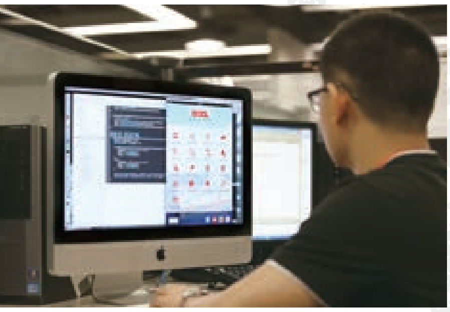
2014

Annual Report

Orient Overseas (International) Limited

(Incorporated in Bermuda with Limited Liability)

Stock code: 316



Orient Overseas (International) Limited
Annual Report 2014

CORPORATE PROFILE

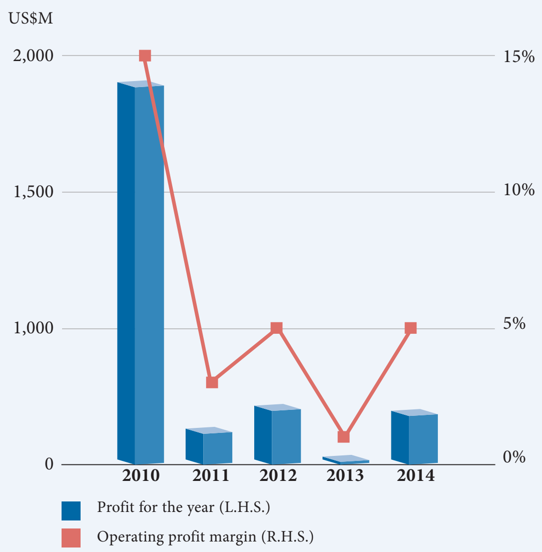
Orient Overseas (International) Limited ("OOIL"), a company with total revenues in excess of US$6.5 billion, has principal business activities in container transport and logistics services. Listed on The Stock Exchange of Hong Kong, the OOIL Group has more than 320 offices in 70 countries.

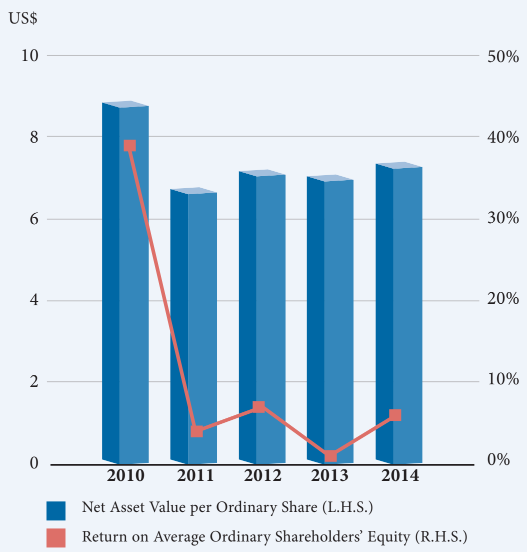
Orient Overseas Container Line and OOCL are trade names for transportation provided separately by Orient Overseas Container Line Limited ("OOCLL") and OOCL (Europe) Limited and both are wholly-owned subsidiaries of OOIL. OOCL is one of the world's largest integrated international transportation, logistics and terminal companies, and is an industry leader in the use of information technology and e-commerce to manage the entire cargo transport process. OOCL's modern fleet today includes some of the youngest, largest, fuel efficient, and environmentally friendly vessels carrying cargoes on hundreds of trade routes around the world, providing a vital link in Global Trade.

Contents

Financial Highlights

US$M	2014	2013	Increase/ (decrease) %
Consolidated Profit and Loss			
Revenue	**6,522**	6,232	5%
Operating profit	**329**	90	266%
Revaluation of Wall Street Plaza	**10**	(7)	N/M
Finance costs	**(54)**	(41)	32%
Profit for the year	**270**	47	474%
Consolidated Balance Sheet			
Liquid assets	**2,690**	2,411	12%
Property, plant and equipment	**5,609**	5,320	5%
Total assets	**9,633**	8,990	7%
Borrowings	**3,985**	3,534	13%
Total liabilities	**4,999**	4,514	11%
Ordinary shareholders' equity	**4,635**	4,471	3.7%
Consolidated Net Cash Flow			
Operating activities	**479**	413	16%
Investing activities	**(183)**	(479)	(62%)
Financing activities	**(76)**	191	N/M
Net increase in cash and cash equivalents	**220**	125	76%
Key Ratios			
Operating profit margin	**5%**	1%	4%
Gross debt to equity	**0.86**	0.79	7%
Net debt to equity	**0.28**	0.25	3%
Return on average ordinary shareholders' equity	**6%**	1%	5%
Earnings per ordinary share (US cents)	**43.2**	7.5	476%
Net asset value per ordinary share (US dollar)	**7.41**	7.14	3.8%

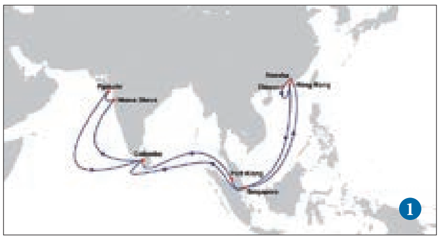


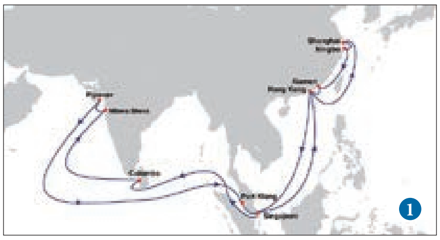


Significant Events – 2014

January 1

OOCL announced a new cooperation with two partner lines on three existing Far East to Indian Subcontinent services, the China India Express Services (CIX and CIX3) and Far East Indian Subcontinent Service (FI3), which commenced in February 2014.





February 2

Members of the G6 Alliance released details on port rotations for the proposed service expansion to the Asia-North America West Coast and Trans-Atlantic trade lanes in December 2013.

March

Orient Overseas (International) Limited and its subsidiaries announced that the Group was profitable for the year 2013 by recording a profit attributable to shareholders of US$47.0 million, representing earnings per ordinary share of US7.5 cents.

April 3

The naming of the m.v. OOCL Korea, the ninth 13,208 TEU newbuilding received, was held on Geoje Island in South Korea on April 11, 2014. The vessel was named by Mrs. Shirley Peng to join the OOCL fleet in providing quality and competitive services in the Asia-Europe trade lanes.

May 4 5

OOCL celebrated the christening of the final and the tenth 13,208 TEU containership from the previous round of Mega Class newbuilding order. The *m.v. OOCL Singapore* was named by Mrs. Brenda Lo, Managing Director, Asia, of Permal (Hong Kong) Limited, who was joined by her husband and our Guest of Honor Mr. Weber Lo, Citi Country Officer and Chief Executive Officer of Citi Hong Kong and Macau, on 20th May 2014. The vessel will be deployed in the Asia-Europe Loop 6 service.

Significant Events – 2014

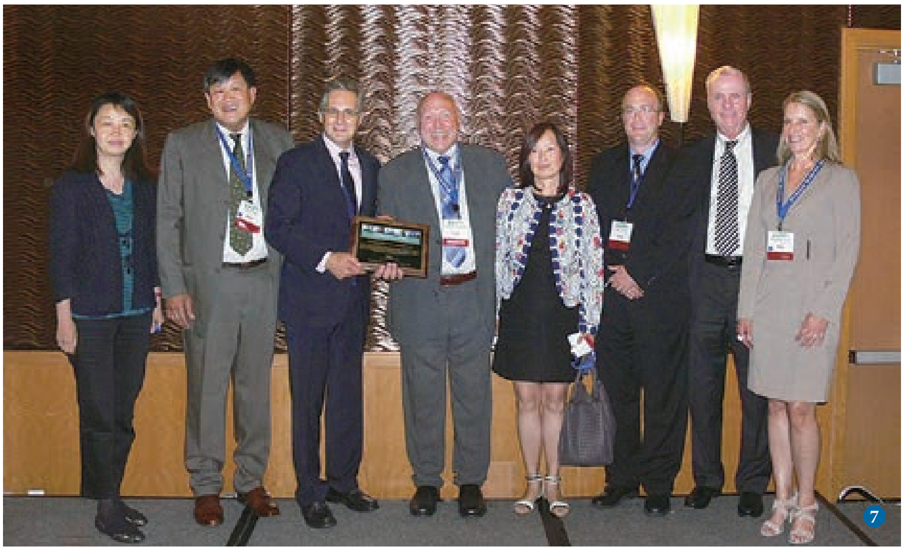
The Port of Long Beach presented an award to OOCL for 'Environmental Achievement' in contributing to the steady decline of pollution at the port.


5

June 6 7 8

OOCL was ranked the top carrier for 2014 in the Ocean Performance Survey conducted by the Agriculture Transportation Coalition, USA. OOCL was awarded the top three carriers for the last six years and this is the third win at the very top spot.

OOCL completed its environmental reporting and disclosure assurance by using both the Clean Cargo Working Group (CCWG) and ISO 14064-1 standards to certify the transparency, accuracy, completeness, consistency and relevance of OOCL's data disclosure on vessel emissions.


7


8

6

OOCL Global Data Center was successfully certified with the new ISO/IEC 27001:2013 standard that puts more emphasis on measuring and evaluating how well an organization's Information Security Management System (ISMS) conforms to risk assessment requirements and meets the high corporate IT Security management, planning and control standards.

July 9

OOCL opened its Integrated Management and Service Center for North America in South Jordan, Utah, to enhance customer service capabilities.

OOCL Logistics expanded its service network in Central America, including Honduras, El Salvador and Nicaragua.


9

August 10 11

OOCL Logistics was honored by the China Federation of Logistics & Purchasing (CFLP) as an "AAAAA Logistics Enterprise".

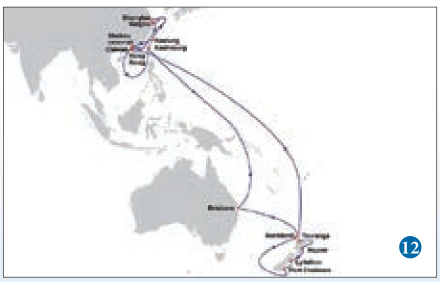
10

OOCL received two sustainability awards for "Carbon Footprint Accounting" and "Best Business Eco-Efficiency "by the World CSR Congress and CMO Asia at the Asian Sustainability Leadership Awards 2014.

11

September 12 13 14

OOCL announced details of a new joint service to the market, the China New Zealand Service (CNS), to commence in November, offering customers a competitive product that helps improve supply chain management efficiency and productivity through comprehensive southbound and northbound network connections.



12

OOCL won "The Best Container Liner Award" from The Thai National Shippers' Council that recognizes outstanding contributions to improving service quality and supply chain efficiency in Thailand.

13

In Asia's first sustainability ranking for businesses, the "Channel NewsAsia Sustainability Ranking" placed OOIL in the Top 100 companies index, celebrating leading firms in corporate sustainability across ten key Asian economies.

CHANNEL NEWSASIA SUSTAINABILITY RANKING

14

October 15

In recognition of outstanding individuals for their leadership and achievements in international trade, the Port of Long Beach presented its highest honor, the Honorary Port Pilot Award, to the OOCL Chief Executive Officer, Mr. Andrew Tung.

15

November 16 17

CargoSmart and the shipping consultancy, Drewry, expanded their cooperation agreement to cover a broader exchange of market intelligence data on the container shipping market.

CargoSmart + Drewry

16

OOCL launched the first annual Worldwide Cyber Security Awareness Training program to demonstrate our commitment to IT security and best practices to protect company and customer information.

17

December 18

Powered by CargoSmart's superior information technologies, a new online version of Drewry's Carrier Performance Insight reporting tool was launched.

18

OOCL Logistics launched the Russia Express Intermodal product to provide a cost effective and expeditious transportation alternative to move cargoes from Asia/China into Russia.

Chairman's Letter

"Against an uncertain backdrop, the industry as a whole performed better in 2014 than it did in 2013. It is expected that trade growth in 2015 will outperform that of 2014. We are cautiously optimistic that global economic demand is on a positive trajectory. Notwithstanding the larger order book for delivery in the year 2015, we anticipate gradually improving industry dynamics and margin."

Tung Chee Chen
Chairman and CEO

The global economic environment saw mixed but encouraging results during 2014. The U.S. recorded a GDP growth of 2.4% for the year with satisfactory results in consumer spending. While the longer term effects of the Federal Reserve quantitative easing remain unclear, it seems that the U.S. has reached a stage of recovery. The Eurozone saw continued challenges during 2014. The two percent inflationary target set by the European Central Bank seemed increasingly untenable as the year progressed. According to the final tally, GDP growth of the Eurozone grew at a disappointing 0.8% for the year, an indication that sustainable recovery has not yet arrived but nevertheless an improvement from 2013. Private consumption rose 0.8%, a modest but encouraging performance from a negative 0.6% in 2013. The market was positive to the ECB quantitative easing program announced at the end of last year although the actual effects remain unclear at this point.

In Asia, China continued its structural reform program, and posted a 7.4% GDP growth. Government initiatives for reform in both the financial and State-owned-enterprise sector seem to be progressing but gradual in pace. While China's overall economic growth has reached a level of "new normal", its consumer spending continues to grow. Commodity based economies had a more challenging year, especially given the slow down of China. Overall, 2014 was an eventful year which saw political instability in Eastern Europe and the Middle East, diverging economic performance amongst the developed nations, and an unexciting growth picture in emerging markets.

Against this uncertain backdrop, seaborne trade growth for the liner industry was better than expected during 2014. East West trades recorded healthy volume growth while the Intra-Asia trades posted positive but inconsistent growth. In aggregate terms, global demand grew 5.3%, an improvement from 4.0% in 2013. The industry as a whole performed better than that of 2013, though freight rate across trades were mixed. The Asia-Europe trade saw better-than-expected performance, especially in the earlier part of the year, while those of the Trans-Pacific and Intra-Asia trades were more muted. While carriers faced multiple challenges including port congestion in Asia and Europe, increasing labour and logistics bottleneck in the U.S., and cascading effects in the Trans-Pacific and Intra-Asia trades, the industry benefitted from an overall trade volume growth and declining bunker prices during the year.

Looking ahead, we will see relatively more newbuildings delivered in 2015, and a lower level of deliveries in 2016. In the first quarter of 2015, congestions in Asia and Europe have eased, and labour issues on the U.S. West Coast seem to be in the process of being resolved. It is expected that trade growth in 2015 will outperform that of 2014, and bunker cost savings for the industry will become more apparent in 2015.

Orient Overseas (International) Limited and its subsidiaries (the "Group") was profitable for the year, recording a profit attributable to shareholders for 2014 of US$270.5 million. Earnings per ordinary share in 2014 was US43.2 cents.

In 2013, the Group reported a profit of US$47.0 million. Earnings per ordinary share in 2013 was US7.5 cents.

The Board of Directors recommends the payment of a final ordinary dividend of US3.4 cents (HK$0.27) per share to shareholders for 2014.

The liner shipping industry is intricately linked with world trade. The slow but continuing recovery of the global economy is the primary driver for liner shipping demand. The US seems to have achieved sustainable recovery with a healthy 5.2% growth in Trans Pacific eastbound volume, and personal consumption forecasted to grow at more than 3% in 2015. It is critical for the industry that Europe continues its rebalancing and move to firmer ground. While the high 7.4% growth in the Asia-Europe westbound trade was likely a distortion of the strong Euro during the first seven months of the year, it is an encouraging sign that both consensus GDP growth and personal consumption growth are forecasted to be higher in 2015 than that of 2014. It is also important that China stays the course on its current reform program without taking dramatic steps that would cause undue economic volatility. A more positive trajectory of the Eurozone and Chinese economies will help emerging markets.

Under an environment where sustained global economic growth is not yet in place and industry top line performance remains uncertain, the drive for cost efficiency without compromising service quality continues. For OOCL, these efforts include specific focus on landside and marine operations, fleet management, and hardware investment. Management accountability, deliverables and results are defined and reviewed on a regular basis. Aside from a concerted effort to improve cross functional cooperation, the Group is developing information technology for the purposes of improvement in these areas.

The Group continues to focus on contribution enhancement by way of a disciplined approach to differentiation and segmentation. Yield remains the most important KPI. The drive for top line performance should balance between maximizing unit revenue and utilization, as well as more rapid market driven adjustments in deployment, especially during seasonal and short term market volatility.

Building a sustainable logistics business remains a key objective for the Group. Operating under the brand name OOCL Logistics, the Group's logistics business is a stand alone profit center active in international supply chain management, import/export services, domestic transportation and warehousing services. The business has grown to 130 offices in 30 countries. We expect the logistics business will become a meaningful contributor to the Group's bottom line over the long term.

The Group is pleased to have the opportunity to work with the Port of Long Beach community in the Middle Harbor Redevelopment Project. The project will expand the total capacity and enhance the productivity and efficiency of the Port. The first phase is expected to be operational in 2016, and with its final phase scheduled for completion in 2019, the terminal will be the most competitive, and environmentally friendly container facility in North America. We expect the project to provide tangible benefits to OOCL's competitiveness going forward.

The Group remains committed to developing industry-leading information technology. Our existing IT capability already allows us to achieve meaningful competitive advantage in terms of shipment transparency, execution excellence and operational efficiency. Looking forward, we are exploring ways to harness forward looking data available both in-house and in the public domain, and using this data to develop predictive tools for better management decision making, as well as for further cost efficiency initiatives. We believe these efforts are critical to enhancing product quality, improving business efficiency, and allowing us to gain a deeper understanding of the requirements of our customers and the forward trends of the industry at large.

Alliance is an integral part of the industry, and acts as one of the key elements for carriers to optimize efficiency and improve service coverage. It allows relatively small and medium sized carriers to compete effectively with the largest carriers. In 2014, the G6 Alliance extended its network with services covering all major East West trades, and opened the Singapore based Service Center to ensure that product quality is consistent and at the highest level. Looking forward, we will continue to work with alliance members to ensure efficiency, quality and competitiveness.

We remain focused and deliberate in our efforts to maintain a sustainable balance sheet that allows the Group the ability to retain the widest degree of initiative and flexibility as a competitive edge. We are committed to ensuring an appropriate balance between adequate liquidity, efficient capital structure suitable for our industry, and sustainable returns to shareholders throughout the economic and market cycles.

Looking forward, in spite of the fact that the global geopolitical environment remains uncertain, we believe that world economic demand is on a positive trajectory. Notwithstanding the larger order book for delivery in the year 2015, we anticipate gradually improving industry dynamics and margin. The Group continues to be an industry leader in terms of operational excellence and financial robustness. We continue to be well placed in our ability to deliver superior performance, invest in the future, and form effective alliances in our drive to provide the best possible service quality at the most cost-efficient level possible. We look forward to furthering our position as one of the leading carriers in the industry.

C C Tung
Chairman
Hong Kong, 6th March 2015

Operations Review

"The Group focuses on contribution enhancement by way of a disciplined approach to differentiation and segmentation. We also continue the drive for cost efficiency without compromising service quality."

CONTAINER TRANSPORT AND LOGISTICS

2014 was an eventful year in container shipping. The year was characterized by stronger than expected East West trade volume growth, but lower than expected North South trade growth. Freight rates were volatile throughout the year and performances were mixed across the various trades. Bunker prices started high at the beginning of the year, exasperated by uncertainty and volatility in Ukraine and the Middle East. By the end of the year, bunker prices followed crude oil prices downwards, dropping to a level unseen since 2010.

There were meaningful developments on the Alliance front. In July, Maersk and MSC announced the formation of the 2M Alliance a month after the Chinese Government expressed reservations at the mega alliance P3 of Maersk, MSC and CMA-CGM. CMA-CGM then announced that a new O3 Alliance would be formed together with CSCL and USAC. All these new mega alliance arrangements, including the joining of Evergreen in the CKYH alliance, announced they will implement new service networks in the beginning of 2015.

The G6 Alliance, where OOCL is a member among the six carrier alliance, achieved global East West coverage beginning second quarter of the year. In addition to Asia Europe Service, the G6 Alliance expanded its service network to provide Asia-North America West Coast and Trans-Atlantic services. A Service Center was also set up in Singapore that ensures better cooperation and coordination on operations of the alliance amongst the 6 member lines.

The year 2014 also presented challenges, especially in terms of service delivery. Snowstorms hit the U.S. Atlantic Coast and the Mid-West in the early part of the year. The Pacific North West experienced service disruptions from the truckers strike in Vancouver that transpired in spring. The negotiation of a new contract which started in May between the International Longshore and Warehouse Union (ILWU) and the terminal employers on the U.S. West Coast was challenging. Terminal slowdown continued to deteriorate the situation, reaching only half of the normal productivity level by November for U.S. West Coast terminals. Ships and cargoes calling at those ports stayed idle for as long as one to three weeks for berths.

Terminals outside the U.S. also saw challenges. Mega size vessels require more berth length and yard space for effective handling and as these larger vessels were introduced, terminals became increasingly congested. We were particularly affected by congestion in Hong Kong, the key transhipment hub for our Intra-Asia trade. We also experienced a shortfall in operating capacity as ships were held up waiting for berth space for cargo handling. Furthermore, in many parts of the world, service delivery was also handicapped by a general shortage of truck driver.

By fourth quarter 2014, congestion in Asia began easing, and at time of this writing in March 2015, the labour action on the U.S. West Coast is on its way to being resolved. While inland bottleneck issues in the U.S. and Europe remain challenging, we expect that the operating environment will improve in 2015.

Capacity overhang continued but did not impact all trade lanes equally. Trans-Pacific and Asia-Europe trades experienced cargo growth from Asia by more than 6% and 7% respectively, a remarkable growth rate in recent years. The vessels that cascaded into Intra-Asia and the Australia trades, however, exacerbated the overcapacity situation in the market and freight rates dropped further beyond sustainable levels.

In 2014, our lifting increased by 5.5% while revenue improved by 3.5%. Compared to the previous year, OOCL average revenue per TEU fell 1.9%. Despite the increase in capacity and lifting, our operating costs continued to improve. A reduction in total bunker cost of 10%, attributable to both decrease in bunker price and consumption, was achieved. With terminal congestion and other land side delay and disruption, it proved to be challenging to achieve the desired improvements in unit cargo cost.

OOCL Liner	Growth in 2014 TEU	Revenue	Revenue/TEU
Q1	**8.9%**	1.7%	(6.6%)
Q2	**11.2%**	6.8%	(4.0%)
Q3	**5.3%**	5.7%	0.5%
Q4	**(2.6%)**	(0.2%)	2.5%
Total	**5.5%**	3.5%	(1.9%)

	LIFTING ('000 TEU)			REVENUE (US$ million)		
Trade	**2014**	2013	Variance	**2014**	2013	Variance
Trans-Pacific	**1,289**	1,233	4.5%	**1,973**	1,921	2.7%
Asia-Europe	**980**	844	16.1%	**1,173**	1,026	14.3%
Trans-Atlantic	**385**	395	(2.5%)	**600**	615	(2.4%)
Intra-Asia/Australasia	**2,932**	2,822	3.9%	**2,061**	2,047	0.7%
Total	**5,586**	5,294	5.5%	**5,807**	5,609	3.5%

Trans-Pacific – Eastbound Trans-Pacific trade experienced better than expected demand increase. Commitments to large beneficiary cargo owners constrained our capacity to maximize revenue from the strong spot market during the second half of the year. The overall operating environment faced a number of challenges with weather, congestion and labour disruption which impeded schedule reliability and stressing our network. Westbound market rates were more erratic and the network challenges were problematic in creating a stable and sustainable business for US exports.

Asia-Europe – The rate level in the Asia-Europe westbound trade remained volatile despite strong cargo demand which exceeded capacity increase. Lifting growth boosted up slots utilization on both eastbound and westbound vessels. The new building deliveries deployed into the G6 Alliance services were completed in the second half of 2014.

Trans-Atlantic – Trans-Atlantic westbound trade saw a rebound in cargo demand in 2014 that helped with the rate recovery. There was a small capacity rationalization transitioning into the G6 Alliance which improved overall load factor. Conversely, the contracting eastbound market increased pressure on freight rates and impacted utilization.

Intra-Asia and Australasia – Intra-Asia market was seriously impacted by the combined effects of cascading vessels from other long haul trades and the soft demand growth in the Asian market. Contrary to the fast trade growth over the past two decades, the short sea volume growth was disappointing in 2014.

For the long haul sector, freight rates for the Australasia services dropped substantially. Carriers took ad hoc measures to balance over supply with vessel withdrawals from the trade but it was still not sufficient to correct the imbalance.

Congestion in several key Asian ports also severely impacted our service quality and led to a reduction in operating capacity during the second half of 2014.

SHIP OPERATIONS

As at 31st December, 2014, the OOCL fleet composition was as follows:

Fleet	No. of Vessels	TEU Capacity
Owned/ Long Term Chartered/ Operating Lease	60	436,947
Short Term Chartered	44	156,235
Chartered out	(6)	(63,520)
Operating Capacity	98	529,662

During the year of 2014, the Group took delivery of two 'Mega' Class 13,208 TEU new vessels from the Geoje shipyard of Samsung Heavy Industries Co., Ltd. in South Korea. The 'Mega' Class 13,208 TEU vessels are currently the largest containerships owned by the Group.

In 2015, the Group will take delivery of four 8,888 TEU vessels from Hudong-Zhonghua Shipbuilding (Group) Co., Ltd in China. These newbuildings will complete our current orderbook of SX class newbuildings.

As part of the refleeting plan, one 9-year old and two 11-year old 8,063 TEU SX Class vessels were sold and chartered back for a three year period during the year.

There were no newbuilding orders placed in year 2014. As of the end of 2014, OOCL owned 53 vessels with an average age of 6.3 years and an average size of 7,467 TEU.

Bunker Saving

Bunker cost declined sharply during the last quarter of the year, however, there is a time lag due to physical operational patterns before the full effects of the lower bunker price can be realised.

Despite the decline in bunker costs, bunker remains a substantial cost component for the industry. In addition to our usual bunker and cylinder oil saving programs, such as optimal routing, optimized speeds, efficient use of shaft generator, minimum ballast and optimal trim, further efforts to ensure more optimal berthing arrangements, terminal productivity and vessel turn times remains a focus for management.

Environmental Protection

We remain supportive of international efforts to measure and control shipboard emissions. In 2014, we maintained an average sulphur content of 2.5% in our bunker consumption which compares favourably with the International Maritime Organization (IMO) prescribed standard of 3.5%. Aside from the installation of Alternative Maritime Power (AMP) system that allows shore-based power alternatives, our newbuildings have been equipped with Ballast Water Treatment systems to effectively treat ballast water that is in line with our environmental policy. A retrofit program is also underway to allow some of our existing vessels to improve fuel efficiency and so to reduce emissions.

In addition to regulatory compliance, we have been participating in various voluntary programs including the Green Flag Program at the Port of Long Beach, Vessel Speed Reduction Program at the Port of Los Angeles and the Fair Winds Charter in Hong Kong.

"The Middle Harbor Redevelopment Project will expand the total capacity and enhance the productivity and efficiency of the Port. The terminal will be the most competitive, and environmentally friendly container facility in North America."

MARINE TERMINALS

OOCL continues to operate two container terminals: the Long Beach Container Terminal in California and the Kaohsiung Container Terminal in Taiwan with a combined throughput of 2.3 million TEU, representing an approximate 10.3% increase over 2013. Tianjin Port Alliance International Container Terminal Co., Ltd. and Ningbo Yuandong Terminal Ltd., where OOCL has a 20% interest in each, together recorded a total throughput of about 4.8 million TEU, an 11.7% increase over 2013.

Middle Harbor Redevelopment Project

OOCL and its subsidiary LBCT continue to work with the Port of Long Beach (POLB) on the Middle Harbor Redevelopment Project (MHRP) in Long Beach, California. The project is to be developed in three phases. Equipment for the first phase, including six ship-to-shore cranes, 32 yard cranes and 38 transportation vehicles, arrived at the terminal site during 2014. Equipment commissioning and systems integration are progressing well with encouraging results.

MAJOR CUSTOMERS AND SUPPLIERS

Approximately 8.5% and 22.8% of the Group's total expenditure on purchases of goods and services for the year are attributable to the largest supplier and five largest suppliers respectively.

Approximately 1.3% and 5.2% of the Group's total reported revenues for the year are attributable to the largest customer and five largest customers respectively.

The Group has entered into slot sharing arrangements with other container shipping companies. The receipts and payments from slot sharing arrangements have not been included in determining the major customers and suppliers since it would be misleading to do so as the receipts and payments are in respect of sharing arrangements for the utilisation of vessel space.

No director or any of his associates holds any equity interest in the suppliers or customers included above.

"Building a sustainable logistics business remains a key objective for the Group."

LOGISTICS

OOCL Logistics registered a 10% revenue increase in 2014 attributable to gains across our business lines of international supply chain management services, import/export services, and domestic logistics services. However, the gross profit margins of all three segments dropped because of competition pressure, rising labour and procurement cost. Management is working towards better business productivity, cost control and asset efficiency in order to improve net profit and return.

For our international supply chain business, we have improved standardization of our service quality globally to each customer. For import and export business, we expanded our carrier portfolio and network to offer customers one-stop-shop total solutions with better service coverage and frequency. In terms of domestic logistics, we further developed our cold chain logistics business, dedicated Less Than Truck Load (LTL) services, and penetrated the transportation services and warehouse markets in the second and third tier cities in China and other parts of Asia.

By leveraging on our superior IT capabilities and management expertise, our value-add services are integrated into our customers' supply chain operations, and assist them to enhance their productivity and organisational efficiency.

INVESTMENT PROPERTY

Wall Street Plaza was valued upwards by US$10 million as at 30th June 2014 to reflect an assessed market value of US$180 million. Based on an independent valuation as at 31st December 2014, the assessed market value of the property remains at US$180 million. After offsetting a total of US$0.3 million improvement works on the building in 2014, the net fair value gain for 2014 has come to US$9.7 million.

As at 31st December 2013, Wall Street Plaza was valued at US$170 million with a net fair value loss of US$6.9 million in 2013.

"The Group remains committed to developing industry-leading information technology. Our existing IT capability already allows us to achieve meaningful competitive advantage in terms of shipment transparency, execution excellence and operational efficiency. Looking forward, we are exploring ways to develop predictive tools for better management decision making, as well as for further cost efficiency initiatives."

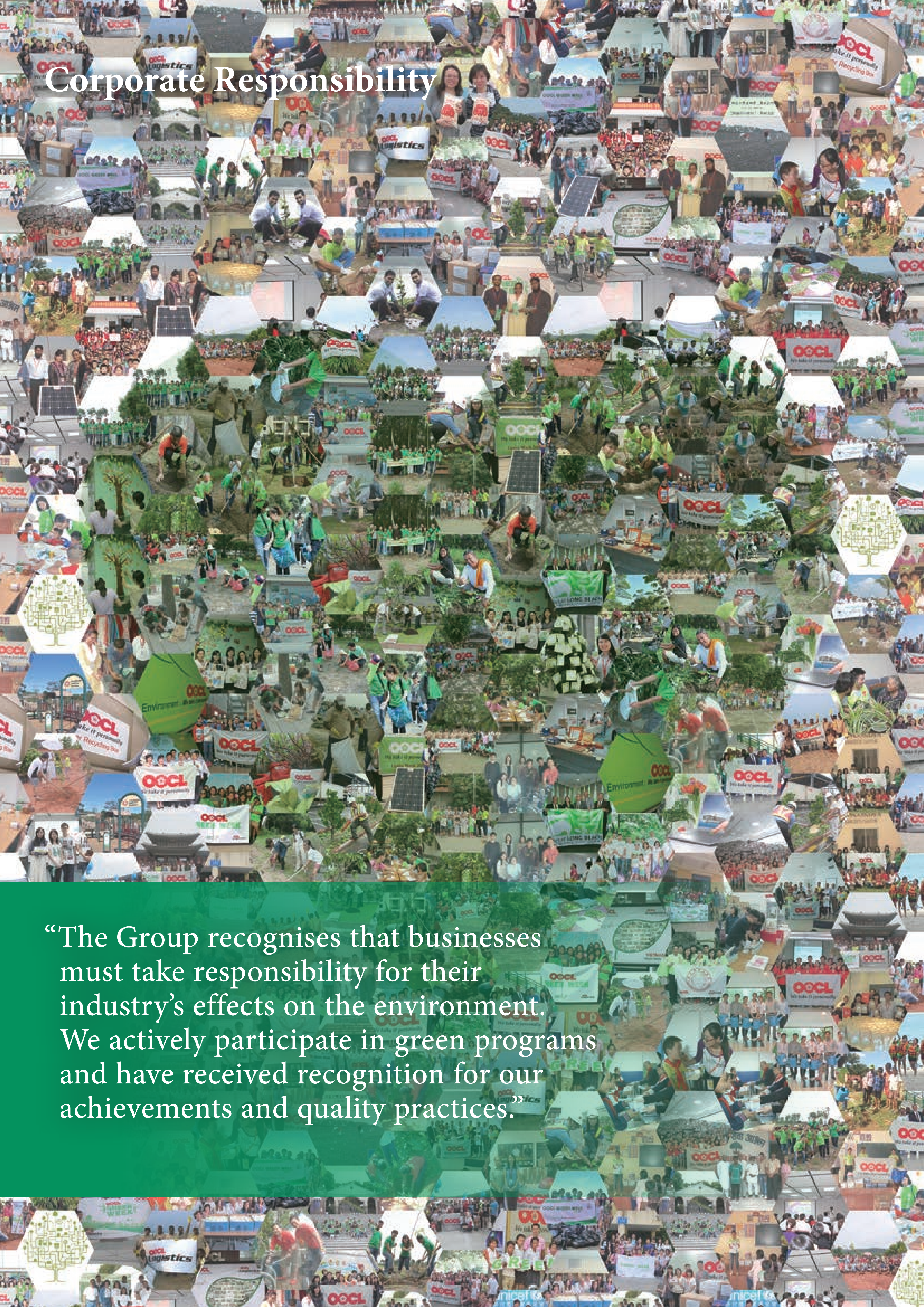
INFORMATION TECHNOLOGY

The Group continues to invest in the newest generation of Enterprise Management System to enable a higher degree of operational efficiency, further automate processes, improve regulatory compliance, and provide a platform on which to create and promote innovative new products and thus enhance the customer service experience. IRIS 4, our in house IT management system in its fourth generation, rolled out in 2014 and we expect it will bring about further efficiencies and transparencies to management.

The Group's CargoSmart subsidiary, a standalone third party business platform, is actively engaged in the design and development of new products to better serve both shipper and container shipping companies. In 2014, CargoSmart extended its Sailing Schedule System to provide better coverage and analysis on the operational performances of the top 20 carriers and the productivity of various terminals/ports. Moreover, CargoSmart and Drewry entered into a partnership to improve product development whereby Drewry would have access to CargoSmart's analytics platform to generate their carrier performance monitor reports for customers.

The importance of digital security cannot be understated. Our Information Security Management System framework was enhanced when our data center became ISO/IEC 27001 – 2013 certified in June. We also launched a Cyber Security Awareness Training program to promote and ensure group-wide knowledge and participation in cyber security.

Corporate Responsibility



"The Group recognises that businesses must take responsibility for their industry's effects on the environment. We actively participate in green programs and have received recognition for our achievements and quality practices."

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 Care Officer, the Group embraces the core values of Corporate Social Responsibility at all levels.

The Group places the utmost importance on environmental care and community support. Despite the current difficult economic environment, we must continue to address the long-term threat of climate change. We strive to play our part in tackling this global problem through engagement with organisations such as the Business Environment Council, the Clean Cargo Working Group and the World Wildlife Fund. Throughout the year, the Group has won awards and accolades for its environmental performance, and OOIL Group employees around the world have been actively supporting their local communities through various environmental initiatives.

Our Environmental Initiatives

The Group recognises that businesses must take responsibility for their industry's effects on the environment. Our company is dedicated to meeting the needs of the present without compromising those of the future. We encourage sustainable economic development through innovative environmental care measures and believe that by taking a proactive role in caring for the environment, we can help minimise our carbon footprint, improve air quality and make the world a better place to live for ourselves and future generations.

We actively participate in green programs and have received recognition for our achievements and best 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, ISO 9001 and ISO 14001 requirements.

Vessel Speed Reduction Programs – Each year, OOCL has been fully compliant to reducing vessel speed when entering within both 20 and 40 nautical miles of the Port of Long Beach and Port of Los Angeles harbors. Our efforts have effectively contributed to improving the air quality by reducing emissions 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 container ships discharge ballast water, which can contain organisms that may be harmful to other environments. We have a policy of exchanging ballast water only in the open sea (200 nautical miles away from the nearest coastline) to achieve zero ballast water exchange when berthed at the port. Although it is not mandated by the International Maritime Organization (IMO), OOCL's new buildings are already equipped with an IMO-approved Ballast Water Treatment System to effectively treat ballast water before discharging.

Corporate Responsibility

"Class of Excellence" Wastewi$e Label – OOCL received environmental recognition for our participation and performance in the Wastewi$e Label Scheme under the Hong Kong Awards for Environmental Excellence (HKAEE) program. Under the Scheme, participants must achieve at least nine goals or more, covering at least two of three Wastewi$e categories in order to be granted with the "Class of Excellence" Wastewi$e Label. The three categories include Waste Avoidance & Reduction Measures, Collection and Recycling of Recyclable Materials, and Purchase or Manufacture of Recycled Products.

Environmental Achievement Awards – In recognition of shipping lines that have contributed to improving the port community's environment at Long Beach, California, OOCL was honoured to receive the newly introduced "Environmental Achievement Awards" from the Port of Long Beach (POLB) for our commitment to emissions reduction through participation and support of the POLB's "Green Flag Incentive" and "Green Ship Incentive" programs.

OOCL has been supporting the Green Flag Incentive Program since its inception, and to this day our vessels have been fully compliant by reducing vessel speeds within the stipulated speed reduction zones. As a proud qualifying shipping line for the Green Incentive Program, all of OOCL's newly built vessels since the year 2000 have been installed with environmental friendly NOx-controlled propulsive engines and adopted advanced slide fuel injection valves to help reduce our fleet's NOx emission level by 30%.

According to the POLB, the two incentive programs have contributed to the steady decline of pollution in the port community where nitrogen oxides fell 54 percent, diesel exhaust dropped 81 percent, and sulfur oxides down 88 percent since 2005.

Global Sustainability Leadership Awards – OOCL won two awards at the 2nd Global Sustainability Leadership Awards organised by the Asian Confederation of Business on 18th February. Over 2,500 entries were received from different parts of the world. An independent jury then shortlisted the entries and made the final selection. OOCL won awards for the "Best Supply Chain" and "Best Sustainable Strategies".

Asian Sustainability Leadership Awards – OOCL also received two sustainability awards for "Carbon Footprint Accounting" and "Best Business Eco-Efficiency" from the World CSR Congress and CMO Asia at the Asian Sustainability Leadership Awards 2014 on 1st August 2014 in Singapore.

Canadian International Freight Forwarders Association (CIFFA) FCA Leadership Award for Environmental Excellence – OOCL was honoured with the CIFFA FCA Leadership Award for Environmental Excellence (Central Division – Ontario and Manitoba) at a ceremony held on Thursday 10th April 2014 in Mississauga, Ontario, Canada.

Hang Seng Corporate Sustainability Index – The Group is a founding constituent of, as well as listed in the Hang Seng Corporate Sustainability Index since its establishment in 2010. Only the top 30 companies are listed in the Index and they are recognised to have received the highest scores among all others on aspects including environmental care, social impact, and corporate governance.

Qualship 21 – Offered by the US Coast Guard, this program recognises high-quality ships for their excellent safety and antipollution standards and encourages quality operations. Most of OOCL's vessels calling the US have already been Qualship 21 certified since 2004.

Environmental Data Verification – OOCL completed its environmental reporting and disclosure assurance by using both the Clean Cargo Working Group (CCWG) and ISO 14064-1 standards to certify the transparency, accuracy, completeness, consistency and relevance of OOCL's data disclosure on vessel emissions. OOCL was accredited by the Lloyd's Register Quality Assurance (LRQA), an independent business assurance service provider based in the United Kingdom, after checking the carbon dioxide, sulphur oxides and Greenhouse Gas (GHG) (Scope 1) emission levels of OOCL vessels.

In addition, OOCL has once again attained our certification on the integrity and disclosure of our 2013 environmental data by also adopting the Clean Shipping Index (CSI) verification standard. OOCL was accredited the Verification Certifications after audits conducted by DNV GL, a world leading classification society, by using internationally recognised and accepted verification guidelines to check OOCL vessels on a wide variety of scoring parameters, including emissions of carbon dioxide, sulphur oxides, nitrogen oxides and particulate matter, wastes handling, chemicals usage, and wastewater control.

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 containers.

Our Vessels – The best way to reduce harmful emissions in the shipping industry is to reduce the consumption of fuel. For well over a decade OOCL implemented a fuel saving program including weather routing systems, slow steaming (addition of extra vessels on service loops and travelling at slower speeds), minimising ballast water to help achieve a lighter vessel load, and achieving better trim of ship draughts by good stowage, thereby burning less fuel. By taking these measures, we have reduced our CO2 emissions by more than 30% since 2004. In addition to reducing our emissions, we are able to help our customers achieve a lower carbon footprint in their supply chains.

Since 2000, all our vessels have been installed with environment-friendly NOx-controlled propulsive engines while advanced slide fuel injection valves are also adopted to help reduce NOx emissions by 30%. All our new buildings since 2011 are also equipped with Alternative Maritime Power (AMP) Systems, also known as "Cold Ironing", which allows the vessel to use shore supplied electricity instead of burning fuel when at berth.

OOCL is fully compliant to the EU, North America and IMO mandated requirements of using 1.0% or lower sulphur content fuel in all Emission Control Areas (ECA) and SOx Emission Control Areas (SECA). We are also compliant to the requirements of using 0.1% sulphur content fuel when our vessels are berthed at designated EU ports. In addition, when sailing within 24 nautical miles of the California Baseline and at berth, our vessels comply with the 0.5% (for marine diesel oil) or 1.0% (for marine gasoline oil) sulphur content requirements to improve the environment in the community.

Moreover, OOCL is one of the leading carriers that voluntarily signed on to the Fair Winds Charter which encourages all vessels to use fuel of 0.5% sulphur content or less when berthed in Hong Kong.

OOCL vessels also ensure that the sulphur content of our fuel is well below the IMO prescribed standard of 3.5% when sailing in the high seas. In 2014, OOCL achieved an average sulphur content of 2.52%.

Our Offices – Our focus is to create and maintain a "paperless office" environment by eliminating the use of faxes and unnecessary paper documents. As a business which has traditionally relied on paper documentation with customers, such as bills of lading and invoices, we have successfully taken innovative measures to effectively reduce our paper consumption since 2006.

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, powering off copiers and lights after use, and to install energy saving office equipment, such as energy efficient light bulbs. We also have mandatory training for all staff in safety, security and environmental issues, and organise OOCL Green Week every July in offices around the world.

Our Terminals – As part of the historic lease agreement with the Port of Long Beach (POLB), the POLB Green Port Policy and the San Pedro Bay Ports Clean Air Action Plan, our Long Beach Container Terminal (LBCT LLC) meets numerous environmental requirements and in some areas exceed compliance standards that help improve air quality and reduce emissions in the local community. Such efforts and initiatives include:

- Upgrading to energy efficient lighting.
- Using shore power for ships at berth.
- Operating with cleaner yard equipment.
- Meeting Green Flag Vessel Speed Reduction program requirements.
- Attaining "Green building" (LEED) environmental standards.
- Recycling waste materials such as concrete, steel, copper, and other materials during terminal construction.
- Purchasing Renewable Energy Credits.

In 2005, our Kaohsiung Terminal in Taiwan (KAOCT) had converted its entire container yard to a 'green' enterprise by replacing its straddle carriers operation with electric rail mounted gantry cranes (RMGs) to improve energy and operational efficiencies. Currently, there are a total of 18 electrically powered RMGs in the terminal on a fixed-rail system and these gantry cranes are emission-free, quiet, and provide a much safer working environment at the port. The equipment has not only helped improve energy efficiency but also terminal efficiency as shipside productivity improved by 6.6% from 2005 to 2014 and during this same period, the annual throughput also increased by 80.7%. This has enabled KAOCT to effectively handle more vessels at one time and the higher productivity level helped shorten the vessel berthing period to achieve bunker saving as well as emission reduction. Moreover, KAOCT has also minimised the use of Side-Pickers and utilised electric-powered RMGs to handle empty containers at the terminal to improve energy efficiency. When compared to 2007, the terminal reduced diesel consumption by about 39% last year.

In 2012, over 200 sets of lighting systems in the terminal office were replaced by energy efficient LED technology which has achieved a 59% savings on lighting electricity.

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.

OOCL Carbon Calculator – The OOCL Carbon Calculator is designed to assist OOCL customers measure CO2 emissions in their supply chains. The scope of the calculator spans across vessels, trucks, feeders, and rail with over 70,000 port pairs recorded. OOCL spearheaded the project in 2010, partnering with the Department of Logistics and Maritime Studies of the Hong Kong Polytechnic University. The Calculator has been checked and verified for its methodology, accuracy and carbon footprint calculations by The American Bureau of Shipping (ABS) Consulting.

OOCL Containers – Today, OOCL only uses CFC-free refrigerants for all of our refrigerated (reefer) containers. OOCL's newest reefer containers have one of the lowest power consumption in the industry, and we install ThermoKing "EcoPower" gensets for better energy efficiency. All our containers have been applied with tin-free paint and we have introduced the use of eco-friendly bamboo floorboards instead of the traditional hardwood ones.

The Group's sustainability and environmentally conscious practices in many aspects, often exceed legal requirements and general industry standards in the countries where it operates. As a responsible and committed member of the international community, the Group will continually strive for further improvement in all aspects of its business.

Security

In a world where global cargo security threats always increase the complexities of the international trade community, OOCL is strongly committed to the security of our operations against possible compromise and to the maintenance of the highest level of compliance in security related areas. From our offices to ports, warehouses, shore facilities and onboard our vessels, we work with the responsible authorities to ensure that every measure is in place to maintain the highest commercial and operational security standards possible at all times, while all employees are educated and regularly updated through security training.

The Group's Corporate Security Policy and internal guidelines comply with the US Customs-Trade Partnership Against Terrorism (C-TPAT) initiative, EU Authorised Economic Operator (AEO) Program, and we actively work with various governments and authorities around the world to counter 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 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 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 ISO 27001 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 to enhance border security, combat organised crime and terrorism, detect and prevent contraband smuggling, and increase awareness of issues to secure the flow of legitimate goods and travellers across the US-Canadian border. OOCL applies anti-piracy measures before our vessels transit through High Risk Areas (HRA). One of the key measures is to maintain a 24-hour, 360-degree anti-piracy visual and radar watch and to deploy additional watch-keepers at the bridge and on deck while transiting the HRA to watch out for suspected pirate vessels. Physical measures are also utilised onboard, such as barbed wires, spikes, and night vision binoculars. Close communication is always maintained between ships and our Fleet Management Department (FMD) office. FMD's 24-hour emergency hotline is always on standby mode in the case of any emergency.

Traditionally, antivirus and malware detection software would provide a boost to our computer security by helping our computers stay away from being 'infected'. But as the development of the Internet is becoming more sophisticated than ever, signature-based virus/malware detection tools alone are no longer sufficient today.

This is because the 'Advanced Persistent Threat', a set of stealthy and continuous computer hacking processes often orchestrated by attackers targeting a specific entity by taking advantage of security loopholes, is growing. APT has been observed to target organizations and/or nations for business, financial and/or political motives. 'Corporate Security Breaches', 'Email Spoofing', 'Spear Phishing' and 'Social Media Fraud' are some of the common types of cyber attacks.

To boost our employee's knowledge and awareness of cyber security, new initiatives and programs have been developed to ensure everyone takes part in protecting the our assets and become more resilient against such threats. This includes an annual cyber security training and mandatory test for all employees, monthly knowledge and trend updates, and sophisticated monitoring and protective systems.

Corporate Responsibility

Community and Education

As a responsible corporate citizen the Group recognises that the societies in which its employees live and work contribute greatly to the company's overall success. Care for these communities in which it operates is therefore a major corporate focus. The Group concentrates its community efforts on charity programs designed to provide well-rounded youth education, 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 charitable activities such as fundraising and volunteering by dedicating their time and efforts to help others in need.

Some of the areas where the charity donations were made by the Group and its employees include: education, social services, orphanages, elderly homes, schools, children's hospitals, cancer research, multiple sclerosis, and diabetes research. 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 including transporting medical diagnostic equipment and supplies from the US to China to care for those children who need urgent treatments.

In keeping with the Group's long tradition in supporting education, the Group, in partnership with The Tung Foundation, committed more than US$540,000 in 2014 to scholarships through The Tung OOCL Scholarship for students and our employees' children.

In 2014, thirty-seven OOCL vessels participated in the Hong Kong Voluntary Observing Ship (HKVOS) program by the Hong Kong Observatory (HKO) to gather and provide marine climatology data needed to help identify prevailing weather conditions for preparing forecasts and warnings to the maritime community.

To recognise vessels' outstanding efforts in volunteering their time to help improve maritime safety, the HKO presented the 'Diamond Award' and the 'Gold Award' respectively to OOCL Asia and OOCL Jakarta on 6th June 2014. OOCL Asia, in particular, received this special acknowledgement as being the only participating vessel which volunteered at least 250 hours to contribute over 500 weather observation reports over the year.

Apart from the quantity of the reports made, OOCL Asia and OOCL Yokohama were also presented with first time participation certificates jointly issued by the World Meteorological Organization (WMO) and Intergovernmental Oceanographic Commission of UNESCO (IOC) for the high quality of the reports sent. According to the HKO, observational data received from these ships are highly valued by the international scientific community for climate research and climate change studies.

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 well treatment of its employees. As a successful corporation, the Group appreciates that its success, growth and performance are attributable to 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, covering areas such as treating all employees with fairness and dignity, promoting the corporate culture of encouraging open and frank communication throughout the organisation, investing in its employees and caring for their hopes and aspirations through people development programs and education, as well as recognising 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 internal promotion. The Group has channeled a great deal of time and effort into its various people development programs in practical and experiential environments through job rotation, local and overseas job assignments, formal and informal learning and development opportunities and sponsorships for performance enhancement building capacities of employees in support of their growth with the Group. To further enhance practical training and better HQ/Regional cooperation, efforts have been made to initiate more short term cross regional job rotations.

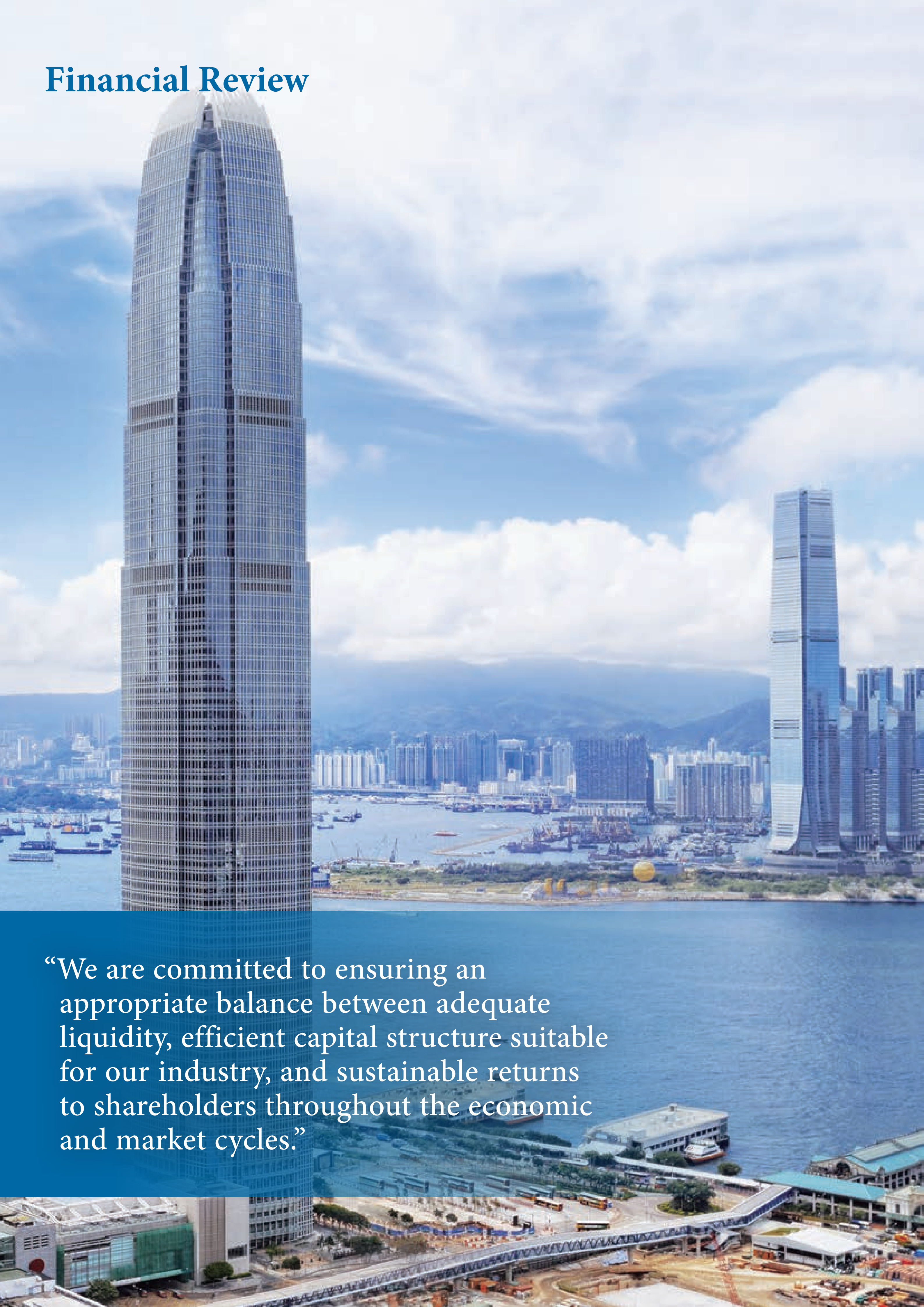
The Group employs an innovative approach to employee learning and management development. The Group recognises that on demand performance support to its employees is the key to help them deliver what customers need. Through the Group's intranet, called "InfoNet", the Group offers an all new string to 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. Introduced in 2010, this new intranet portal also allows speedy sharing of company news and business updates while giving its employees a platform to exchange views and ideas. In 2011, the Group had a wide adoption of enterprise level collaboration tools in addition to conventional methods of communication such as email. OOCL Wiki and Tibbr have proven to be two of these very effective tools in the sharing of information and knowledge as well as collaboration amongst large groups of colleagues in our offices around the world. They have also helped us support accelerated learning by providing us with the means to leverage resources, ideas and hence solutions.

As at 31st December 2014, the Group had 9,504 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 organised 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. Established in 2006, the Group's "Whistle Blower Policy" is one of the Group's formalised procedures through which employees can anonymously file reports or register concerns and helps govern the reporting and thorough investigation of allegations of suspected improper activities.

The Group is an equal opportunity employer with policies not to discriminate against any employee or applicant for employment on the grounds of race, colour, religion, creed, age, sex, disability, pregnancy, childbirth and related medical condition, marital status, sexual orientation, veteran status and any other category as guided by local laws and legal regulations.

Financial Review



"We are committed to ensuring an appropriate balance between adequate liquidity, efficient capital structure suitable for our industry, and sustainable returns to shareholders throughout the economic and market cycles."

Analysis of Consolidated Profit and Loss Account

Summary of Group Results

US$'000	2014	2013	Change	Favourable/ (unfavourable) %
Operating revenue by activity:				
Container Transport and Logistics	**6,494,859**	6,205,342	289,517	5%
Other Activities	**26,730**	26,241	489	2%
Group operating revenue	**6,521,589**	6,231,583	290,006	5%
Operating profit by activity:				
Container Transport and Logistics	**229,979**	57,381	172,598	301%
Other Activities	**89,515**	39,856	49,659	125%
Group operating profit	**319,494**	97,237	222,257	229%
Finance costs	**(54,000)**	(41,019)	(12,981)	(32%)
Share of profits of joint ventures and associated companies	**19,436**	17,704	1,732	10%
	284,930	73,922	211,008	285%
Net gain/(loss) in fair value on investment property	**9,653**	(6,923)	16,576	N/M
Profit before taxation	**294,583**	66,999	227,584	340%
Taxation	**(24,145)**	(19,866)	(4,279)	(22%)
Non-controlling interests	**100**	(97)	197	N/M
Profit attributable to shareholders	**270,538**	47,036	223,502	475%

Revenue for 2014 was US$290.0 million higher than that of 2013, representing an increase of 5%. This was mainly attributable to higher business volume of the core Container Transport and Logistics business. Other revenue, amounting to less than 1% of the Group's revenue for both 2014 and 2013, mainly represented rental income from the Group's investment property Wall Street Plaza in New York.

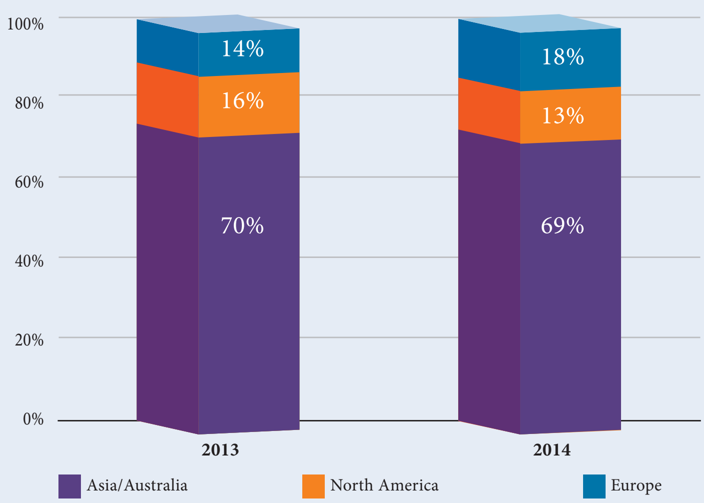
Container Transport and Logistics

Summary of Operating Results

US$'000	2014	2013	Change	Favourable/ (unfavourable) %
Liftings (TEUs)	**5,585,516**	5,293,537	291,979	6%
Revenue per TEU (US$)	**1,040**	1,060	(20)	(2%)
Operating revenue by location:				
Asia/Australia	**4,459,195**	4,329,270	129,925	3%
North America	**867,326**	967,880	(100,554)	(10%)
Europe	**1,168,338**	908,192	260,146	29%
Operating revenue	**6,494,859**	6,205,342	289,517	5%
Operating costs by items:				
Cargo costs	**(3,070,264)**	(2,816,731)	(253,533)	(9%)
Bunker costs	**(1,014,046)**	(1,126,471)	112,425	10%
Vessel and voyage costs (excluding Bunker)	**(1,033,481)**	(1,040,042)	6,561	1%
Equipment and repositioning costs	**(742,970)**	(775,548)	32,578	4%
Operating costs	**(5,860,761)**	(5,758,792)	(101,969)	(2%)
Gross profit	**634,098**	446,550	187,548	42%
Other operating expenses	**(436,345)**	(410,810)	(25,535)	(6%)
Other operating income, net	**32,226**	21,641	10,585	49%
Operating profit	**229,979**	57,381	172,598	301%

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 2014. 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 Logistic



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 these facilities are mainly employed by OOCL and its alliance members.

Asia/Australia

Turnover from the Asia/Australia area increased from US$4,329.3 million in 2013 to US$4,459.2 million in 2014 as a result of an increase in cargo volume. Both the North America and Europe bound trades recorded positive variances when compared with last year in revenue terms while the Australasian trades recorded a notable decline.

Overall liftings of the Trans-Pacific eastbound services increased by 8% while freight rates softened by 1% when compared with last year. The westbound legs of the Asia/Northern Europe services recorded a 16% rebound in volume amid a 2% drop in rates. Intra-Asia sustained a 4% growth in liftings for the year with a modest 1% retreat in freight rates. Liftings of the Asia/Australia and New Zealand services rose by 3% in 2014 while freight rates fell by 10% compared with last year.

Overall load factor as a percentage of the capacity available during 2014 was 4 percentage points better than that of 2013, amid a modest 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 decreased by US$100.6 million for this area in 2014 with softening freight rates and a decline in volume. Both Asia-bound and Europe-bound cargoes recorded a drop in average freight rates, which contributed to the revenue shortfall.

The westbound liftings from the Asia/North America West Coast service and the Asia/US East Coast service via the Panama Canal dropped slightly compared with last year but revenue showed a 6% decrease with a 5% decline in freight rates. The eastbound Canada/Northern Europe and US East Coast/Northern Europe services recorded an 8% setback in volume and a 2% drop in revenue.

Overall volumes softened by 2% during 2014 and the average revenue per TEU on all outbound cargoes from North America recorded a 5% decrease as compared with last year. With a 1% increase in capacity during the year, the overall load factor in the region was 3 percentage points down from 2013.

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.

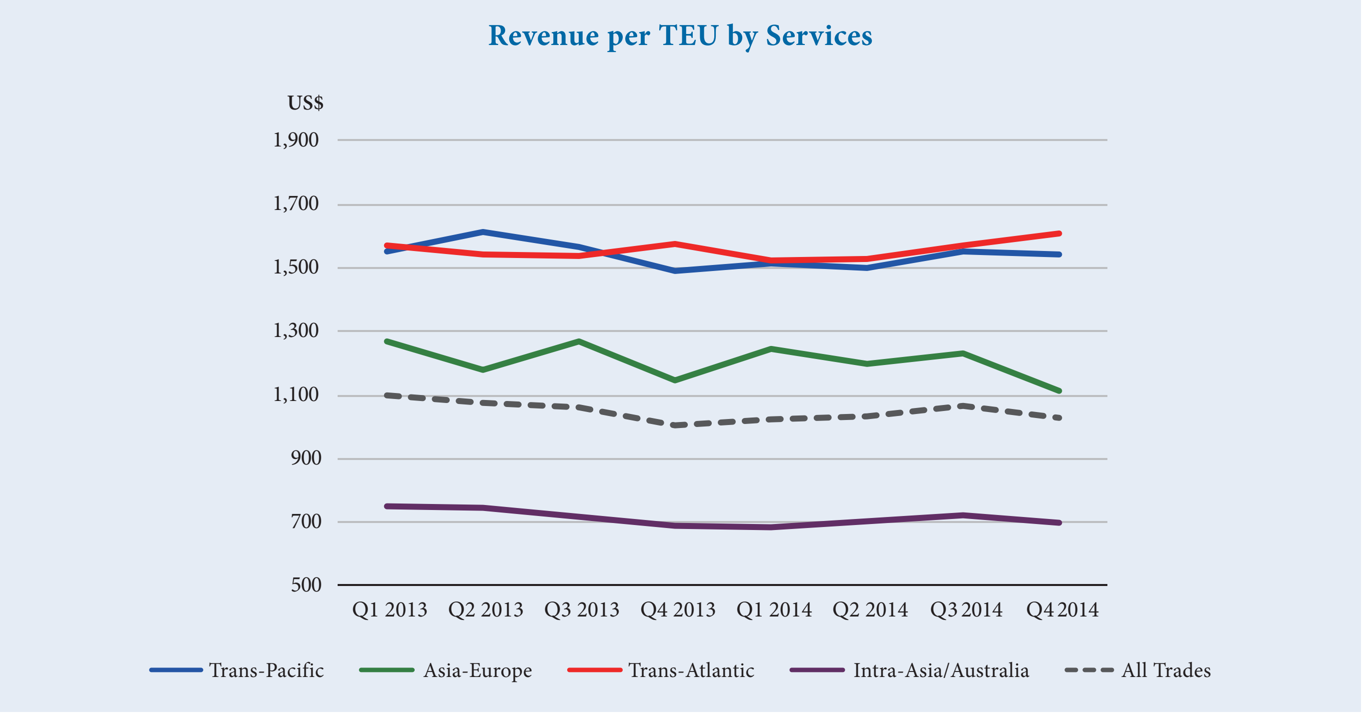
Europe

Turnover for this area in 2014 achieved a handsome increase of US$260.1 million after stagnant growth in 2013. The eastbound leg of the Asia/Northern Europe services recorded 7% revenue growth in 2014 while the westbound trades of the Trans-Atlantic routes also recorded a 3% increase. Encouraging revenue growth was also noted in the Mediterranean markets.

The eastbound leg of the Asia/Northern Europe services saw a 16% increase in volume in 2014, which was offset in part by an 8% decline in freight rates. Liftings for the westbound sectors of the Canada/Northern Europe and US East Coast/Northern Europe services were 3% better than those of 2013 while the average revenue per TEU for both services was comparable to last year. The eastbound routes of the Mediterranean trades, on the other hand, sustained 25% growth in volume and a 22% increase in revenue during the year.

The overall load factor as a percentage of capacity available for cargo shipments from this region was 3 percentage points better than that of 2013 with a 7% capacity increase for the Europe area during 2014.

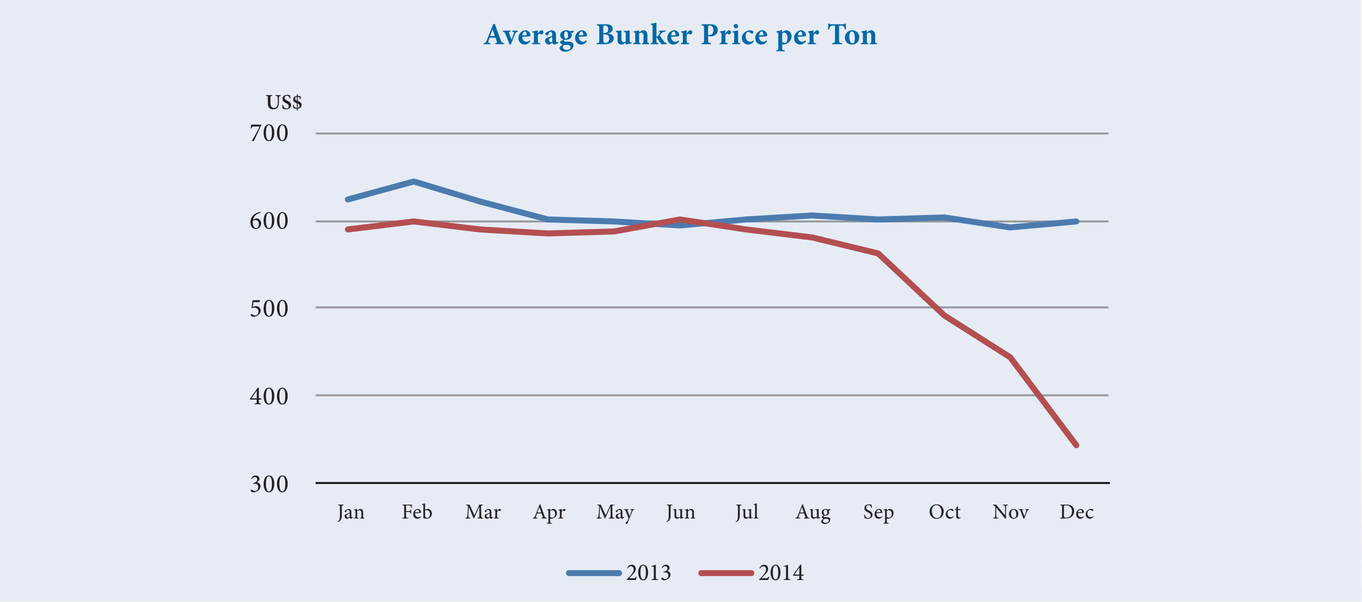
The average revenue per TEU on all outbound cargoes from Europe was 5% lower than that of 2013, amid an 11% increase in overall volume for the region.



Operating Costs

The principal operating costs of the container transport business, including cargo costs, vessel costs, voyage costs, equipment and repositioning costs, increased modestly from 2013, with the increases in cargo costs partly offset by savings in bunker costs.

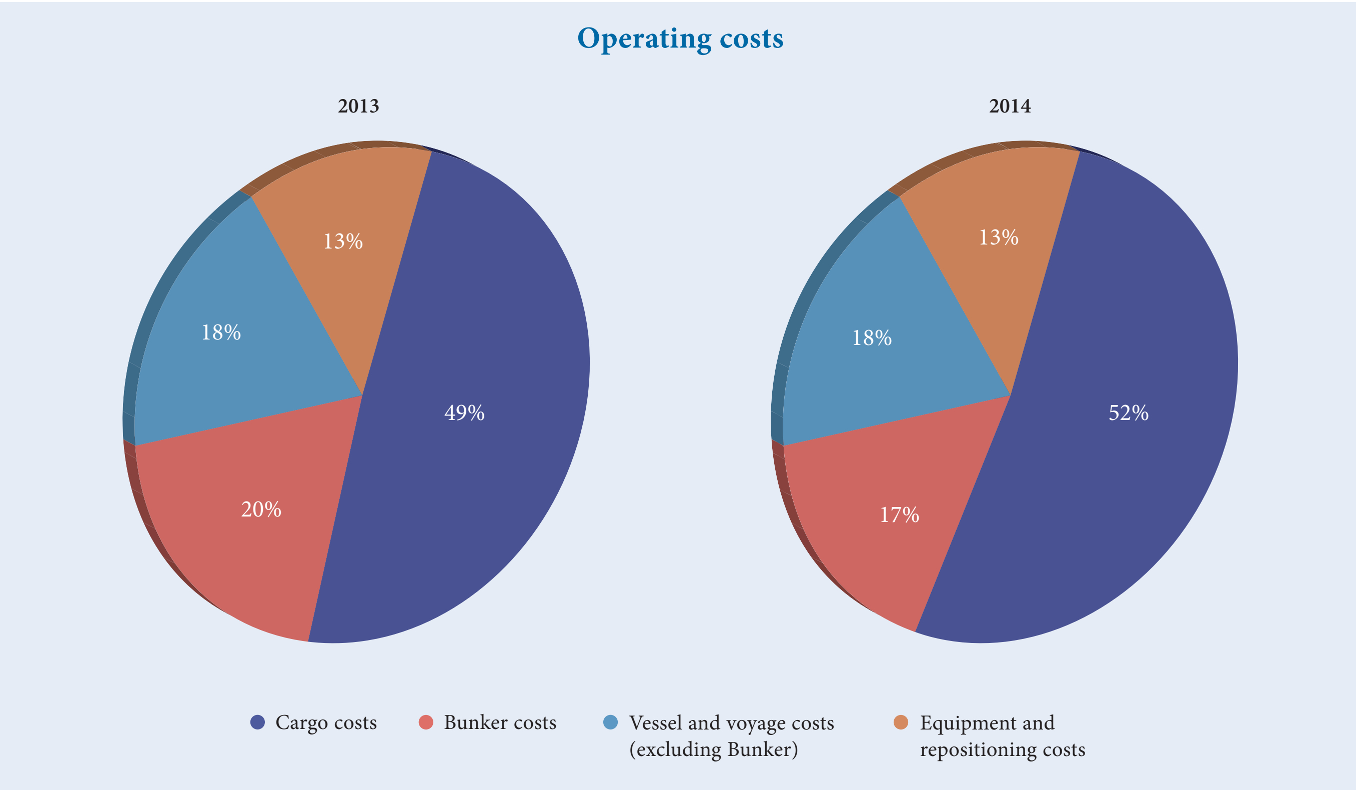
Cargo costs mainly consist of terminal charges, inland transportation costs, commission and brokerage, cargo assessment and freight tax, all of which are largely paid in the local currencies of the areas in which the activities take place. Cargo cost increased by 9% compared with that of 2013 as a result of the growth in liftings.



Voyage costs comprise mainly bunker costs, port charges, canal dues, cargo claims and insurance. Bunker price softened from an average of US$615 per ton in 2013 to an average of US$572 per ton in 2014, coupled with savings in consumption, resulting in a 10% drop in bunker cost 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 delivered, the total carrying capacity grew from 496,106 TEU as at the end of 2013 to 529,662 TEU in 2014, while the total number of vessels operated by OOCL, both owned and chartered-in, increased from 94 to 98. However, total vessel and voyage costs, other than bunker costs, for 2014 increased only slightly from those of 2013.

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. The container fleet size increased from 840,752 TEU in 2013 to 982,880 TEU in 2014 while total equipment and repositioning costs were lower than last year with increased owned equipment and less rental outgoings.



Other Operating Expenses

Other operating expenses largely comprise staff costs, office expenses, selling and marketing costs, professional and information system expenses. With the growth in business volume, other operating expenses in 2014 were US$25.5 million higher than 2013.

Other Operating Income, net

Other operating income, comprising principally net foreign exchange differences and net profit or loss on the disposal of assets, for 2014 was US$10.6 million better than that of 2013.

Other Activities

Summary of Operating Results

US$'000	2014	2013	Change	Favourable/ (unfavourable) %
Rental income	**27,638**	27,115	523	2%
Elimination	**(908)**	(874)	(34)	N/M
Operating revenue	**26,730**	26,241	489	2%
Operating costs	**(15,036)**	(13,254)	(1,782)	(13%)
Costs incurred by hurricane Sandy	**–**	(974)	974	100%
Gross profit	**11,694**	12,013	(319)	(3%)
Investment income	**27,068**	8,929	18,139	203%
Interest income	**14,638**	11,208	3,430	31%
Distributions from investment in Hui Xian	**43,832**	10,223	33,609	329%
Others	**(7,717)**	(2,517)	(5,200)	(207%)
Operating profit	**89,515**	39,856	49,659	125%

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 21,000 sq ft is occupied by Group companies. The Group also invests funds surplus to operations in cash and bank deposit and, on a longer term basis, in equity and bond portfolios. The Group also owns 7.9% interest in Hui Xian Holdings Ltd which is the largest unit-holder of Hui Xian REIT, the first RMB-denominated REIT in Hong Kong.

Hurricane Sandy swept through the U.S. East Coast in late October 2012 causing extensive damage to the city of New York where Wall Street Plaza was located. Various costs were incurred to rebuild and restore the building back to its normal condition and the operating results of 2013 were affected accordingly.

The operating profit from Other Activities for 2014 was US$49.7 million better than that of 2013 with the dividends in specie from Hui Xian Holdings Ltd and higher contributions from investment activities recorded for the year.

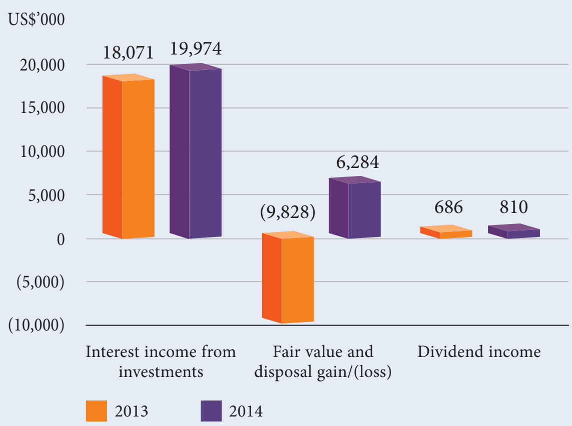
Rental Income

Rental income from Wall Street Plaza was comparable to that of last year, with an occupancy rate of 94% as at the end of 2014.

Investment Income

Compared with a profit of US$8.9 million in 2013, investment activities recorded a profit of US$27.1 million for the year. Interest income from bond investments increased in 2014, supplemented by the fair value gain in the equity and bond portfolio.

Investment Income By Activities



Interest Income

Interest income increased by US$3.4 million in 2014, reflecting higher deposit rates during the year.

Distributions from Investment in Hui Xian

Hui Xian Holdings Ltd declared and paid both cash dividend and dividend in specie in 2014, of which the Group shared a total of US$40.2 million. The Group also received distributions of US$3.6 million from its direct holding of Hui Xian REIT units during the year, resulting in a total contribution of US$43.8 million from Hui Xian in 2014. In 2013, a cash dividend of US$7.9 million from Hui Xian Holdings Ltd and a US$2.3 million distribution from Hui Xian REIT were received.

Others

Other items include business and administration expenses for property management, exchange differences and other miscellaneous items.

Finance Costs

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

Finance costs increased by US$13.0 million as compared with 2013, principally a result of a higher average debt balance for the year.

Net Gain/(Loss) in Fair Value on Investment Property

As at 31st December 2014, the Group's investment property, Wall Street Plaza, was valued at US$180 million, up from the US$170 million valuation at the end of 2013, by an independent valuer. After offsetting a total of US$0.3 million capital improvements, the net gain in fair value for 2014 was therefore US$9.7 million. In 2013, the property recorded a valuation gain of US$5.0 million which was offset against building improvements of US$11.9 million as an aftermath of hurricane Sandy resulting in a net loss in fair value of US$6.9 million.

Share of Results of Joint Ventures and Associated Companies

Share of results of joint ventures and associated companies mainly represents the Group's investment in a depot joint venture in Qingdao, two agency joint ventures in the Middle East, and a 20% stake in two terminals in Tianjin and Ningbo. The share of US$19.4 million profit from joint ventures and associated companies in 2014 was US$1.7 million higher than 2013.

Profit before Taxation

Pre-tax profit for the year was US$294.6 million compared with last year's profit of US$67.0 million. The increase in earnings mainly came from the Container Transport and Logistics business and a better contribution from investment activities.

Taxation

US$'000	2014	2013	Change	Favourable/ (unfavourable) %
Company and subsidiaries:				
North America	**8,783**	5,611	3,172	(57%)
Europe	**991**	2,790	(1,799)	64%
China	**4,932**	3,400	1,532	(45%)
Asia and others	**9,439**	8,065	1,374	(17%)
Total	**24,145**	19,866	4,279	(22%)

Taxation for North America, China, Asia and other regions increased in 2014 as a result of improved profitability for the year. Taxation for Europe was lower compared with last year as a result of releasing tax provisions no longer required in 2014.

Capital Expenditure

US$'000	2014	2013	Change	Increase/ (decrease) %
Container vessels and capitalised dry-docking costs	**21,652**	52,344	(30,692)	(59%)
Vessels under construction	**280,573**	631,885	(351,312)	(56%)
Containers	**339,206**	182,627	156,579	86%
Chassis	**40**	82	(42)	(51%)
Vehicles, furniture, computer and other equipment	**192,723**	108,416	84,307	78%
Computer software	**14,228**	12,174	2,054	17%
Investment property	**347**	11,923	(11,576)	(97%)
	848,769	999,451	(150,682)	(15%)

Capital expenditure decreased from US$999.5 million in 2013 to US$848.8 million in 2014. Vessels under construction accounted for 33% and 63% of the total capital expenditure in 2014 and 2013 respectively while capital outlays on container equipment increased from 18% of 2013 to 40% in 2014. The increase in capital expenditure on other equipment mainly represented the acquisition of terminal equipment for the Middle Harbor Redevelopment Project in Long Beach, USA.

Vessels

During 2014, the Group took delivery of two 13,208 TEU mega vessels and entered into sale-and-lease-back agreements for three 8,063 TEU vessels for three years.

As at the end of 2014, the Group had a total of four 8,888 TEU vessels under construction at Hudong – Zhonghua Shipyard (Group) Co. Ltd, to be delivered in 2015.

Newbuilding Delivery Schedule

Delivery	Shipyard	Hull No.	TEU	Year of Order
Jan 2015	Hudong-Zhonghua Shipbuilding	H1565A	8,888	2007
Mar 2015	Hudong-Zhonghua Shipbuilding	H1585A	8,888	2007
Aug 2015	Hudong-Zhonghua Shipbuilding	H1667A	8,888	2010
Oct 2015	Hudong-Zhonghua Shipbuilding	H1668A	8,888	2010

Review of Consolidated Balance Sheet

Summary of Consolidated Balance Sheet

US$'000	2014	2013	Change	Increase/ (decrease) %
Property, plant and equipment	5,608,929	5,320,251	288,678	5%
Investment property and prepayments of lease premiums	189,109	179,543	9,566	5%
Joint ventures and associated companies	161,747	150,701	11,046	7%
Intangible assets	48,578	42,663	5,915	14%
Liquid assets	2,689,754	2,411,085	278,669	12%
Accounts receivable and other assets	908,853	854,568	54,285	6%
Other non-current assets	26,485	31,407	(4,922)	(16%)
TOTAL ASSETS	9,633,455	8,990,218	643,237	7%
Accounts payable and other liabilities	(953,204)	(916,343)	(36,861)	4%
Current taxation	(5,677)	(5,420)	(257)	5%
TOTAL ASSETS LESS TRADING LIABILITIES	8,674,574	8,068,455	606,119	8%
Long-term borrowings	3,595,625	3,265,555	330,070	10%
Short-term borrowings, overdrafts and current portion of long-term borrowings	388,877	268,310	120,567	45%
Total debt	3,984,502	3,533,865	450,637	13%
Non-controlling interests and deferred liabilities	55,320	63,783	(8,463)	(13%)
Ordinary shareholders' equity	4,634,752	4,470,807	163,945	4%
CAPITAL EMPLOYED	8,674,574	8,068,455	606,119	8%
Debt to equity ratio	0.86	0.79		
Net debt to equity ratio	0.28	0.25		
Accounts payable as a % of revenue	14.46	14.52		
Accounts receivable as a % of revenue	8.81	8.90		
% return on average ordinary shareholders' equity	5.94	1.05		
Net asset value per ordinary share (US$)	7.41	7.14		
Liquid assets per ordinary share (US$)	4.30	3.85		
Share price at 31st December (US$)	5.81	4.99		
Price to book ratio based on share price at 31st December	0.79	0.70		

Property, Plant and Equipment

US$'000	2014	2013	Change	Increase/ (decrease) %
Vessels	3,969,359	4,050,517	(81,158)	(2%)
Containers and chassis	1,217,025	1,008,676	208,349	21%
Land and buildings	41,796	44,611	(2,815)	(6%)
Others	380,749	216,447	164,302	76%
	5,608,929	5,320,251	288,678	5%

Financial Review

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. As at the end of 2014, the Group had a total of 4 outstanding newbuilding orders to be delivered in 2015.

The increase in property, plant and equipment in 2014 principally reflects the additions in containers and terminal equipment for the Middle Harbor Redevelopment Project.

Investment Property and Prepayments of Lease Premiums

US$'000	2014	2013	Change	Increase/ (decrease) %
Investment property	**180,000**	170,000	10,000	6%
Prepayments of lease premiums	**9,109**	9,543	(434)	(5%)
	189,109	179,543	9,566	5%

Investment property represents the Group's commercial building, Wall Street Plaza, in New York. The building was valued at US$180.0 million as at the end of 2014 by an independent valuer (2013: US$170.0 million).

Joint Ventures and Associated Companies

US$'000	2014	2013	Change	Increase/ (decrease) %
Joint ventures	**9,248**	8,674	574	7%
Associated companies	**152,499**	142,027	10,472	7%
	161,747	150,701	11,046	7%

The investment in associated companies comprises minority holdings in two container terminals in Tianjin and Ningbo. The investments in joint ventures are in connection with (1) a container depot in Qingdao, and (2) two shipping agencies in the Middle East. The increase in the investment in joint ventures and associated companies for 2014 mainly arose from the profits shared for the year.

Intangible Assets

US$'000	2014	2013	Change	Increase/ (decrease) %
Opening balances	**42,663**	38,916	3,747	10%
Additions	**14,228**	12,174	2,054	17%
Disposal of a subsidiary	**(3)**	–	(3)	N/M
Amortisation	**(8,310)**	(8,427)	117	(1%)
Closing balances	**48,578**	42,663	5,915	14%

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

Liquid Assets

US$'000	2014	2013	Change	Increase/ (decrease) %
Container Transport and Logistics	**437,155**	536,097	(98,942)	(18%)
Other Activities	**35,726**	28,002	7,724	28%
Cash and portfolio funds	**1,971,037**	1,592,405	378,632	24%
Available-for-sale listed equity securities	**9**	9	–	0%
Held-to-maturity investments	**245,827**	254,572	(8,745)	(3%)
Total liquid assets	**2,689,754**	2,411,085	278,669	12%

The Group adopts a central treasury system under which a part of the funds surplus to planned requirements is 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.

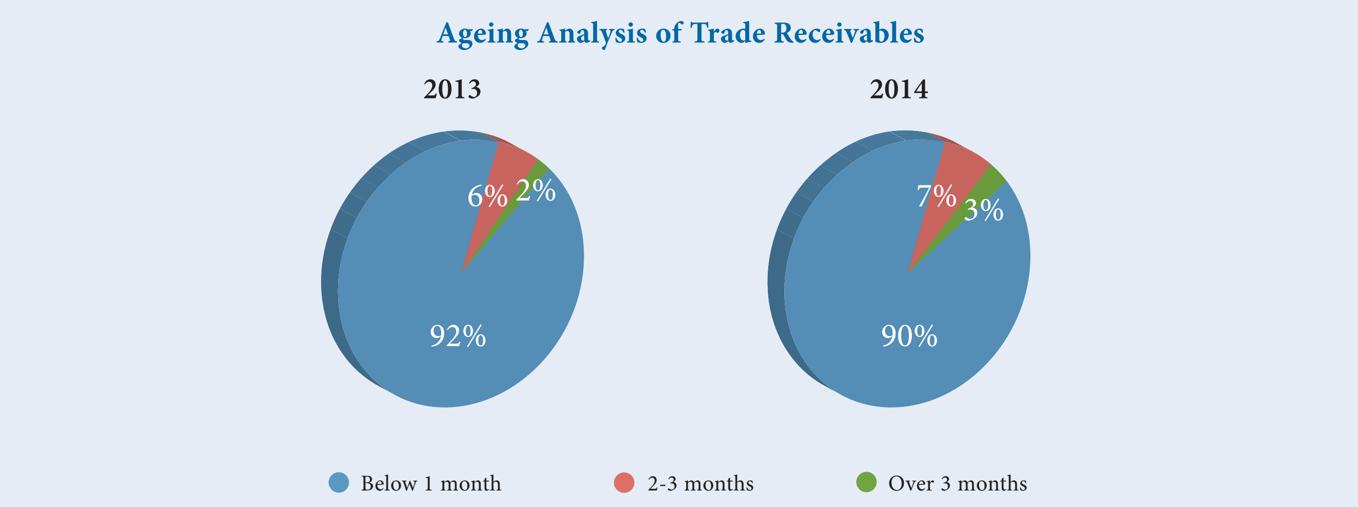
The Group's total liquid assets at the end of 2013 and 2014 can be further analyzed as follows:

US$'000	2014	2013	Change	Increase/ (decrease) %
Cash (per cashflow statement)	**1,942,822**	1,719,902	222,920	13%
Bank overdrafts	**1**	314	(313)	(100%)
Bank balances and deposits maturing within three months from the date of placement	**1,942,823**	1,720,216	222,607	13%
Bank balances and deposits maturing over three months from the date of placement	**223,091**	192,130	30,961	16%
Cash and bank balances (per balance sheet)	**2,165,914**	1,912,346	253,568	13%
Restricted bank balances	**54,581**	26,172	28,409	109%
Portfolio investments	**223,423**	217,986	5,437	2%
Available-for-sale listed equity securities	**9**	9	–	0%
Held-to-maturity investments	**245,827**	254,572	(8,745)	(3%)
Total liquid assets	**2,689,754**	2,411,085	278,669	12%

Accounts Receivable and Other Assets

US$'000	2014	2013	Change	Increase/ (decrease) %
Container Transport and Logistics	740,543	684,891	55,652	8%
Others	168,310	169,677	(1,367)	(1%)
	908,853	854,568	54,285	6%

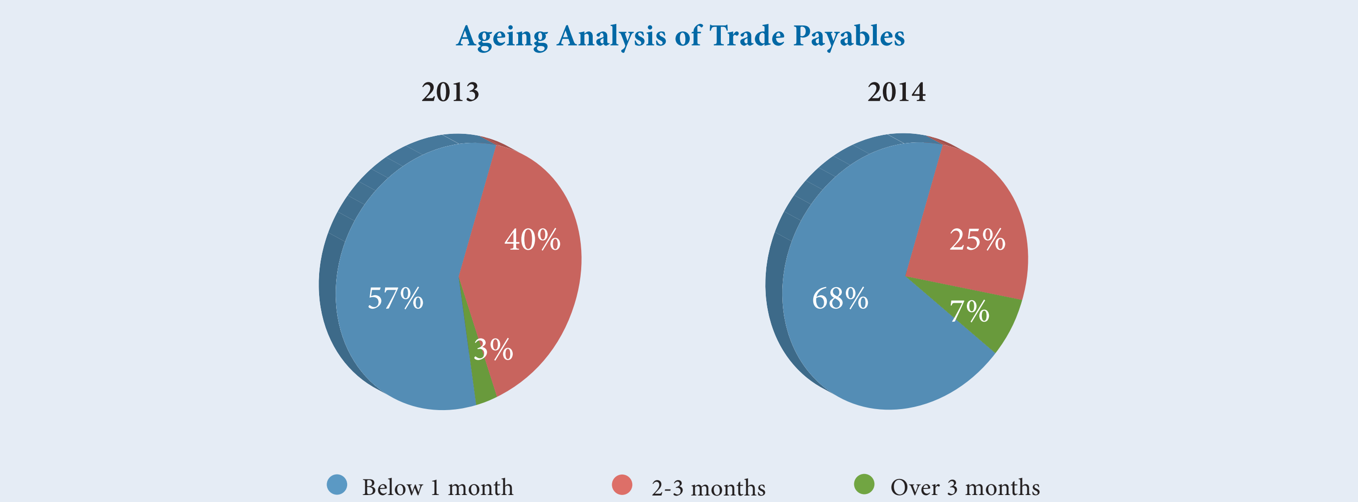
Accounts receivable and other assets for Container Transport and Logistics increased by US$55.7 million to US$740.5 million at the end of 2014. This increase included the effect of the re-classification of a vessel from property, plant and equipment to asset held for sale.



Accounts Payable and Other Liabilities

US$'000	2014	2013	Change	Increase/ (decrease) %
Container Transport and Logistics	946,538	909,223	37,315	4%
Others	6,666	7,120	(454)	(6%)
	953,204	916,343	36,861	4%

Accounts payable and other liabilities at the end of 2014 were US$36.9 million higher than that of 2013, mainly due to increases in cost provisions pursuant to growth in business volume.



Total Debt

US$'000	2014	2013	Change	Increase/ (decrease) %
Bank loans	**2,372,235**	2,160,728	211,507	10%
Finance lease obligations	**1,612,266**	1,372,823	239,443	17%
Bank overdrafts	**1**	314	(313)	(100%)
	3,984,502	3,533,865	450,637	13%

Total debt increased during the year by US$450.6 million, principally a result of the financial obligations incurred upon capital expenditure on newbuildings and other equipment during the year, offset in part by scheduled repayments.

Total debt repayment between 2015 and 2019 is US$2,319 million, being equivalent to 58% of the total outstanding debt as at 31 December 2014. Details of the repayment profile of the Group's borrowings are set out in Note 38 to the Consolidated Accounts.

Debt Profile

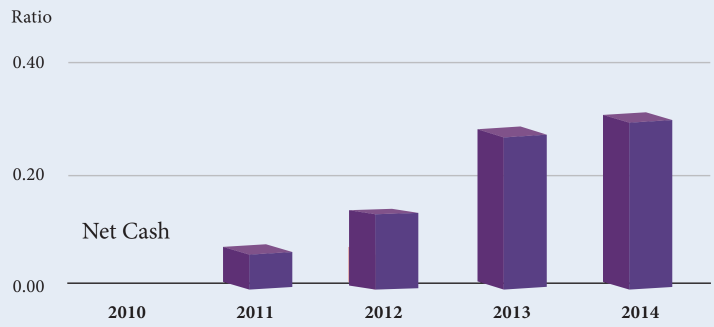
As at the end of 2014, 99% (2013: 99%) of the Group's total debt was denominated in US dollars which effectively reduced the risk of exchange fluctuations.

Of the total US$3,984.5 million debt outstanding at the end of 2014, US$278.9 million was fixed-rate debt and the remaining US$3,705.6 million was subject to floating interest rates at various competitive spreads over three-month/six-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 2014 was 1.5% (2013: 1.3%).

Net Debt to Equity Ratio

This ratio changed to 0.28: 1 as at the end of 2014 from 0.25: 1 as at the end of 2013 mainly due to new debts relating to newbuilding orders and new equipment acquired in 2014. 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 Debt to Equity



Shareholders' Equity

As at 31st December 2014, the Company had 625,793,297 shares in issue, consisting entirely of ordinary shares. With profit for the year, offset in part by the payment of interim dividends, the Group's consolidated shareholders' equity increased by US$163.9 million to US$4,634.8 million as at the end of 2014 with a net asset value per ordinary share of US$7.41 (2013: US$7.14).

Operating Leases and Commitments

In addition to the owned operating assets, the Group employs assets through operating lease arrangements. The total rental payments in respect of these leases in 2015 amounted to US$218.2 million as detailed in Note 41(b) to the Consolidated Accounts. Assets under operating lease arrangements consist primarily of container boxes, chassis, container vessels and a terminal in North America.

As at the end of 2014, the Group had outstanding capital commitments amounting to US$611.6 million, principally represented by the orders placed for new container vessels to be delivered in 2015 and new equipment for the Middle Harbor Redevelopment Project.

Analysis of Change in Liquid Assets

US$'000	2014	2013	Change	Favourable/ (unfavourable) %
Net inflow from operations	553,237	477,215	76,022	16%
Other inflow:				
Interest and investment income	49,845	47,597	2,248	5%
Sale of property, plant and equipment and investments	177,480	26,839	150,641	561%
New loan drawdown	686,453	894,779	(208,326)	(23%)
Cash from joint ventures and associated companies	18,336	11,544	6,792	59%
Cash from disposal of a subsidiary, net	5,716	–	5,716	N/M
Fair value gain on portfolio investments	6,284	–	6,284	N/M
Others	3,218	48	3,170	6,604%
	947,332	980,807	(33,475)	(3%)
Other outflow:				
Interest paid	(53,790)	(38,588)	(15,202)	(39%)
Dividends paid to shareholders	(58,784)	(44,987)	(13,797)	(31%)
Taxation paid	(20,916)	(25,449)	4,533	18%
Purchase of property, plant and equipment and investments	(373,746)	(593,691)	219,945	37%
Loan repayments	(703,662)	(658,477)	(45,185)	(7%)
Increase in intangible assets	(14,228)	(12,174)	(2,054)	(17%)
Fair value loss on portfolio investments	–	(9,828)	9,828	N/M
Others	–	(1,061)	1,061	N/M
	(1,225,126)	(1,384,255)	159,129	11%
Net inflow	275,443	73,767	201,676	273%
Beginning liquid asset balances	2,411,085	2,339,531	71,554	3%
Changes in exchange rates	3,226	(2,213)	5,439	N/M
Ending liquid asset balances	2,689,754	2,411,085	278,669	12%
Represented by:				
Unrestricted bank balances and deposits	2,165,914	1,912,346	253,568	13%
Restricted bank balances	54,581	26,172	28,409	109%
Portfolio investments	223,423	217,986	5,437	2%
Available-for-sale listed equity securities	9	9	–	0%
Held-to-maturity investments	245,827	254,572	(8,745)	(3%)
	2,689,754	2,411,085	278,669	12%

A net inflow of US$275.4 million was recorded in 2014 compared with a net inflow of US$73.8 million in 2013. Operating inflow of US$553.2 million for the year was US$76.0 million better than that of 2013 with improved operating results. The capital payments and corresponding loan drawdown amounts in 2014 mainly reflected the scheduled stage payments arranged for the ordered vessels and the acquisition of container and terminal equipment. Total liquid asset balances increased to US$2,689.8 million at the end of 2014, against US$2,411.1 million in 2013.

Liquidity

As at 31st December 2014, the Group had total liquid asset balances of US$2,689.8 million compared with debt obligations of US$388.9 million repayable in 2015. Total current assets at the end of 2014 amounted to US$3,184.0 million against total current liabilities of US$1,344.8 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 effective investment of surplus funds.

Board of Directors

TUNG Chee Chen

Mr. TUNG Chee Chen, aged 72, has been appointed as the Chairman, President and Chief Executive Officer of the Company since October 1996. Mr. Tung chairs the Executive Committee, the Nomination Committee and the Inside Information Committee of the Company and is a member of 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 Cathay Pacific Airways Limited and U-Ming Marine Transport Corp., both of which are listed public companies. He was formerly an Independent Non-Executive Director of BOC Hong Kong (Holdings) Limited, Sing Tao News Corporation Limited and Zhejiang Expressway Co., Ltd., all of which are companies listed in Hong Kong. He was also an Independent Non-Executive Director of Wing Hang Bank, Limited (renamed to OCBC Wing Hang Bank Limited), a company previously listed in Hong Kong until withdrawal of its listing on 16th October 2014. Mr. Tung is a member of the Hong Kong Logistics Development Council and the Hong Kong-United States Business Council. Mr. Tung is the brother of Mr. Tung Chee Hwa who has an interest in a trust which has an indirect interest in Fortune Crest Inc. and Gala Way Company Inc. (substantial shareholders of the Company); the brother-in-law of Professor Roger King (a Non-Executive Director of the Company); and the uncle of Mr. Tung Lieh Cheung Andrew (an Executive Director of the Company) and Mr. Tung Lieh Sing Alan (an Executive Director and the Acting Chief Financial Officer of the Company). Mr. Tung is either a director, or a director of a company which is a corporate director, of certain substantial shareholders of the Company which have disclosure interests in the Company under the provisions of the Securities and Futures Ordinance.

TUNG Lieh Cheung Andrew

Mr. TUNG Lieh Cheung Andrew, aged 50, has been an Executive Director and a member of the Executive Committee of the Company since 2nd November 2011 and a member of the Inside Information Committee of the Company since 7th August 2013. He has been a Director and a member of the Executive Committee of Orient Overseas Container Line Limited ("OOCLL"), a wholly-owned subsidiary of the Company, since March 2006, and the Chief Executive Officer and Senior Managing Director of OOCLL since 1st July 2012. Mr. Tung is also a director of Cargosmart (Hong Kong) Limited, a wholly-owned subsidiary of the Company as well as a director of various subsidiaries of the Company. Between 1993 and 1998, he has served the Group in various capacities including Director of Reefer Trade of OOCLL. The last position Mr. Tung held in Hong Kong Dragon Airlines Limited prior to joining OOCLL in 2006 was the Chief Operating Officer. Mr. Tung holds a Bachelor degree from Princeton University and a Master of Business Administration from Stanford University in the USA. He is currently a member of the Executive Committee of Hong Kong Shipowners Association. Mr. Tung was the Vice-Chairman of the International Chamber of Commerce Commission for Transport & Logistics. Mr. Tung is the son of Mr. Tung Chee Hwa who has an interest in a trust which has an indirect interest in Fortune Crest Inc. and Gala Way Company Inc. (substantial shareholders of the Company) and is the brother of Mr. Tung Lieh Sing Alan (an Executive Director and the Acting Chief Financial Officer of the Company). He is the nephew of Mr. Tung Chee Chen (the Chairman, President and Chief Executive Officer of the Company) who has an interest in a trust which has an indirect interest in Fortune Crest Inc. and Gala Way Company Inc. (substantial shareholders of the Company) and Professor Roger King (a Non-Executive Director of the Company). Mr. Tung is a director of certain substantial shareholders of the Company which have disclosure interests in the Company under the provisions of the Securities and Futures Ordinance.

TUNG Lieh Sing Alan

Mr. TUNG Lieh Sing Alan, aged 47, has been an Executive Director of the Company since 1st May 2005. Mr. Tung has become the Acting Chief Financial Officer of the Company and a member of the Executive Committee and the Compliance Committee of the Company since 1st June 2013, and a member of the Inside Information Committee of the Company since 7th August 2013. Mr. Tung has been with the Group in various capacities for twenty two 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 is a member of the Hong Kong Economic Development Commission, a board member of the Hong Kong Maritime Museum, an executive committee member of the International Association of Dry Cargo Shipowners (Intercargo), a member of the Advisory Committee of Center for Transport, Trade and Financial Studies of the City University of Hong Kong and a member of the Departmental Advisory Committee of Department 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 who has an interest in a trust which has an indirect interest in Fortune Crest Inc. and Gala Way Company Inc. (substantial shareholders of the Company) and is the brother of Mr. Tung Lieh Cheung Andrew (an Executive Director of the Company). He is the nephew of Mr. Tung Chee Chen (the Chairman, President and Chief Executive Officer of the Company) who has an interest in a trust which has an indirect interest in Fortune Crest Inc. and Gala Way Company Inc. (substantial shareholders of the Company) and Professor Roger King (a Non-Executive Director of the Company).

Professor Roger KING

Professor Roger KING, aged 74, has been a Non-Executive Director of the Company since March 2000 and was an Executive Director of the Company from 1992. He is a member of the Finance Committee and the Share Committee of the Company. He was a Director of Orient Overseas (Holdings) Limited ("OOHL") from 1983 to 1992 and the Managing Director and Chief Operating Officer of OOHL from 1985 to 1987. Professor King is a graduate of the University of Michigan, BSEE; New York University, MSEE; Harvard Business School, AMP; and The Hong Kong University of Science and Technology ("HKUST"), PhD in Finance. He is an Adjunct Professor of Finance, Director of Tanoto Center for Asian Family Business and Entrepreneurship Studies and Director of Thompson Center for Business Case Studies at HKUST. He also worked in computer research and management consultancy at Bell Telephone Laboratories. Professor King is a member of the Supervisory Board of TNT Express N.V. (listed on the Amsterdam Stock Exchange) and the Honorary Consul of the Republic of Latvia in Hong Kong. Professor King was an Independent Non-Executive Director of Sincere Watch (Hong Kong) Limited (listed on the Hong Kong Stock Exchange), a member of the Supervisory Board of TNT N.V. (listed on the Amsterdam Stock Exchange), Chairman and founder of System-Pro Computers Limited, one of the largest personal computer reseller in Hong Kong, Chairman of Pacific Coffee Limited and a member of the Standing Committee of Zhejiang Province People's Political Consultative Conference. Professor King is the brother-in-law of Mr. Tung Chee Hwa who has an interest in a trust which has an indirect interest in Fortune Crest Inc. and Gala Way Company Inc. (substantial shareholders of the Company), and Mr. Tung Chee Chen (the Chairman, President and Chief Executive Officer of the Company) who has an interest in a trust which has an indirect interest in Fortune Crest Inc. and Gala Way Company Inc. (substantial shareholders of the Company) and the uncle of Mr. Tung Lieh Cheung Andrew (an Executive Director of the Company) and Mr. Tung Lieh Sing Alan (an Executive Director and the Acting Chief Financial Officer of the Company).

Simon MURRAY

Mr. Simon MURRAY, CBE, aged 74, 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 as a member on the Audit Committee of the Company. He is the Chairman of General Enterprise Management Services International Limited (GEMS), a private equity fund management company. He is an Independent Non-Executive Director of Cheung Kong (Holdings) Limited and Wing Tai Properties Limited (formerly known as USI Holdings Limited), a Non-Executive Director of Greenheart Group Limited and IRC Limited, all are companies listed in Hong Kong. Mr. Murray is also an Independent Non-Executive Director of Spring Asset Management Limited, manager of Spring Real Estate Investment Trust which is listed in Hong Kong. On 23rd October 2014, Mr. Murray was appointed an Independent Non-Executive Director of China LNG Group Limited, a company listed in Hong Kong. He is the Chairman and an Independent Non-Executive Director of Gulf Keystone Petroleum Ltd., a company listed in the United Kingdom and a Non-Executive Director of Compagnie Financière Richemont SA, a company listed in Switzerland. Mr. Murray was formerly a Non-Executive Chairman of Glencore International Plc (renamed to Glencore Plc), a company listed in Hong Kong; an Independent Director of Sino-Forest Corporation, previously listed in Canada; and the Vice Chairman and an Independent Non-Executive Director of Essar Energy Plc, a company listed 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 75, has been an Independent Non-Executive Director of the Company since 30th December 2008. He is a member of the Audit 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 and was the chairman of the Remuneration Committee and a member of the Finance Committee, the Share Committee and the Nomination Committee of the Company until 8th March 2015. He is a Certified Public Accountant in Taiwan and holds a Master of Business Administration degree from Indiana State University, USA. He did not hold directorships in any other public companies listed in Hong Kong and overseas in the last three years.

CHOW Philip Yiu Wah

Mr. CHOW Philip Yiu Wah, aged 67, is an Independent Non-Executive Director of the Company since the re-designation from a Non-Executive Director of the Company on 2nd January 2015. He is also the chairman of the Remuneration Committee and a member of the Nomination Committee, the Finance Committee and the Share Committee of the Company. Mr. Chow was an Executive Director of the Company from 1st December 2003 to 30th June 2012. He had been a Non-Executive Director and a consultant of the Company from 1st July 2012 to 31st December 2014. 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 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 62, 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 Nomination Committee and 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 also an Independent Non-Executive Director of The Link Management Limited, the manager of The Link Real Estate Investment Trust, a Hong Kong listed company.

CHENG Wai Sun Edward

Mr. CHENG Wai Sun Edward, aged 59, has been an Independent Non-Executive Director of the Company since 19th March 2009. He serves as a member on the Audit Committee of the Company. Mr. Cheng graduated from Cornell University with a Bachelor's degree in Political Science and Economics, and Oxford University with a Bachelor's degree in Jurisprudence and a Master's degree. He was qualified as a solicitor in England and Wales as well as in Hong Kong. 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 is an Executive Director, Chief Executive and Deputy Chairman of Wing Tai Properties Limited, a company listed on The Stock Exchange of Hong Kong Limited and also an Independent Non-Executive Director of Standard Chartered Bank (Hong Kong) Limited. Mr. Cheng resigned as an Independent Non-Executive Director of Television Broadcasts Limited effective 1st January 2015, a company 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 the Chairman of the University Grants Committee, a member of the board of The Airport Authority Hong Kong and a member of the Commission on Strategic Development of 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 previously served on the Government of the Hong Kong Special Administrative Region's 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

Michael Kwok

Mr. Kwok, aged 60, has been the Chief Operating Officer of OOCL since July 2012, a Director of OOCL since August 2010 and Head of Regions Management since September 2013. He holds a Bachelor of Business Administration from Chinese University of Hong Kong. Mr. Kwok joined the Group in 1978 and has served the Group in various capacities for 36 years, including serving as Director of Intra Asia Trade, Head of Fleet Management and Corporate Logistics and Director of Trades.

Erxin Yao

Mr. Yao, aged 57, has been a Director of OOCL since January 2010 and a Director of Corporate Planning and Corporation Administration since January 2013. He holds a Bachelor of Arts 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 Group in various capacities for 21 years, including serving as Executive Vice-President and Head of Corporate Services of OOCL Logistics in Hong Kong, Managing Director of Orient Overseas Container Line (China) Co., Ltd. and OOCL Logistics (China) Limited based in Shanghai and President of OOCL (USA) Inc.

Steve Siu

Mr. Siu, aged 57, 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 and a Master of Science from University of Essex, UK and a Master of Business Administration jointly organised by Northwestern University and The Hong Kong University of Science and Technology. Mr. Siu joined the Group in 1987 and has served the Group in various capacities for 27 years.

Stephen Ng

Mr. Ng, aged 56, has been the Director of Trades since July 2012, Director of Corporate Planning until June 2012 and a Director of OOCL since August 2010. He holds a Bachelor of Social Sciences from University of Hong Kong and a Master of Business Administration from Chinese University of Hong Kong. Mr. Ng joined the Group in 1987 and has served the Group in various capacities for 27 years. Before being transferred back to Hong Kong in 2010, he worked in California for seven years as Head of Trans-Pacific Trade.

Lammy Lee

Ms. Lee, aged 53, has been the Company Secretary and Group Legal Advisor of OOIL since February 1997 and Compliance Officer of OOIL since June 2004. She was appointed a Director of OOCL and a member of the OOCL Executive Committee since 1st April 2011. Ms. Lee holds a Bachelor of Laws from Queen Mary College, University of London, a Barrister and member of Lincoln's Inn and admitted as an advocate and solicitor of the High Court of Malaya. Ms. Lee joined the Group in 1988 and has served the Group in various capacities for 26 years.

Financial Calendar

Announcement of results for the half year ended 30th June 2014	11th August 2014
Despatch of 2014 Interim Report to shareholders	4th September 2014
Announcement of results for the year ended 31st December 2014	9th March 2015
Despatch of 2014 Annual Report to shareholders	2nd April 2015
Closure of the Register of Members (to ascertain the shareholders eligible to attend and vote at the Annual General Meeting)	24th April 2015 to 30th April 2015 (Both days inclusive)
2014 Annual General Meeting	30th April 2015
Closure of the Register of Members (to ascertain the shareholders qualified to receive the proposed final dividend in respect of the year ended 31st December 2014)	8th May 2015 to 12th May 2015 (Both days inclusive)

Shareholder Information

ORDINARY SHARES

Issued shares	625,793,297 shares (as at 31st December 2014)
Nominal value per share	US$0.10
Board lot	500 shares

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 matter 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 matter 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 2014:

Share Ownership by Type

	Shareholders		Shares of US$0.10 each	
Type of Shareholders	Number	Percentage	Number	Percentage
Corporate	25	2.4777%	619,923,716	99.0621%
Individual	984	97.5223%	5,869,581	0.9379%
	1,009	100.00%	625,793,297	100.00%

Shareholding Distribution

	Shareholders		Shares of US$0.10 each	
Size of shareholding	Number	Percentage	Number	Percentage
1 – 10,000	939	93.0624%	1,357,454	0.2169%
10,001 – 100,000	61	6.0456%	1,936,015	0.3094%
100,001 – 1,000,000	5	0.4955%	1,493,013	0.2386%
1,000,001 or above	4	0.3965%	621,006,815	99.2351%
	1,009	100.00%	625,793,297	100.00%

Ten Largest Ordinary Shareholders

At 31st December 2014, 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.	350,722,656	56.04%
HKSCC Nominees Limited	189,797,616	30.33%
Gala Way Company Inc.	79,227,432	12.66%
Mok Kwun Cheung	1,259,111	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	116,060	0.02%
Tai Wing Kee	106,900	0.02%
Leung Man Kit Albo	100,000	0.02%

Corporate Governance Report

CORPORATE GOVERNANCE CODE

The Board of Directors (the "Board") and the 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 corporate governance code (the "CG Code"), which in addition to applying the principles as set out in the Corporate Governance Code and Corporate Governance Report (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 2014, the Company complied with the SEHK Code, save for the following:

- ### Code Provision

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

- ### Recommended Best Practices

  - 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 14 to the Listing Rules during the year 2014:

A. BOARD OF DIRECTORS

1. Board Composition

The Board currently comprises of three Executive Directors, one Non-Executive Director and five Independent Non-Executive Directors.

Executive Directors

Mr. TUNG Chee Chen *(Chairman, President and Chief Executive Officer)*
Mr. TUNG Lieh Cheung Andrew
Mr. TUNG Lieh Sing Alan *(Acting Chief Financial Officer)*

Non-Executive Director

Professor Roger KING

Independent Non-Executive Directors

Mr. Simon MURRAY
Mr. CHANG Tsann Rong Ernest
Mr. CHOW Philip Yiu Wah*
Professor WONG Yue Chim Richard
Mr. CHENG Wai Sun Edward

* re-designated from a Non-Executive Director to an Independent Non-Executive Director with effect from 2nd January 2015.

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 44 to 47 of this annual report.

The Directors have formal letters of appointment setting out the key terms and conditions of their appointment, and are for a fixed term of three years and 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 Company 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 the year 2014, the Board complied with the Listing Rules' requirement in having at least three Independent Non-Executive Directors representing at least one-third of the Board, including one with appropriate professional qualifications or accounting or related financial management expertise.

Among the members of the Board, Professor Roger KING (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). Both Mr. TUNG Lieh Cheung Andrew (Executive Director of the Company) and Mr. TUNG Lieh Sing Alan (Executive Director and Acting Chief Financial Officer of the Company) are the nephews of both Mr. TUNG Chee Chen and Professor Roger KING and Mr. TUNG Lieh Cheung Andrew and Mr. TUNG Lieh Sing Alan are brothers.

Directors' and Officers' Liabilities Insurance

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

2. Board and Management Responsibilities

The Board is responsible for the overall strategic direction and 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 announcements and other financial disclosures as required under the Listing Rules, and reports to regulators any information required to be disclosed pursuant to statutory requirements.

The Board has a fiduciary duty and statutory responsibility towards the Company and the Group. Other responsibilities include formulation of the Group's overall strategies 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 principal division under the leadership and supervision of the Chief Executive Officer, who will implement and report to the Board on adoption of the Company's strategies, policies and objectives by the principal division of the Group.

The Board also delegates certain specific responsibilities to eight committees (Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee, Compliance Committee, Finance Committee, Share Committee and Inside Information Committee). 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 2014.

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 timely, accurate, complete and clear information on issues to be discussed at Board meetings;

   – ensure that the Board works effectively and performs its responsibilities, and that all key and appropriate issues were discussed 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 matter proposed by other Directors for inclusion in the agenda;

   – promote a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors (including Independent Non-Executive Directors) in particular and ensuring constructive relations between Executive and Non-Executive Directors; and encourage Directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that Board decisions fairly reflect Board consensus;

   – at least annually to hold meetings with the Non-Executive Directors (including Independent Non-Executive Directors) without the presence of the other Executive Directors;

- ensure effective communication with shareholders and that their views are communicated to the Board; and to

- attend the annual general meetings and invite the chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee and the other Board committees, or in the absence of the chairman of the respective Board committees, other members of the related Board committees to be available to answer questions at the annual general meetings.

In case of an equality of votes at any Board meeting, 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 operation of the Company and Group business. His duties include to:

- provide leadership and supervise the effective management of the principal division of the Group;

- monitor and control the operational and financial performance of the principal division of the Group;

- implement and report to the Board on the adoption of the Company's strategies, policies and objectives by the principal division of the Group;

- provide information to the Board (as necessary) to enable the Board to monitor the performance of management and operation of the principal division of the Group; and to

- set up programmes for management development and succession planning for the principal division 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 dealt with by a physical Board meeting rather than a written resolution. If considered appropriate, the Board meeting shall be attended by Independent Non-Executive Directors who have no material interests 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. Professional Development

In addition to Directors' attendance at meetings and review of papers and circulars sent by the Company, the Directors have participated in continuous professional development programme to develop and refresh their knowledge and skills to help ensure that their contribution to the Board remains informed and relevant.

The programme for continuous professional development of Directors takes various forms including:

- the Company briefing Directors on important issues which have material impact on the Company's business, financial and operational matters including major investments, corporate governance practices and funding strategy;
- Directors meeting senior management of the Group on issues specific to the Group's business;
- Directors reading materials and updates on the regulatory changes followed by briefings by the Company Secretary of the Company, if requested; and
- Directors attending external seminars on business, financial, governance, regulatory and other issues relevant to the Group's activities.

Below is the record of participation in continuous professional development programme by the current Directors of the Company in year 2014 relevant to the directors' duties and responsibilities, regulatory updates and business, financial and operational matters of the Group.

	Reading materials	Attending external seminars/briefings
Executive Directors		
Mr. TUNG Chee Chen	✓	
Mr. TUNG Lieh Cheung Andrew	✓	
Mr. TUNG Lieh Sing Alan	✓	✓
Non-Executive Director		
Professor Roger KING	✓	
Independent Non-Executive Directors		
Mr. Simon MURRAY	✓	
Mr. CHANG Tsann Rong Ernest	✓	
Mr. CHOW Philip Yiu Wah*	✓	
Professor WONG Yue Chim Richard	✓	✓
Mr. CHENG Wai Sun Edward	✓	✓

* re-designated from a Non-Executive Director to an Independent Non-Executive Director with effect from 2nd January 2015.

6. 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.

7. Nomination of Directors

The Nomination Committee was established in 2012. The Committee reviews the structure, size and composition (including the skills, knowledge, experience and from diversity perspective) of the Board regularly and makes recommendation to the Board. 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 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, together with the identity of the public companies and organisations and an indication of time involved.

At the annual general meeting of the Company held on 25th April 2014 (the "2013 AGM"), Mr. TUNG Lieh Cheung Andrew, Mr. CHOW Philip Yiu Wah and Mr. Simon MURRAY retired and were re-elected as Directors of the Company.

8. Board Committees

In addition to the Audit Committee, the Remuneration Committee and the Nomination Committee established in compliance with the Listing Rules, the other committees comprise of the Executive Committee, the Finance Committee, the Share Committee, the Compliance Committee and the Inside Information Committee. Each committee has its own well defined scope of duties and terms of reference. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the Company's website and the HKExnews website. The Company Secretary shall also make available the terms of reference of all 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 members of the respective committees and the Directors of the Company for their record.

a. Executive Committee

The Executive Committee was established in 1996. All its members are Executive Directors. It currently comprises of Mr. TUNG Chee Chen (chairman of the Executive Committee), Mr. TUNG Lieh Cheung Andrew and Mr. TUNG Lieh Sing Alan, 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 strategies and policies and to set corporate and management targets and operational initiatives and policies on risk management for the principal division 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 division of the Group;

- review, discuss and approve (if appropriate) (i) press announcements, circulars and other documents (including inside information and financial information) required to be disclosed pursuant to the Listing Rules, regulatory or statutory requirements; (ii) submissions from the Compliance Committee, the Finance Committee and the Share 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 matter 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. All its members are Independent Non-Executive Directors. It currently comprises of Professor WONG Yue Chim Richard (chairman of the Audit Committee), 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.

The Audit Committee is delegated by the Board with the responsibility to provide an independent review and supervision of financial reporting and to ensure the effectiveness of the Group's internal control and the adequacy of the external and internal audit. To perform its duties, the Audit Committee is provided with sufficient resources and is supported by the Internal Audit Department to examine all matters relating to the Group's adopted accounting principles and practices and to review all material financial, operational and compliance controls. The terms of reference of the Audit Committee are posted on the Company's website.

The primary duties of the Audit Committee include to:

- recommend to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any question of its resignation or dismissal;
- act as the key representative body overseeing the Company's relation with the external auditor;
- seek from the external auditor, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including provision of non-audit services and requirements regarding rotation of audit partners and staff;
- discuss with the external auditor any recommendation arising from the audit, and to review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and management's response, and to ensure that the Board will provide timely response to the issues raised in the external auditor's management letter;
- establish and review from time to time the procedure to review and monitor the external auditor's independence and objectivity, and the effectiveness of the audit process and the scope of the external auditor, and to discuss and understand the factors considered by the external auditor in determining the scope of the audit and reporting obligations before the audit commences;
- establish and review from time to time the policy relating to hiring of employees or former employees of the external auditor and monitor the application of such policy; and to consider whether as a result of such hiring there has been any impairment of the auditor's judgment or independence in respect of the audit;
- establish and review from time to time the policy on engaging external auditor to supply non-audit services and to review such services do not impair the external auditor's independence or objectivity in relation to non-audit services including whether the skills and experience of the external auditor make it a suitable supplier of non-audit services; whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit because the external auditor provides non-audit services; and the nature of the non-audit services, the related fee levels and fee levels individually and in total relative to the external auditor;
- review the Group's financial and accounting policies and practices;
- review the Company's annual, quarterly (if prepared for publication) and interim financial reports and significant financial reporting judgments contained in them, with particular focus on changes in accounting policies and practices, major judgmental areas, any significant audit adjustment, the going concern assumption and any qualification, compliance with any applicable legal requirements and accounting standards, and compliance with the requirements of the Listing Rules and other legal requirements in relation to financial reporting;
- consider any significant or unusual item that is, or may need to be, reflected in the reports and accounts and to give due consideration to any matter that has been raised by the Financial Compliance Officer of the Company, the external auditor, the Head of Internal Audit Department or the staff responsible for the accounting and financial reporting function;
- review with the Group's management, the external auditor and the internal auditor, the adequacy of the Group's policies and procedures regarding internal control system (including financial, operational and compliance controls) and risk management system to ensure that such systems are effective with audit trails to protect the accuracy and integrity of financial data and to pursue relevant enquiries into matters having, or likely to have, a material effect on the business and financial conditions of the Group. The result of the review is to be reported in the Corporate Governance Report of the Company, including a Directors' statement that they have conducted a review of its internal control system;

- discuss with the management the scope and quality of the internal control system and to ensure that management has performed its duty to have an effective internal control system including the adequacy of resources, staff qualification and experience, training programmes and budget and experience of staff of the accounting and financial reporting function;

- review findings of internal investigation and management's response of any suspected frauds or irregularities or failures of internal control or infringements of laws, rules and regulations;

- review the scope and effectiveness of the internal audit functions and to review the results of the internal audit functions regularly with the internal auditor matters including planning of the Audit Committee meetings and, if required by the internal auditor, the internal audit programme; and to ensure co-ordination between the internal and external auditors and that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and monitor its effectiveness;

- review the effectiveness and monitor the use of the whistleblowing policy and procedures for employees to raise concerns, in confidence, to the Audit Committee about improprieties in financial reporting, internal control and other matters; and to ensure that proper arrangements are in place for fair and independent investigation of these improprieties and for appropriate follow-up action;

- report to the Board on the matters raised in the SEHK Code; and to

- report to the Board, identifying and making recommendations on any matter where action or improvement is needed and to consider other topics identified and referred to the Audit Committee by the Board.

Under the Group's whistleblowing 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 2014, the Audit Committee received no complaint from employees.

The Audit Committee held two meetings during the year ended 31st December 2014. The following is a summary of work performed by the Audit Committee during 2014:

(i) reviewed and discussed the annual accounts for 2013 and the interim accounts for 2014 with the external auditor and management of the Company, 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 2013 annual accounts and issues arising from the review of the 2014 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 2013;

(vi) reviewed the Internal Audit Department's audit objectives and approval of the annual internal audit plan;

(vii) reviewed the findings and recommendations of the Internal Audit Department on the audits carried out on the principal activities of the Group during the year 2013;

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

(ix) reviewed the relevant sections in the Corporate Governance Report for the year ended 31st December 2013 concerning the Audit Committee;

(x) reviewed the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

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

(xii) reviewed the continuous implementation of the whistleblowing 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 concern 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. A majority of its members are Independent Non-Executive Directors. With effect from 9th March 2015, the Remuneration Committee comprises of Mr. CHOW Philip Yiu Wah (chairman of the Remuneration Committee), Mr. TUNG Chee Chen and Professor WONG Yue Chim Richard, with Ms. Lammy LEE as the secretary of the Remuneration Committee.

The primary duties of the Remuneration Committee include to:

– review and recommend to the Board on the Company's policy and structure of the remuneration of the Directors of the Company, senior management and employees of the Group including performance-based bonus scheme on the basis that they are fairly but responsibly rewarded for their individual contribution to the overall performance of the Company;

– establish and review a formal and transparent procedure for developing remuneration policy;

– (i) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and determine with delegated responsibilities the remuneration packages of individual Executive Directors of the Company and senior management; and (ii) recommend to the Board on the remuneration of the Non-Executive Directors of the Company;

– consult the Chairman of the Board and/or Chief Executive Officer of the Company about their remuneration proposals for the other Executive Directors of the Company and senior management;

– review and approve compensation payable to the Executive Directors of the Company and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

– review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

– ensure that no Director or any of his associates or senior management is involved in deciding his own remuneration; and to

– advise the Board any matter relating to the remuneration or reward of the Executive Directors of the Company or senior management or employees of the Group.

The Remuneration Committee held three meetings and passed resolutions by way of written resolution during the year ended 31st December 2014. The following is a summary of work performed by the Remuneration Committee during 2014, including:

(i) reviewed the Company's policy and remuneration structure for the Directors of the Company, and the senior management and employees of the Group;

(ii) reviewed the procedure for developing remuneration policy;

(iii) reviewed and recommended to the Board the consultancy fee of Mr. CHOW Philip Yiu Wah as consultant of the Company;

(iv) reviewed and recommended to the Board the director's fee and committee member's fee for several Non-Executive Directors of the Company;

(v) reviewed the discretionary management bonus of the Executive Directors of the Company, and the senior management and employees of the Group for the year 2013; and

(vi) reviewed and recommended to the Board or determined with delegated responsibilities, as the case may be, in accordance with the terms of reference of the Remuneration Committee, the remuneration packages of the Directors of the Company, and the senior management and employees of the Group for the year 2014.

No Director was involved in determining his own remuneration.

d. Nomination Committee

The Nomination Committee was established in 2012. A majority of its members of the Nomination Committee are Independent Non-Executive Directors. With effect from 9th March 2015, the Nomination Committee comprises of Mr. TUNG Chee Chen (chairman of the Nomination Committee), Mr. CHOW Philip Yiu Wah and Professor WONG Yue Chim Richard, with Ms. Lammy LEE as the secretary of the Nomination Committee.

The primary duties of the Nomination Committee include to:

- review and make recommendation to the Board on the Company's policy for nomination of Directors;
- establish and review a formal, considered and transparent procedures for the appointment of new directors and have plans in place for orderly succession for appointments;
- review and report annually on implementation of the board diversity policy of the Company (the "Board Diversity Policy"), and progress (if relevant);
- review the structure, size and composition (including the skills, knowledge, experience and from diversity perspective) of the Board at least annually and recommend on any proposed change to the Board to complement the Company's corporate strategy;
- identify, nominate and recommend to the Board suitably qualified candidate, based on meritocracy and the Board Diversity Policy appropriate for the Company's business and specific needs, to become a director of the Company either to fill a casual vacancy or as an addition to the existing Board;

– recommend to the Board on the appointment or re-appointment/re-election of Directors and succession planning for Directors to maintain a balance of skills, knowledge, experience and diversity of perspectives of the Board;

– assess and report to the Board the qualifications of any person proposed by a shareholder of the Company for election as a director of the Company to ensure compliance with the nomination policy of the Company and the requirements as provided in the Listing Rules are satisfied;

– assess the independence of Independent Non-Executive Directors of the Company;

– regularly review and report to the Board the contribution required from a Director of the Company to perform his responsibilities and whether he is spending sufficient time performing them; and to

– assess performance of the Executive Directors and conduct a regular evaluation of the Board's performance by a member of the Nomination Committee, who is an Independent Non-Executive Director, and report results of the evaluation to the Board.

The Nomination Committee held two meetings and passed resolutions by way of written resolution during the year ended 31st December 2014. The following is a summary of work performed by the Nomination Committee during 2014, including:

(i) reviewed the Company's policy for nomination of Directors;

(ii) reviewed procedures for appointment of new Directors and plans for orderly succession;

(iii) reviewed the implementation of the Board Diversity Policy of the Company;

(iv) reviewed the structure, size and composition of the Board of the Company;

(v) recommended to the Board the extension of the consultancy contract of Mr. CHOW Philip Yiu Wah;

(vi) recommended re-election of the retiring directors at the annual general meeting of the Company held on 25th April 2014;

(vii) assessed independence of the Independent Non-Executive Directors of the Company;

(viii) reviewed the contribution of the Directors of the Company for the year 2013; and

(ix) evaluated performance of the Board and assessed performance of the Executive Directors of the Company by a member of the Nomination Committee who is an Independent Non-Executive Director of the Company in accordance with the terms of reference of the Nomination Committee.

The Board Diversity Policy is summarized as follows:

– the Company ensures that its Board has the appropriate balance of skills, experience and diversity of perspective of the Board requires to support the execution of its business strategy and in order for the Board to be effective;

– selection of candidates will be based on a range of perspectives, including but not limited to age, culture and educational background, ethnicity, industry experience, skills, knowledge and length of service. The Board's appointment should be based on meritocracy and diversity of perspectives appropriate for the Company's business and specific needs and the contribution that the selected candidates will bring to the Board; and

– the Nomination Committee will take into consideration of the Board Diversity Policy in identifying and nominating suitably qualified candidates to become members of the Board.

e. Compliance Committee

The Compliance Committee was established in 2004 and currently comprises of Ms. Lammy LEE (chairperson of the Compliance Committee), Mr. TUNG Lieh Sing Alan, Mr. MOK Yun Lee Paul and Mr. FUNG Yee Chung Vincent. The Board has delegated the responsibility for monitoring the corporate governance compliance to the Compliance Committee.

The primary duties of the Compliance Committee include to:

– review, monitor and provide administrative support on the compliance control of the Group and compliance of the following corporate governance functions of the Company:

(a) on the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) on the training and continuous professional development of Directors and senior management of the Group;

(c) on the Company's policies and practices on compliance with legal and regulatory requirements;

(d) on the development of the code of conduct and compliance manuals (if any) applicable to employees and Directors;

(e) on the Company's compliance with the CG Code and the SEHK Code;

(f) to report the above items (a) to (e) to the Board regularly; and

(g) to prepare (i) the Corporate Governance Report covering all mandatory disclosure requirements as set out in the Listing Rules; and/or (ii) information required to be disclosed by the Compliance Committee in the Company's results announcements, the annual reports, the interim reports and any other documents, pursuant to the Listing Rules;

– review and report to the Board regularly the shareholders' communication policy to ensure its effectiveness; and to

– ensure the Company is in compliance with the Listing Rules including disclosure and compliance obligations for matters including notifiable transactions, connected transactions, continuing connected transactions, advance to an entity, financial assistance and guarantees to affiliated companies of the Company, loan agreements with covenants relating to specific performance of the controlling shareholder of the Company, breach of a loan agreement by the Company, disclosure of financial information pursuant to Appendix 16 to the Listing Rules, and general obligations of disclosure under Rule 13.09 of the Listing Rules.

The Compliance Committee held two meetings and passed resolutions by way of written resolution during the year ended 31st December 2014. The following is a summary of work performed by the Compliance Committee during 2014, including:

(i) reviewed the Company's policies and practices on corporate governance and made recommendations to the Board;

(ii) reviewed and reported to the Board on the amendments to the Listing Rules;

(iii) reviewed and monitored the training and continuous professional development of Directors of the Company;

(iv) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, particularly on legal, financial and accounting, internal control and audit;

(v) reviewed and monitored the code of conduct and compliance manuals (if any) applicable to employees and Directors of the Company;

(vi) reviewed the Company's compliance with the CG Code and the SEHK Code and the disclosure requirements in the Corporate Governance Report;

(vii) reviewed and reported to the Board on the effectiveness of the shareholders' communication policy;

(viii) reviewed and recommended to the Board on the connected transaction in relation to the renewal of the consultancy contract of Mr. CHOW Philip Yiu Wah; and

(ix) reviewed and reported to the Board on the continuing connected transactions and the significant contracts of the Group.

f. Finance Committee

The Finance Committee was established in 1993. With effect from 9th March 2015, the Finance Committee comprises of Professor Roger KING and Mr. CHOW Philip Yiu Wah, 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 and equipment and the financing of the business operations of the Group;

- report to the Board on its decisions, and any matter in respect of which it considers that action is needed, and its recommendation 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 endorsement and/or approval.

g. Share Committee

The Share Committee was established in 1992. With effect from 9th March 2015, the Share Committee comprises of Professor Roger KING and Mr. CHOW Philip Yiu Wah, 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, issue of bonus shares, scrip dividend schemes, top up placings, share subscriptions and 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.

h. Inside Information Committee

The Inside Information Committee was established in 2013 and currently comprises of Mr. TUNG Chee Chen (chairman of the Inside Information Committee), Mr. TUNG Lieh Cheung Andrew, Mr. TUNG Lieh Sing Alan and Ms. Lammy LEE.

The primary duties of the Inside Information Committee include to:

- ensure proper systems and control are in place to collect, review and verify potential inside information;
- identify, assess and escalate potential inside information to the attention of the Board; report to the Board on the recommendation of the Inside Information Committee, and any matter in respect of which it considers that action is needed, and its recommendation as to the actions to be taken and what information to be disclosed;
- vet and clear announcements or other public disclosures; and to
- supervise the Company's compliance with continuing disclosure obligations.

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

The attendance records of each Director and each member of the eight Board Committees at the relevant meetings held in year 2014 are as follows:

	Meetings Attended/Held in 2014									
	Board	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee	Compliance Committee	Finance Committee	Share Committee	Inside Information Committee	2013 AGM
No. of meetings held during the year	6	11	2	3	2	2	0	0	0	1
Executive Directors										
Mr. TUNG Chee Chen *(Chairman, President and Chief Executive Officer)*	6/6	11/11	–	3/3	2/2	–	–	–	0	1/1
Mr. TUNG Lieh Cheung Andrew	6/6	11/11	–	–	–	–	–	–	0	1/1
Mr. TUNG Lieh Sing Alan *(Acting Chief Financial Officer)*	6/6	11/11	–	–	–	2/2	–	–	0	1/1
Non-Executive Director										
Professor Roger KING	5/6	–	–	–	–	–	0	–	–	0/1
Independent Non-Executive Directors										
Mr. Simon MURRAY	4/6	–	2/2	–	–	–	–	–	–	0/1
Mr. CHANG Tsann Rong Ernest	6/6	–	2/2	3/3	2/2	–	0	0	–	1/1
Mr. CHOW Philip Yiu Wah*	6/6	–	–	–	–	–	0	0	–	1/1
Professor WONG Yue Chim Richard	5/6	–	2/2	3/3	2/2	–	–	–	–	1/1
Mr. CHENG Wai Sun Edward	5/6	–	2/2	–	–	–	–	–	–	1/1
Others										
Ms. Lammy LEE *(Company Secretary)*	–	–	–	–	–	2/2	–	–	–	–
Mr. MOK Yun Lee Paul *(Group Financial Controller)*	–	–	–	–	–	2/2	–	–	–	–
Mr. FUNG Yee Chung Vincent *(Chief Auditor)*	–	–	–	–	–	2/2	–	–	–	–
Average attendance rate	90.74%	100%	100%	100%	100%	100%	N/A	N/A	N/A	77.78%

* re-designated from a Non-Executive Director to an Independent Non-Executive Director with effect from 2nd January 2015.

10. 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 2014.

11. Share Interests of Directors and Senior Management

a. Directors

Directors' interests in the shares of the Company are set out on pages 74 and 75 of this annual report.

b. Senior Management

As at 31st December 2014, the number of shares of the Company held by the senior management of the Company are as follows:

Name	Number of shares held
Mr. Michael KWOK	–
Mr. Erxin YAO	5,000
Mr. Stephen NG	–
Mr. Steve SIU	–
Ms. Lammy LEE	–

12. Emoluments of Directors and Senior Management#

a. Emoluments of Directors

The emoluments of the Directors of the Company for the year ended 31st December 2014 are set out on page 114 of this annual report.

b. Emoluments of Senior Management

The emoluments of the senior management of the Company for the year ended 31st December 2014 are set out below:

Emolument bands (US$)	Number of individuals 2014
320,501 – 384,600	2
384,601 – 448,700	3
Total	5

biographical details of senior management are set out on page 48 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 2013 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 2014 is set out on page 116 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 2014.

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 2014.

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 division 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 the principal division with defined authority responsibilities and control/ measures;

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

– a comprehensive management accounting system for the 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 the principal division. Exposure to these risks is monitored by the Executive Committee and the management of the principal division;

– 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; and

– the Internal Audit Department performs independent reviews of the risks and controls identified to provide reasonable assurance to management of the Company and principal division 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 division. 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 division. The management of the Company and the principal division 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 2014 Internal Audit report, the Group's internal control system is functioning effectively, there was no significant weakness found in the course of the audits carried out during the year, and there is no change in the nature and extent of significant risks as well as the scope and quality of management's ongoing monitoring of the risks and the internal control system. 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 significant 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 2014.

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

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

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

b) it conducts its affairs by reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission;

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 inside 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 chairpersons of the Audit Committee, the Remuneration Committee, the Nomination Committee and other Board committees, 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 Company has also established a shareholders' communication policy to ensure shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company. The policy is regularly reviewed to ensure its effectiveness and is available on written request to the Company Secretary.

The most recent shareholders' meeting of the Company was the 2013 AGM held at Dynasty Room, 7th Floor, The Dynasty Club, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on 25th April 2014, at which the following ordinary resolutions were passed with the voting results as follows:

		Number of Votes (%)	
	Ordinary Resolutions	**For**	**Against**
1.	To consider and adopt the audited Financial Statements and the Reports of the Directors and the Auditor for the year ended 31st December 2013.	522,095,479 (99.999713%)	1,500 (0.000287%)
2.	To declare a final dividend for the year ended 31st December 2013.	520,834,368 (99.758452%)	1,261,111 (0.241548%)
3(a).	To re-elect Mr. TUNG Lieh Cheung Andrew as Director.	500,228,624 (95.812631%)	21,861,855 (4.187369%)
3(b).	To re-elect Mr. CHOW Philip Yiu Wah as Director.	499,570,624 (95.685683%)	22,524,855 (4.314317%)
3(c).	To re-elect Mr. Simon MURRAY as Director.	449,738,331 (86.300102%)	71,394,690 (13.699898%)
4.	To authorise the Board of Directors to fix the Directors' remuneration.	518,983,479 (99.977654%)	116,000 (0.022346%)
5.	To re-appoint PricewaterhouseCoopers as Auditor and to authorise the Board of Directors to fix their remuneration.	500,653,297 (95.916018%)	21,317,182 (4.083982%)
6(a).	To grant a general mandate to the Directors to allot, issue and deal with the Company's shares.	449,389,923 (86.074115%)	72,706,556 (13.925885%)
6(b).	To grant a general mandate to the Directors to repurchase the Company's shares.	521,965,479 (99.999713%)	1,500 (0.000287%)
6(c).	To extend the general mandate to issue shares to cover the shares repurchased by the Company under Resolution No. 6(b).	450,115,923 (86.213417%)	71,979,056 (13.786583%)

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. SHAREHOLDERS' RIGHTS

1. Convening a special general meeting

Pursuant to the Bermuda Companies Act and the Company's Bye-law, the shareholder(s) of the Company holding not less than one-tenth of the paid up capital of the Company having the right to vote at general meetings of the Company shall have the right, by written requisition sent to the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and to the Company's principal office at 33rd Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, for the attention of the Company Secretary of the Company, to require a special general meeting (the "SGM") to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must state the purposes of the general meeting, signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders.

Upon receipt of confirmation from the Company's branch share registrar (the "Registrar") that the shareholder(s) submitting the requisition is/are qualified to attend and vote at any general meeting, the Company will convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders.

2. Putting forward proposals at general meetings

The shareholder(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting of the Company; or (ii) not less than 100 shareholders of the Company, can submit:

(i) a written request stating the resolution intended to be moved at an annual general meeting; or

(ii) a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

The written request/statement must be signed by the shareholder(s) concerned and deposited at the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and to the Company's principal office at 33rd Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, for the attention of the Company Secretary of the Company, not less than six weeks before the annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

Upon receipt of confirmation from the Registrar of the Company that the shareholder(s) making the proposal is/are qualified to attend and vote at the general meeting, the Company will:

(i) include the resolution in the agenda for the annual general meeting; or

(ii) circulate the statement for the general meeting,

provided that the shareholder(s) concerned have deposited a sum of money sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement to all the registered shareholders.

3. Putting enquiries to the Board

Shareholders who have enquiries to put to the Board of the Company may write to the Company Secretary of the Company at 33rd Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

E. 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 2014:

Authorised share capital: US$205,000,000, comprising 900,000,000 ordinary shares of US$0.1 each, 65,000,000 limited voting 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 the type of Shareholders as at 31st December 2014 are as follows:

Type of Shareholders	Number of Shareholders	Shareholders % of total	Number of Shares
Corporate	25	2.4777%	619,923,716
Individual	984	97.5223%	5,869,581
Total	1,009	100.00%	625,793,297

Details of the shareholding of the ordinary shares of the Company by range as at 31st December 2014 are as follows:

Size of shareholding	Number of Shareholders	Shareholders % of total
1 – 10,000	939	93.0624%
10,001 – 100,000	61	6.0456%
100,001 – 1,000,000	5	0.4955%
1,000,001 or above	4	0.3965%
Total	1,009	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 2014.

3. Financial Calendar

Important dates for the coming financial year are set out on page 49 of this annual report.

4. Memorandum of Association and Bye-Laws

There are no changes to the memorandum of association and bye-laws of the Company (the "Constitutional Documents") during the year. The consolidated version of the Constitutional Documents is available on the Company's website and the HKExnews website.

Report of the Directors

The Board of Directors of the Company presents this report together with the audited accounts for the year ended 31st December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries, associated companies and joint ventures are set out on pages 145 to 154 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 82 of this annual report.

DIVIDENDS

An interim dividend of US7.5 cents (HK$0.585) per ordinary share was paid on 16th October 2014.

The Board of Directors of the Company has recommended the payment of a final dividend of US3.4 cents (HK$0.27 at the exchange rate of US$1: HK$7.8) per ordinary share for the year ended 31st December 2014 to be paid on 10th June 2015 to the shareholders of the Company whose names appear on the register of members of the Company on 12th May 2015. 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 2nd June 2015.

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. TUNG Lieh Cheung Andrew
Mr. TUNG Lieh Sing Alan *(Acting Chief Financial Officer)*

Non-Executive Director

Professor Roger KING

Independent Non-Executive Directors

Mr. Simon MURRAY
Mr. CHANG Tsann Rong Ernest
Mr. CHOW Philip Yiu Wah*
Professor WONG Yue Chim Richard
Mr. CHENG Wai Sun Edward

* *re-designated from a Non-Executive Director to an Independent Non-Executive Director with effect from 2nd January 2015.*

In accordance with the provisions of the Company's Bye-laws, Professor Roger King, Mr. Chang Tsann Rong Ernest and Mr. Cheng Wai Sun Edward will retire by rotation at the annual general meeting of the Company to be held on 30th April 2015 (the "Annual General Meeting") and, being eligible, will offer themselves for re-election.

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 Listing Rules. With effect from 2nd January 2015, Mr. Chow Philip Yiu Wah was re-designated from a Non-Executive Director to an Independent Non-Executive Director of the Company (the "Re-designation") as recommended by the Nomination Committee of the Company and approved by the Board. During the two years immediately prior to the Re-designation, Mr. Chow had had no involvement in an executive or management capacity, and had not participated in the daily operation or management of the Company. Mr. Chow had confirmed that he had satisfied all factors set out in Rule 3.13 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Board determined that Mr. Chow was independent. The Board considers all of the Independent Non-Executive Directors are independent.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Neither the Company nor any of its subsidiaries was a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year or at the end of the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST

1. Significant Contracts

The Group shares 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 2014 was approximately US$1,446,000.

Yuensung Investment Company Limited ("Yuensung"), a company controlled by Mr. C U Tung, the 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 2014 was approximately US$80,000.

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 2014, 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 ("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 of Hong Kong Limited (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	–	429,950,088 *(Notes 1 & 2)*	429,950,088	68.70%
Chang Tsann Rong Ernest	612,731	–	612,731	0.098%
Chow Philip Yiu Wah	133,100	20,000 *(Note 3)*	153,100	0.024%
Simon Murray	10,000	–	10,000	0.002%
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 429,950,088 Shares, in which Fortune Crest Inc. ("Fortune Crest") and Gala Way Company Inc. ("Gala Way"), wholly-owned subsidiaries of Thelma, have direct interests in 350,722,656 Shares and 79,227,432 Shares respectively. The voting rights in respect of such 429,950,088 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. 20,000 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 2014, 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 2014, none of the Directors or the Chief Executive of the Company is a director or an 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 2014, 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 2014, the following persons (other than the Directors or the 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 (Long position)	Percentage
Artson Global Limited *	Trustee	429,950,088 *(Note 1)*	68.70%
Hanberry Global Limited #	Trustee	429,950,088 *(Note 2)*	68.70%
Thelma Holdings Limited *	Indirect	429,950,088 *(Note 3)*	68.70%
Tung Chee Hwa	Indirect	429,975,319 *(Note 4)*	68.70%
Archmore Investment Limited *	Beneficiary of a trust	429,950,088 *(Note 5)*	68.70%
Edgemont Holdings Limited *	Indirect	429,950,088 *(Note 6)*	68.70%
Javier Global Limited *	Indirect	429,950,088 *(Note 7)*	68.70%
Bartlock Assets Ltd. #	Beneficiary of a trust	429,950,088 *(Note 8)*	68.70%
Flowell Development Inc.	Beneficiary of a trust	429,950,088 *(Note 9)*	68.70%
Izone Capital Limited *	Beneficiary of a trust	429,950,088 *(Note 10)*	68.70%
Jeference Capital Inc. *	Beneficiary of a trust	429,950,088 *(Note 11)*	68.70%
Tung Holdings (Trustee) Inc. *	Voting	429,950,088 *(Note 12)*	68.70%
Fortune Crest Inc. *	Direct	350,722,656 *(Note 13)*	56.04%
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 Professor Roger King, and father of Mr. Tung Lieh Cheung Andrew and 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 429,950,088 Shares. Mrs. Tung Chiu Hung Ping Betty (spouse of Mr. Tung Chee Hwa, sister-in-law of Mr. Tung Chee Chen and Professor Roger King, and mother of Mr. Tung Lieh Cheung Andrew and Mr. Tung Lieh Sing Alan) owns 25,231 Shares.

5. Archmore Investment Limited ("Archmore"), a company which is wholly owned by Edgemont Holdings Limited ("Edgemont"), has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 429,950,088 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 429,950,088 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 429,950,088 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 429,950,088 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 429,950,088 Shares.

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

13. Fortune Crest has a direct interest in 350,722,656 Shares.

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

* For those companies marked with "*", 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.

\# For those companies marked with "#", Mr. Tung Lieh Cheung Andrew is a director of these companies.

Save as disclosed herein, as at 31st December 2014, the Company has not been notified by any person (other than the Directors or the 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 2014, 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 agreements dated 10th December 2007, 15th December 2010 and 4th December 2013, all 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 the Group including, inter alia, (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; and (vi) crew manning services, for successive periods of three years expiring on 31st December 2016 subject to the annual caps of not exceeding US$50,000,000, US$52,500,000 and US$55,000,000 for the years 2014, 2015 and 2016 respectively.

During the year 2014, US$32,914,000 was paid by OTWL to the CMT group for the aforesaid services.

b) AII Master Agreement

Pursuant to a master agreement dated 29th June 2005, as supplemented by the supplemental agreement dated 10th December 2007, 15th December 2010 and 4th December 2013, all 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 the Group including, inter alia, (i) provision of office premises; and (ii) freight station depot and container storage facilities, for successive periods of three years expiring on 31st December 2016 subject to the annual caps of not exceeding US$2,800,000 for the years 2014, 2015 and 2016 respectively.

During the year 2014, US$1,280,000 was paid by OTWL to the AII group for the aforesaid services.

Mr. John Peng is the controlling shareholder of CMT and AII, and the brother-in-law of Mr. Tung Chee Chen who is an Executive Director, Chairman, President and Chief Executive Officer of the Company; the brother-in-law of Professor Roger King, a Non-Executive Director of the Company; the uncle of Mr. Tung Lieh Cheung Andrew, an Executive Director of the Company, and Mr. Tung Lieh Sing Alan, an Executive Director and the Acting Chief Financial Officer of the Company; and the brother-in-law of Mr. Tung Chee Hwa who has an interest in a trust which has an indirect interest in certain substantial shareholders 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.55 of the Listing Rules, the Independent Non-Executive Directors of the Company, namely Mr. Simon Murray, Mr. Chang Tsann Rong Ernest, Mr. Chow Philip Yiu Wah, 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 better; and (c) according to 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 the findings and conclusions in respect of the Continuing Connected Transactions as disclosed above in accordance with Rule 14A.56 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 2014, 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 Bermudan 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 37 to the consolidated accounts on pages 137 and 138 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 corporate governance code (the "CG Code"), which in addition to applying the principles as set out in the Corporate Governance Code and Corporate Governance Report (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 52 to 72 of this annual report.

Throughout the year of 2014, the Company complied with the SEHK Code, except as set out in the Corporate Governance Report on page 52.

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 16 to the consolidated accounts on pages 119 to 121 of this annual report.

DONATIONS

Donations made by the Group during the year amount to US$322,000.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 30th April 2015.

A circular containing, inter alia, (i) a notice convening the Annual General Meeting; (ii) 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 23rd March 2015.

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, 6th March 2015

Index – Financial Information

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 82 to 154, which comprise the consolidated and company balance sheets as at 31st December 2014, 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 2014, and of the profit and cash flows of the Group 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, 6th March 2015

Consolidated Profit and Loss Account

For the year ended 31st December 2014

US$'000	Note	2014	2013
Revenue	5	**6,521,589**	6,231,583
Operating costs	6	**(5,875,797)**	(5,772,046)
Gross profit		**645,792**	459,537
Fair value gain/(loss) from an investment property	17	**9,653**	(6,923)
Other operating income	7	**119,380**	63,242
Other operating expenses	8	**(445,678)**	(425,542)
Operating profit	11	**329,147**	90,314
Finance costs	12	**(54,000)**	(41,019)
Share of profits of joint ventures	20	**4,364**	4,001
Share of profits of associated companies	21	**15,072**	13,703
Profit before taxation		**294,583**	66,999
Taxation	13	**(24,145)**	(19,866)
Profit for the year		**270,438**	47,133
Profit/(loss) attributable to:			
Equity holders of the Company		**270,538**	47,036
Non-controlling interests		**(100)**	97
		270,438	47,133
Earnings per ordinary share (US cents)	14		
Basic and diluted		**43.2**	7.5
Dividends	15	**68,266**	11,765

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2014

US$'000	2014	2013
Profit for the year	**270,438**	47,133
Other comprehensive income:		
Item that will not be subsequently reclassified to profit or loss:		
Remeasurement losses on defined benefit schemes	**(1,988)**	(13,166)
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
– Change in fair value	**(42,287)**	(5,841)
– Assets revaluation reserve realised	**–**	(112)
Currency translation adjustments		
– Foreign subsidiaries	**1,048**	2,292
– Non-controlling interests	**(52)**	185
– Associated companies	**(525)**	3,530
– Joint ventures	**(30)**	240
– Release of reserve upon disposal of a subsidiary	**(4,027)**	–
Total items that may be reclassified subsequently to profit or loss	**(45,873)**	294
Other comprehensive loss for the year, net of tax	**(47,861)**	(12,872)
Total comprehensive income for the year	**222,577**	34,261
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	**222,729**	33,979
Non-controlling interests	**(152)**	282
	222,577	34,261

Consolidated Balance Sheet

As at 31st December 2014

US$'000	Note	2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	16	**5,608,929**	5,320,251
Investment property	17	**180,000**	170,000
Prepayments of lease premiums	18	**9,109**	9,543
Joint ventures	20	**9,011**	8,674
Associated companies	21	**152,499**	134,697
Intangible assets	22	**48,578**	42,663
Deferred taxation assets	23	**3,887**	4,072
Derivative financial instruments	34	**2,888**	4,407
Restricted bank balances	25	**54,168**	24,731
Available-for-sale financial assets	26	**139,636**	149,667
Held-to-maturity investments	27	**221,035**	254,572
Other non-current assets	28	**19,710**	22,928
		6,449,450	6,146,205
Current assets			
Inventories	29	**128,652**	150,058
Debtors and prepayments	30	**574,517**	537,282
Amount due from an associated company	31	**–**	7,330
Amount due from a joint venture	32	**237**	–
Held-to-maturity investments	27	**24,792**	–
Portfolio investments	33	**223,423**	217,986
Tax recoverable		**13,010**	17,570
Restricted bank balances	25	**413**	1,441
Cash and bank balances	35	**2,165,914**	1,912,346
		3,130,958	2,844,013
Asset held for sale	44	**53,047**	–
		3,184,005	2,844,013
Total assets		**9,633,455**	8,990,218
EQUITY			
Equity holders			
Share capital	36	**62,579**	62,579
Reserves	37	**4,572,173**	4,408,228
		4,634,752	4,470,807
Non-controlling interests		**–**	5,817
Total equity		**4,634,752**	4,476,624

Consolidated Balance Sheet

As at 31st December 2014

US$'000	Note	2014	2013
LIABILITIES			
Non-current liabilities			
Borrowings	38	**3,595,625**	3,265,555
Deferred taxation liabilities	23	**53,655**	55,557
Pension and retirement liabilities	24	**1,665**	2,409
Derivative financial instruments	34	**2,949**	4,728
		3,653,894	3,328,249
Current liabilities			
Creditors and accruals	39	**942,704**	904,624
Amounts due to joint ventures	40	**7,145**	6,991
Borrowings	38	**388,877**	268,310
Derivative financial instruments	34	**406**	–
Current taxation		**5,677**	5,420
		1,344,809	1,185,345
Total liabilities		**4,998,703**	4,513,594
Total equity and liabilities		**9,633,455**	8,990,218
Net current assets		**1,839,196**	1,658,668
Total assets less current liabilities		**8,288,646**	7,804,873

C C Tung
Alan Tung
Directors

Balance Sheet

As at 31st December 2014

US$'000	Note	2014	2013
ASSETS			
Non-current assets			
Subsidiaries	19	**169,487**	169,487
Current assets			
Prepayments		**103**	47
Amounts due from subsidiaries	19	**2,175,071**	2,194,651
Restricted bank balances	25	**344**	337
Cash and bank balances	35	**11,661**	41,381
		2,187,179	2,236,416
Total assets		**2,356,666**	2,405,903
EQUITY			
Equity holders			
Share capital	36	**62,579**	62,579
Reserves	37	**977,990**	957,062
Total equity		**1,040,569**	1,019,641
LIABILITIES			
Non-current liabilities			
Derivative financial instrument	34	**–**	2,022
Amount due to a subsidiary	19	**1,053,229**	1,133,229
		1,053,229	1,135,251
Current liabilities			
Derivative financial instrument	34	**406**	–
Accruals		**1,376**	1,367
Amounts due to subsidiaries	19	**261,086**	249,644
		262,868	251,011
Total liabilities		**1,316,097**	1,386,262
Total equity and liabilities		**2,356,666**	2,405,903
Net current assets		**1,924,311**	1,985,405
Total assets less current liabilities		**2,093,798**	2,154,892

C C Tung
Alan Tung
Directors

Consolidated Cash Flow Statement

For the year ended 31st December 2014

US$'000	Note	2014	2013
Cash flows from operating activities			
Cash generated from operations	43(a)	**553,237**	477,215
Interest paid		**(33,572)**	(26,728)
Interest element of finance lease rental payments		**(20,218)**	(11,860)
Hong Kong profits tax refunded/(paid)		**645**	(1,357)
Overseas taxes paid		**(21,561)**	(24,092)
Net cash from operating activities		**478,531**	413,178
Cash flows from investing activities			
Sale of property, plant and equipment		**177,443**	26,722
Sale of available-for-sale financial assets		**37**	116
Redemption on maturity of held-to-maturity investments		**8,878**	–
Purchase of property, plant and equipment		**(360,448)**	(562,183)
Addition of investment property		**(347)**	(11,923)
Purchase of held-to-maturity investments		**(2,737)**	–
Investment in a joint venture		**(51)**	–
Increase of investment in an associated company		**(10,296)**	(20,201)
Disposal of a subsidiary	43(b)	**6,152**	–
Overseas tax paid on disposal of a subsidiary	43(b)	**(436)**	–
Decrease/(increase) in portfolio investments		**847**	(22,387)
Increase in amount due from a joint venture		**(237)**	–
Increase in amounts due to joint ventures		**154**	1,043
(Increase)/decrease in bank deposits maturing more than three months from the date of placement		**(30,961)**	72,330
Increase in restricted bank balances		**(28,409)**	(7,682)
Increase in intangible assets		**(14,228)**	(12,174)
Decrease/(increase) in other non-current assets		**3,218**	(770)
Interest received		**37,479**	36,668
Dividends received from portfolio investments		**803**	700
Dividends received from available-for-sale financial assets		**7,903**	7,906
Distribution from available-for-sale financial assets		**3,660**	2,323
Dividends received from joint ventures		**4,048**	3,177
Dividends received from associated companies		**14,371**	7,324
Capital contribution from non-controlling interests		**–**	48
Net cash used in investing activities		**(183,157)**	(478,963)
Cash flows from financing activities			
Drawdown of loans		**686,453**	894,779
Repayment of loans		**(477,485)**	(339,189)
Capital element of finance lease rental payments		**(225,864)**	(319,430)
Dividend paid to equity holders of the Company		**(58,784)**	(44,987)
Dividends paid to non-controlling interests		**–**	(291)
Net cash (used in)/from financing activities		**(75,680)**	190,882
Net increase in cash and cash equivalents		**219,694**	125,097
Cash and cash equivalents at beginning of year		**1,719,902**	1,597,018
Currency translation adjustments		**3,226**	(2,213)
Cash and cash equivalents at end of year	43(d)	**1,942,822**	1,719,902

Consolidated Statement of Changes in Equity

For the year ended 31st December 2014

US$'000	Equity holders			Non-controlling interests	Total
	Share capital	Reserves	Sub-total		
At 31st December 2012	62,579	4,419,236	4,481,815	5,778	4,487,593
Total comprehensive income for the year	–	33,979	33,979	282	34,261
Transactions with owners					
2012 final dividend	–	(44,987)	(44,987)	–	(44,987)
Dividends paid to non-controlling interests	–	–	–	(291)	(291)
Capital contribution from non-controlling interests	–	–	–	48	48
At 31st December 2013	62,579	4,408,228	4,470,807	5,817	4,476,624
Total comprehensive income/(loss) for the year	–	222,729	222,729	(152)	222,577
Transactions with owners					
2013 final dividend	–	(11,795)	(11,795)	–	(11,795)
2014 interim dividend	–	(46,989)	(46,989)	–	(46,989)
Disposal of a subsidiary company	–	–	–	(5,665)	(5,665)
At 31st December 2014	**62,579**	**4,572,173**	**4,634,752**	**–**	**4,634,752**

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 Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal 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 joint ventures are set out on pages 145 to 154 of the accounts.

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

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, portfolio investments and derivative financial instruments which are carried at fair value.

The consolidated accounts are prepared in accordance with the applicable requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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 2014, the Group adopted the following amendments and interpretations to existing HKFRS below, which are relevant to its operations.

Amendments and interpretation to existing standards	
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities
HKAS 36 Amendment	Recoverable Amount Disclosures for Non-Financial Assets
HK(IFRIC) – Int 21	Levies

There are no other new standards, amendments, interpretations and improvements that are effective for the first time in 2014 that would have a material impact on the Group.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

New standards, amendments and improvements to existing standards that are relevant but not yet effective to the Group

New standards, amendments and improvements to existing standards		Effective for accounting periods beginning on or after
HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions	1st July 2014
HKFRSs	Annual Improvements 2010-2012 Reporting Cycle	1st July 2014
HKFRSs	Annual Improvements 2011-2013 Reporting Cycle	1st July 2014
HKFRSs	Annual Improvements 2012-2014 Reporting Cycle	1st January 2016
HKAS 16 and HKAS 38 Amendments	Classification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
HKFRS 15	Revenue from Contracts with Customers	1st January 2017
HKFRS 9	Financial Instruments	1st January 2018

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

New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3rd March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated accounts in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated accounts will be affected.

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 joint ventures and associated companies.

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are 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. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

2. Summary of significant accounting policies (Continued)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

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 the total of consideration transferred, non-controlling interest recognised and previously held interest measured 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

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. 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, 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 subsequent 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.

(c) Joint arrangements

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(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 investments in associated companies includes goodwill (net of any accumulated impairment loss) identified on acquisition.

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

2. Summary of significant accounting policies (Continued)

2.2 Consolidation (Continued)

(d) Associated companies (Continued)

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.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. 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 assets under construction and freehold land.

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

Depreciation of 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
Furnitures, 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.

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 and where applicable borrowing costs. After initial recognition, investment property is carried at fair value. Fair value is based on valuation carried out semi-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 joint ventures 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 joint ventures is included within investments in associated companies and joint ventures 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 joint ventures 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 account exceeds the carrying amount in the consolidated accounts of the investee's net assets including goodwill.

2.8 Investments

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

(a) Portfolio investments

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

Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the profit and loss account as part of other income. Dividends on available-for-sale equity instruments are recognised in the profit and loss account as part of other income when the Group's right to receive payments is established.

2. Summary of significant accounting policies (Continued)

2.8 Investments (Continued)

(e) Recognition and measurement

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

Realised and unrealised gains and losses arising from changes in the fair value of the portfolio investments are included in the consolidated profit and loss account in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale 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 portfolio investments 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 portfolio investments 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 securities 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.

2. Summary of significant accounting policies (Continued)

2.8 Investments (Continued)

(e) Recognition and measurement (Continued)

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.

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

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.9 Inventories

Inventories mainly comprise bunkers and consumable stores. Cost is calculated on weighted average basis. Inventories are stated at the lower of cost and net realisable value. 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.

If collection of debtors is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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. Summary of significant accounting policies (Continued)

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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 Company's subsidiaries, joint ventures 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 joint ventures, 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.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected expected benefit payments. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the consolidated profit and loss account in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in the consolidated profit and loss account.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated profit and loss account.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

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.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2. Summary of significant accounting policies (Continued)

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.

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

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.

2.20 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 dollar, 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 other comprehensive income.

2. Summary of significant accounting policies (Continued)

2.20 Foreign currency translation (Continued)

(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 a qualifying 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 completed.

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 Dividend distribution

Dividend distribution to the Company's equity holders 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/equity holders.

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

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 2014 of approximately US$10.9 million (2013: US$10.4 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$56.5 million (2013: US$54.3 million) for 1% increase/reduction of the average container freight rates with all other variables held constant.

The Group is exposed to bunker price risk for its container transport and logistics activities. Bunker cost is one of the major cost components of container transport and logistics activities. An increase in bunker price can only be partially compensated through freight surcharge bunker price adjustment. With all other variables held constant, the operating cost will be increased by approximately US$1.7 million (2013: US$1.8 million) for one US dollar increase in bunker price per ton.

The Group is also exposed to equity/debt securities price risk because of investments held by the Group include available-for-sale financial assets or portfolio investments which are accounted at fair value through profit or loss. To manage its price risk arising from investments in equity/debt securities, the Group diversifies its portfolio. If the prices of the respective quoted equity/debt securities of the Group had been increased/decreased by 1% and all other variables held constant, the profit after taxation and the other comprehensive income of the Group for the year ended 31st December 2014 would increase/decrease by US$2.1 million (2013: US$2.1 million) and US$0.7 million (2013: US$0.4 million) respectively as a result of the changes in fair value of equity/debt securities under portfolio investments and equity securities classified as available-for-sale.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(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 and debtors and prepayments. 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.

Surplus cash held by the operating entities over and above balance required for working capital management is 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$2,456.7 million (2013: US$2,131.8 million) that are expected to readily generate cash inflows for managing liquidity risk.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

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

US$'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Group				
At 31st December 2014				
Borrowings	**443,959**	**470,497**	**1,623,415**	**1,789,107**
Creditors and accruals	**942,704**	**–**	**–**	**–**
Amounts due to joint ventures	**7,145**	**–**	**–**	**–**
Derivative financial instruments	**1,371**	**2,503**	**–**	**–**
At 31st December 2013				
Borrowings	313,761	395,103	1,255,011	1,882,274
Creditors and accruals	904,624	–	–	–
Amounts due to joint ventures	6,991	–	–	–
Derivative financial instruments	2,657	668	1,732	–
Company				
At 31st December 2014				
Accruals	**1,376**	**–**	**–**	**–**
Amounts due to subsidiaries	**261,086**	**1,053,229**	**–**	**–**
Derivative financial instrument	**406**	**–**	**–**	**–**
At 31st December 2013				
Accruals	1,367	–	–	–
Amounts due to subsidiaries	249,644	1,133,229	–	–
Derivative financial instrument	2,022	–	–	–

(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 2014, if interest rates had been 0.1% higher/lower with all other variables held constant, post-tax profit for the year would have been US$1.7 million lower/higher (2013: US$1.6 million lower/higher), mainly as a result of higher/lower net interest expense on the net floating rate borrowings.

3. Financial risk management (Continued)

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 equity holders, return capital to equity holders, 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 2014 and 2013 were as follows:

US$'000	2014	2013
Total borrowings (note 38)	**(3,984,502)**	(3,533,865)
Less: Restricted bank balances (note 25)	**54,581**	26,172
Cash and bank balances (note 35)	**2,165,914**	1,912,346
Portfolio investments (note 33)	**223,423**	217,986
Net debt	**(1,540,584)**	(1,377,361)
Total equity	**4,634,752**	4,476,624
Gearing ratio	**0.33**	0.31

The change in net debt position results primarily from the purchase of property, plant and equipment.

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).

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liability that are measured at fair value at 31st December 2014.

US$'000	Level 1	Level 2	Level 3	Total
Assets				
Portfolio investments				
– Equity securities	**17,297**	**–**	**–**	**17,297**
– Debt securities	**194,436**	**–**	**–**	**194,436**
– Funds and other investments	**–**	**11,690**	**–**	**11,690**
Derivative financial instruments	**–**	**2,888**	**–**	**2,888**
Available-for-sale financial assets				
– Listed equity securities	**67,404**	**–**	**–**	**67,404**
– Other investments	**–**	**–**	**72,232**	**72,232**
Total assets	**279,137**	**14,578**	**72,232**	**365,947**
Liability				
Derivative financial instruments	**–**	**3,355**	**–**	**3,355**
Total liability	**–**	**3,355**	**–**	**3,355**

The following table presents the Group's financial assets and liability that are measured at fair value at 31st December 2013.

US$'000	Level 1	Level 2	Level 3	Total
Assets				
Portfolio investments				
– Equity securities	24,322	–	–	24,322
– Debt securities	187,314	148	–	187,462
– Funds and other investments	–	6,202	–	6,202
Derivative financial instruments	–	4,407	–	4,407
Available-for-sale financial assets				
– Listed equity securities	37,521	–	–	37,521
– Other investments	–	–	112,146	112,146
Total assets	249,157	10,757	112,146	372,060
Liability				
Derivative financial instruments	–	4,728	–	4,728
Total liability	–	4,728	–	4,728

There were no transfers among levels 1, 2 and 3 during the year.

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

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. Instruments in level 2 include the derivative financial instruments.

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 level 2 and 3 financial instruments include:

- Dealer quotes.
- 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.
- Marketability discount rate derived from management's judgement is applied to estimate the fair value of unlisted equity security classified as available-for-sale financial asset.

There were no changes in valuation techniques during the year.

Instruments included in level 3 mainly comprise unlisted equity securities classified as available-for-sale financial assets.

The following table presents the changes in level 3 instruments.

US$'000	2014	2013
Opening balance	**112,146**	115,334
Disposals	**(10)**	(116)
Fair value change recognised in other comprehensive income	**(39,904)**	(3,072)
Closing balance	**72,232**	112,146

For level 3 instruments, the discount rate used to compute the fair value is 15%. The higher the discount rate, the lower the fair value.

4. Critical accounting estimates and judgements

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

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

(a) Income taxes

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

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

(b) Investment property

The fair value of investment property is determined by an independent valuer on an open market for existing use basis. In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates. Management has critically assessed these estimates and has regularly compared to actual market data and, if applicable 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$55.2 million or US$38.4 million respectively (2013: US$47.6 million or US$37.8 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$12.9 million or US$14.1 million respectively (2013: US$12.5 million or US$12.5 million respectively).

4. Critical accounting estimates and judgements (Continued)

(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 judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity.

5. Revenue and segment information

(a) Revenue

US$'000	**2014**	2013
Container transport and logistics	**6,494,859**	6,205,342
Others	**26,730**	26,241
	6,521,589	6,231,583

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

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

(b) Segment information

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

5. Revenue and segment information (Continued)

(b) Segment information (Continued)

Operating segments

The segment results for the year ended 31st December 2014 are as follows:

US$'000	Container transport and logistics	Others	Elimination	Group
Revenue	**6,494,859**	**27,638**	**(908)**	**6,521,589**
Operating profit	**229,979**	**99,168**	**–**	**329,147**
Finance costs (note 12)	**(54,000)**	**–**	**–**	**(54,000)**
Share of profits of joint ventures (note 20)	**4,364**	**–**	**–**	**4,364**
Share of profits of associated companies (note 21)	**15,072**	**–**	**–**	**15,072**
Profit before taxation	**195,415**	**99,168**	**–**	**294,583**
Taxation	**(16,727)**	**(7,418)**	**–**	**(24,145)**
Profit for the year	**178,688**	**91,750**	**–**	**270,438**
Capital expenditure	**848,422**	**347**	**–**	**848,769**
Depreciation	**323,481**	**1**	**–**	**323,482**
Amortisation	**8,672**	**–**	**–**	**8,672**

The segment results for the year ended 31st December 2013 are as follows:

US$'000	Container transport and logistics	Others	Elimination	Group
Revenue	6,205,342	27,115	(874)	6,231,583
Operating profit	57,381	32,933	–	90,314
Finance costs (note 12)	(41,019)	–	–	(41,019)
Share of profits of joint ventures (note 20)	4,001	–	–	4,001
Share of profits of associated companies (note 21)	13,703	–	–	13,703
Profit before taxation	34,066	32,933	–	66,999
Taxation	(16,476)	(3,390)	–	(19,866)
Profit for the year	17,590	29,543	–	47,133
Capital expenditure	987,525	11,926	–	999,451
Depreciation	302,883	1	–	302,884
Amortisation	8,917	–	–	8,917

5. Revenue and segment information (Continued)

(b) Segment information (Continued)

Operating segments (Continued)

The segment assets and liabilities at 31st December 2014 are as follows:

US$'000	Container transport and logistics	Others	Group
Segment assets	**6,861,002**	**2,610,706**	**9,471,708**
Joint ventures	**9,248**	**–**	**9,248**
Associated companies	**152,499**	**–**	**152,499**
Total assets	**7,022,749**	**2,610,706**	**9,633,455**
Segment liabilities	**(4,938,332)**	**(60,371)**	**(4,998,703)**

The segment assets and liabilities at 31st December 2013 are as follows:

US$'000	Container transport and logistics	Others	Group
Segment assets	6,616,682	2,222,835	8,839,517
Joint ventures	8,674	–	8,674
Associated companies	142,027	–	142,027
Total assets	6,767,383	2,222,835	8,990,218
Segment liabilities	(4,456,967)	(56,627)	(4,513,594)

The segment of "Others" primarily includes assets and liabilities of property and corporate level activities. Assets under the segment of "Others" consist primarily of investment property, available-for-sale financial assets, held-to-maturity investments and portfolio investments together with cash and bank balances that are managed at the corporate level. Liabilities under the segment of "Others" primarily include creditors and accruals and deferred taxation liabilities related to corporate level activities.

5. Revenue and segment information (Continued)

(b) Segment information (Continued)

Geographical information

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

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

US$'000	Revenue	Capital expenditure
Year ended 31st December 2014		
Asia	**4,237,331**	**16,288**
Europe	**1,168,338**	**391**
North America	**894,056**	**177,601**
Australia	**221,864**	**14**
Unallocated *	**–**	**654,475**
	6,521,589	**848,769**
Year ended 31st December 2013		
Asia	4,105,788	11,353
Europe	908,192	609
North America	994,121	104,438
Australia	223,482	1,012
Unallocated *	–	882,039
	6,231,583	999,451

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

6. Operating costs

US$'000	2014	2013
Cargo	**3,070,264**	2,816,731
Vessel and voyage	**2,047,527**	2,166,513
Equipment and repositioning	**742,970**	775,548
	5,860,761	5,758,792
Investment property	**15,036**	13,254
	5,875,797	5,772,046

7. Other operating income

US$'000	2014	2013
Income from available-for-sale financial assets		
– Gain on disposal	**27**	112
– Distribution	**3,660**	2,323
– Dividend income	**40,175**	7,906
Interest income from banks	**17,714**	15,547
Interest income from held-to-maturity investments	**12,306**	9,949
Portfolio investment income		
– Fair value gain (realised and unrealised)	**6,284**	–
– Interest income	**7,668**	8,122
– Dividend income	**810**	686
Net gain on interest rate swap contracts	**165**	–
Fair value gain on foreign exchange forward contracts	**1,130**	2,621
Gain on derecognition of borrowings	**13,508**	–
Profit on disposal of a subsidiary	**4,964**	–
Profit on disposal of property, plant and equipment	**9,697**	9,032
Exchange gain	**–**	5,271
Others	**1,272**	1,673
	119,380	63,242

The investment income from listed investments for the year amounts to US$30.7 million (2013: US$21.1 million).

8. Other operating expenses

US$'000	2014	2013
Business and administrative	**432,448**	414,913
Portfolio investment loss		
– Fair value loss (realised and unrealised)	**–**	9,828
Net loss on interest rate swap contracts	**–**	801
Exchange loss	**13,230**	–
	445,678	425,542

9. Employee benefit expense

US$'000	2014	2013
Wages and salaries	**490,616**	456,656
Pension and retirement benefits		
– Defined contribution plans (note 24)	**26,262**	23,511
– Defined benefit plans (note 24)	**1,232**	1,068
	518,110	481,235

Employee benefit expenses of US$181.1 million (2013: US$169.4 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 and benefits**	**Employer's contribution to provident fund scheme**	**Total**
For the year ended 31st December 2014				
Mr. C C Tung	**107**	**637**	**64**	**808**
Mr. Tsann Rong Chang	**59**	**–**	**–**	**59**
Prof. Roger King	**60**	**–**	**–**	**60**
Mr. Philip Chow	**32**	**270**	**–**	**302**
Mr. Andrew Tung	**–**	**482**	**48**	**530**
Mr. Alan Tung	**–**	**331**	**33**	**364**
Mr. Simon Murray	**32**	**–**	**–**	**32**
Prof. Richard Wong	**47**	**–**	**–**	**47**
Mr. Edward Cheng	**32**	**–**	**–**	**32**

Name of Director US$'000	Fees	Salary and benefits	Discretionary bonuses	Employer's contribution to provident fund scheme	Total
For the year ended 31st December 2013					
Mr. C C Tung	107	611	99	71	888
Mr. Tsann Rong Chang	59	–	–	–	59
Prof. Roger King	60	–	–	–	60
Mr. Philip Chow	32	347	45	4	428
Mr. Kenneth G Cambie*	–	208	128	25	361
Mr. Andrew Tung	–	463	75	54	592
Mr. Alan Tung	–	313	48	36	397
Mr. Simon Murray	32	–	–	–	32
Prof. Richard Wong	47	–	–	–	47
Mr. Edward Cheng	32	–	–	–	32

The discretionary bonuses paid in 2013 relate to performance for year 2012.

* *Resigned on 1st June 2013.*

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 two (2013: two) Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three individuals (2013: three individuals) are as follows:

US$'000	2014	2013
Basic salaries, housing allowances, other allowances and benefits in kind	**1,099**	1,058
Discretionary bonuses	**–**	160
Pension costs – defined contribution plans	**109**	130
	1,208	1,348

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

	Number of individuals	
Emolument bands (US$)	2014	2013
384,601 ~ 448,700 (HK$3,000,001 ~ HK$3,500,000)	**3**	2
448,701 ~ 512,800 (HK$3,500,001 ~ HK$4,000,000)	**–**	1
512,801 ~ 576,900 (HK$4,000,001 ~ HK$4,500,000)	**1**	–
576,901 ~ 641,000 (HK$4,500,001 ~ HK$5,000,000)	**–**	1
769,201 ~ 833,300 (HK$6,000,001 ~ HK$6,500,000)	**1**	–
833,301 ~ 897,400 (HK$6,500,001 ~ HK$7,000,000)	**–**	1
	5	5

(c) Key management compensation

US$'000	2014	2013
Salaries and other employee benefits	**3,629**	4,712
Pension costs – defined contribution plans	**322**	422
	3,951	5,134

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

11. Operating profit

US$'000	2014	2013
Operating profit is arrived at after crediting:		
Operating lease rental income		
Land and buildings	**26,730**	26,241
and after charging:		
Depreciation		
Owned assets	**247,301**	226,458
Leased assets	**76,181**	76,426
Operating lease rental expense		
Vessels and equipment	**323,156**	355,154
Terminals and berths	**33,865**	34,343
Land and buildings	**28,969**	26,069
Rental outgoings in respect of an investment property	**15,036**	13,254
Amortisation of intangible assets	**8,310**	8,427
Amortisation of prepayments of lease premiums	**362**	490
Auditors' remuneration		
Audit	**2,974**	3,094
Non-audit	**1,209**	1,573

Operating lease rental expenses of US$361.6 million and US$24.4 million (2013: US$391.0 million and US$24.6 million) respectively are included in "operating costs" and "other operating expenses" in the consolidated profit and loss account.

12. Finance costs

US$'000	2014	2013
Interest expense		
Bank loans and bank overdrafts		
Wholly repayable within five years	**17,243**	12,266
Not wholly repayable within five years	**19,473**	16,895
Finance lease obligations		
Wholly repayable within five years	**2,316**	1,551
Not wholly repayable within five years	**19,401**	13,730
	58,433	44,442
Amount capitalised under assets	**(4,433)**	(3,423)
Net interest expense	**54,000**	41,019

The borrowing costs of the loans to finance the assets under construction (note 16) represent an average capitalisation rate of approximately 2.3% (2013: 0.8%) per annum.

13. Taxation

US$'000	2014	2013
Current taxation		
Hong Kong profits tax	**105**	457
Overseas taxation	**26,043**	21,360
	26,148	21,817
Deferred taxation		
Hong Kong profits tax	**43**	–
Overseas taxation	**(2,046)**	(1,951)
	(2,003)	(1,951)
	24,145	19,866

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 11% to 47% (2013: 10% to 47%) and the rate applicable for Hong Kong profits tax is 16.5% (2013: 16.5%).

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

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

US$'000	2014	2013
Profit before taxation	**294,583**	66,999
Share of profits of joint ventures	**(4,364)**	(4,001)
Share of profits of associated companies	**(15,072)**	(13,703)
	275,147	49,295
Tax calculated at applicable tax rates	**65,258**	23,769
Income not subject to tax	**(358,254)**	(235,318)
Expenses not deductible for tax purposes	**315,263**	226,142
Tax losses not recognised	**2,584**	3,726
Temporary differences not recognised	**701**	29
Utilisation of previously unrecognised tax losses	**(1,658)**	(360)
Utilisation of previously unrecognised temporary differences	**(1,193)**	(456)
Withholding tax	**2,515**	1,567
Change in tax rates	**(121)**	542
Other items	**(950)**	225
	24,145	19,866

14. Earnings per ordinary share

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

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

US$'000	2014	2013
Number of ordinary shares in issue (thousands)	**625,793**	625,793
Group's profit attributable to:		
Equity holders of the Company	**270,538**	47,036
Non-controlling interests	**(100)**	97
	270,438	47,133
Earnings per share attributable to equity holders of the Company (US cents)	**43.2**	7.5

15. Dividends

US$'000	2014	2013
Interim paid: US7.5 cents (2013: nil) per ordinary share	**46,989**	–
Proposed final of US3.4 cents (2013: US1.88 cents) per ordinary share	**21,277**	11,765
	68,266	11,765

The Board of Directors proposes a final dividend in respect of 2014 of US3.4 cents (2013: US1.88 cents) per ordinary share. The proposed dividend will be accounted for as an appropriation of retained profit in the year ending 31st December 2015.

16. Property, plant and equipment

US$'000	Container vessels and capitalised dry-docking costs	Assets under construction	Containers	Chassis	Freehold land and buildings outside Hong Kong	Buildings outside Hong Kong	Leasehold improvement and furnitures	Vehicles, computer and other equipment	Total
Group									
Cost									
At 31st December 2013	4,635,626	408,221	1,645,525	41,393	7,167	57,911	50,337	303,431	7,149,611
Currency translation adjustments	–	–	(8)	(21)	(5)	(231)	(931)	(1,003)	(2,199)
Additions	21,652	447,502	339,206	40	–	–	7,911	17,883	834,194
Disposals	(242,535)	–	(35,609)	(17,604)	–	–	(2,729)	(10,839)	(309,316)
Disposal of a subsidiary	–	–	–	–	–	(4,925)	(236)	(2,625)	(7,786)
Reclassification	272,173	(274,373)	–	–	–	–	–	2,200	–
Classified as asset held for sale	(81,419)	–	–	–	–	–	–	(204)	(81,623)
At 31st December 2014	**4,605,497**	**581,350**	**1,949,114**	**23,808**	**7,162**	**52,755**	**54,352**	**308,843**	**7,582,881**
Accumulated depreciation									
At 31st December 2013	880,063	–	648,317	29,925	2,712	17,755	40,874	209,714	1,829,360
Currency translation adjustments	–	–	(7)	(9)	(4)	190	(711)	(875)	(1,416)
Charge for the year	177,393	–	117,363	1,344	123	1,817	3,973	21,469	323,482
Disposals	(89,442)	–	(30,919)	(10,117)	–	–	(2,659)	(8,433)	(141,570)
Disposal of a subsidiary	–	–	–	–	–	(4,472)	(232)	(2,624)	(7,328)
Classified as asset held for sale	(28,522)	–	–	–	–	–	–	(54)	(28,576)
At 31st December 2014	**939,492**	**–**	**734,754**	**21,143**	**2,831**	**15,290**	**41,245**	**219,197**	**1,973,952**
Net book amount									
At 31st December 2014	**3,666,005**	**581,350**	**1,214,360**	**2,665**	**4,331**	**37,465**	**13,107**	**89,646**	**5,608,929**
At 31st December 2013	3,755,563	408,221	997,208	11,468	4,455	40,156	9,463	93,717	5,320,251
Net book amount of leased assets									
At 31st December 2014	**1,504,508**	**103,498**	**141,339**	**–**	**–**	**–**	**–**	**1,854**	**1,751,199**
At 31st December 2013	1,452,740	–	30,862	–	–	–	–	1,823	1,485,425

16. Property, plant and equipment (Continued)

US$'000	Container vessels and capitalised dry-docking costs	Assets under construction	Containers	Chassis	Freehold land and buildings outside Hong Kong	Buildings outside Hong Kong	Leasehold improvement and furnitures	Vehicles, computer and other equipment	Total
Group									
Cost									
At 31st December 2012	3,293,465	999,800	1,494,601	83,910	7,316	56,291	51,980	283,191	6,270,554
Currency translation adjustments	–	–	27	3	(149)	1,620	(157)	(66)	1,278
Additions	52,344	710,498	182,627	82	–	–	3,780	26,023	975,354
Reclassification	1,302,077	(1,302,077)	–	–	–	–	–	–	–
Disposals	(12,260)	–	(31,730)	(42,602)	–	–	(5,266)	(5,717)	(97,575)
At 31st December 2013	4,635,626	408,221	1,645,525	41,393	7,167	57,911	50,337	303,431	7,149,611
Accumulated depreciation									
At 31st December 2012	735,277	–	555,094	59,971	2,673	15,084	42,319	195,363	1,605,781
Currency translation adjustments	–	–	31	11	(89)	690	(7)	(56)	580
Charge for the year	156,744	–	117,499	2,982	128	1,981	3,735	19,815	302,884
Disposals	(11,958)	–	(24,307)	(33,039)	–	–	(5,173)	(5,408)	(79,885)
At 31st December 2013	880,063	–	648,317	29,925	2,712	17,755	40,874	209,714	1,829,360
Net book amount									
At 31st December 2013	3,755,563	408,221	997,208	11,468	4,455	40,156	9,463	93,717	5,320,251
At 31st December 2012	2,558,188	999,800	939,507	23,939	4,643	41,207	9,661	87,828	4,664,773
Net book amount of leased assets									
At 31st December 2013	1,452,740	–	30,862	–	–	–	–	1,823	1,485,425
At 31st December 2012	1,198,108	–	99,580	–	–	–	–	2,055	1,299,743

16. Property, plant and equipment (Continued)

(a) The aggregate net book amount of assets pledged as security for bank loans amounts to US$2,967.2 million (2013: US$2,799.2 million). Specific charges on vessels of the Group include legal mortgages and assignments of insurance claims and charter hire income relating to these vessels.

(b) Interest costs of US$4.4 million (2013: US$3.4 million) during the year were capitalised as part of assets under construction.

(c) Depreciation charge of US$305.9 million (2013: US$287.2 million) for the year has been expensed in "operating costs" and US$17.6 million (2013: US$15.7 million) in "other operating expenses".

(d) As at 31st December 2014 and 2013, the buildings outside Hong Kong are held under medium-term leasehold land.

The container vessels, containers and assets under construction include the following amounts where the Group is a lessee under finance leases:

US$'000	2014	2013
Cost – capitalised finance leases	**2,157,312**	1,896,714
Accumulated depreciation	**(407,967)**	(413,112)
Net book amount	**1,749,345**	1,483,602

The Group leases various container vessels, containers and assets under construction under non-cancellable finance lease agreements. The lease terms are between 5 and 25 years.

17. Investment property

US$'000	2014	2013
Group		
Balance at beginning of year	**170,000**	165,000
Additions	**347**	11,923
	170,347	176,923
Fair value gain/(loss)	**9,653**	(6,923)
Balance at end of year	**180,000**	170,000

Background and valuation processes of the Group

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.

Valuation processes of the Group

The Group's investment property was valued at 31st December 2014 by an independent professionally qualified valuer who holds a recognised relevant professional qualification. The Group's finance department reviews the valuation performed by the independent valuer for financial reporting purposes. This team reports directly to the Chief Financial Officer "CFO". Discussions of valuation processes and results are held between the CFO, the finance team and the valuer. As at 31st December 2014, the fair value of the property has been determined by Cushman & Wakefield, Inc.

17. Investment property (Continued)

Valuation techniques

Fair value of the investment property is derived by using the discounted cash flow method. The net present value of the income stream is estimated by applying an appropriate discount rate which reflects the risk profile.

There were no changes to the valuation techniques during the year.

Information about fair value measurement using significant unobservable inputs

Discount rate is estimated by Cushman & Wakefield, Inc. based on the risk profile of the property being valued. If the discount rate is higher, the fair value would be lower. At 31st December 2014, discount rate of 7.5% per annum is used in the valuation.

Net operating income growth rate of 3% per annum is used in the valuation. If the growth rate is higher, the fair value would be higher.

Prevailing market rents are estimated based on recent lettings of US$37 per sq ft to US$40 per sq ft, within the subject property. If the rents are higher, the fair value would be higher.

18. Prepayments of lease premiums

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments for leases between 30 and 50 years and their net book values are analysed as follows:

US$'000	2014	2013
Group		
Leasehold land outside Hong Kong	**9,109**	9,543
Balance at beginning of year	**9,543**	9,793
Currency translation adjustments	**(29)**	240
Amortisation	**(362)**	(490)
Disposal of a subsidiary	**(43)**	–
Balance at end of year	**9,109**	9,543

Amortisation of US$0.4 million (2013: US$0.5 million) is included in "other operating expenses" in the consolidated profit and loss account.

19. Subsidiaries

US$'000	2014	2013
Company		
Unlisted shares, at cost less provision	**169,487**	169,487
Non-current		
Amount due to a subsidiary	**1,053,229**	1,133,229
Current		
Amounts due from subsidiaries	**2,175,071**	2,194,651
Amounts due to subsidiaries	**261,086**	249,644

The amounts due from and to subsidiaries are interest free, unsecured and have no specific terms of repayment, except for amount payable of US$1,053.2 million (2013: US$1,133.2 million) which is not repayable within one year.

Particulars of the principal subsidiaries at 31st December 2014 are shown on pages 145 to 154.

20. Joint ventures

US$'000	2014	2013
Group		
Share of net assets	**9,011**	8,674

The Group's share of assets, liabilities and results of the joint ventures are summarised below:

US$'000	2014	2013
Non-current assets	**55**	3
Current assets	**10,052**	9,477
Current liabilities	**(1,096)**	(806)
Share of net assets	**9,011**	8,674
Income	**11,325**	10,363
Expenses	**(6,961)**	(6,362)
Share of profits of joint ventures	**4,364**	4,001
Share of total comprehensive income of joint ventures	**4,334**	4,241

Particulars of the joint ventures at 31st December 2014 are shown on page 154.

21. Associated companies

US$'000	2014	2013
Group		
Share of net assets	**152,499**	134,697

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

US$'000	2014	2013
Non-current assets	**173,767**	156,731
Current assets	**13,147**	13,382
Non-current liabilities	**(14,623)**	(17,681)
Current liabilities	**(19,792)**	(17,735)
Share of net assets	**152,499**	134,697
Income	**47,746**	42,352
Expenses	**(32,674)**	(28,649)
Share of profits of associated companies	**15,072**	13,703
Share of total comprehensive income of associated companies	**14,547**	17,233

Particulars of the associated companies at 31st December 2014 are shown on page 154.

22. Intangible assets

US$'000	Computer software development costs
Group	
At 1st January 2013	
Cost	130,681
Accumulated amortisation	(91,765)
Net book amount	38,916
Year ended 31st December 2013	
Opening net book amount	38,916
Additions	12,174
Amortisation	(8,427)
Closing net book amount	42,663
At 31st December 2013	
Cost	142,855
Accumulated amortisation	(100,192)
Net book amount	42,663
Year ended 31st December 2014	
Opening net book amount	**42,663**
Additions	**14,228**
Amortisation	**(8,310)**
Disposal of a subsidiary	**(3)**
Closing net book amount	**48,578**
At 31st December 2014	
Cost	**157,055**
Accumulated amortisation	**(108,477)**
Net book amount	**48,578**

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

Amortisation of US$8.3 million (2013: US$8.4 million) is included in "other operating expenses" in the consolidated profit and loss account.

23. Deferred taxation assets/(liabilities)

US$'000	2014	2013
Group		
Deferred taxation assets	**3,887**	4,072
Deferred taxation liabilities	**(53,655)**	(55,557)
	(49,768)	(51,485)

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 taxation 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	2014	2013
Deferred taxation assets to be recovered after more than twelve months	**2,121**	357
Deferred taxation liabilities to be settled after more than twelve months	**(53,553)**	(53,704)

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. The movements in deferred taxation assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year were as follows:

US$'000	Accelerated accounting depreciation	Pensions	Revenue expenditure	Tax losses	Total
Deferred taxation assets					
At 31st December 2012	1,185	–	9,341	3,168	13,694
Currency translation adjustments	(8)	(2)	53	(70)	(27)
(Charged)/credited to consolidated profit and loss account	(84)	(937)	(1,055)	809	(1,267)
Credited to other comprehensive income	–	2,819	–	–	2,819
At 31st December 2013	1,093	1,880	8,339	3,907	15,219
Currency translation adjustments	18	(83)	(62)	(42)	(169)
(Charged)/credited to consolidated profit and loss account	(43)	(232)	562	(2,495)	(2,208)
Charged to other comprehensive income	–	(115)	–	–	(115)
At 31st December 2014	**1,068**	**1,450**	**8,839**	**1,370**	**12,727**

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

US$'000	Accelerated tax depreciation	Revaluation of investment property	Pensions	Revenue expenditure	Total
Deferred taxation liabilities					
At 31st December 2012	14,992	50,630	138	3,781	69,541
Currency translation adjustments	(5)	–	19	8	22
(Credited)/charged to consolidated profit and loss account	(3,014)	(1,244)	(516)	1,556	(3,218)
Charged to other comprehensive income	–	–	359	–	359
At 31st December 2013	11,973	49,386	–	5,345	66,704
Currency translation adjustments	2	–	–	–	2
(Credited)/charged to consolidated profit and loss account	(4,473)	4,167	–	(3,905)	(4,211)
At 31st December 2014	**7,502**	**53,553**	**–**	**1,440**	**62,495**

Deferred taxation assets of US$28.9 million (2013: US$33.1 million) arising from unused tax losses of US$122.2 million (2013: US$132.8 million) have not been recognised in the consolidated accounts. Unused tax losses of US$107.1 million (2013: US$109.6 million) have no expiry date and the remaining balance will expire at various dates up to and including 2034.

Deferred taxation liabilities of US$31.4 million (2013: US$30.6 million) on temporary differences associated with investments in subsidiaries of US$180.9 million (2013: US$189.4 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.

24. 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$27.5 million (2013: US$24.6 million).

Defined contribution schemes

The principal defined contribution schemes are operated in Hong Kong and the USA. These schemes cover approximately 77% 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.

24. Pension and retirement benefits (Continued)

Defined contribution schemes (Continued)

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

The charges for the defined contribution schemes to the consolidated profit and loss account during the year are as follows:

US$'000	2014	2013
Group		
Contributions to the schemes	**26,841**	24,022
Forfeitures utilised	**(579)**	(511)
	26,262	23,511

Defined benefit schemes

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

US$'000	2014	2013
Group		
Net Scheme liabilities	**(1,665)**	(2,409)

Net scheme liabilities

The principal defined benefit scheme is operated in the United Kingdom which was valued by Barnett Waddingham LLP. The defined benefit scheme (the "Scheme") cover approximately 1% of the Group's employees and are funded. The assets of the Scheme are held in trust funds separate from the Group. Contributions to the Scheme 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 scheme liabilities recognised in the consolidated balance sheet are determined as follows:

US$'000	2014	2013
Fair value of plan assets	**252,656**	244,639
Present value of funded obligations	**(254,321)**	(247,048)
Deficit of funded plans	**(1,665)**	(2,409)

24. Pension and retirement benefits (Continued)

Net scheme liabilities (Continued)

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

US$'000	2014	2013
Balance at beginning of year	**244,639**	250,128
Currency translation adjustments	**(13,755)**	5,131
Interest income on plan assets	**9,929**	10,221
Remeasurement gains/(losses) on assets	**22,375**	(8,907)
Contributions from the Group	**3,591**	3,867
Contributions from the plan members	**99**	118
Benefits paid	**(14,222)**	(15,919)
Balance at end of year	**252,656**	244,639

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

US$'000	2014	2013
Balance at beginning of year	**247,048**	240,043
Currency translation adjustments	**(13,911)**	4,827
Current service cost	**1,201**	1,553
Interest expense	**9,960**	9,736
Experience (gains)/losses on liabilities	**(1,047)**	9,602
Gains from changes to demographic assumptions	**(1,050)**	(2,715)
Losses/(gains) from changes to financial assumptions	**26,345**	(168)
Contributions from the plan members	**99**	118
Benefits paid	**(14,222)**	(15,919)
Settlements	**(102)**	(29)
Balance at end of year	**254,321**	247,048

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

US$'000	2014	2013
Current service cost	**1,201**	1,553
Interest expense	**9,960**	9,736
Interest income on plan assets	**(9,929)**	(10,221)
Net expense recognised for the year	**1,232**	1,068

Charges of US$1.2 million (2013: charges of US$1.1 million) were included in "other operating expenses" in the consolidated profit and loss account.

24. Pension and retirement benefits (Continued)

Net scheme liabilities (Continued)

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

	2014	2013
Discount rate	**3%**	4%
Inflation rate	**3%**	3%
Expected future salary increases	**3%**	4%
Expected future pension increases	**3%**	3%
Actual return on plan assets (US$'000)	**34,232**	1,253

At 31st December 2014, if discount rate had been 0.2% higher/lower, with all other variables held constant, the fair value of the funded obligations would have been US$7.4 million lower/US$7.7 million higher. At 31st December 2014, if inflation rate had been 0.1% higher/lower, with all other variables held constant, the fair value of the funded obligations would have been US$2.4 million higher/US$2.4 million lower. The sensitivities show the likely effect of a single assumption being adjusted while holding all other assumptions constant.

Plan assets of the schemes comprise the following:

US$'000	**2014**		2013	
Equity	**–**	**0%**	40,023	16%
Debt	**165,243**	**65%**	163,150	67%
Others	**87,413**	**35%**	41,466	17%
	252,656	**100%**	244,639	100%

The current agreed contribution rate is 29.1% of contributory salaries and the estimated duration of the Scheme's liability was 14 years. Expected normal and deficit reduction contributions to the Scheme for the year ending 31st December 2015 is US$3.6 million.

Through its defined benefit pension plans, the Group is exposed to a number of risks as follows:

- Investment risk. The Scheme holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if deficit emerges.

- Interest rate and market risk. The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Scheme holds assets such as equities, the value of the assets and liabilities may not move in the same way.

- Inflation risk. A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to deficits emerging.

- Longevity and other demographic risk. If members live longer than assumed a deficit will emerge in the Scheme.

25. Restricted bank balances

US$'000	2014	2013
Group		
Non-current	**54,168**	24,731
Current	**413**	1,441
Restricted bank balances	**54,581**	26,172

As at 31st December 2014, the restricted bank balances of US$54.6 million (2013: US$26.2 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 (2013: US 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	2014	2013
Group		
AA	**387**	47
A	**1,027**	1,475
BBB	**53,167**	24,650
	54,581	26,172
Company		
Restricted bank balances – current	**344**	337

26. Available-for-sale financial assets

US$'000	2014	2013
Group		
Balance at beginning of year	**149,667**	154,463
Currency translation adjustments	**(6)**	1,161
Additions	**32,272**	–
Disposals	**(10)**	(116)
Change in fair value recognised in other comprehensive income	**(42,287)**	(5,841)
Balance at end of year	**139,636**	149,667

Available-for-sale financial assets include the following:

US$'000	2014	2013
Listed equity securities		
Hong Kong	**67,395**	37,512
Overseas	**9**	9
Market value of listed equity securities	**67,404**	37,521
Unlisted equity security	**71,500**	111,400
Others	**732**	746
	139,636	149,667

26. Available-for-sale financial assets (Continued)

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

US$'000	2014	2013
Renminbi	**138,929**	148,955
Hong Kong dollar	**546**	539
Other currencies	**161**	173
	139,636	149,667

27. Held-to-maturity investments

US$'000	2014	2013
Group		
Listed debt securities		
Hong Kong	**165,997**	166,169
Overseas	**79,830**	88,403
	245,827	254,572
Less: Current portion included in current assets	**(24,792)**	–
	221,035	254,572
Market value	**260,750**	265,025

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

US$'000	2014	2013
Balance at beginning of year	**254,572**	253,956
Additions	**2,737**	–
Redemptions on maturity	**(8,878)**	–
Amortisation	**(204)**	(174)
Currency translation adjustments	**(2,400)**	790
Balance at end of year	**245,827**	254,572

The carrying amounts of held-to-maturity investments are mainly denominated in US dollar (2013: 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	2014	2013
AAA	**9,530**	9,536
AA	**19,367**	19,339
A	**85,917**	72,514
BBB	**77,971**	95,522
BB	**6,206**	7,277
Non-ranking	**46,836**	50,384
	245,827	254,572

The maximum exposure to credit risk at the reporting date is the carrying amount of held-to-maturity investments.

28. Other non-current assets

US$'000	2014	2013
Group		
Other deposit	**11,825**	11,825
Others	**7,885**	11,103
	19,710	22,928

29. Inventories

US$'000	2014	2013
Group		
Bunker	**113,990**	136,345
Consumable stores	**14,662**	13,713
	128,652	150,058

The cost of inventories recognised as expense and included in "operating costs" amounts to US$1,014.0 million (2013: US$1,126.5 million).

30. Debtors and prepayments

US$'000	2014	2013
Group		
Trade receivables		
– Fully performing	**226,750**	231,041
– Past due but not impaired	**141,228**	124,604
– Impaired and provided for	**10,704**	7,850
	378,682	363,495
Less: provision for impairment	**(10,704)**	(7,850)
Trade receivables – net	**367,978**	355,645
Other debtors	**89,299**	75,718
Other prepayments	**106,718**	97,317
Utility and other deposits	**10,522**	8,602
	574,517	537,282

30. Debtors and prepayments (Continued)

The credit quality of trade receivables net of provision for impairment, 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	2014	2013
Group		
Counterparties with external credit rating		
A	**18,592**	17,105
BBB	**15,026**	4,674
BB	**4,852**	7,753
	38,470	29,532
Counterparties without external credit rating		
Group 1	**16,851**	36,958
Group 2	**312,154**	288,794
Group 3	**503**	361
	329,508	326,113
	367,978	355,645

Notes:

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 30 days. Debtors 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 old. The ageing analysis of the Group's trade receivables, net of provision for impairment, prepared in accordance with the due dates of invoices, is as follows:

US$'000	2014	2013
Below one month	**329,896**	327,629
Two to three months	**27,954**	21,812
Four to six months	**8,506**	4,903
Over six months	**1,622**	1,301
	367,978	355,645

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.

30. Debtors and prepayments (Continued)

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

US$'000	2014	2013
US dollar	**128,368**	117,136
Canadian dollar	**15,720**	17,013
Euro	**52,902**	50,448
Japanese yen	**13,055**	13,090
Hong Kong dollar	**6,703**	11,305
Renminbi	**53,034**	45,402
Pound sterling	**16,492**	14,713
Australian dollar	**21,927**	25,813
Other currencies	**59,777**	60,725
	367,978	355,645

Movements in the provision for impairment of trade receivables are as follows:

US$'000	2014	2013
Group		
Balance at beginning of year	**7,850**	7,365
Provision	**3,516**	3,825
Write off	**(617)**	(2,288)
Unused amounts reversed	**(45)**	(1,052)
Balance at end of year	**10,704**	7,850

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

31. Amount due from an associated company

The amount receivable is unsecured, interest free and has no specific repayment terms.

32. Amount due from a joint venture

The amount receivable is unsecured, interest free and has no specific repayment terms.

33. Portfolio investments

US$'000	2014	2013
Group		
Listed equity securities		
Hong Kong	**17,297**	22,856
Overseas	**–**	1,466
Market value of listed equity securities	**17,297**	24,322
Unit trust	**11,690**	6,202
Listed debt securities		
Hong Kong	**149,777**	133,578
Overseas	**44,659**	53,736
Unlisted debt securities		
Overseas	**–**	148
	223,423	217,986

The carrying amounts of the Group's portfolio investments are mainly denominated in US dollar (2013: US dollar).

33. Portfolio investments (Continued)

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

US$'000	2014	2013
Group		
AA	–	2,134
A	**24,286**	57,293
BBB	**91,999**	68,059
Non-ranking	**78,151**	59,828
	194,436	187,314

The fair value of all equity securities and debt securities are based on their current bid prices in active markets.

34. Derivative financial instruments

US$'000	2014	2013
Group		
Assets		
Non-current assets		
Interest rate swap contracts	**2,888**	4,407
Liabilities		
Non-current liabilities		
Interest rate swap contract	–	(2,022)
Foreign exchange forward contract	**(2,949)**	(2,706)
	(2,949)	(4,728)
Current liability		
Interest rate swap contract	**(406)**	–
	(3,355)	(4,728)

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	2014	2013
AA	**377**	614
A	**2,511**	3,793
	2,888	4,407

(a) Foreign exchange forward contract

The notional principal amount of the outstanding foreign exchange forward contract at 31st December 2014 was US$5.4 million (2013: US$23.4 million).

34. Derivative financial instruments (Continued)

(b) Interest rate swap contracts

The notional principal amounts of the outstanding interest rate swap contracts at 31st December 2014 were US$92.4 million (2013: US$110.5 million).

US$'000	2014	2013
Company		
Non-current liability		
Interest rate swap contract	–	(2,022)
Current liability		
Interest rate swap contract	**(406)**	–

The notional principal amount of the outstanding interest rate swap contract at 31st December 2014 was US$50.0 million (2013: US$50.0 million).

35. Cash and bank balances

US$'000	2014	2013
Group		
Short-term bank deposits		
– Maturing within three months from the date of placement	**1,336,547**	1,221,764
Cash at bank and in hand	**606,276**	498,452
	1,942,823	1,720,216
Short-term bank deposits		
– Maturing more than three months from the date of placement	**223,091**	192,130
	2,165,914	1,912,346

The carrying amounts of the Group's cash and bank balances are mainly denominated in US dollar (2013: US dollar).

The credit quality of cash at bank and in hand and short-term bank deposits by reference to Standard & Poor's, Moody's and/or Fitch's credit ratings is as follows:

US$'000	2014	2013
Group		
AA	**696,866**	259,924
A	**1,248,470**	1,478,202
BBB	**206,074**	164,968
BB	**9,835**	5,185
B	**1,492**	605
Others	**3,177**	3,462
	2,165,914	1,912,346

US$'000	2014	2013
Company		
Short-term bank deposits		
– Maturing within three months from the date of placement	**38**	39,003
Cash at bank and in hand	**11,623**	2,378
Total cash and bank balances	**11,661**	41,381

36. Share capital

US$'000	2014	2013
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 2013 and 2014	625,793	62,579

37. Reserves

Group

US$'000	Share premium	Contributed surplus	Capital redemption reserve	Available-for-sale financial assets revaluation reserve	Foreign exchange translation reserve	Retained profit	Total
Balance at 31st December 2012	172,457	88,547	4,696	117,614	58,872	3,977,050	4,419,236
Total comprehensive income/(loss) for the year	–	–	–	(5,953)	6,062	33,870	33,979
Transactions with owners							
2012 final dividend	–	–	–	–	–	(44,987)	(44,987)
Balance at 31st December 2013	172,457	88,547	4,696	111,661	64,934	3,965,933	4,408,228
Total comprehensive income/(loss) for the year	–	–	–	(42,287)	(3,534)	268,550	222,729
Transactions with owners							
2013 final dividend	–	–	–	–	–	(11,795)	(11,795)
2014 interim dividend	–	–	–	–	–	(46,989)	(46,989)
Balance at 31st December 2014	**172,457**	**88,547**	**4,696**	**69,374**	**61,400**	**4,175,699**	**4,572,173**

Company

US$'000	Share premium	Contributed surplus	Capital redemption reserve	Retained profit	Total
Balance at 31st December 2012	172,457	88,547	4,696	736,486	1,002,186
Total comprehensive loss for the year	–	–	–	(137)	(137)
Transactions with owners					
2012 final dividend	–	–	–	(44,987)	(44,987)
Balance at 31st December 2013	172,457	88,547	4,696	691,362	957,062
Total comprehensive income for the year	–	–	–	79,712	79,712
Transactions with owners					
2013 final dividend	–	–	–	(11,795)	(11,795)
2014 interim dividend	–	–	–	(46,989)	(46,989)
Balance at 31st December 2014	**172,457**	**88,547**	**4,696**	**712,290**	**977,990**

37. Reserves (Continued)

The profit attributable to shareholders for the year is dealt with in the accounts of the Company to the extent of US$79.7 million (2013: loss of US$0.1 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$800.8 million as at 31st December 2014 (2013: US$779.9 million).

38. Borrowings

US$'000	2014	2013
Group		
Non-current		
Bank loans		
– Secured	**2,015,399**	1,881,785
– Unsecured	**100,447**	100,447
Finance lease obligations	**1,479,779**	1,283,323
	3,595,625	3,265,555
Current		
Bank overdrafts, unsecured	**1**	314
Bank loans		
– Secured	**256,389**	168,588
– Unsecured	**–**	9,908
Finance lease obligations	**132,487**	89,500
	388,877	268,310
Total borrowings	**3,984,502**	3,533,865

38. Borrowings (Continued)

The maturity of borrowings is as follows:

US$'000	Bank loans	Bank overdrafts	Finance leases Present value	Finance leases Minimum payments
As at 31st December 2014				
2015	**256,389**	**1**	**132,487**	**151,733**
2016	**244,081**	**–**	**176,745**	**194,592**
2017	**243,981**	**–**	**297,488**	**322,366**
2018	**260,028**	**–**	**237,502**	**251,331**
2019	**376,690**	**–**	**93,274**	**104,493**
2020 onwards	**991,066**	**–**	**674,770**	**764,534**
	2,372,235	**1**	**1,612,266**	**1,789,049**
Wholly repayable within five years	**858,401**	**1**	**687,614**	
Not wholly repayable within five years	**1,513,834**	**–**	**924,652**	
	2,372,235	**1**	**1,612,266**	
As at 31st December 2013				
2014	178,496	314	89,500	101,395
2015	167,349	–	186,551	197,658
2016	208,184	–	124,710	135,941
2017	208,072	–	258,141	276,959
2018	247,666	–	103,324	111,918
2019 onwards	1,150,961	–	610,597	690,005
	2,160,728	314	1,372,823	1,513,876
Wholly repayable within five years	631,689	314	593,271	
Not wholly repayable within five years	1,529,039	–	779,552	
	2,160,728	314	1,372,823	

Borrowings are secured by property, plant and equipment of the Group (note 16(a)).

The effective interest rates at the balance sheet date were as follows:

	2014		2013	
	US$	**£**	**US$**	**£**
Bank loans	1.6%	–	1.6%	–
Finance lease obligations	1.4%	0.7%	1.0%	0.6%

38. Borrowings (Continued)

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

	Carrying amounts		Fair values	
US$'000	**2014**	2013	**2014**	2013
Bank loans	**2,115,846**	1,982,232	**2,116,610**	1,984,035
Finance lease obligations	**1,479,779**	1,283,323	**1,489,738**	1,275,871
	3,595,625	3,265,555	**3,606,348**	3,259,906

The fair values are based on cash flows discounted using rates based on the borrowing rates ranging from 2.1% to 4.0% (2013: 1.7% to 4.8%).

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	**2014**	2013
US dollar	**3,966,862**	3,510,065
Pound sterling	**17,640**	23,502
Other currencies	**–**	298
	3,984,502	3,533,865

The fixed interest rate borrowings of the Group as at 31st December 2014 amounted to US$278.9 million (2013: US$152.0 million). The remaining borrowings of US$3,705.6 million (2013: US$3,381.9 million) were subject to floating interest rates.

39. Creditors and accruals

US$'000	**2014**	2013
Group		
Trade payables	**238,149**	303,829
Other creditors	**114,675**	76,741
Accrued expenses	**509,265**	455,583
Deferred revenue	**80,615**	68,471
	942,704	904,624

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

US$'000	**2014**	2013
Below one month	**162,147**	171,269
Two to three months	**58,567**	122,463
Four to six months	**7,929**	6,102
Over six months	**9,506**	3,995
	238,149	303,829

39. Creditors and accruals (Continued)

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

US$'000	2014	2013
US dollar	**120,246**	166,848
Canadian dollar	**10,100**	13,976
Euro	**20,118**	27,877
Japanese yen	**19,694**	26,061
Hong Kong dollar	**17,182**	3,311
Renminbi	**21,170**	22,168
Other currencies	**29,639**	43,588
	238,149	303,829

40. Amounts due to joint ventures

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

41. Commitments

Group

(a) Capital commitments – Property, plant and equipment

US$'000	2014	2013
Contracted but not provided for	**528,983**	722,055
Authorised but not contracted for	**82,648**	333,750
	611,631	1,055,805

(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
At 31st December 2014			
2015	**189,333**	**28,826**	**218,159**
2016	**110,329**	**24,262**	**134,591**
2017	**100,080**	**16,563**	**116,643**
2018	**70,455**	**6,856**	**77,311**
2019	**54,921**	**4,913**	**59,834**
2020 onwards	**143,044**	**14,436**	**157,480**
	668,162	**95,856**	**764,018**
At 31st December 2013			
2014	211,998	26,914	238,912
2015	98,058	14,190	112,248
2016	69,504	11,099	80,603
2017	69,273	7,213	76,486
2018	68,788	3,997	72,785
2019 onwards	199,048	15,520	214,568
	716,669	78,933	795,602

41. Commitments (Continued)

Group (Continued)

(b) Operating lease commitments (Continued)

The Group entered into the Preferential Assignment Agreement (the "Agreement") with the Port of Long Beach ("POLB") for the use of the Middle Harbor Terminal (the "Terminal") in Long Beach, California USA on 30th April 2012. The term of the Agreement is 40 years commencing on the 1st of July 2011. On 27th March 2013, the Group signed the First Amendment to Preferential Assignment Agreement (the "Amendment") with POLB, which has amended certain terms within the Agreement and has altered the expected guaranteed minimum annual compensation to be made for the relevant period of the lease term.

The guaranteed minimum annual compensation is computed based on the guaranteed minimum annual compensation per acreage (ranging from US$180,000 to US$270,000 in the first 5 years of the lease) multiplied by the number of acreages of the Terminal delivered, which is subject to mutual agreement between the Group and POLB along the Terminal construction and based on the milestones set out in the Agreement. The construction is expected to be completed by 2019 and the estimated number of acreages of the Terminal upon completion is estimated to be approximately 304.7 acreages. As of 31st December 2014, the acreages of the Terminal available is 90.8 acres. The Group and POLB will renegotiate the guaranteed minimum annual compensation per acre every 5 years which will not be less than the highest guaranteed minimum annual compensation in the previous 5 years.

(c) Operating lease rental receivable

The future aggregate minimum lease rental income under non-cancellable operating leases are receivable in the following years:

US$'000	Vessels and equipment	Land and buildings	Total
As at 31st December 2014			
2015	**80,526**	**23,613**	**104,139**
2016	**45,485**	**22,448**	**67,933**
2017	**–**	**21,394**	**21,394**
2018	**–**	**15,511**	**15,511**
2019	**–**	**12,805**	**12,805**
2020 onwards	**–**	**26,626**	**26,626**
	126,011	**122,397**	**248,408**
As at 31st December 2013			
2014	96,701	24,857	121,558
2015	80,300	22,793	103,093
2016	45,485	21,621	67,106
2017	–	20,567	20,567
2018	–	14,684	14,684
2019 onwards	–	37,778	37,778
	222,486	142,300	364,786

42. Financial guarantees

Group

The Group has not given any corporate guarantee as at 31st December 2014 (2013: nil).

Company

(a) The Company has given corporate guarantees of approximately US$4,118.8 million (2013: US$3,582.0 million) for its subsidiaries. As at 31st December 2014, the amounts utilised by the subsidiaries were US$3,920.5 million (2013: US$3,534.4 million).

(b) The Company has given corporate guarantees for its subsidiaries in respect of future payment of operating lease rentals amounting to US$265.4 million (2013: US$304.9 million).

(c) The Company has given corporate guarantees of approximately US$34.8 million (2013: US$201.0 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.

43. Notes to consolidated cash flow statement

(a) Reconciliation of operating profit to cash generated from operations

US$'000	2014	2013
Operating profit	**329,147**	90,314
Interest income from banks	**(17,714)**	(15,547)
Interest income from portfolio and held-to-maturity investments	**(19,974)**	(18,071)
Dividend income from portfolio investments	**(810)**	(686)
Depreciation	**323,482**	302,884
Fair value (gain)/loss from portfolio investments	**(6,284)**	9,828
Fair value (gain)/loss from an investment property	**(9,653)**	6,923
Net gain on disposal of property, plant and equipment	**(9,697)**	(9,032)
Dividend income from available-for-sale financial assets	**(40,175)**	(7,906)
Distribution from available-for-sale financial assets	**(3,660)**	(2,323)
Gain on disposal of a subsidiary	**(4,964)**	–
Gain on disposal of available-for-sale financial assets	**(27)**	(112)
Amortisation of intangible assets	**8,310**	8,427
Amortisation of prepayments of lease premiums	**362**	490
Net gain on derivative financial instruments	**(1,295)**	(1,820)
Operating profit before working capital changes	**547,048**	363,369
Decrease in inventories	**21,397**	3,727
Increase in debtors and prepayments	**(41,630)**	(8,715)
Increase in creditors and accruals	**27,598**	120,221
Change in net pension liabilities	**(2,617)**	(3,132)
Settlement of derivative financial instruments	**1,441**	1,745
Cash generated from operations	**553,237**	477,215

43. Notes to consolidated cash flow statement (Continued)

(b) Disposal of a subsidiary

US$'000	2014	2013
Net assets disposed		
Property, plant and equipment	458	–
Prepayments of lease premiums	43	–
Intangible assets	3	–
Inventories	9	–
Cash and bank balances	3,718	–
Debtors and prepayments	4,532	–
Amounts receivable from group companies	5,861	–
Creditors and accruals	(462)	–
	14,162	–
Non-controlling interests	(5,665)	–
Release of reserve upon disposal	(4,027)	–
Gain on disposal, net of tax	4,964	–
Taxation	436	–
Cash consideration	9,870	–
Net cash inflow arising on disposal:		
Cash consideration	9,870	–
Less: Cash and bank balances disposed	(3,718)	–
Net proceeds	6,152	–

(c) Major non-cash transactions

During the year, major non-cash transactions included the inception of finance leases of US$465.5 million (2013: US$409.7 million) and dividend received from available-for-sale financial assets of US$32.3 million (2013: US$ nil) in form of shares.

(d) Analysis of cash and cash equivalents

US$'000	2014	2013
Bank balances and deposits maturing within three months from the date of placement	1,942,823	1,720,216
Bank overdrafts	(1)	(314)
	1,942,822	1,719,902

44. Asset held for sale

Subsequent to the year ended 31st December 2014, the Group entered into an agreement with a third party to dispose of its interest in a container vessel, for a consideration of US$53.6 million. The transaction is expected to be completed in March 2015.

45. Approval of accounts

The accounts were approved by the Board of Directors on 6th March 2015.

Principal Subsidiaries, Associated Companies and Joint Ventures

as at 31st December 2014

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/ registered capital/ contributed cash capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries					
Cargo System Warehouse and Transport Ltd.	100	3,000 ordinary shares HK$300,000	Investment holding and container transportation	Hong Kong	Hong Kong
Consolidated Leasing & Terminals, Inc.	100	1 common stock US$100	Investment holding, equipment owning and leasing	USA	USA
Containers No. 1 Inc.	100	10,000 ordinary shares US$100,000	Equipment owning and leasing	Marshall Islands	Worldwide
Containers No. 2 Inc.	100	10,000 ordinary shares 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 HK$10,000	Investment holding	Hong Kong	Hong Kong
Glory Top Investment Ltd.	100	10,000 ordinary shares HK$10,000	Portfolio investment	Hong Kong	Hong Kong
Hai Dong Transportation Co. Ltd.	100	100,000 ordinary shares HK$100,000	Container transport	Hong Kong	Hong Kong
Kenwake Ltd.	100 100	1,600,000 ordinary shares 520,000 5% cumulative preference shares £2,120,000	Investment holding	United Kingdom	United Kingdom
Laronda Company Ltd.	100	5,000 ordinary shares US$5,000	Portfolio investment	British Virgin Islands	Worldwide
LBCT LLC	100	Capital of US$500,000	Terminal operating	USA	USA
Long Beach Container Terminal, Inc.	100	5,000 common stock US$500,000	Maintenance of union office workers and provision of labour services	USA	USA
Loyalton Shipping Limited	100	500 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Maritime Delivery Services Inc.	100	1,000 common stock US$10,000	Trucking service	USA	USA

Principal Subsidiaries, Associated Companies and Joint Ventures

as at 31st December 2014

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/ registered capital/ contributed cash capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer 2002 Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 2004 Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 2010 Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 2011 Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 36 (Luxembourg) Shipping S.à r.l.	100	100 ordinary shares US$25,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 37 (Luxembourg) Shipping S.à r.l.	100	100 ordinary shares US$25,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 40 (Luxembourg) Shipping S.à r.l.	100	600 ordinary shares US$150,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 41 (Luxembourg) Shipping S.à r.l.	100	600 ordinary shares US$150,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 42 (Luxembourg) Shipping S.à r.l.	100	600 ordinary shares US$150,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 43 (Luxembourg) Shipping S.à r.l.	100	600 ordinary shares US$150,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 45 (Luxembourg) Shipping S.à r.l.	100	100 ordinary shares US$25,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 48 (Luxembourg) Shipping S.à r.l.	100	100 ordinary shares US$25,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 49 (Luxembourg) Shipping S.à r.l.	100	100 ordinary shares US$25,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 50 (Luxembourg) Shipping S.à r.l.	100	100 ordinary shares US$25,000	Ship owning	Luxembourg	Worldwide
Newcontainer No. 5 Shipping Inc.	100	500 ordinary shares US$5,000	Ship owning	Liberia †	Worldwide

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/ registered capital/ contributed cash capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer No. 6 Shipping Inc.	100	500 ordinary shares US$5,000	Ship owning	Liberia †	Worldwide
Newcontainer No. 9 (Marshall Islands) Shipping Inc.	100	500 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 10 (Marshall Islands) Shipping Inc.	100	500 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 15 (Marshall Islands) Shipping Inc.	100	500 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 31 (Marshall Islands) Shipping Inc.	100	500 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 32 (Marshall Islands) Shipping Inc.	100	500 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 51 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 52 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 53 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 55 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 56 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 57 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 60 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 61 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide

Principal Subsidiaries, Associated Companies and Joint Ventures

as at 31st December 2014

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/ registered capital/ contributed cash capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer No. 66 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 67 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 68 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 69 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 70 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 73 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 75 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 78 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
OLL Logistics (Malaysia) Sdn Bhd	100	10,000 ordinary shares RM10,000	Logistics, cargo consolidation and forwarding	Malaysia	Malaysia
OOCL (Agencies) Ltd.	100	200 ordinary shares US$20,000	Investment holding	Bermuda	Worldwide
OOCL (Asia Pacific) Ltd.	100	2 ordinary shares HK$2	Transportation	Hong Kong	Asia Pacific

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/ registered capital/ contributed cash capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL (Assets) Holdings Inc.	100	500 ordinary shares US$5,000	Investment holding	Liberia †	Worldwide
OOCL (Assets USA) Holdings Inc.	100	50,000 ordinary shares US$50,000	Investment holding	Liberia †	USA
OOCL (Australia) Pty Ltd.	100	200,000 ordinary shares A$200,000	Liner agency	Australia	Australia
OOCL BENELUX	100	226,271 ordinary shares €609,799	Liner agency	Belgium	Belgium
OOCL (Cambodia) Ltd.	100	50,000 ordinary shares Riel200,000,000	Liner agency	Cambodia	Cambodia
OOCL (Canada) Inc.	100	10,000 common stock C$91,000	Liner agency	Canada	Canada
OOCL (China) Investment Ltd.	100	2 ordinary shares HK$2	Investment holding	Hong Kong	China
OOCL (Corporate Services) Limited	100	2 ordinary shares HK$2	Provision of corporate services	Hong Kong	Hong Kong
OOCL (Denmark) A/S	100	1,000 ordinary shares DKK500,000	Liner agency	Denmark	Northern Europe
OOCL (Europe) Ltd.	100	5,000,000 ordinary shares £5,000,000	Container transport, investment holding and liner territorial office	United Kingdom	Worldwide
OOCL (Finland) Ltd. Oy	100	150 ordinary shares €2,522.82	Liner agency	Finland	Finland
OOCL (France) SA	100	60,000 ordinary shares €914,694.10	Liner agency	France	France
OOCL (India) Private Ltd.	100	1,000 equity shares Rupees100,000	Liner agency	India	India
OOCL (Infotech) Holdings Ltd.	100	2 ordinary shares US$2	Investment holding	British Virgin Islands	Worldwide

Principal Subsidiaries, Associated Companies and Joint Ventures
as at 31st December 2014

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/ registered capital/ contributed cash capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL (Ireland) Ltd.	100	100 ordinary shares €125	Liner agency	Ireland	Ireland
OOCL (Italy) S.r.l.	100	1 quota €10,000	Liner agency	Italy	Italy
OOCL (Korea) Ltd.	100	16,000 common stock Won160,000,000	Liner agency	Korea	Korea
OOCL (Liners) Holdings Ltd.	100	2 ordinary shares HK$2	Investment holding	Hong Kong	Hong Kong
OOCL (Logistics) Holdings Ltd.	100	10,000 ordinary shares US$10,000	Investment holding	British Virgin Islands	Worldwide
OOCL (New Zealand) Ltd.	100	100 ordinary shares NZD1,000	Liner agency	New Zealand	New Zealand
OOCL Pakistan (Private) Ltd.	100	1,350,000 ordinary shares PKR13,500,000	Liner agency	Pakistan	Pakistan
OOCL (Philippines) Inc.	100	55,000 common stock Peso5,500,000	Liner agency	Philippines	Philippines
OOCL (Poland) Ltd sp. z o.o.	100	1,000 ordinary shares PLN50,000	Liner agency	Poland	Poland
OOCL (Portugal), Lda	100	2 quotas €25,000	Liner agency	Portugal	Portugal
OOCL (Russia) Ltd.	100	1 participatory share Rub10,000	Liner agency	Russia	Russia
OOCL (Singapore) Pte Ltd.	100	100,000 ordinary shares S$100,000	Liner agency	Singapore	Singapore
OOCL (Sweden) AB	100	100,000 ordinary shares SEK100,000	Liner agency	Sweden	Sweden
OOCL (Switzerland) AG	100	200,000 ordinary shares CHF200,000	Liner agency	Switzerland	Switzerland

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/ registered capital/ contributed cash capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL (Taiwan) Co. Ltd.	100	10,000,000 ordinary shares NT$100,000,000	Liner agency	Taiwan	Taiwan
OOCL (Terminals) Investment Ltd.	100	500 ordinary shares US$500	Investment holding	British Virgin Islands	Worldwide
OOCL (USA) Inc.	100	1,030 common stock US$1,030	Liner agency	USA	USA
OOCL (Vietnam) Co. Ltd.	100	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 LLC	100	Capital of US$500,000	Investment holding and equipment owning	USA	USA
OOCL Logistics Limited	100	10,000 ordinary shares US$10,000	Investment holding	British Virgin Islands	Hong Kong
OOCL Logistics (Asia Pacific) Ltd.	100	200 ordinary shares US$20,000	Investment holding, management of international transportation and logistics	Bermuda	Asia Pacific
OOCL Logistics (Australia) Pty. Limited	100	200,000 ordinary shares A$200,000	Logistics, cargo consolidation and forwarding	Australia	Australia
OOCL Logistics (Cambodia) Ltd.	100	1,250 ordinary shares Riel5,000,000	Logistics, cargo consolidation and forwarding	Cambodia	Cambodia
OOCL Logistics (Canada) Ltd.	100	1,000 common stock 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 £2	Logistics, cargo consolidation and forwarding	United Kingdom	Europe
OOCL Logistics (Hong Kong) Ltd.	100	50,000 ordinary shares HK$500,000	Logistics, cargo consolidation and forwarding	Hong Kong	Hong Kong

Principal Subsidiaries, Associated Companies and Joint Ventures

as at 31st December 2014

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/ registered capital/ contributed cash capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL Logistics (India) Private Ltd.	100	35,000 equity shares Rupee3,500,000	Logistics, cargo consolidation and forwarding	India	India
OOCL Logistics (Japan) Ltd.	100	200 ordinary shares Yen10,000,000	Logistics, cargo consolidation and forwarding	Japan	Japan
OOCL Logistics (Korea) Ltd.	100	30,000 common stock Won300,000,000	Logistics, cargo consolidation and forwarding	Korea	Korea
OOCL Logistics Mexico, S.A. de CV	100	10 minimum fixed capital shares 499,990 variable capital shares Peso500,000	Logistics, cargo consolidation and forwarding	Mexico	Mexico
OOCL Logistics (Russia) Limited	100	1 share Rub10,000	Logistics, cargo consolidation and forwarding	Russia	Russia
OOCL Logistics (Singapore) Pte Ltd.	100	2 ordinary shares S$2	Logistics, cargo consolidation and forwarding	Singapore	Singapore
OOCL Logistics (Taiwan) Ltd.	100	4,250,000 ordinary shares NT$42,500,000	Logistics, cargo consolidation and forwarding	Taiwan	Taiwan
OOCL Logistics (USA) Inc.	100	100 common stock US$200	Logistics, cargo consolidation, forwarding and investment holding	USA	Worldwide
OOCL Logistics Line Limited	100	2 ordinary shares HK$2	Ocean freight forwarding	Hong Kong	Worldwide
OOCL Logistics Warehousing and Transportation (Shanghai) Co. Ltd.	100	Registered capital US$1,000,000	Warehousing and logistics services	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 US$169,477,152	Investment holding	Bermuda	Worldwide
OOCL Warehousing (Shanghai) Limited	100	Registered capital US$10,000,000	Warehousing, freight forwarding and logistics services	China *	China

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/ registered capital/ contributed cash capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
# OOIL (Investments) Inc.	100	500 ordinary shares 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 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 £66,000,000	Investment holding	United Kingdom	United Kingdom
Orient Overseas Container Line (Malaysia) Sdn Bhd	100	500,000 ordinary shares RM500,000	Liner agency	Malaysia	Malaysia
Orient Overseas Container Line (Spain), S.L.	100	3,100 ordinary shares €3,100	Liner agency	Spain	Spain
Orient Overseas Container Line (UK) Ltd.	100	5,000 ordinary shares US$5,000	Container transport and ship management	Cayman Islands	Worldwide
Orient Overseas Container Line Inc.	100	500 ordinary shares US$25,000,000	Investment holding	Liberia †	Worldwide
Orient Overseas Container Line Ltd.	100	10,000 ordinary shares HK$1,000,000	Container transport	Hong Kong	Worldwide
Planet Era Limited	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Soberry Investments Ltd.	100	5,000 ordinary shares US$5,000	Portfolio investment	British Virgin Islands	Worldwide
Union Faith (H.K.) Limited	100	1 ordinary share HK$1	Ship owning	Hong Kong	Worldwide

Principal Subsidiaries, Associated Companies and Joint Ventures

as at 31st December 2014

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/ registered capital/ contributed cash capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Wall Street Plaza, Inc.	100	40 class A common stock	Investment holding	USA	USA
	100	160 class B common stock			
	100	20,000 12% series A non-cumulative non-voting preferred stock			
	100	18,000 11% series B non-cumulative non-voting preferred stock			
	100	19,500 12% series C non-cumulative non-voting preferred stock			
	100	19,000 12% series D non-cumulative non-voting preferred stock US$76,500,200			
Wealth Capital Corporation	100	500 ordinary shares US$5,000	Investment holding	Liberia †	Worldwide
Associated companies					
Ningbo Yuan Dong Terminal Co. Ltd.	20	Registered capital RMB2,500,000,000	Terminal operating	China §	China
Tianjin Port Alliance International Container Terminal Co. Ltd.	20	Registered capital US$160,000,000	Terminal operating	China §	China
Joint ventures					
OOCL (Egypt) Shipping Agency S.A.E.	49	3,675 ordinary shares EGP367,500	Liner agency	Egypt	Egypt
OOCL (UAE) LLC	49	300 ordinary shares 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.*

Fleet and Container Information

Fleet

The following table sets out the Group's vessels as at 31st December 2014.

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	FLAG
NYK Hercules	13,208	Owned	N/A	2013	Hong Kong
NYK Hermes	13,208	Owned	N/A	2013	Hong Kong
NYK Hyperion	13,208	Owned	N/A	2013	Hong Kong
OOCL America	5,344	Owned	Asia-Australia	1995	Hong Kong
OOCL Atlanta	8,063	Owned	Trans-Pacific	2005	Hong Kong
OOCL Australia	4,583	Owned	Intra-Asia	2006	Hong Kong
OOCL Bangkok	13,208	Owned	Asia-Europe	2013	Hong Kong
OOCL Beijing	8,888	Owned	Trans-Pacific	2011	Hong Kong
OOCL Belgium	2,808	Owned	Trans-Atlantic	1998	Hong Kong
OOCL California	5,344	Owned	Asia-Australia	1995	Hong Kong
OOCL Canada	8,888	Owned	Trans-Pacific	2011	Hong Kong
OOCL Charleston	4,578	Owned	Intra-Asia	2010	Hong Kong
OOCL Chicago	5,714	Owned	Intra-Asia	2000	Hong Kong
OOCL Chongqing	13,208	Owned	Asia-Europe	2013	Hong Kong
OOCL Dalian	4,578	Owned	Asia-Australia-New Zealand	2009	Hong Kong
OOCL Guangzhou	4,578	Owned	Intra-Asia	2010	Hong Kong
OOCL Le Havre	4,578	Owned	Intra-Asia	2010	Hong Kong
OOCL London	8,063	Owned	Trans-Pacific	2010	Hong Kong
OOCL Luxembourg	8,063	Owned	Trans-Pacific	2010	Hong Kong
OOCL Memphis	8,888	Owned	Trans-Pacific	2013	Hong Kong
OOCL Miami	8,888	Owned	Trans-Pacific	2013	Hong Kong
OOCL Nagoya	4,578	Owned	Intra-Asia	2009	Hong Kong
OOCL New York	5,770	Owned	Intra-Asia	1999	Hong Kong
OOCL Norfolk	4,578	Owned	Asia-Australia	2009	Hong Kong
OOCL Rotterdam	8,063	Owned	Trans-Pacific	2004	Hong Kong
OOCL San Francisco	5,714	Owned	Intra-Asia	2000	Hong Kong
OOCL Seoul	8,063	Owned	Trans-Pacific	2010	Hong Kong
OOCL Shanghai	5,770	Owned	Intra-Asia	1999	Hong Kong
OOCL Washington	8,063	Owned	Asia-Europe	2010	Hong Kong
OOCL Zhoushan	4,583	Owned	Intra-Asia	2006	Hong Kong
NYK Helios	13,208	Finance Lease	N/A	2013	Hong Kong
OOCL Asia	8,063	Finance Lease	Trans-Pacific	2006	Hong Kong
OOCL Berlin	13,208	Finance Lease	Asia-Europe	2013	Hong Kong
OOCL Brisbane	4,578	Finance Lease	Asia-Australia	2009	Hong Kong
OOCL Brussels	13,208	Finance Lease	Asia-Europe	2013	Hong Kong
OOCL Busan	4,578	Finance Lease	Intra-Asia	2008	Hong Kong
OOCL Europe	8,063	Finance Lease	Intra-Asia	2006	Hong Kong
OOCL Hamburg	8,063	Finance Lease	Trans-Pacific	2004	Hong Kong
OOCL Houston	4,578	Finance Lease	Asia-Australia	2007	Hong Kong
OOCL Jakarta	4,578	Finance Lease	Intra-Asia	2010	Hong Kong
OOCL Kobe	4,578	Finance Lease	Trans-Pacific	2007	Hong Kong
OOCL Korea	13,208	Finance Lease	Asia-Europe	2014	Hong Kong
OOCL Montreal	4,402	Finance Lease	Trans-Atlantic	2003	Hong Kong
OOCL New Zealand	4,578	Finance Lease	Intra-Asia	2009	Hong Kong

Fleet and Container Information

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	FLAG
OOCL Ningbo	8,063	Finance Lease	Intra-Asia	2004	Hong Kong
OOCL Panama	4,578	Finance Lease	Asia-Australia	2008	Hong Kong
OOCL Qingdao	8,063	Finance Lease	Intra-Asia	2004	Hong Kong
OOCL Savannah	4,578	Finance Lease	Intra-Asia	2010	Hong Kong
OOCL Singapore	13,208	Finance Lease	Asia-Europe	2014	Hong Kong
OOCL Southampton	8,063	Finance Lease	Trans-Pacific	2007	Hong Kong
OOCL Texas	4,578	Finance Lease	Intra-Asia	2008	Hong Kong
OOCL Tokyo	8,063	Finance Lease	Intra-Asia	2007	Hong Kong
OOCL Yokohama	4,578	Finance Lease	Asia-Australia	2007	Hong Kong
Allise P	5,044	Chartered	Trans-Pacific	2014	Liberia
Augusta Kontor	5,060	Chartered	Trans-Pacific	2014	Marshall Islands
Andreas	2,210	Chartered	Intra-Asia	2014	Liberia
Annaba	1,578	Chartered	Intra-Asia	2014	Liberia
Herma P	5,044	Chartered	Trans-Pacific	2014	Liberia
Hermes	2,510	Chartered	Intra-Asia	2014	Antigua and Barbuda
Hs Mozart	4,515	Chartered	Intra-Asia	2014	Malta
Japan (ex. OOCL Japan)	5,344	Chartered	Intra-Asia	1996	Hong Kong
Jules Verne	4,245	Chartered	Asia-Australia-New Zealand	2014	Liberia
Kaethe P	5,044	Chartered	Trans-Pacific	2014	Liberia
King Bruce	1,710	Chartered	Intra-Asia	2009	Marshall Islands
Kuo Hung	1,295	Chartered	Intra-Asia	2014	Panama
Madinah	4,258	Chartered	Asia-Australia-New Zealand	2014	Hong Kong
Navi Baltic	1,421	Chartered	Intra-Europe	2013	Cyprus
Nordic Philip	1,036	Chartered	Intra-Europe	2011	Cyprus
Nordic Stani	1,036	Chartered	Intra-Europe	2012	Cyprus
OOCL Antwerp	5,888	Chartered	Trans-Pacific	2006	Panama
OOCL Britain	5,344	Chartered	N/A	1996	Hong Kong
OOCL China	5,344	Chartered	N/A	1996	Hong Kong
OOCL Dubai	5,888	Chartered	Intra-Asia	2006	Singapore
OOCL Halifax	4,992	Chartered	Trans-Pacific	2014	United Kingdom
OOCL Hong Kong	5,344	Chartered	Asia-Australia	1995	Hong Kong
OOCL Istanbul (ex ZIM Kingston)	4,253	Chartered	Asia-Europe	2013	Malta
OOCL Italy	5,888	Chartered	Trans-Pacific	2007	Singapore
OOCL Kaohsiung	5,888	Chartered	Trans-Pacific	2006	Singapore
OOCL Kuala Lumpur	5,888	Chartered	Trans-Pacific	2007	Singapore
OOCL Long Beach	8,063	Chartered	Trans-Pacific	2003	Hong Kong
OOCL Mexico	4,992	Chartered	Trans-Atlantic	2014	Liberia
OOCL Netherlands	5,390	Chartered	Intra-Asia	1997	Hong Kong
OOCL Novorossiysk (ex ZIM Dalian)	4,253	Chartered	Asia-Europe	2013	Malta
OOCL Oakland	5,888	Chartered	Trans-Pacific	2007	Panama
OOCL Rauma (ex. Elysee)	1,440	Chartered	Intra-Europe	2012	The Netherlands
OOCL Shenzhen	8,063	Chartered	Trans-Pacific	2003	Hong Kong
OOCL Taichung (ex. Sinar Batam)	1,560	Chartered	Intra-Asia	2008	Hong Kong
OOCL Tianjin	8,063	Chartered	Asia-Europe	2005	Hong Kong
OOCL Vancouver	5,888	Chartered	Trans-Pacific	2006	Panama

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	FLAG
Pacific Trader	1,118	Chartered	Intra-Asia	2013	Cyprus
Perla	1,118	Chartered	Intra-Asia	2012	Marshall Islands
RDO Concert	6,969	Chartered	Trans-Pacific	2014	Liberia
SFL Avon	1,740	Chartered	Intra-Asia	2012	Marshall Islands
Silvia	4,239	Chartered	Intra-Asia	2014	Marshall Islands
Singapore	5,390	Chartered	Intra-Asia	1997	Hong Kong
Sonderborg Strait	1,085	Chartered	Intra-Europe	2012	Antigua and Barbuda
Spirit of Bangkok	1,620	Chartered	Intra-Asia	2013	Marshall Islands
Star of Luck	1,645	Chartered	Intra-Asia	2013	Liberia
Teng Yun He	1,702	Chartered	Intra-Asia	2009	China
Warnow Chief	1,500	Chartered	Intra-Asia	2013	Cyprus
Warnow Mate	1,500	Chartered	Intra-Asia	2014	Cyprus
Willi	2,210	Chartered	Intra-Asia	2014	Marshall Islands
Wehr Blankenese	1,730	Chartered	Intra-Asia	2014	Marshall Islands
YM Efficiency	4,218	Chartered	Trans-Pacific	2014	Liberia
TOTAL 104 VESSELS	**593,182**				

Container Information

The Group owned, purchased on finance lease terms or leased under operating lease agreements 611,125 units (982,880 TEU) as of 31st December 2014. Approximately 75.20% 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 2014 the Group owned or leased under operating lease terms 94 trailer chassis.

Terminal Information

Long Beach Container Terminal, LLC. (LBCT LLC)

Location:

Long Beach, California, USA

Status of Terminal:

A 90.8 acre, three berth container facility operated under a long-term preferential use agreement from the Port of Long Beach.

Equipment/Facilities:

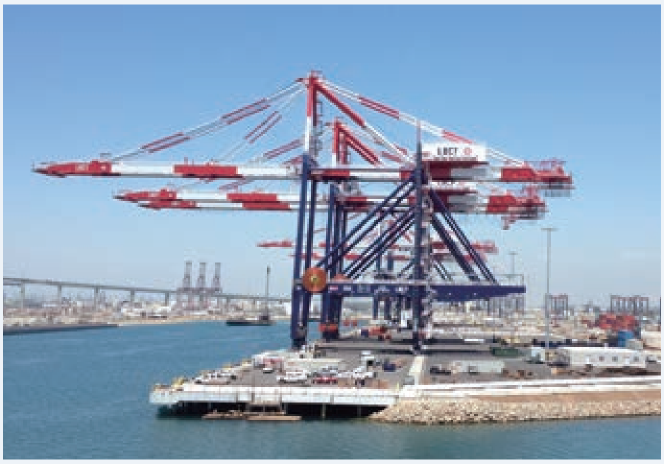
Three container-vessel berths; seven Post-Panamax quayside container gantry cranes; five side picks; 12 rubber-tired gantry cranes; 75 yard tractors; 11 top handlers; 12 utility forklifts; 56 yard chassis; various pick-up trucks and other vehicles and handling equipment.

Building Facilities:

13,000 sq ft main office building; 3,200 sq ft marine operations building; 9,600 sq ft repair shop.

Principal Customers:

APL, Hapag Lloyd, HMM, MOL, NYK and OOCL.



Kaohsiung Container Terminal (KAOCT)

Location:

Pier 65 and 66 Kaohsiung Harbour, Kaohsiung, Taiwan

Status of Terminal:

As one of the original container facilities in the Kaohsiung Harbour, the Kaohsiung Container Terminal has deep-water berths of 14.5 meters and the entire facility has been modernized since 2002 and upgraded in 2012 with the ability to handle two 10,000-TEU vessels at the same time.

Equipment/Facilities:

Two container-vessel berths (760 meters long) on a total of approximately 56 acres operating 24-hour, 7-days a week basis for vessel and gate activities: Six Post-Panamax quay cranes including four with 19 rows and two with 22 rows of twin 20 ft lifting capacity; 18 rail-mounted gantry cranes; 5 empty stackers and various shipside handling equipment.

To further enhance services and improve efficiency, terminal upgrade projects will continue to be carried out which include the completion of an expansion of the container storage area by 1,500 TEU in January 2014. After the completion of these projects, the rail-mounted gantry cranes will be able to handle 1.4 million TEU per annum and carbon emission will be further reduced.

Building Facilities (approximate area):

2,174 sqm office building, 7,000 sqm container freight station, 720 sqm maintenance building

Principal Customers:

ANL, APL, COSCO, CSCL, EMC, HPL, HYMM, MOSK, NYK, OOCL, PIL, WHL, YMI, ZIM and various feeder operators.

10-Year Financial Summary

US$'000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Consolidated Profit and Loss Data										
Revenue	4,345,647	4,609,751	5,651,030	6,530,855	4,350,195	6,033,402	6,011,836	6,459,059	6,231,583	6,521,589
Operating profit/(loss)	693,563	621,364	687,437	397,764	(332,237)	918,807	174,598	327,904	90,314	329,147
Finance costs	(55,744)	(71,721)	(99,078)	(81,016)	(35,347)	(29,091)	(26,179)	(32,877)	(41,019)	(54,000)
Profit/(loss) before taxation	644,685	553,218	592,024	322,546	(361,870)	898,776	162,457	310,134	66,999	294,583
Profit/(loss) for the year from continuing operations	615,198	528,335	553,749	297,569	(376,104)	869,817	139,354	296,317	47,133	270,438
Profit/(loss) for the year from discontinued operations	36,093	52,805	1,994,653	(22,040)	(24,501)	1,004,554	43,000	–	–	–
Profit/(loss) for the year	651,291	581,140	2,548,402	275,529	(400,605)	1,874,371	182,354	296,317	47,133	270,438
Profit/(loss) attributable to ordinary shareholders	650,854	580,603	2,546,979	272,337	(402,294)	1,866,780	181,645	295,387	47,036	270,538
Per Ordinary Share										
Earnings/(loss) (US cents)										
from continuing operations	98.2	84.4	88.3	47.1	(60.4)	137.8	22.1	47.2	7.5	43.2
from discontinued operations	5.8	8.4	318.7	(3.6)	(3.9)	160.5	6.9	–	–	–
Dividends (US cents)	27.00	103.00	103.00	11.00	–	283.80	7.00	11.84	1.88	10.90
Weighted average number of ordinary shares in issue ('000)	625,793	625,793	625,793	625,793	625,793	625,793	625,793	625,793	625,793	625,793
Consolidated Balance Sheet Data										
Property, plant and equipment	2,593,946	2,777,004	3,350,844	3,780,945	3,798,048	3,860,367	4,205,194	4,664,773	5,320,251	**5,608,929**
Liquid assets	1,286,579	1,167,924	2,244,865	2,077,087	1,354,387	4,132,897	2,413,132	2,339,531	2,411,085	**2,689,754**
Assets held for sale	–	406,232	–	–	1,268,254	–	–	–	–	**53,047**
Liabilities directly associated with assets classified as held for sale	–	(178,992)	–	–	(142,406)	–	–	–	–	**–**
Other net current (liabilities)/assets	(165,629)	56,348	75,034	342,756	(582,807)	(475,304)	(543,133)	(654,625)	(473,105)	**(628,393)**
Total assets	4,814,916	5,600,003	7,213,644	7,701,635	7,330,174	9,075,183	7,711,478	8,231,039	8,990,218	**9,633,455**
Long-term debt	1,650,044	1,870,890	1,864,436	2,218,251	2,135,967	2,416,367	2,233,095	2,325,777	3,265,555	**3,595,625**
Total long and short-term debt	1,838,592	2,068,798	2,206,184	2,372,146	2,568,022	2,664,122	2,672,206	2,881,530	3,533,865	**3,984,502**
Net debt/(liquid assets)	552,013	900,874	(38,681)	295,059	1,213,635	(1,468,775)	259,074	541,999	1,122,780	**1,294,748**
Ordinary shareholders' equity	2,284,330	2,727,206	4,176,368	4,387,071	3,944,684	5,548,446	4,233,468	4,481,815	4,470,807	**4,634,752**
Other Financial Information										
Depreciation	157,302	178,761	173,988	181,898	207,275	255,010	242,534	235,346	302,884	**323,482**
Capital expenditure	635,494	633,128	752,903	650,568	380,161	345,255	744,603	784,562	999,451	**878,769**
Consolidated Financial Ratios/Percentages										
Debt to equity ratio	0.80	0.76	0.53	0.54	0.65	0.48	0.63	0.64	0.79	**0.86**
Net debt/(cash) to equity ratio	0.24	0.33	(0.01)	0.07	0.31	(0.26)	0.06	0.12	0.25	**0.28**
Return/(loss) on average ordinary shareholders' equity (%)	31.8	23.2	73.8	6.4	(9.7)	39.3	3.7	6.8	1.1	**5.9**
Accounts payable as a % of revenue	13.9	12.2	13.3	12.8	13.8	12.6	11.8	12.1	14.5	**14.5**
Accounts receivable as a % of revenue	9.6	8.3	12.3	6.7	8.7	7.5	7.8	8.4	8.9	**8.8**
Net asset value per ordinary share (US$)	3.65	4.36	6.67	7.01	6.30	8.87	6.76	7.16	7.14	**7.41**

Note:

(1) The results of discontinued operations prior to 2008 have not been restated or reclassified.

(2) The accounting policy on HKAS 12 'Income taxes' was changed in 2012 and the figures prior to 2010 have not been restated to reflect this change.

(3) The accounting policy on HKAS 19 Amendment 'Employee Benefits' was changed in 2013 and the figures prior to 2011 have not been restated to reflect this change.

Corporate Information

Executive Directors

Mr. TUNG Chee Chen
(Chairman, President and Chief Executive Officer)
Mr. TUNG Lieh Cheung Andrew
Mr. TUNG Lieh Sing Alan
(Acting Chief Financial Officer)

Non-Executive Director

Professor Roger KING

Independent Non-Executive Directors

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

Company Secretary

Ms. LEE Chee Fun Lammy

Authorised Representatives

Mr. TUNG Lieh Sing Alan
Ms. LEE Chee Fun Lammy

Principal Office

33rd Floor
Harbour Centre
25 Harbour Road, Wanchai
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Registrar

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Branch Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Listing Exchange

The Stock Exchange of Hong Kong Limited
Stock Code: 316

Website

http://www.ooilgroup.com

Major Bankers

Bank of America, N.A.
Bank of China (Hong Kong) Limited
Citibank, N.A.
HSBC Holdings plc
HSH Nordbank
National Australia Bank Limited
Overseas-Chinese Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

Solicitors

Conyers Dill & Pearman
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

and at

2901 One Exchange Square
8 Connaught Place
Central
Hong Kong

Ince & Co
Rooms 3801-6, 38th Floor
ICBC Tower, Citibank Plaza
3 Garden Road, Central
Hong Kong

Slaughter and May
47th Floor, Jardine House
One Connaught Place
Central
Hong Kong

Auditor

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

Orient Overseas (International) Limited

(Incorporated in Bermuda with Limited Liability)

33rd Floor Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong Telephone: (852) 2833 3838
www.ooilgroup.com

Design and Production by: Toppan Vite Limited

This report is printed on paper in accordance with the standards below
Acid Free Lignin Free Dioxin Free Biodegradable ISO9001 ISO14001