered	Intra-Asia	2009	17	Cyprus
TOTAL 88 VESSELS	**407,407**					

Note: As at 31st December 2010, OOCL Italy, OOCL Seattle, OOCL Vancouver and OOCL Dubai were chartered out to Hapag Lloyd AG; and Shanghai Express, Hong Kong Express and Hamburg Express were chartered in from Hapag Lloyd AG under swapping program.

Container Information

The Group owned, purchased on finance lease terms or leased under operating lease agreements 457,426 units (727,370 TEU) as of 31st December 2010. Approximately 67.58% 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 2010 the Group owned, purchased on finance lease terms or leased under operating lease terms 18,027 trailer chassis.

Terminal Information

Long Beach Container Terminal, Inc.

Location:
Long Beach, California, USA

Status of Terminal:
A 100 acre, three berth container 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 65 and 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 by first quarter of 2011.

Building Facilities (approximate area):
2,174 sqm new office building, 7,000 sqm container freight station, 720 sqm maintenance building.

Principal Customers:
ANL, APL, COSCO, China Shipping, Evergreen Marine Corp, Hapag Lloyd, Hyundai Marine, NYK, OOCL, Yang Ming and ZIM

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

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Ms. LEE Chee Fun Lammy

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The Stock Exchange of Hong Kong Limited
Stock Code: 316

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