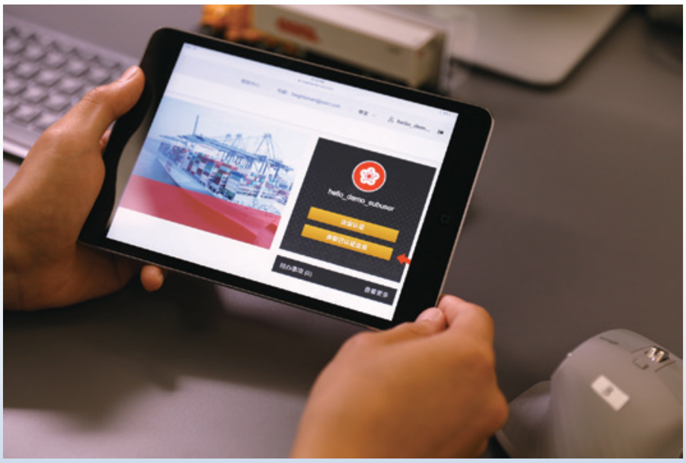
Orient Overseas (International) Limited

(Incorporated in Bermuda with members' limited liability)
Stock code: 0316.HK

ANNUAL REPORT 2021



Corporate Profile

Orient Overseas (International) Limited ("OOIL"), a company with total revenues in excess of US$16.8 billion, has principal business activities in container transport and logistics services. Listed on The Stock Exchange of Hong Kong, the OOIL Group has around 420 offices in about 90 countries/regions.

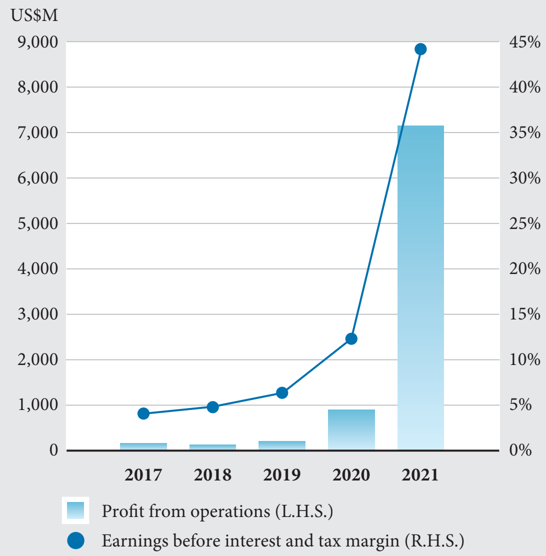
Orient Overseas Container Line and OOCL are trade names for transportation provided separately by Orient Overseas Container Line Limited ("OOCLL") and OOCL (Europe) Limited respectively and both are wholly-owned subsidiaries of OOIL. OOCL is one of the world's largest integrated international transportation and logistics 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 cargo on hundreds of trade routes around the world, providing a vital link in Global Trade.

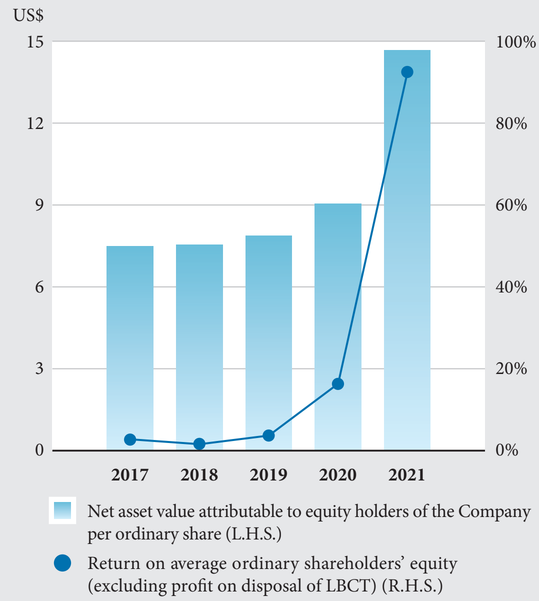
Contents

Financial Highlights

US$M	2021	2020	Increase/ (decrease) %
Consolidated Profit and Loss			
Revenue	**16,832**	8,191	105%
Operating profit	**7,380**	992	644%
Finance costs	**(60)**	(91)	(34%)
Profit before taxation	**7,337**	914	703%
Profit from operations and profit for the year	**7,128**	903	689%
Consolidated Balance Sheet			
Liquid assets#	**7,370**	3,323	122%
Property, plant and equipment	**4,048**	3,745	8%
Right-of-use assets	**2,802**	2,303	22%
Total assets	**15,847**	10,645	49%
Borrowings and lease liabilities	**2,691**	3,070	(12%)
Total liabilities	**6,175**	5,003	23%
Total equity	**9,672**	5,642	71%
Consolidated Net Cash Flow			
Net cash from operating activities	**8,899**	1,905	367%
Net cash used in investing activities	**(1,982)**	(589)	237%
Net cash used in financing activities	**(4,367)**	(2,200)	99%
Net increase/(decrease) in cash and cash equivalents	**2,550**	(884)	N/M
Key Ratios			
Earnings before interest and tax margin	**43.9%**	12.3%	32%
Gross debt to equity	**0.28**	0.54	(26%)
Net cash to equity#	**0.48**	0.04	44%
Return on average ordinary shareholders' equity	**93.1%**	17.1%	76%
Earnings per ordinary share (US dollar)	**11.08**	1.44	669%
Net asset value attributable to equity holders of the Company per ordinary share (US dollar)	**14.64**	9.02	62%

Liquid assets represent cash and bank balances, restricted bank balances, portfolio investments at fair value through profit or loss and investments at amortised cost. Net cash represents liquid assets deducted by total debt.





JANUARY 1 2 3 4 5

OOCL announced the official roll-out of FreightSmart, an advanced online platform providing customers instant quotation and booking confirmation with space and equipment protection at secured freight rates. FreightSmart not only brought customers an ultimate brand-new booking experience, but it also marked a new chapter in the company's digital transformation journey.

FREIGHTSMART

1

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OOCL received the "Social Capital Builder Logo Award 2020" for its contribution to building social capital in Hong Kong. This Award program was organised by the Community Investment and Inclusion Fund (CIIF) under Labour and Welfare Bureau of the HKSAR Government. It was the third time that OOCL received this bi-yearly award.

OOCL presented the latest line up of its Ocean Alliance Day 5 products with higher capacity, faster transit times and extended coverage. Since the formation of the Ocean Alliance in 2017, the enhancements that OOCL made to the products each year have shown its commitment and dedication to offering best-in-class products to customers.

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OOIL issued 11.4 million new shares which represents approximately 1.82% of the existing share capital of the company. The transaction was a clear statement of the faith of COSCO SHIPPING Holdings and OOIL in the enduring strong value of the Dual Brand strategy.

OOCL Logistics received the "2020 Best Warehousing Service Award" from Wacker Chemicals (China) Co., Limited. The award shows recognition and appreciation for OOCL Logistics' outstanding warehousing management services.

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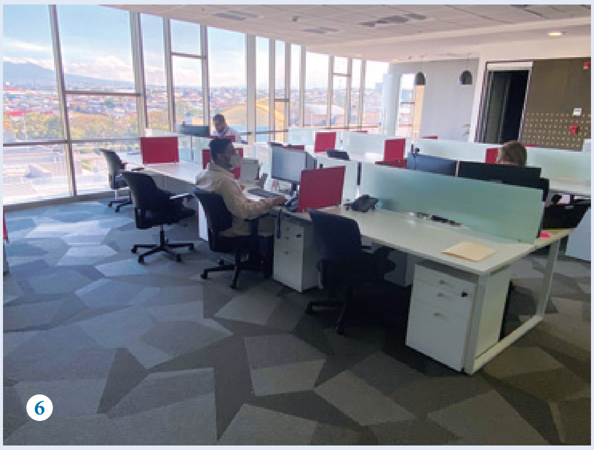
5

OOCL Logistics received several prestigious awards namely "2020 Best Service Provider", "Best National Distribution Center Warehouse Management", and "Key Project Support" at the Li Ning 2020 Suppliers Conference, recognising OOCL Logistics' dedicated work ethics and its world-class service excellence.

FEBRUARY 6 7 8

On 15th February, OOCL Logistics announced the establishment of the OOCL Logistics (Costa Rica), S.R.L. office at a formal opening ceremony. Being the first wholly-owned office in Latin America, it was an important milestone for OOCL Logistics to strengthen the company's ability to deliver quality services and build stronger business relationships with customers directly throughout Central America and global clients active in this trade region.



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OOCL was presented with the "Liner Trade Award – Australia to South East Asia" and received the Highly Commended title in the "Customer Service Award" category at the DCN Australian Shipping & Maritime Industry Awards 2020 to recognise the company's dedicated work in the region.

OOCL was pleased to sign the Neptune Declaration on Seafarer Wellbeing and Crew Change – an industry-wide initiative which calls for global action to remove crew change barriers and support the health and well-being of seafarers around the world during the COVID-19 global health crisis.

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MARCH 9 10

On 17th March, IQAX Limited announced that it has been officially commissioned by the Global Shipping Business Network (GSBN) to develop, enhance and operate the world-class blockchain platform. The platform will enable real-time data sharing among authorised parties using blockchain technology for more transparent end-to-end supply chain visibility.

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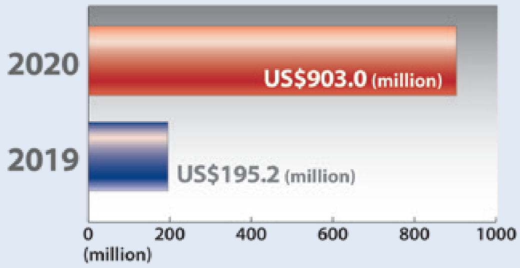

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On 26th March, OOIL announced a profit from operations of US$903.0 million for 2020, compared to a profit of US$195.2 million in 2019. Profit attributable to equity holders for 2020 was US$902.7 million.

MAY 11

OOCL Logistics launched PODIUM® Precision, the next-generation end-to-end supply chain technology that processes multiple real-time data sources to offer full visibility, convenient traceability and enhanced transparency on every shipment. By leveraging intelligent data processing, automation, and performance optimisation methods, PODIUM® Precision could markedly improve collaboration and decision-making at every stage of the supply chain.

OOCL Logistics

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JUNE 12

OOCL introduced Inland Container Depot (ICD) in Baghdad, Iraq and Door Delivery service in Amman, Jordan, bringing faster and smoother shipment options and end-to-end solutions to customers in the region.

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JULY 13

OOCL enhanced its online booking platform FreightSmart by launching a loyalty program PlumSmart to reward FreightSmart customers with premium discounts and benefits.

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AUGUST 14 15 16

OOCL Logistics and OOCL announced the launch of a brand-new rail-sea container service from Xian, China to the US East Coast. This product combined the "Chang An" China-Europe block train service from Xian to Europe, and with OOCL ocean services to various ports along the US East Coast. It was the first of its kind to be operated by an ocean carrier, connecting China and North America by using the Asia-Europe Land Bridge and the Atlantic Ocean.

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With the growing concern over the piracy issue in the Gulf of Guinea, OOCL signed the Gulf of Guinea Declaration on Suppression of Piracy which urges for actions to suppress the piracy activities and to protect seafarers in the region.

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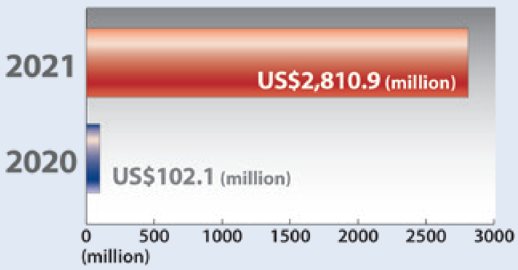
The Gulf of Guinea Declaration
on Suppression of Piracy

On 20th August, Orient Overseas (International) Limited ("OOIL") announced a profit attributable to equity holders of US$2,810.9 million for the six-month period ended 30th June 2021, compared to a profit of US$102.1 million for the same period in 2020.



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SEPTEMBER 17 18 19

On 2nd September, OOCL signed newbuilding contracts with shipyards Nantong COSCO KHI Ship Engineering Co., Ltd. (NACKS) and Dalian COSCO KHI Ship Engineering Co. Ltd. (DACKS) for a total of ten new container vessels with a capacity of 16,000 TEU each, at a cost of US$157.58 million per vessel.

OOCL Logistics and PT Temas Depot joined hands to establish the PT Bunga Plum Logistik, a depot in Jakarta, Indonesia. The depot is strategically located and built with multi-functions, aiming at strengthening the company's competencies in offering first-class value-added services and innovative logistics solutions.

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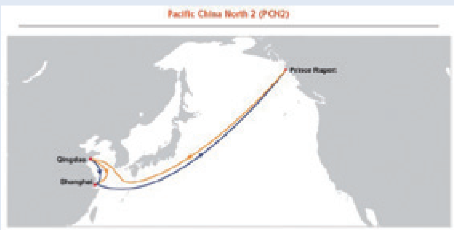
OOCL Logistics and COSCO SHIPPING Lines jointly launched the Channel L, a new product available on COSCO SHIPPING Lines' e-commerce platform SynCon Hub. Channel L offers its customers with end-to-end logistics solution including ocean, rail, and road transportation services with just one click.

OOIL further issued 23.18 million new shares which represents approximately 3.64% of the existing share capital of the company. The transaction was an excellent opportunity to finance the Group's expansion and attract a greater diversity of shareholders to investing in OOIL, based on the Group's long-standing market reputation, competitive position and strong, consistent performance over the years.

OCTOBER 20 21

OOCL launched a new service Pacific China North 2 (PCN2) in its Trans-Pacific service network to provide direct linkage between Prince Rupert and North China.



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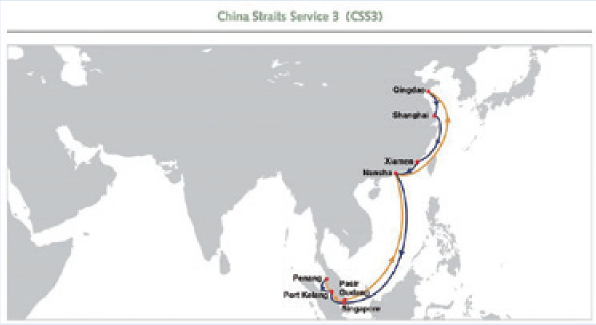
OOCL was named the "Best Shipping Line – Intra-Asia" at the 2021 Asian Freight, Logistics and Supply Chain (AFLAS) Awards for its outperformance in the region. The AFLAS awards were hosted annually by Asia Cargo News, a leading publication for the freight, logistics and supply chains industries in the Asia Pacific region, aiming to recognise service providers which have demonstrated outstanding performance in various aspects.

NOVEMBER 22 23 24



22

OOCL announced a new Intra-Asia service China Straits Service 3 (CSS3) which will strengthen the company's China to South-East Asia service network by directly connecting multiple ports in China with Singapore and Malaysia.

In response to the evolving needs of the market, OOCL launched the Pacific China South Express (PCSX) service in the Trans-Pacific network to offer express linkage from South China to Long Beach and to satisfy customers' needs for fast shipping.

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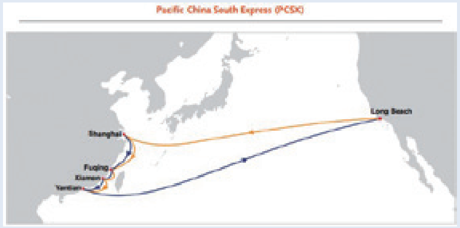

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IQAX received ISO 27001 certification for two of its leading products: IQAX TrackIt and IQAX Velocity. The ISO 27001 certification is a global hallmark and standard for information security management systems which provides a stamp of approval for the safety and security of IQAX's solutions.

DECEMBER 25 26

25

Effective from 6th December, Mr. Min Wan succeeded Mr. Lirong Xu in becoming OOIL's new Chairman.

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OOCL was honoured to receive the "Hong Kong Sustainability Award 2020/21" from Hong Kong Management Association on 14th December. The Hong Kong Sustainability Award aimed to promote the importance of sustainability and to provide a platform for organisations to benchmark best practices of sustainability.

OOCL Logistics established an in-house customs brokerage team in Sydney office and launched its customs brokerage service for customers in Australia.

Chairman's Statement

We have consistently worked to assist our customers through these challenging times, honouring our contractual commitments, seeking new ways to co-operate with them on an end-to-end basis, helping them navigate the challenges of schedule changes and congestion, and adding extra capacity where possible.

Wan Min *Chairman*

As the new Chairman of the board of directors of Orient Overseas (International) Limited ("OOIL"), I would like to begin by thanking my predecessor, Captain Xu Lirong, for his outstanding leadership and energetic contribution to the strong performance of OOIL. I would like also to thank all of my colleagues for their support, and for their outstanding contribution in this most extraordinary year.

I am pleased to report that OOIL recorded a net profit attributable to shareholders for 2021 of US$7,128.1 million (2020: US$902.7 million).

Our results for 2021, which include the highest ever revenue, liftings and profit figures for our core container shipping and logistics business, surpassed even the outstanding outcome for 2020. The profit and cash flow achieved for the year allow us to enhance further our balance sheet, to prepare ourselves for future capital expenditure requirements, and at the same time to reward our shareholders.

With this in mind, it is proposed that a final dividend of US$2.61 (HK$20.358) and a special dividend of US$0.69 (HK$5.382) per share be paid for 2021 (2020: final dividend of US50.26 cents (HK$3.920) and special dividend of US86.6 cents (HK$6.755)).

The financial results were achieved in a context that is entirely without precedent. The second year of a pandemic that affected every country and every industry, 2021 produced enormous challenges.

Since the middle of 2020, our industry, indeed the entire supply chain, has been battling the same confluence of factors. After global economies began to reopen after lockdowns driven by the pandemic, levels of demand consistently outperformed expectations, especially, but not only, on routes from Asia to North America. At the same time, despite full deployment of capacity, with more capacity than ever before being utilised on the routes with the highest demand, effective levels of supply have rarely managed to keep pace with that strong demand. The reason for this is well known: a long list of causes of disruption have brought severe congestion to many of the key hubs of container shipping, slowing down the round trips made by each vessel, and, in effect, reducing the capacity available to transport our customers' cargo.

If there were just one cause of all this disruption, or if all disruption originated in one region, we might already have been able to resolve the current problems. However, it is not that simple. Over the course of 2021, we have seen port congestion, bad weather delays, labour disputes, shortages of truckers, the Suez Canal incident, insufficient rail capacity, empty box shortages in key locations, COVID-19 rules affecting the availability of labour in terminals, depots, yards, quarantining requirements for vessel crew causing operational delays, and a range of other difficulties. The global container shipping system is one large, interconnected network: as we have been reminded multiple times over the past two years, even seemingly small or time-limited incidents and delays can create powerful ripple effects around the world, and large disruptions can cause even more severe and long-lasting challenges.

Our relationships with our customers are key to our success. We have consistently worked to assist our customers through these challenging times, honouring our contractual commitments, seeking new ways to co-operate with them on an end-to-end basis, helping them navigate the challenges of schedule changes and congestion, and adding extra capacity where possible. We look forward to continuing to deepen and extend our relationships with our customers in this way.

Throughout this operationally complex period, our success and our ability to service our customers has been made possible by our dedicated teams. OOCL staff deserve much gratitude for their professionalism, utilising their *we take it personally* spirit to minimise the effects of disruption to the supply chain, to support our customers, and to prepare the way for the ongoing development of our Group.

The Group's long-established and consistent pattern of measured and intelligent growth continues. In September 2021, we announced that the Group had placed orders for ten 16,000 TEU vessels, for a total cost of US$1.576 billion, for delivery between the fourth quarter of 2024 and the fourth quarter of 2025. These vessels are added to twelve 23,000 TEU vessels that we already have under construction, for delivery during 2023-2024. Not only will these modern, efficient vessels improve our cost structure and environmental efficiency, but they also serve as clear evidence of the entire Group's continuing commitment to our very successful dual brand strategy. Our newbuilding programme of 22 vessels is a clear indication of the intention of the COSCO SHIPPING Group, of which OOIL is an integral part, to be a leading player in the top echelon of the industry.

We have continued to explore new ways of creating additional synergy from our position within the COSCO SHIPPING Group. Our teams continue to have success in identifying new forms of co-operation, and we believe that this will be a critical part of our success in the coming years. Access to additional capacity from within the COSCO SHIPPING Group, whether through our ability to share container boxes or the option to take additional space onboard COSCO SHIPPING Lines's vessels has proved hugely valuable this year, and is a concrete example of where our co-operation brings tangible benefits to our Group and to our customers.

The OOIL Group continues to advance its longstanding track record as a leader in technology and digital innovation. Our Freightsmart platform, which provides instant quotation and booking, has provided a valuable additional channel for our customers, and we look forward to building on its very impressive start. We continue to develop IQAX, a wholly-owned subsidiary, which will play a leading role in driving the digital transformation of the container shipping industry. Our Business Continuity Infrastructure has been put to the test throughout the pandemic, as various countries introduced COVID-19 restrictions resulting in home working – at all times, we were able to maintain business operations and high-quality customer service.

Our logistics business, OOCL Logistics, performed very well during 2021. OOCL Logistics expertise in various modes of transportation has been extremely valuable, as we helped our customers find the best solutions for their supply chain needs. We believe that co-operation between our logistics business and our liner activities will help to drive our groupwide strategic growth plan for end-to-end services.

Environmental, Social and Governance (ESG) is, rightly, more and more prominent as a corporate and investment priority. ESG has been at the heart of our business for many years, and I would encourage interested parties to read the Group's Sustainability Report, which provides further detail on this topic. We have been producing ESG reports for over decade, and we are pleased to share information about our contribution to ESG matters in this way. In terms of environmental matters, we continue to prepare for the requirements of IMO regulations coming into effect in 2023 and 2030, as well as implementing our own targets in order to ensure that we remain at the forefront of positive developments in this arena. In terms of social responsibilities, it is right to highlight one group in particular. Seafarers, through their efforts and sacrifices, have kept world trade flowing during this pandemic, and we all owe them a special debt of thanks. We will exert every effort to ensure the safety and wellbeing of our seafarers, and this includes going the extra mile to help them return home at the end of each assignment, as well as facilitating arrangements, wherever possible, to allow all those of our seafarers who wish to be vaccinated, to be vaccinated. We believe that it is our duty to be among the very best performers in this regard.

In terms of outlook, at the time of writing, purely in terms of the container shipping market, the market situation remains very similar to what we saw during 2021. Demand still appears to be resilient, and continuing congestion and disruption around the world mean that there is considerable pressure on available space and consequently high demand for our services. It seems unlikely that this situation will change materially during the first half of 2022, but we will continue to pay close attention to key leading indicators and to the forecasts and expectations of our customers. Beyond the first half of 2022, forecasting becomes even more difficult, and it remains true that the full implications of the COVID-19 pandemic on world trade have yet to be seen, particularly in terms of supply chain evolution. We will remain attentive to market trends, and will seek to be at the forefront of positive developments, including enhancing relationships with our customers, offering more end-to-end solutions, and leading the process of digitalisation in our industry.

Even if the outlook from a purely container shipping perspective continues to encourage cautious optimism, at least in the near term, we are mindful of other events that could impact performance in the next few months. We refer not only to geo-political events, but also to potential further recurrences of COVID-19 outbreaks, high inflation and indeed to unexpected events that could arise during these uncertain times.

Be assured, no matter the challenges, OOIL will adapt and be ready to serve its customers. I am delighted to have taken up the role of Chairman of OOIL at this time. It is pleasing to see how successful the Dual Brand strategy has been since OOIL's entry into the COSCO SHIPPING Group in 2018, and I firmly believe that, in line with the clear vision of our 14th Five-Year Plan, the Dual Brand will continue to go from success to success. We will continue to work tirelessly and diligently to be at the forefront of our industry, as a Vital Link to World Trade.

Wan Min
Chairman

Hong Kong, China, 25th March 2022

Despite this injection of capacity above previous and historic levels, the available amount of effective capacity, which is severely affected by congestion, has often been insufficient to cater for market levels of demand.

CONTAINER TRANSPORT

The group's outstandingly strong financial results have been achieved in the extraordinary context of the COVID-19 pandemic, and were driven primarily by the combination of (1) levels of demand that were continually stronger than expectations, and (2) unprecedented levels of operational disruption that exerted relentless downward pressure on the effective level of capacity in the market.

After the initial lockdowns introduced by many governments around the world in 2020, economic activity started to return extremely quickly. An unexpectedly speedy return of demand led to the rapid introduction of additional vessel capacity, such that the liner industry has been running at essentially full deployment since around the middle of 2020. Despite this injection of capacity above previous and historic levels, the available amount of effective capacity, which is severely affected by congestion, has often been insufficient to cater for market levels of demand.

In absolute terms, demand growth globally was not exceptionally high by historical standards. Many regions saw low or moderate growth, whereas levels of growth to North America were persistently stronger than the global average.

Port congestion in many key locations around the world, the Suez Canal incident, weather delays, labour disputes, shortages of boxes, chassis, trucks and truckers, availability of terminal, yard and warehouse space all contributed to the supply chain issues that have been so prominent over the past 18-24 months, and which have affected all participants in the container shipping and wider logistics industries. Furthermore, all liner companies saw that COVID-specific challenges created difficulties through either labour shortages or partial shutdowns in ports, or through quarantine restrictions following positive tests for crew. A slowdown in the ability of the overall supply chain to handle cargo flow, caused by the combination of all these different disruptions, has had the inevitable effect of reducing the effective level of shipping capacity, as vessels regularly found themselves subject to significant delays.

The interplay between moderate-to-strong demand growth and a material reduction in effective levels of capacity, caused by disruption, is the reason for the market conditions of 2021.

Thanks to unwavering support from the wider COSCO SHIPPING Group, we continued to benefit greatly from increased co-operation and synergy within the group to tackle the challenges of the year. This has had very obvious operational as well as financial benefits in the market conditions of 2021, enhancing our ability to obtain and reposition container boxes, and helping us to access additional capacity through slot sharing, vessel chartering and sharing extra loaders.

Liftings for the year were up 1.7% overall. This relatively moderate growth reflects the disparity between very large year-on-year growth at the start of the year (when the comparison is the period of heavy global lockdowns in early 2020), and the appearance of a reduction in liftings (but only in comparison to the huge volumes seen during the second half of 2020, when economic activity had resumed). Revenue grew by 110.2%, resulting in a growth of 106.7% growth in Revenue per TEU. The improvement in revenues reflects the market conditions described above.

	Growth in 2021		
OOCL Liner	**TEU**	**Revenue**	**Revenue/TEU**
1Q21 v 1Q20	23.8%	96.0%	58.3%
2Q21 v 2Q20	15.4%	119.0%	89.7%
3Q21 v 3Q20	(7.2%)	125.3%	142.7%
4Q21 v 4Q20	(16.9%)	101.4%	142.3%
Total	1.7%	110.2%	106.7%

	LIFTING ('000 TEU)			REVENUE (US$ million)		
Trade	**2021**	2020	Variance	**2021**	2020	Variance
Trans-Pacific	**2,073**	2,166	(4.3%)	**5,562**	3,001	85.3%
Asia/Europe	**1,643**	1,496	9.8%	**4,671**	1,535	204.2%
Trans-Atlantic	**478**	545	(12.1%)	**987**	597	65.4%
Intra-Asia/Australasia	**3,393**	3,255	4.3%	**4,461**	2,328	91.7%
Total	**7,587**	7,462	1.7%	**15,681**	7,461	110.2%

Trans-Pacific – In 2021, OOCL saw a decrease in liftings of 4.3% for these tradelanes when compared to the previous year. This is largely explained by the basis effect of comparing to the very high volumes seen in the second half of 2020, after global economies had started to reopen. Despite the drop in liftings, there has been tremendous growth in revenue on these routes of 85.4% year-on-year. Headhaul Trans-Pacific (Eastbound) revenue growth for the west coast and the east coast increased by 82.9% and 108.5% respectively. This is attributed to the continued imbalance between effective supply and demand. On the demand side, the US economy continues to be resilient despite the pandemic, strong consumer demand still appears to be present, and the inventory to sales ratio (for the retail sector) remains low.

Delays and disruption caused by ongoing congestion at some key ports on both the West and East coasts of the United States continued to cause problems for scheduling and the smooth flow of cargo along the supply chain throughout most of the year. The congestion was caused by a number of different issues, both inside and outside the ports, and may take some time to be resolved. OOCL will continue to work to minimise the impact it has on our customers.

Asia/Europe – Congestion was also a major feature for the main ports on the Asia-Europe tradelanes. The most widely known example of disruption was caused by the blockage of the Suez Canal in March 2021. This caused a long queue of vessels to form at either end of the canal, and left many vessels stuck behind the blocked vessel. The impact of the blockage took several months to work through, even although the canal was reopened around one week after it had been blocked. This caused a ripple of disruption to scheduling and to cargo flow that impacted effective levels of cargo-carrying capacity at a time when demand was moderately strong.

Nevertheless, on an overall level liftings still grew by 9.8% while revenue improved by 204.2%.

Trans-Atlantic – Despite a drop in overall liftings of 12.1% for Trans-Atlantic due to significant congestion along the East Coast of the United States and in some key European ports, revenue still grew by 65.4%, and the Revenue per TEU grew by 88.2%.

Intra-Asia and Australasia – Asian countries were also greatly affected from the surge in COVID-19 positive cases. Congestion at Asian ports, although less severe than ports in the US, was also common throughout the year. Despite disruptions overall liftings for Intra-Asia and Australasia still experienced increase of 4.3%. Even if growth in volumes was generally better on some Intra-Asian routes than on Australasian routes, this reflects the impact of operational disruption and congestion on those latter routes, rather than a weakness in demand.

MAJOR CUSTOMERS AND SUPPLIERS

Approximately 4.9% and 13.7% 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 1.4% and 5.7% of the Group's total reported revenues for the year are attributable to the largest customer and five largest customers respectively.

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

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

SHIP OPERATIONS

As at 31st December 2021, the OOCL fleet composition was as follows:

Fleet	No. of Vessels	TEU Capacity
Owned/		
Long Term Lease	98	692,315
Short Term Lease	14	112,631
Chartered Out	(6)	(53,328)
Operating Capacity	106	751,618

In 2021, no new buildings were delivered.

As part of the Group's long-term strategic development and growth plan, we have placed order for ten 16,000 TEU class vessels with Nantong COSCO KHI Ship Engineering Co., Ltd. and Dalian COSCO KHI Ship Engineering Co., Ltd. in China. The delivery for these ten vessels to be from 2024 2nd half to year 2025.

The ten 16,000 TEU class vessels ordered will incorporate the latest ship design and engine technology to reduce carbon emissions as well as achieve improvement in operating efficiency through economies of scale. The optimal fleet structure and capacity would not only enhance our competitiveness in the market, but also be in line with our commitment to corporate sustainability and environmental protection.

As at 31 December 2021, vessels owned by the Group, or leased to the Group under contracts including a purchase option, which, as at the balance sheet date, is considered at least reasonably likely to be exercised is 11.88 years, and the average size is 8,773 TEU.

BUNKER COST/SAVING

Compared to year 2020, the fuel price in year 2021 was less volatile, but is on an uptrend.

The price for both the very low sulphur fuel oil (VLSFO) & high sulphur fuel oil (HSFO) have risen in year 2021, with the spread around US$80 at the start of year to more than US$130 by year end.

For the spread of US$130 between the two fuels by year end, the pay-back period for our six vessels with the scrubber installed would be around 2 to 3 years. With the greater spread between the two fuels, the pay-back period for vessels with scrubber installed will be shortened considerably. We will work closely with the concerned parties to complete the scrubber retrofit for vessels with age less than 15 years.

We maintain the usual practice in focusing intensely on bunker and engine lubricant oil saving programs to achieve cost saving throughout the whole year. These programs include: Optimal routing, continuously optimised speeds, efficient use of shaft generator, minimum ballast and optimal trim etc.

To ensure the bunker saving/cost saving at high oil prices, tremendous amounts of effort, teamwork, and the close coordination and collaboration by all the concerned parties both on-share and off-shore is vital.

ENVIRONMENTAL PROTECTION

In addition to compliance with international and local emission control regulations, we also remain very supportive of international efforts to measure and control shipboard emissions.

In 2021, all our vessels complied with the IMO 2020 regulatory requirement by either using cleaner fuel (0.5% sulphur content or less) or scrubber technology.

Apart from the use of Alternative Maritime Power (AMP) systems that allows shore-based power alternatives, our vessels are also installed with Ballast Water Treatment Systems (BWTS) to comply with the IMO and United States Coast Guard regulations. Both AMP and BWTS are effective green technologies we use to improve air and water quality in the environment.

Vessels installed with BWTS also provides more flexibility in fleet deployment plans.

In addition to regulatory compliance, we have been participating in various environmental initiatives, including the Green Flag Program at the Port of Long Beach, as well as Vessel Speed Reduction Programs at the Port of Los Angeles, Taiwan International Commercial Port Area and Major Korean Ports Areas. Furthermore, we have also been fully compliant to the California and New Zealand Biofouling regulations, meeting the Right Whale Protection requirements in US East Coast, and voluntarily participated in the Port of Vancouver Echo Program Lateral Displacement Trial to reduce the impact of underwater noise on whales.

LOGISTICS

In 2021, OOCL Logistics achieved healthy business and revenue growth as well as expanded customer base across the board, including our 4th Party Logistics, Customs House Brokerage (CHB) and NVOCC units. We continued with our agenda to strengthen our rail services now covering Vietnam in addition to our existing services as our customers look for multiple transport modes in handling their supply chains. Committed to better serving our customers and the Group, OOCL Logistics established our own CHB operation in Australia and new depot in Jakarta, Indonesia in the later part of 2021.

OOCL Logistics commits to innovations. We have partnered with OOCL to develop the first Rail-sea product to address the lack of space in the market to the United States and with COSCO Shipping's SynconHub to launch Channel L which provide end-to-end logistics services on a digital platform.

As the pandemic lasted throughout 2021, OOCL Logistics continues to act on our social responsibilities by taking part in numerous initiatives to ensure medical supplies, food and daily necessities were delivered accordingly. In our effort to keeping cargo and supply chains moving amidst the disruptions caused by the pandemic, we received many compliments and recognition from our stakeholders on our outstanding performance and commitment to going the extra mile in meeting the needs of our customers and community.

INFORMATION TECHNOLOGY

To accelerate company's digitisation and tasks/processes automations journey, Power Platform Strategy initiated a low-Code platform environment based on Microsoft Power Platform for nontechnical business users, also known as "citizen developers", to create solutions that can promote collaborations, and improve users' productivities. An intelligent business user's community were enabled globally to share and exchange solutions ideas, and knowledge. To further extend the capabilities of the platform, new Artificial Intelligence ("AI") and ChatBot capabilities will be added to further help to streamline their business operations. The continuing efforts to promote the Power Strategy will further build up the company's digital talents and improve productivities.

The next generation of computing platform was established by formulating an agile hybrid environment leveraging Hybrid Cloud Platform to achieve infrastructure resilience and pay on demand for cost optimisation. Cyber Security End-to-End Protection standardisation also formed part of the core focus to support the company cloud strategy, and continuously strengthen application and data protection along with the company's digitalisation direction.

To support the e-Commerce strategy, the "FreightSmart" online platform was launched to provide instant rate quotation, booking confirmation, space and container availability protection and online payment services to customers, and continuously upgraded the platform with capabilities of end-to-end integration, automation, and advanced stability for the expanded business scenarios and volume. The e-Commerce business is forecasted to expand considerably in 2022. FreightSmart strengthens our digital capability to link and improve the business relationships with our customers.

To improve the customer experience of doing business with OOCL, we continue to build the Digital Customer Service package to realise the fast-booking confirmation turnaround with intelligent verification process. Moreover, we implemented a new cargo release solution to simplify the inbound release process for customers in China, Singapore and Germany, and will be implemented in more countries in 2022. To enable our Salesperson to better serve our customers, a solution was implemented with timely customer order visibility that has the necessary details for monitoring the on order execution to allow for a quicker response to the customer's enquiry.

Along the Liner digitalisation journey, we continue to strengthen our capability in the use of Big Data and AI technologies and applied them in dealing with various business operation scenarios. In order to maintain our service reliability due to severe global vessel schedule delays since COVID-19 pandemic, we leveraged the AI capability for traffic disruption detection, together with the visibility of global vessel network and terminal congestion situations as to provide the optimal recovery solution. To deal with the empty container shortage situation, we enhanced our abilities in container equipment management by leveraging the AI capabilities to optimise the utilisation of equipment inventory, to automate the empty container repositioning decision and the container damage detection and repair approval as to speed-up the equipment flow.

The unprecedented supply-chain crisis and unexpected strong market demand also caused an upsurge in the ocean freight rate. In order to ensure our service commitment to our customers and at the same time achieve a higher yield, OOCL has been conducting research in developing new and intelligent solution to combine demand forecast prediction, vessel network situation, and forecast equipment imbalance situation to provide dynamic vessel slot assignment and priority booking selection to maximise the yield. The solution is targeted to rollout in 2022Q1.

To streamline business operation and supplier collaboration, OOCL has been developing a solution to enable the integration of supplier billing and invoice data, to optimise the service cost provision and automate the invoice reconciliation and handling process. It improves the internal efficiency and reduces unnecessary operating costs. Moreover, to improve OOCL's ability in dealing with dangerous goods cargo, a solution has been developing to centralise the dangerous goods rule maintenance, to strengthen the integration with business partners through Global Shipment Business Network (GSBN), to provide visibility for approval decision making and ultimately achieve the auto-approval of dangerous goods cargo request.

To support the broaden scope of data analytics initiatives as well as ensuring data is properly stored, manipulated, accessed, and deleted, the data governance framework which consists of organisational structure, policies and processes has been established to sustain the enterprise data management.

Subsequent to the incorporation of GSBN in March 2021, IQAX has worked diligently with GSBN in the acceptance of the GSBN platform. While IQAX continued to support GSBN in conducting many customer pilots of Cargo Release and Electronic Bills-of-Lading on the GSBN platform in 2021, IQAX has completed the GSBN platform delivery and the GSBN platform service commenced on November 1, 2021. As a global leading digital service provider, IQAX's priority is in providing a secure and mission critical operation infrastructure to support our customers. IQAX has obtained ISO 27001 certification in September 2021.

PROPERTY

Based on an independent valuation as at 31st December 2021, Wall Street Plaza was valued upwards by US$5.0 million, reflecting an assessed market value of US$285.0 million. Taking into consideration of US$4.7 million capital expenditures on the building in 2021, the fair value gain for 2021 has come to US$0.3 million. As at 31st December 2020, Wall Street Plaza was valued at US$280.0 million.

Corporate Responsibility

The Group is dedicated to promoting sustainable business practices in the supply chain. Our Corporate Sustainable Procurement Policy has been implemented in every aspect of our business and at every stage of the supply chain.

The Group 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. We 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 Maritime Anti-Corruption Network. 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.

The Group is dedicated to promoting sustainable business practices in the supply chain. Our Corporate Sustainable Procurement Policy has been implemented in every aspect of our business and at every stage of the supply chain. For example, under our vendor and supplier selection mechanism, a self-assessment of the potential contractor must be completed to confirm their compliance to our Safety, Security, Environmental and Social Guidelines, where on-site verification of their facilities may be conducted if deemed necessary. Once compliance is confirmed we would review and work with our vendors to ensure compliance levels are maintained.

In addition, the OOCL Carbon Calculator is designed to assist OOCL customers measure CO_2 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.

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 programmes 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 harbours. Our efforts have effectively contributed to improving the air quality by reducing emissions such as smog forming nitrogen oxides NO_x, diesel particulate matter and greenhouse gases. Port officials estimate that if all vessels comply with the Program, the amount of NO_x produced by container ships would be reduced by nearly 550 tons a year.

Ballast Water Management Programme – 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. OOCL's new buildings are already equipped with an IMO approved Ballast Water Treatment System to effectively treat ballast water before discharging.

Hong Kong Green Organisation Certification (HKGOC) – The HKGOC aims to benchmark the performance of "green" organisations to encourage them to sustain their various environmental best practices. It also presents organisations with the opportunity to demonstrate their commitment to improve different aspects of their environmental performance. In appreciation of our efforts towards environmental protection, OOCL was given the status of "Hong Kong Green Organisation" (HKGO) by the Environmental Campaign Committee (ECC) from being a Gold Winner in the Hong Kong Awards for Environmental Excellence (HKAEE).

"Excellence Level" Wastewi$e Certificate – OOCL also received environmental recognition for our participation and performance in the Wastewi$e Certificate under the Hong Kong Green Organisation Certification (HKGOC). In order to be granted with the "Excellence Level" Wastewi$e Certificate, participants must successfully implement all applicable Mandatory Measures and at least 80% of all non-Mandatory Measures of the four categories. The four categories of measures include Guidelines/Action Plan/Training, Waste Avoidance, Recycling and Green Procurement.

Stop Shipping Shark, Whale, Dolphin, Their Related Products and Hunting Trophies – OOCL is committed to our policy that bookings for whale, shark, dolphin, and their related products will not be accepted. Starting from September 2020, OOCL has also ceased to ship hunting trophies. These policies show our commitment in supporting the global effort to curb the trade of at-risk, endangered and protected species.

Qualship 21 – Offered by the US Coast Guard, the Qualship 21 programme 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, and some vessels also received the E-Zero designation on their Qualship 21 certificate which is an additional programme to recognise those exemplary vessels that have consistently adhered to environmental compliance.

Environmental Data Verification – OOCL has been taking a leadership role in building our Environmental, Social and Governance (ESG) profile to tackle a wider spectrum of environmental challenges we face across the industry. Verified by Lloyd's Register Quality Assurance (LRQA), OOCL adopted the internationally recognised and accepted Clean Cargo Working Group (CCWG) verification standard to check for the carbon dioxide and sulphur oxides emissions of OOCL vessels with high accuracy and transparency. In addition to our work related to vessel emissions, OOCL achieved a limited level of assurance by LRQA for the data published in the Sustainability Report using the Global Reporting Initiative (GRI) principles. Upon verification, no material issue regarding the stakeholder inclusivity, materiality, responsiveness and reliability was identified in the environmental, social responsibility and health & safety data for the Sustainability Report.

OOCL Received HKMA Hong Kong Sustainability Award 2020/21 – On 14th December, 2021, OOCL was honoured to receive the "Hong Kong Sustainability Award" organised by the Hong Kong Management Association (HKMA), a leading professional organisation in the city. The Hong Kong Sustainability Award aims to promote the importance of sustainability and to provide a platform for organisations to benchmark best practices of sustainability. By recognising organisations which have demonstrated outstanding sustainability practices in economic, social and environmental aspects, while achieving good business and organisational performance, the award programme also advocates cross-sector sharing of best practices and inspires organisations to entrench sustainability within their operations and culture.

Enhancing Cetacean Habitat and Observation (ECHO) Program – OOCL participated in the Enhancing Cetacean Habitat and Observation (ECHO) Program between 1st June, 2021 and 30th November, 2021 to study how to reduce the cumulative effects of shipping on at-risk whales throughout the southern coast of British Columbia in Canada. During the 26 weeks period of this Program, 85% of our vessels voluntarily sailed at slower speeds in the research region. OOCL's commitment and contribution to this Program was an important part of our sustainability work in addressing the "SDG 14: Life Below Water" component of marine life protection and conservation.

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 programme 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 CO_2 emissions by nearly 55% 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 NO_X-controlled propulsive engines while advanced slide fuel injection valves are adopted to help reduce NO_X 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 0.1% or lower sulphur content fuel in all SO_X 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. We also ensure that the sulphur content of our fuel is well below the IMO prescribed standard of 0.5% when our vessels sail in the high seas with the adoption of both cleaner fuel and scrubber technology.

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 Containers – Today, OOCL only uses CFC-free refrigerants for all 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 introduced the use of eco-friendly bamboo floorboards instead of using traditional hardwood ones.

The Group's sustainability and environmentally conscious best practices often exceeds 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 improvements 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) programme, 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 while 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 programme 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 preventing our computers 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" (APT), 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 organisations 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 programmes have been developed to ensure everyone takes part in protecting 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.

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 Group'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 programmes 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.

Up to 31st December, 2021, a total of fifty-two OOCL vessels participated in the Hong Kong Voluntary Observing Ship (HKVOS) programme organised by the Hong Kong Observatory (HKO). The programme aims to gather important marine climatology data to identify prevailing weather conditions for preparing forecasts and warnings to the maritime community.

To recognise our outstanding efforts to help improve maritime safety in 2020, the HKO presented three "Platinum Award" to our vessels *OOCL Chongqing*, *OOCL Korea* and *OOCL Utah*, four "Gold Award" to vessels *OOCL Dalian*, *OOCL London*, *OOCL New York* and *OOCL Tokyo* at the HKO annual meeting on 26th November, 2021. In addition, two OOCL vessels, namely *OOCL Busan* and *OOCL Guangzhou* had been presented the certificate of appreciation for their assistance in deploying five drifting buoys in the western North Pacific and the South China Sea in 2020 to enhance ocean observation during the typhoon season.

KEY RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

"Customer focus" is one of the core values of the Group. We believe in long-term, mutually beneficial relationships with our customers and strive to help create value for our customers through collaboration to enhance customer competitiveness. This is achieved by seeing things from the customer's perspective, trying to understand their business and anticipate their requirements. All employees are trained to be proactive in meeting customers' expectations and responding with a sense of urgency.

"We Take It Personally" is not just a slogan at OOCL, but also an attitude that all employees are encouraged to adopt in dealing with our customers. Each year we recognise hundreds of employees around the world for displaying initiative and going beyond the call of duty to meet our customers' needs.

It is the Group's policy to maintain a diversified customer base across all geographical regions and trade lanes. A Key Risk Indicator (KRI) of customer concentration was developed in the year 2017 and is included in the functional risk dashboards for the Group's liner and logistics businesses which are being monitored on a quarterly basis. Different tolerance limits for the KRI are set for regions, trades and the organisation as a whole. As at the end of 2021, OOCL had approximately 31,533 active customers and the customer concentration was at an acceptable level.

In the Group's relationship with suppliers, we put special emphasis on the supplier selection process in which both quantitative and qualitative factors are considered objectively, independently and openly, according to the Group's highest ethical standards. Pricing is not the Group's primary consideration; instead, the Group focuses its attention on the suppliers' quality service, safety and ethical standards. "Excellence through quality" is another core value of the Group. While we endeavour to provide the best quality service to our customers by setting high standards for ourselves, we demand the same high standards from our suppliers. It is also the Group's policy to maintain a diversified supplier base across all geographical regions.

In 2017, the Group developed supplier management KRIs to monitor supplier concentration in different regions and poor supplier services. Cases of supplier service failure were shared among employees to alert them to the importance of communicating our expectations to the suppliers and taking the right remedial mitigating actions. As at the end of 2021, OOCL had approximately 19,960 active suppliers and the supplier concentration was at an acceptable level.

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 programmes 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 channelled a great deal of time and effort into its various people development programmes 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 internal communications, employee learning and people development. The Group provides support to its employees to help them deliver what customers need and unleash their potential. Since 2010, the Group has utilised its intranet, called "InfoNet", as a one-stop shop platform for dissemination of company news and business updates while providing its employees with a tool to share knowledge, exchange views and formulate ideas. In 2011, the Group adopted a wide range of enterprise level collaboration tools. In addition to conventional methods of communication such as email, other tools such as OOCL Wiki, have become very effective in the global sharing of information and knowledge as well as facilitating collaboration amongst colleagues around the world. They also helped support accelerated learning by providing us with the means to leverage resources, ideas and hence solutions. Since 2016, we have also implemented the use of the Microsoft Office 365 cloud-based information platform to further our internal communication.

As at 31st December, 2021, the Group had 10,678 employees (full-time equivalent). 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 formulated a Code of Conduct which serves as a guideline to ensure compliance with all local, national and international legal standards. It helps to preclude any offences under local, national and international laws, breaches of confidentiality and non-disclosure requirements, intellectual property rights infringement, as well as conflicts of interest, acts of bribery, corruption or political contribution, and any other corporate 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 governs the reporting and investigation of allegations to 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

Revenue for 2021 was US$8,640.9 million better than that of 2020, representing an increase of 105%.

Analysis of Consolidated Profit and Loss Account

Summary of Group Results

US$'000	2021	2020	Change	Favourable/ (unfavourable) %
Operating revenue by activity:				
Container Transport and Logistics	**16,807,325**	8,164,201	8,643,124	106%
Other Activities	**24,860**	27,103	(2,243)	(8%)
Group operating revenue	**16,832,185**	8,191,304	8,640,881	105%
Operating profit/(loss) by activity:				
Container Transport and Logistics	**7,369,807**	992,628	6,377,179	642%
Other Activities	**10,464**	(441)	10,905	N/M
Group operating profit	**7,380,271**	992,187	6,388,084	644%
Finance costs	**(60,255)**	(91,312)	31,057	34%
Share of profits of joint ventures and associated companies	**17,240**	12,799	4,441	35%
Profit before taxation	**7,337,256**	913,674	6,423,582	703%
Taxation	**(208,847)**	(10,656)	(198,191)	(1,860%)
Profit for the year	**7,128,409**	903,018	6,225,391	689%

Revenue for 2021 was US$8,640.9 million better than that of 2020, representing an increase of 105%. This increase in revenue is attributed to an increase in both higher freight rates and liftings for the core Container Transport and Logistics business. Other revenue, amounting to less than 1% of the Group's revenue for both 2021 and 2020, represented rental income from the Group's investment property, Wall Street Plaza, in New York.

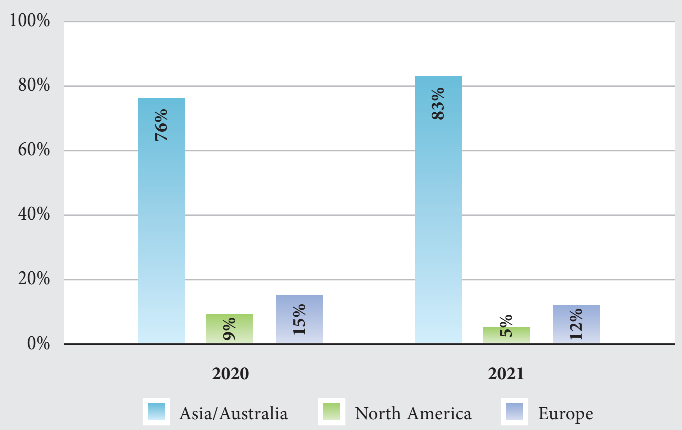
Container Transport and Logistics

Summary of Operating Results

US$'000	2021	2020	Change	Favourable/ (unfavourable) %
Liftings (TEUs)	**7,587,158**	7,461,941	125,217	2%
Revenue per TEU (US$)	**2,067**	1,000	1,067	107%
Operating revenue by location:				
Asia / Australia	**13,931,721**	6,224,940	7,706,781	124%
North America	**809,115**	725,889	83,226	11%
Europe	**2,066,489**	1,213,372	853,117	70%
Operating revenue	**16,807,325**	8,164,201	8,643,124	106%
Operating costs by items:				
Cargo costs	**(4,995,245)**	(3,754,943)	(1,240,302)	(33%)
Bunker costs	**(980,289)**	(712,878)	(267,411)	(38%)
Vessel and voyage costs (excluding Bunker)	**(1,664,859)**	(1,332,368)	(332,491)	(25%)
Equipment and repositioning costs	**(1,000,972)**	(785,225)	(215,747)	(27%)
Operating costs	**(8,641,365)**	(6,585,414)	(2,055,951)	(31%)
Gross profit	**8,165,960**	1,578,787	6,587,173	417%
Business and administrative expenses	**(826,788)**	(636,093)	(190,695)	(30%)
Others	**30,635**	49,934	(19,299)	(39%)
Operating profit	**7,369,807**	992,628	6,377,179	642%

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 2021. Container Transport and Logistics will continue to be the core business of the Group in which the majority of the Group's operating assets will be deployed.

Operating Revenue of Container Transport and Logistics



Asia/Australia

Overall revenue in 2021 from the Asia/Australia area rose significantly by 124% when compared to the previous year, liftings increased by 5%, resulted in an increase in revenue per TEU of 119%.

The revenue of the Trans-pacific eastbound services increased by 98% this year, with liftings increased by 3% and revenue per TEU increased by 92%. The westbound services of the Asia/Northern Europe area services achieved a revenue growth of 307%, with liftings grew at 9% and an increase of 273% in revenue per TEU. Intra-Asia services recorded a 95% growth in revenue with a 7% growth in liftings, which resulted in an 82% increase in revenue per TEU. As for Australia and New Zealand services, despite a drop in liftings of 7%, revenue and revenue per TEU increased by 74% and 88% respectively.

North America

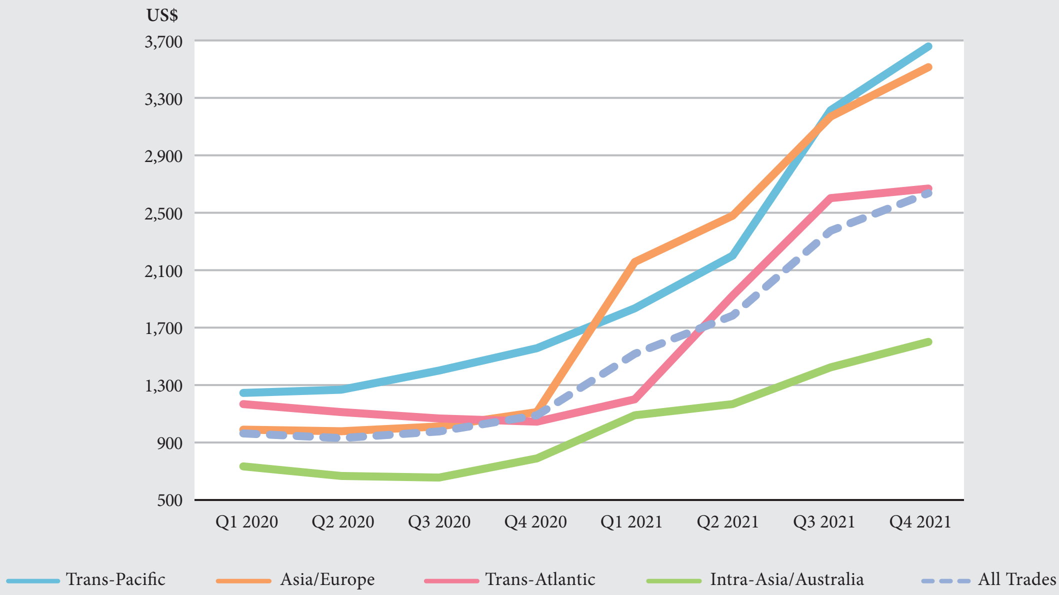
Overall revenue in 2021 from the North America area increased by 11% when compared to the previous year. There was a 18% decrease in liftings and a 29% increase in revenue per TEU.

Westbound liftings of the North America West Coast/Asia service and the US East Coast/Asia service via the Panama Canal decreased by 21% compared with last year. Revenue and revenue per TEU grew by 6% and 34% respectively. The eastbound Canada/Northern Europe and US East Coast/Northern Europe services recorded a 19% drop in volumes, but revenue only dropped slightly by 1%.

Europe

Overall revenue for Europe area was up by 70%, with liftings increased by 2% and the revenue per TEU being 58% higher than last year. The Northern Europe/Asia eastbound services recorded a 33% increase in revenue compared to 2020, with liftings increased by 3% and a 29% increase in revenue per TEU. The westbound trades of the Trans-Atlantic routes showed a 92% increase in revenue despite liftings dropped by 11%. Intra-Europe market liftings grew by 19% and managed to have a 47% growth in revenue.

Revenue per TEU By Services



Operating Costs

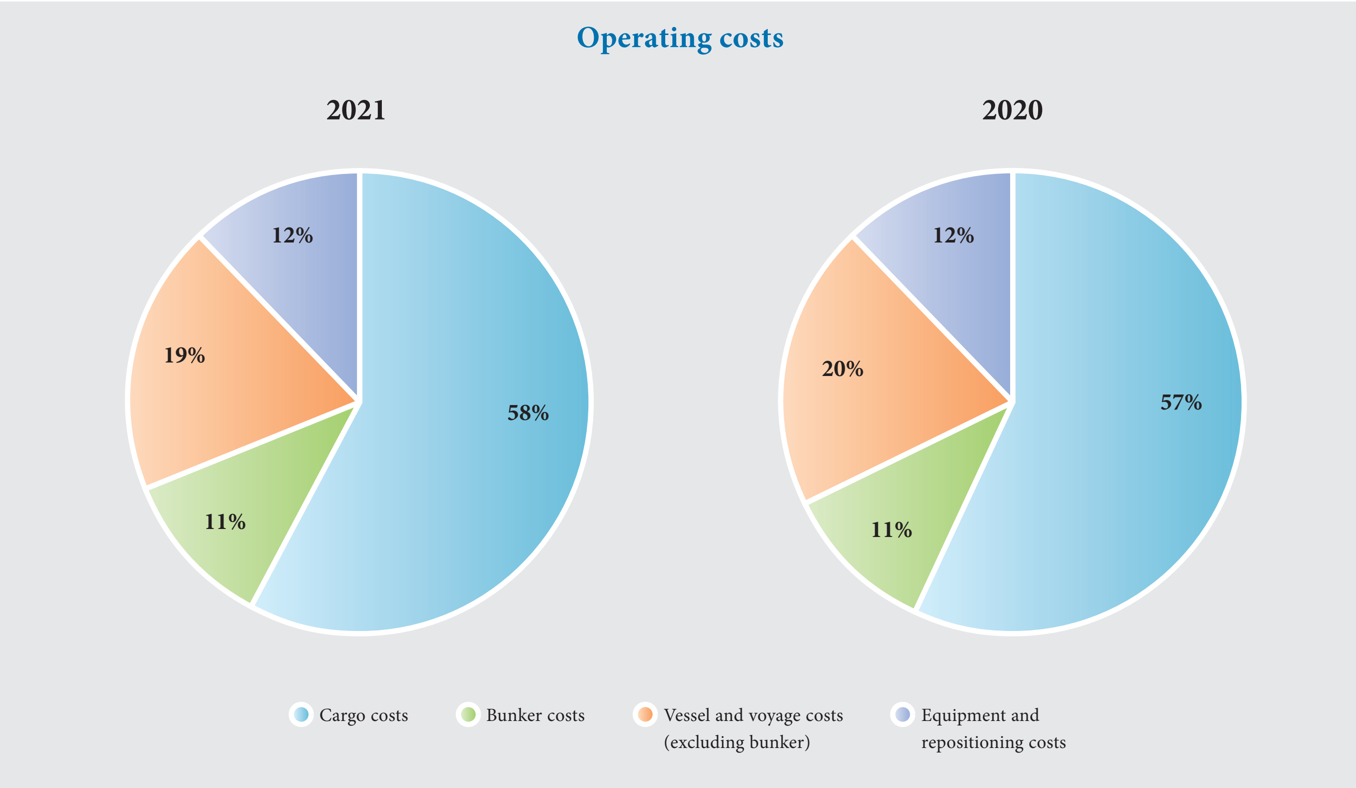
The principal operating costs of the container transport business, including cargo costs, vessel costs, voyage costs, equipment and repositioning costs, increased from 2020 mainly as a result of higher liftings and the surge in cargo, bunker, vessel, voyage, equipment and repositioning costs.

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 33% against 2020 level. The increase was mainly due to additional costs incurred due to severe port congestions.

Voyage costs comprise mainly bunker costs, port charges, canal dues, cargo claims and insurance. Bunker costs increased from an average of US$378 per ton in 2020 to an average of US$495 per ton in 2021, resulting in an increase in bunker costs by 38% for the year.

Vessel costs include the operating costs and depreciation charges relating to the OOCL fleet as well as the charter hire and slot hire expenses incurred in order to maintain the scheduled service levels. During 2021, the increase in vessel and voyage costs was mainly due to the increase in charter hire and slot hire expenses as a result of the increase in prevailing market rates. As a result, total vessel and voyage costs, other than bunker costs, for 2021 increased by 25% as compared with 2020.

Equipment costs mainly represent maintenance and repair costs, rental payments, depot expenses and depreciation charges relating to the fleet of containers equipment, while repositioning costs arise mainly from the relocation of empty containers from areas of low activity to high demand regions. The total equipment and repositioning costs increased by 27%, mainly due to the increase in equipment rental and repositioning costs in order to increase the container fleet to cope with the severe operation disruption and challenges during the year.



Business and Administrative Expenses

Business and administrative expenses largely comprise staff costs, office expenses, selling and marketing costs, professional and information system expenses. Business and administrative expenses increased by US$190.7 million, or 30% when compared with 2020 which was mainly attributable to the increase in staff cost.

Others

Others comprising principally net foreign exchange differences, net gain on the disposal of assets, interest income from banks, net impairment losses on financial assets and other non-operating gains/losses. Net income for 2021 decreased by US$19.3 million when compared with 2020 mainly due to decrease in interest income from banks and exchange loss was recorded in 2021 as compared with exchange gain in 2020.

Other Activities

Summary of Operating Results

US$'000	2021	2020	Change	Favourable/ (unfavourable) %
Rental income	**24,860**	27,103	(2,243)	(8%)
Operating costs	**(15,172)**	(16,707)	1,535	9%
Gross profit	**9,688**	10,396	(708)	(7%)
Investment income	**4,595**	12,258	(7,663)	(63%)
Interest income	**4,257**	13,057	(8,800)	(67%)
Income from investment in Hui Xian	**5,582**	2,672	2,910	109%
Fair value gain/(loss) on investment property	**296**	(30,492)	30,788	N/M
Others	**(13,954)**	(8,332)	(5,622)	(67%)
Operating profit/(loss)	**10,464**	(441)	10,905	N/M

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 8,656 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 certain interests in Hui Xian REIT.

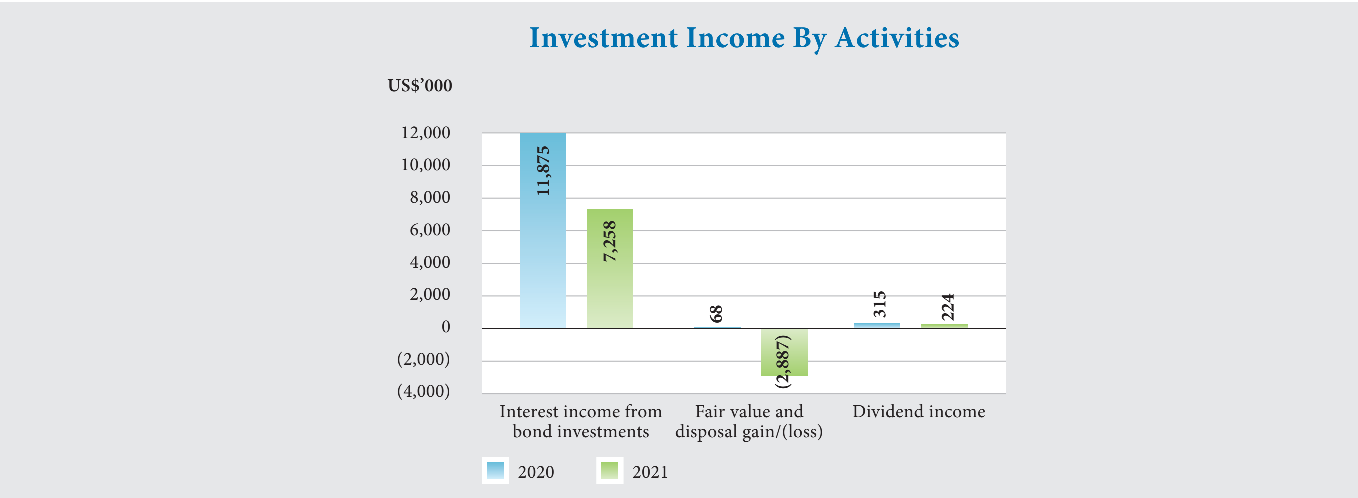
The operating profit from Other Activities for 2021 was US$10.9 million higher than that of 2020 mainly as a result of a fair value gain on investment property in 2021 compared with a fair value loss in 2020.

Rental Income

Rental income from Wall Street Plaza was US$2.2 million lower than that of last year, with an occupancy rate of 76% as at the end of 2021.

Investment Income

Investment activities recorded a profit of US$4.6 million for the year compared with US$12.3 million in 2020. Interest income from bond investments amounted to US$7.3 million for 2021 which was US$4.6 million lower than last year. Fair value loss of US$2.9 million was recorded in 2021 as compared with a net gain of US$0.1 million for 2020.



Interest Income

Interest income in 2021 was US$8.8 million less than that of 2020 as a result of decreasing interest rates.

Income from Investment in Hui Xian

Hui Xian Holdings Ltd declared and paid cash dividends in 2021, of which the Group shared a total of US$6.7 million. The Group also received US$0.6 million distribution from its holdings of Hui Xian REIT to add up a total of US$7.3 million income from investment in Hui Xian. In 2020, US$7.9 million cash dividends from Hui Xian Holdings Ltd and a US$0.5 million distribution from Hui Xian REIT were received. Due to the decrease in fair value loss on investment in Hui Xian REIT, overall income from investment in Hui Xian increased in 2021.

Fair Value Gain/(Loss) on Investment Property

As at 31st December 2021, the Group's investment property, Wall Street Plaza, was valued at US$285.0 million by an independent valuer, up from the US$280.0 million as at 31 December 2020. Taking into consideration of the US$4.7 million capital outlays, the net fair value gain for 2021 was therefore US$0.3 million. In 2020, the property recorded the net fair value loss of US$30.5 million.

Others

Other items include business and administration expenses for property management, exchange differences and other miscellaneous items. The increase in other items in 2021 is mainly due to increase in exchange losses.

Finance Costs

The Group incurs interest expenses on bank loans and lease liabilities. These long-term borrowings are mostly secured against vessels and containers owned by the Group. Finance costs also include fees on lease administration.

Finance costs decreased by US$31.1 million as compared with 2020, mainly due to the decrease in borrowings.

Share of Profits of Joint Ventures and Associated Companies

Share of profits of joint ventures and associated companies mainly represents the Group's investments in a 20% stake in two terminals in Tianjin and Ningbo and a 49% stake in a liner agency. Other investments include depot and supply chain management company. The share of US$17.2 million profits from joint ventures and associated companies in 2021 was US$4.4 million more than that of 2020.

Profit before Taxation

Pre-tax profit for the year was US$7,337.3 million compared with last year of US$913.7 million. There was US$6,377.2 million increase in operating profit by the Container Transport and Logistics segment and its robust performance led to the significant increase in the Group's earnings in 2021.

Earnings before Interest and Tax

EBIT increased from US$1,005.0 million in 2020 to US$7,397.5 million in 2021 and EBIT margin improved from 12.3% in 2020 to 43.9% in 2021. The significant improvement in freight rates overcame the negative impact from rising cargo, bunker, vessel, voyage, equipment and repositioning costs, leading to the increased profitability for the Group in 2021.

Capital Expenditure

US$'000	2021	2020	Change	Increase/ (decrease) %
Container vessels and capitalised dry-docking costs	**836,665**	34,766	801,899	2,307%
Assets under construction	**208,592**	189,297	19,295	10%
Containers and chassis	**275,330**	172,259	103,071	60%
Land and buildings	**28,003**	35,752	(7,749)	(22%)
Computer software	**4,507**	9,466	(4,959)	(52%)
Investment property	**4,704**	492	4,212	856%
Others	**24,798**	59,894	(35,096)	(59%)
	1,382,599	501,926	880,673	175%

Capital expenditure increased from US$501.9 million in 2020 to US$1,382.6 million in 2021, mainly due to the increase in container vessels as a result of the capitalisation of long term chartered vessels, increase in purchases of containers and payment for assets under construction for the newbuilding projects.

Vessels

Apart from the twelve units of 23,000 TEU container vessels ordered in 2021, the Group entered into contracts to construct ten units of 16,000 TEU container vessels at an aggregate consideration of US$1,575.80 million on 2nd September 2021. All these vessels are expected to be delivered between 2023 and 2025.

Review of Consolidated Balance Sheet

Summary of Consolidated Balance Sheet

US$'000	2021	2020	Change	Increase/ (decrease) %
Property, plant and equipment	**4,047,629**	3,744,666	302,963	8%
Right-of-use assets	**2,801,858**	2,303,265	498,593	22%
Investment property	**285,000**	280,000	5,000	2%
Joint ventures and associated companies	**117,164**	154,835	(37,671)	(24%)
Intangible assets	**7,656**	18,856	(11,200)	(59%)
Liquid assets	**7,369,571**	3,323,013	4,046,558	122%
Accounts receivable and other assets	**1,134,618**	792,319	342,299	43%
Assets held for sale	**46,361**	-	46,361	N/M
Other non-current assets	**37,120**	27,599	9,521	34%
TOTAL ASSETS	**15,846,977**	10,644,553	5,202,424	49%
Accounts payable and other liabilities	**(2,479,513)**	(1,387,711)	(1,091,802)	79%
Current taxation	**(154,814)**	(37,392)	(117,422)	314%
TOTAL ASSETS LESS TRADING LIABILITIES	**13,212,650**	9,219,450	3,993,200	43%
Long-term borrowings	**211,941**	820,325	(608,384)	(74%)
Current portion of long-term borrowings	**38,716**	213,270	(174,554)	(82%)
Lease liabilities	**2,439,983**	2,036,248	403,735	20%
Total debt	**2,690,640**	3,069,843	(379,203)	(12%)
Deferred liabilities	**850,274**	507,113	343,161	68%
Non-controlling interests	**2,079**	380	1,699	447%
Ordinary shareholders' equity	**9,669,657**	5,642,114	4,027,543	71%
CAPITAL EMPLOYED	**13,212,650**	9,219,450	3,993,200	43%
Debt to equity ratio	**0.28**	0.54		
Net cash to equity ratio	**0.48**	0.04		
Accounts payable as a % of revenue	**14.73**	16.94		
Accounts receivable as a % of revenue	**5.80**	8.32		
% return on average ordinary shareholders' equity	**93.11**	17.08		
Net asset value attributable to equity holders of the Company per ordinary share (US$)	**14.64**	9.02		
Liquid assets per ordinary share (US$)	**11.16**	5.31		
Share price at 31st December (US$)	**24.53**	9.94		
Price to book ratio based on share price at 31st December	**1.67**	1.10		

Property, Plant and Equipment and Right-of-Use Assets

US$'000	**2021**	2020	Change	Increase/ (decrease) %
Container vessels and capitalised dry-docking costs	**4,382,608**	3,906,583	476,025	12%
Containers and chassis	**1,800,336**	1,655,383	144,953	9%
Terminal equipment and improvement	**14,342**	18,347	(4,005)	(22%)
Terminal leases	**11,219**	15,082	(3,863)	(26%)
Land and buildings	**147,490**	159,876	(12,386)	(8%)
Assets under construction	**397,889**	189,297	208,592	110%
Others	**95,603**	103,363	(7,760)	(8%)
	6,849,487	6,047,931	801,556	13%

Container Transport and Logistics remains the core business of the Group and the one in which majority of property, plant and equipment and right-of-use assets are deployed. These assets largely comprise container vessels, containers, terminal equipment, property and computer equipment.

The increase in property, plant and equipment and right-of-use assets in 2021 was mainly due to the additions of container vessels, containers and assets under construction for the newbuilding projects.

Investment Property

Investment property represents the Group's commercial building, Wall Street Plaza, in New York. The building was valued at US$285.0 million as at the end of 2021 by an independent valuer (2020: US$280.0 million).

Joint Ventures and Associated Companies

US$'000	**2021**	2020	Change	Increase/ (decrease) %
Joint ventures	**11,894**	9,848	2,046	21%
Associated companies	**105,270**	144,987	(39,717)	(27%)
	117,164	154,835	(37,671)	(24%)

The increase in the investment in joint ventures was due to share of profits of joint ventures and the decrease in the investment in associated companies for 2021 was mainly due to reclassification of the investment in an associated company to assets held for sale.

Liquid Assets

US$'000	**2021**	2020	Change	Increase/ (decrease) %
Container Transport and Logistics	**7,180,885**	2,079,581	5,101,304	245%
Other Activities	**15,261**	8,868	6,393	72%
Cash and portfolio funds	**60,087**	1,087,152	(1,027,065)	(94%)
Investments at amortised cost	**113,338**	147,412	(34,074)	(23%)
Total liquid assets	**7,369,571**	3,323,013	4,046,558	122%

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.

Investments at amortised cost are entirely bonds intended to be held until maturity.

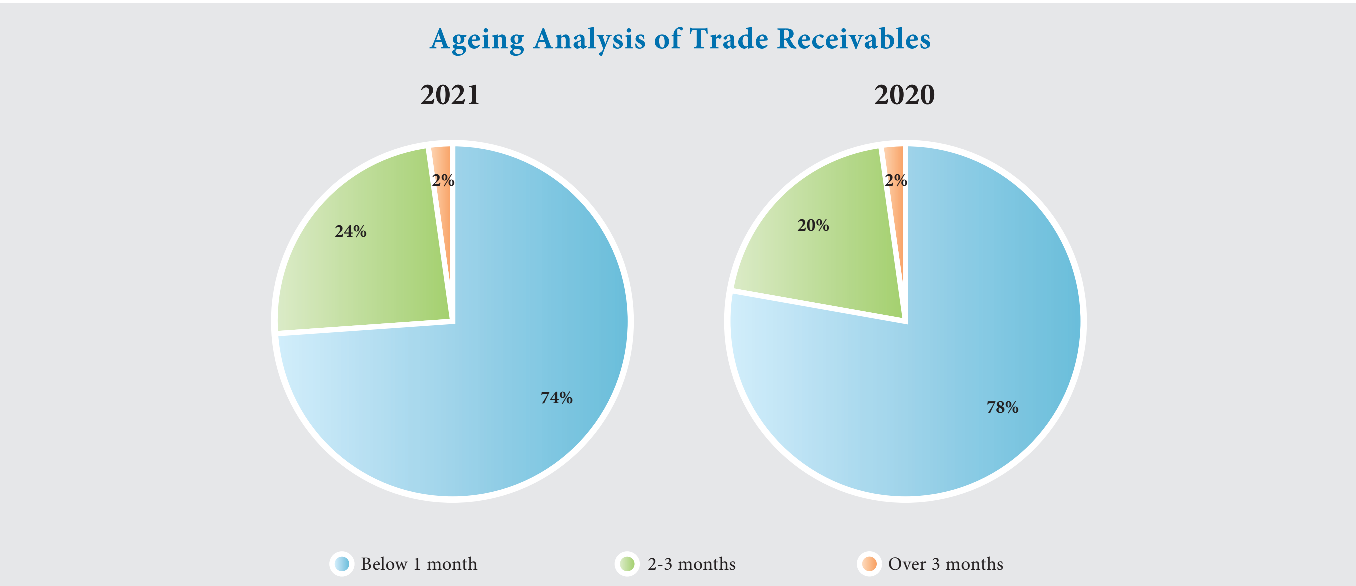
The Group's total liquid assets at the end of 2020 and 2021 are further analysed as follows:

US$'000	2021	2020	Change	Increase/ (decrease) %
Cash and bank balances	**7,197,101**	3,072,795	4,124,306	134%
Restricted bank balances	**2,876**	2,246	630	28%
Portfolio investments	**56,256**	100,560	(44,304)	(44%)
Investments at amortised cost	**113,338**	147,412	(34,074)	(23%)
Total liquid assets	**7,369,571**	3,323,013	4,046,558	122%

Accounts Receivable and Other Assets

US$'000	2021	2020	Change	Increase/ (decrease) %
Container Transport and Logistics	**1,113,821**	763,169	350,652	46%
Other Activities	**20,797**	29,150	(8,353)	(29%)
	1,134,618	792,319	342,299	43%

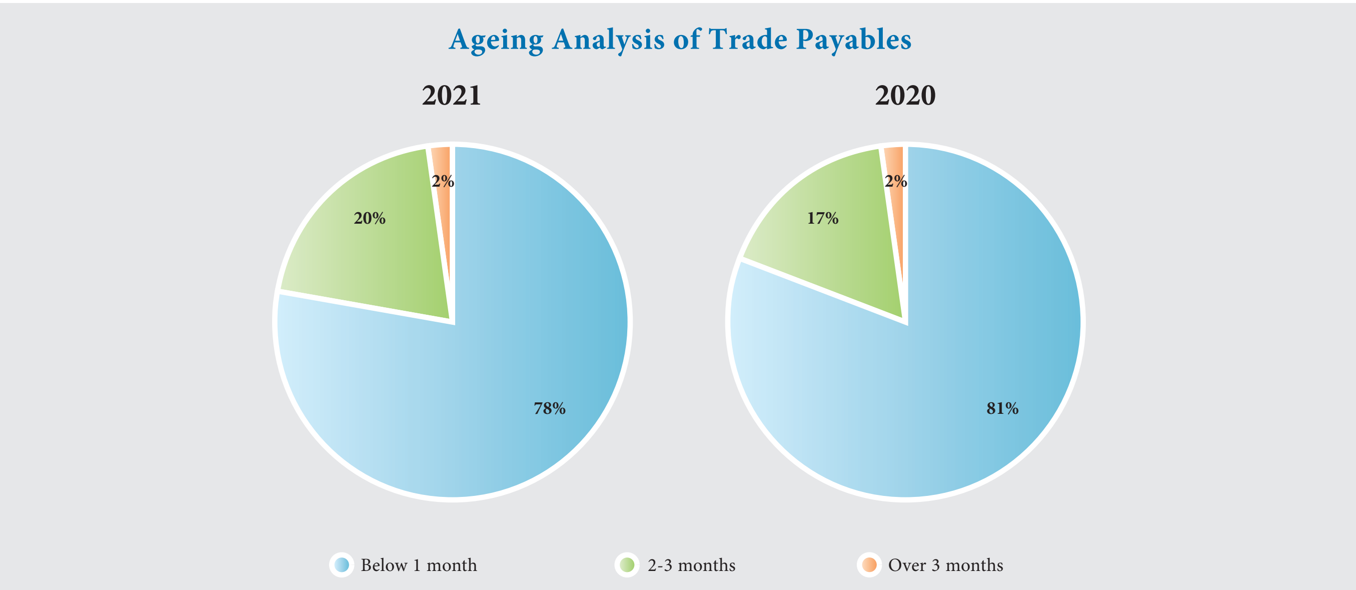
Accounts receivable and other assets for Container Transport and Logistics increased by US$350.7 million to US$1,113.8 million at the end of 2021, mainly due to increase in debtor balance due to higher freight rates and increase in bunker inventory balance.



Accounts Payable and Other Liabilities

US$'000	2021	2020	Change	Increase/ (decrease) %
Container Transport and Logistics	**2,468,993**	1,380,450	1,088,543	79%
Others Activities	**10,520**	7,261	3,259	45%
	2,479,513	1,387,711	1,091,802	79%

Accounts payable and other liabilities at the end of 2021 were US$1,091.8 million higher than that of 2020, mainly due to increase in operating costs.



Total Debt

US$'000	2021	2020	Change	Increase/ (decrease) %
Bank loans	**250,657**	1,033,595	(782,938)	(76%)
Lease liabilities	**2,439,983**	2,036,248	403,735	20%
	2,690,640	3,069,843	(379,203)	(12%)

Total debt decreased by US$379.2 million compared with 2020, mainly as a result of repayment of bank loans during the year.

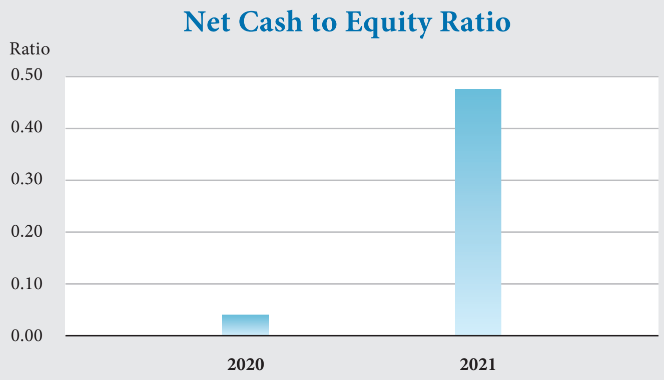
Total scheduled debt repayment between 2022 and 2026 is US$2,328.8 million, being equivalent to 87% of the total outstanding debt as at 31st December 2021. Details of the repayment profile of the Group's borrowings and lease liabilities are set out in Notes 36 and 37 to the Consolidated Financial Statements respectively.

Debt Profile

Of the total US$2,690.6 million debt outstanding at the end of 2021, US$1,558.1 million was fixed-rate debt and the remaining US$1,132.5 million was subject to floating interest rates at various competitive spreads over one-month to six-month LIBOR (or equivalent) and mainly related to the financing of vessels and container equipment. The Group's average cost of debt at 31st December 2021 was 2.1% (2020: 1.9%).

Net Cash to Equity Ratio

This ratio increased from 0.04 in 2020 to 0.48 in 2021 mainly because of the cash inflow from operations. This ratio will be closely monitored in the light of business forecasts.



Shareholders' Equity

As at 31st December 2021, the Company had 660,373,297 shares in issue, consisting entirely of ordinary shares. With profit recorded for the year, the Group's consolidated shareholders' equity increased by US$4,027.5 million to US$9,669.7 million as at the end of 2021 with a net asset value attributable to equity holders of the Company per ordinary share of US$14.64 (2020: US$9.02). Return on average ordinary shareholders' equity is a key measure for the Group's objective to continuously enhance shareholders' value. In 2021, this ratio increased to 93.11% (2020: 17.08%).

Operating Leases and Commitments

In addition to the owned operating assets and long-term leases, the Group employs assets through short-term operating lease arrangements as detailed in Note 40(c) to the Consolidated Financial Statements. Assets under short-term operating lease arrangements consist primarily of container vessels.

As at the end of 2021, the Group had outstanding capital commitments amounting to US$3,159.8 million, representing mostly the commitments for the newbuilding projects.

Analysis of Change in Liquid Assets

US$'000	2021	2020	Change	Favourable/ (unfavourable) %
Net inflow from operations	**8,977,180**	2,013,606	6,963,574	346%
Other inflow:				
Interest and investment income	**42,903**	78,767	(35,864)	(46%)
Issue of new shares	**565,718**	-	565,718	N/M
Sale of property, plant and equipment	**58,074**	18,860	39,214	208%
New financing	**-**	99,550	(99,550)	N/M
Cash from joint ventures and associated companies	**11,985**	16,405	(4,420)	(27%)
Acquisition of subsidiaries	**-**	9,646	(9,646)	N/M
Others	**1,715**	120	1,595	1,329%
	680,395	223,348	457,047	205%
Other outflow:				
Interest and financing charges paid	**(43,672)**	(75,640)	31,968	42%
Dividends paid to equity holders of the Company	**(3,682,084)**	(197,625)	(3,484,459)	(1,763%)
Dividends paid to non-controlling interests	**(239)**	-	(239)	N/M
Taxation paid	**(34,667)**	(33,232)	(1,435)	(4%)
Increase in property, plant and equipment and non-current assets	**(586,262)**	(369,476)	(216,786)	(59%)
Repayment of loans and lease liabilities	**(1,251,807)**	(1,100,816)	(150,991)	(14%)
Fair value loss on financial assets at fair value through profit or loss	**(4,600)**	(5,642)	1,042	18%
	(5,603,331)	(1,782,431)	(3,820,900)	(214%)
Net inflow	**4,054,244**	454,523	3,599,721	792%
Beginning liquid asset balances	**3,323,013**	2,858,824	464,189	16%
Changes in exchange rates	**(7,686)**	9,666	(17,352)	N/M
Ending liquid asset balances	**7,369,571**	3,323,013	4,046,558	122%
Represented by:				
Unrestricted bank balances and deposits	**7,197,101**	3,072,795	4,124,306	134%
Restricted bank balances and deposits	**2,876**	2,246	630	28%
Portfolio investments	**56,256**	100,560	(44,304)	(44%)
Investments at amortised cost	**113,338**	147,412	(34,074)	(23%)
	7,369,571	3,323,013	4,046,558	122%

A net inflow of US$4,054.2 million was recorded in 2021 compared with a net inflow of US$454.5 million in 2020. Operating inflow of US$8,977.2 million for the year was US$6,963.6 million higher than that of 2020 with significant improvement in operating results. Increase in other inflow was mainly due to the proceed of US$565.7 million generated from issue of new shares. The capital payments in 2021 mainly included the outlays for acquisition of containers and payments for assets under construction. The net increase in financing cash outflow was mainly due to the increase in dividends paid to shareholders during the year. Total liquid asset balances increased to US$7,369.6 million at the end of 2021, against US$3,323.0 million in 2020.

Liquidity

As at 31st December 2021, the Group had total liquid asset balances of US$7,369.6 million compared with debt obligations of US$662.0 million repayable in 2022. Total current assets at the end of 2021 amounted to US$8,451.8 million against total current liabilities of US$3,296.4 million. The Group's shareholders' equity contains no loan capital. The Group from time to time prepares and updates cashflow forecasts for asset acquisitions, to serve 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

Wan Min

Mr. Wan Min, aged 53, has been the Chairman of the Board and an Executive Director of the Company, and the chairman of the Executive Committee and the Nomination Committee of the Company since 6th December 2021. Mr. Wan graduated from Shanghai Maritime University (formerly Shanghai Maritime College) majoring in Transportation Management and Engineering. He also holds a master degree in Business Administration from Shanghai Jiao Tong University and is an engineer. Mr. Wan is currently the chairman of the board and the Party Secretary of China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"), and the chairman of the board and an executive director of COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings", a company listed in both Shanghai and Hong Kong).

Mr. Wan had been the managing director and Deputy Party Secretary of COSCO SHIPPING Lines Co., Ltd. ("COSCO SHIPPING Lines", formerly COSCO Container Lines Co., Ltd.), executive vice president and Party Committee Member of China Ocean Shipping Company Limited ("China Ocean Shipping", formerly China Ocean Shipping (Group) Company), director of the board, president and Deputy Party Secretary of COSCO SHIPPING, chairman of the board and a non-executive director of COSCO SHIPPING Holdings, and chairman of the board of China Tourism Group Co., Ltd. Mr. Wan has over 30 years of experience in corporate management, and has extensive expertise in shipping and tourism business management.

Huang Xiaowen

Mr. Huang Xiaowen, aged 59, has been an Executive Director and the Chief Executive Officer of the Company, a member of the Executive Committee and the chairman of the Inside Information Committee and the Risk Committee of the Company since 10th August 2020. Mr. Huang had been in the same positions from 3rd August 2018 to 18th September 2019. Mr. Huang has been the chairman of the Strategic Development Committee of the Company since 21st May 2021. Mr. Huang holds an executive master degree in Business Administration from China Europe International Business School and is a senior engineer. He is currently the executive vice president and a Party Committee member of COSCO SHIPPING, an executive director and the vice chairman of the board of COSCO SHIPPING Holdings (a company listed in both Shanghai and Hong Kong).

Mr. Huang started his career in 1981 and had been the section chief of the container shipping section of Guangzhou Ocean Shipping Company Limited, the general manager of container transportation department of China Ocean Shipping, the container business advisor of Shanghai Haixing Shipping Co., Ltd., the executive deputy general manager, the managing director, an executive director, the vice chairman and the Deputy Party Secretary of COSCO SHIPPING Development Co., Ltd. ("COSCO SHIPPING Development", a company listed in both Shanghai and Hong Kong), the chairman of China Shipping Haisheng Co., Ltd., the deputy general manager and a Party Committee member of China Shipping Group Company Limited, an executive director and the vice chairman of the board of COSCO SHIPPING Holdings, a non-executive director and the chairman of the board of COSCO SHIPPING Ports Limited ("COSCO SHIPPING Ports", a company listed in Hong Kong) and an executive director and the chairman of the board of COSCO SHIPPING Energy Transportation Co., Ltd. ("COSCO SHIPPING Energy", a company listed in both Shanghai and Hong Kong). He was the chairman of the board of COSCO SHIPPING Lines and the chairman of the board of COSCO SHIPPING Bulk Co., Ltd. and a director of certain subsidiaries of COSCO SHIPPING. Mr. Huang has more than 30 years of experience in the shipping industry.

Mr. Yang Zhijian, aged 57, has been an Executive Director of the Company and a member of the Executive Committee, the Finance Committee, the Inside Information Committee and the Risk Committee of the Company since 18th September 2019 and a member of the Strategic Development Committee of the Company since 21st May 2021. He has been a director, the co-chief executive officer and a member of the executive committee of Orient Overseas Container Line Limited ("OOCLL"), a wholly-owned subsidiary of the Company, since 18th September 2019. Mr. Yang has been re-designated from the co-chief executive officer to the chief executive officer of OOCLL since 1st January 2020 and appointed as the chairman of the board and the executive committee of OOCLL since 28th February 2020. He is also a director of certain principal subsidiaries of the Company. Mr. Yang holds an executive master degree in Business Administration from Shanghai Maritime University and is an economist. Mr. Yang is currently the employee representative director of COSCO SHIPPING, the general manager, the executive director and the Deputy Party Secretary of COSCO SHIPPING Holdings (a company listed in both Shanghai and Hong Kong), the general manager, the chairman of the board and the Deputy Party Secretary of COSCO SHIPPING Lines and a director of Faulkner Global Holdings Limited.

Yang Zhijian

Mr. Yang had been the head of ocean transportation division of Shanghai Ocean Shipping Co., Ltd., the head of corporate planning division, the deputy general manager of marketing department, the general manager of the trade service division and the general manager of the Asia-Pacific trade division of COSCO SHIPPING Lines, the deputy general manager of Hong Kong Ming Wah Shipping Co., Ltd., the general manager and the Deputy Party Secretary of Shanghai PANASIA Shipping Co., Ltd., an assistant to the general manager and the deputy general manager of COSCO SHIPPING Logistics Co., Ltd., the deputy general manager, the general manager and the Deputy Party Secretary of COSCO SHIPPING Bulk Co., Ltd. Mr. Yang has over 30 years of experience in the maritime industry and has extensive experience in container shipping, logistics and bulk shipping.

Mr. Feng Boming, aged 52, has been an Executive Director of the Company and a member of the Executive Committee, the Remuneration Committee, the Inside Information Committee and the Risk Committee of the Company since 18th September 2019. Mr. Feng holds a master degree in Business Administration from The University of Hong Kong and is an economist. Mr. Feng is currently the chairman of the board of directors and an executive director of COSCO SHIPPING Ports (a company listed in Hong Kong), an executive director of COSCO SHIPPING Holdings (a company listed in both Shanghai and Hong Kong), a non-executive director of Qingdao Port International Co., Ltd. (a company listed in both Shanghai and Hong Kong), COSCO SHIPPING International (Hong Kong) Co., Ltd. (a company listed in Hong Kong) and Piraeus Port Authority S.A. (a company listed in Athens), and a director of COSCO SHIPPING (Hong Kong) Co., Limited, COSCO SHIPPING Investment Holdings Co., Ltd. (formerly COSCO SHIPPING Financial Holdings Co., Ltd.), Hainan Harbor & Shipping Holding Co., Ltd. and certain subsidiaries of COSCO SHIPPING.

Feng Boming

Mr. Feng had been the general manager of the strategic and corporate management department of COSCO SHIPPING, the manager of the commercial section of the ministry of trade protection of COSCO SHIPPING Lines, the general manager of COSCO Container Hong Kong Mercury Co., Ltd., the general manager of the management and administration department of COSCO Holdings (Hong Kong) Limited, the general manager of COSCO International Freight (Wuhan) Co., Ltd. and COSCO Logistics (Wuhan) Co., Ltd., the supervisor of the strategic management implementation office of China Ocean Shipping and COSCO SHIPPING Holdings, a director of COSCO SHIPPING Bulk Co., Ltd., and a non-executive director of COSCO SHIPPING Holdings, COSCO SHIPPING Ports, COSCO SHIPPING Energy and COSCO SHIPPING Development (both listed in both Shanghai and Hong Kong). Mr. Feng has over 20 years of experience in the shipping industry, and has extensive experience in port management and operation, enterprise strategy management, business management, container shipping and management.

Tung Lieh Cheung Andrew

Mr. Tung Lieh Cheung Andrew, aged 57, has been a Non-Executive Director of the Company since 1st January 2020 and is a member of the Finance Committee, the Inside Information Committee and the Risk Committee of the Company. He has been an advisor to the Chief Executive Officer of OOCLL, a wholly-owned subsidiary of the Company, since 1st January 2020. Mr. Tung holds a bachelor degree from Princeton University and a master degree in Business Administration from Stanford University in the USA. Mr. Tung is currently managing partner of QBN Management Limited. He is also an independent non-executive director of Cathay Pacific Airways Limited (a company listed in Hong Kong) and Standard Chartered Bank (Hong Kong) Limited. He is a member of the Hong Kong Logistics Development Council and a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development.

Mr. Tung was an Executive Director of the Company from 2nd November 2011 to 31st December 2019. He was a director and a member of the executive committee of OOCLL from March 2006 to 31st December 2019. He was the chief executive officer and senior managing director of OOCLL from 1st July 2012 to 2nd August 2018, and had been re-designated as the co-chief executive officer of OOCLL since 3rd August 2018 until 31st December 2019. He was also a director of various subsidiaries of the Company. Between 1993 and 1998, he served the Group in various capacities including director of reefer trade of OOCLL.

Yan Jun

Mr. Yan Jun, aged 54, has been a Non-Executive Director of the Company and a member of the Nomination Committee and the Risk Committee of the Company since 3rd August 2018. Mr. Yan holds a master degree in Business Management from Antai College of Economics and Management of Shanghai Jiaotong University. Mr. Yan is currently the Deputy Party Secretary, a director and the president of Shanghai International Port (Group) Co., Ltd. ("SIPG", a company listed in Shanghai) and an external director of Ningbo Zhoushan Port Co., Ltd. (a company listed in Shanghai).

Mr. Yan had been a Party Committee member of Shanghai Port Container Terminal Co., Ltd ("SPCT"); the Branch Party Secretary and the general manager of SPCT, Waigaoqiao Terminal Branch; the Party Secretary and the general manager of SIPG Zhendong Container Terminal Branch; the Party Secretary, a director and the general manager of SIPG Jiujiang Port Co., Ltd; the assistant to president, the vice president and the Deputy Party Secretary of SIPG.

Ms. Wang Dan, aged 52, has been a Non-Executive Director of the Company and a member of the Risk Committee of the Company since 3rd August 2018. Ms. Wang holds a master degree in International Finance from Tsinghua University PBC School of Finance (formerly the Graduate School of the People's Bank of China).

Ms. Wang is the executive vice president of Silk Road Fund Co., Ltd. ("SRF") and a non-executive director of SIBUR Holding (a public joint stock company in Russia with its bonds traded at Moscow Exchange and Irish Stock Exchange). Ms. Wang worked at the international department and the monetary policy department II of the People's Bank of China ("PBOC"), and also served as an advisor to the executive director for China of PBOC at the International Monetary Fund. Before joining SRF, she served as the deputy director-general of the monetary policy department II of PBOC.

Wang Dan

Mr. Ip Sing Chi, aged 68, has been a Non-Executive Director of the Company and a member of the Risk Committee of the Company since 3rd August 2018. Mr. Ip holds a Bachelor of Arts degree from Coventry University. He is currently the group managing director of Hutchison Port Holdings Limited and the chairman of Yantian International Container Terminals Limited. He is also an executive director of Hutchison Port Holdings Management Pte. Limited (the trustee-manager of Hutchison Port Holdings Trust listed in Singapore), a non-executive director of COSCO SHIPPING Development (a company listed in both Shanghai and Hong Kong), an independent non-executive director of Piraeus Port Authority S.A. (a company listed in Athens), and a non-independent non-executive director of Westports Holdings Berhad (a company listed in Malaysia).

Mr. Ip was the founding chairman (in 2000-2001) of the Hong Kong Container Terminal Operators Association Limited, and he had been an independent non-executive director, the chairman of the remuneration and appraisal committee, a member of the strategy committee and the nomination committee of COSCO SHIPPING Energy (a company listed in both Shanghai and Hong Kong). Mr. Ip has over 40 years of experience in the maritime industry.

Ip Sing Chi

Chow Philip Yiu Wah

Mr. Chow Philip Yiu Wah, aged 74, has been an Independent Non-Executive Director of the Company since 2nd January 2015. He is the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee, the Finance Committee, the Share Committee and the Risk Committee of the Company. He was an Executive Director of the Company from 1st December 2003 to 30th June 2012, a Non-Executive Director of the Company from 1st July 2012 to 1st January 2015 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 degree in Business Administration 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 3 years.

Chung Shui Ming Timpson

Dr. Chung Shui Ming Timpson, *GBS, JP*, aged 70, has been an Independent Non-Executive Director of the Company, the chairman of the Finance Committee and a member of the Audit Committee and the Nomination Committee of the Company since 3rd August 2018 and a member of the Strategic Development Committee of the Company since 21st May 2021. Dr. Chung holds a Bachelor of Science degree from the University of Hong Kong, a master degree in Business Administration from the Chinese University of Hong Kong and a honorary doctoral degree in Social Sciences from the City University of Hong Kong. He is a fellow member of The Hong Kong Institute of Certified Public Accountants.

Dr. Chung is currently an independent non-executive director of China Everbright Limited, China Overseas Grand Oceans Group Limited, China Unicom (Hong Kong) Limited, Miramar Hotel and Investment Company, Limited (all companies are listed in Hong Kong); and China Railway Group Limited and Postal Savings Bank of China Co., Ltd. (companies listed in both Shanghai and Hong Kong); and an external director of COSCO SHIPPING.

Dr. Chung had been an audit supervisor I of Coopers & Lybrand, an independent non-executive director of China Construction Bank Corporation (a company listed in both Shanghai and Hong Kong), an independent director of China State Construction Engineering Corporation Limited (a company listed in Shanghai), an independent non-executive director of Glorious Sun Enterprises Limited and Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited (both listed in Hong Kong), the chairman of China business of Jardine Fleming Holdings Limited and the deputy chief executive officer of BOC International Limited.

Dr. Chung is currently a member of the 13th National Committee of the Chinese People's Political Consultative Conference and a pro-chancellor of the City University of Hong Kong. He had also served many public organisations, including the chairman of the Council of the City University of Hong Kong, the chairman of the Hong Kong Housing Society and a member of the Executive Council of the Hong Kong Special Administrative Region.

Mr. Yang Liang Yee Philip, aged 73, has been an Independent Non-Executive Director of the Company since 3rd August 2018. He is the chairman of the Share Committee and a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategic Development Committee of the Company. Mr. Yang is currently an independent non-executive director of COSCO SHIPPING Ports (a company listed in Hong Kong). He is a full time arbitrator in international commercial and maritime arbitration, the honorary chairman of Hong Kong International Arbitration Centre, a member of the international advisory board of China International Economic and Trade Arbitration Commission, the General Committee of Singapore Chamber of Maritime Arbitration, the expert committee of China International Commercial Court of the Supreme People's Court of China, and Council Member of Shanghai Arbitration Commission ("SHAC") and chairman of SHAC – Academy.

Yang Liang Yee Philip

Mr. Yang had been an independent non-executive director of COSCO SHIPPING Holdings (a company listed in both Shanghai and Hong Kong), the chairman of Hong Kong International Arbitration Centre, the vice chairman of the documentary committee of the Baltic and International Maritime Council in Denmark, the president of Asia-Pacific Regional Arbitration Group, the Hong Kong representative of ICC International Court of Arbitration, the chairman of the East Asia branch of the Chartered Institute of Arbitrators.

Mr. Yang has extensive experience in dealing with cases related to international commercial, maritime and trade law and is very familiar with laws and practice in such areas. He acts as an arbitrator in thousands of cases in Hong Kong, London, Singapore, Malaysia, Australia, Austria, Korea, the USA and Mainland China during the past over 30 years. He has also published many books and articles on international commercial, maritime and trade law and practice. Mr. Yang also devoted himself to the educational activities in various law schools in Hong Kong and Mainland China and is a visiting professor in more than 10 universities.

Ms. Chen Ying, aged 51, has been an Independent Non-Executive Director of the Company and a member of the Audit Committee, the Finance Committee and the Share Committee of the Company since 3rd August 2018. Ms. Chen holds a master degree in Business Administration from Fudan University, a master degree in Business Administration, major in Finance from Maastricht College in the Netherlands and graduated from the School of Finance of Renmin University of China. She is a certified public accountant in Australia, CIMA (registered management accountant) and a senior accountant in China. Ms. Chen is an external director of COSCO SHIPPING (Guangzhou) Co., Ltd. and COSCO SHIPPING Lines, an independent director of Pingdingshan Tianan Coal Mining Co., Ltd. (a company listed in Shanghai), China Shipbuilding Industry Company Limited (a company listed in Shanghai), Changzhou Fusion New Material Co., Ltd. and Shanghai Lianwei Digital Technology Group Company Limited.

Chen Ying

Ms. Chen had been the vice chairman of Shanghai Chongyang Investment Co., Ltd. from March 2016 to June 2018. During the period from 1993 to 2016, she had been the deputy general manager and the secretary of the board of directors of Baoshan Iron Steel Co., Ltd, the secretary of the board of directors, the assistant to the general manager and the deputy general manager of the Baosteel Group Co., Ltd.

Ms. Chen has more than 20 years of experience in financial management of large enterprises, more than 10 years of experience as top executives in the top 500 of the world companies and has extensive experience in corporate finance and accounting management, capital market communication, corporate governance, internal control and risk management.

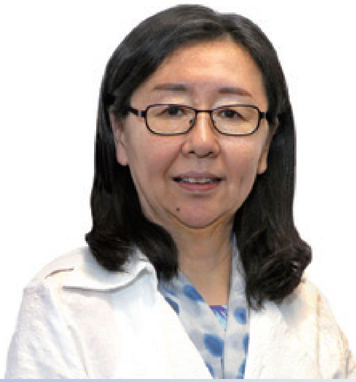
So Gregory Kam Leung

Mr. So Gregory Kam Leung, *GBS, JP*, aged 63, has been an Independent Non-Executive Director and a member of the Audit Committee of the Company since 17th May 2019, and a member of the Strategic Development Committee of the Company since 21st May 2021. Mr. So holds a Bachelor of Arts degree in Economics from Carleton University, Canada and a bachelor degree in Law and a master degree in Business Administration from the University of Ottawa, Canada. Mr. So has been a member of the Law Society of Alberta, Canada since June 1985, a member of the Law Society of Upper Canada in November 1988, a member of the Law Society (England and Wales) in January 1989 and a member of the Hong Kong Law Society in March 1989. Since 1984, Mr. So provided legal services in Canada. He continued his legal practice upon returning to Hong Kong in 1989 and has over 25 years of practice experience as a lawyer. Mr. So is currently an independent non-executive director of China Overseas Property Holdings Limited (a company listed in Hong Kong), Investcorp Holdings B.S.C. (a company until 12th July 2021 was listed in Bahrain), Blue Insurance Limited (formerly Aviva Life Insurance Company Limited) and Shui On Xintiandi Limited, a consultant in So, Lung and Associates, Solicitors and an advisor of Superland Group Holdings Limited (a company listed in Hong Kong).

Mr. So was appointed as the Undersecretary for the Commerce and Economic Development of the third term Government of the Hong Kong Special Administrative Region on 1st June 2008, the Secretary for the Commerce and Economic Development on 28th June 2011 and was again appointed as the Secretary for the Commerce and Economic Development of the fourth term Government of the Hong Kong Special Administrative Region on 1st July 2012 until 30th June 2017. The Commerce and Economic Development Bureau is responsible for various policy matters including Hong Kong's external commercial relations, inward investment promotion, intellectual property protection, industry and business support, tourism, consumer protection, competition, information technology, telecommunications, broadcasting, development of innovation and technology (until November 2015), and film and creative industries related issues. Mr. So had been the vice-chairman of the Democratic Alliance for the Betterment and Progress of Hong Kong, a board member of Hong Kong Hospital Authority, a council member of Lingnan University, a member of Commission on Strategic Development and a member of the District Council of Wong Tai Sin District.

Kenny Ye

Mr. Ye, aged 58, has been a Director of OOCL since June 2018 and a member of Executive Committee since November 2015. He was appointed Chief Operating Officer of OOCL in January 2020 and Director of Office of Chief Executive Officer, Corporate Human Resources, Corporate Operations, Traffic Control Center, Fleet Management and Regions Management in August 2020. He joined the Group in 1994 and has served the Group for 27 years. Following his assignment in Shanghai, he was transferred to Hong Kong in 2004 and has served the Group in various capacities, including as Director of Asia-Europe Trade, Director of Intra-Asia Trade and Chief Executive Officer of OOCL Logistics. Mr. Ye holds a Diploma of Accounting in Lixin Accounting Institute and a Master of Business Administration from Oklahoma City University.



Xiang Chen

Ms. Chen, aged 58, has been a Director and a member of Executive Committee of OOCL and was also appointed the Director of Strategy Coordination since August 2018. She was appointed Director of Corporate Strategy Development and the Chief Executive Officer of OOCL Logistics in August 2020. She started her career in 1985 and served successively as Deputy Manager, Manager, Deputy General Manager of Marketing Division, General Manager of Business and Process System Division of COSCO Container Lines Co., Ltd. She was the Deputy Managing Director of COSCO Container Lines Co., Ltd. from 2006 to 2016, and has been the Deputy Managing Director of COSCO SHIPPING Lines Co., Ltd. since 2016, and the Deputy Managing Director of COSCO SHIPPING Holdings Co., Ltd. since 2018. Ms. Chen graduated from Shanghai Maritime University, majoring in Transportation and Management. She holds a Master's degree and the qualification of Senior Economist.

Mingwen Zhang

Mr. Zhang, aged 43, has been a Director and a member of Executive Committee of OOCL since August 2018, and was also appointed the Chief Financial Officer of COSCO SHIPPING Holdings Co., Ltd., Chief Financial Officer of OOIL and OOCL. He has over 20 years of working experience in the shipping industry and has served in various capacities, including Deputy Chief Financial Officer and Chief Financial Officer of China Shipping Container Lines Co., Ltd., and Chief Financial Officer of COSCO SHIPPING Development Co., Ltd. Mr. Zhang graduated from the Faculty of Finance at the Shanghai University of Finance and Economics, majoring in Investment Economics, and from the Antai College of Economics & Management at the Shanghai Jiao Tong University, majoring in Business Administration where he obtained a Bachelor's degree in Economics and a Master's degree in Business Administration. Mr. Zhang is a Chartered Financial Analyst (CFA) and a Senior Accountant.

Shuai Chen

Mr. Chen, aged 47, has been a Director and a member of Executive Committee of OOCL since October 2019. He is currently the Deputy General Manager of COSCO SHIPPING Holdings Co., Ltd. and the Deputy Managing Director of COSCO SHIPPING Lines Co., Ltd. Mr. Chen joined COSCO Group in July 1995 and has served in various capacities, including the Assistant to Manager and the Deputy Manager of Container Shipping Division I of China Shipping Container Lines Co., Ltd., the Assistant to General Manager of China Shipping Container Lines (Hong Kong) Co., Ltd., the General Manager of America Division of China Shipping Container Lines Co., Ltd., and the Assistant to General Manager and Deputy General Manager of China Shipping Container Lines Co., Ltd. Mr. Chen graduated from Shanghai Maritime Academy with major in Marine Engineering Management.

Michael Fitzgerald

Mr. Fitzgerald, aged 48, has been a Director of OOCL since June 2018 and a member of Executive Committee since 2014. He joined the Group in September 2014 as Group Finance Director and has been the Group Deputy Chief Financial Officer since December 2015. He started his career at KPMG in London in August 1995, and having qualified as a Chartered Accountant, moved to the Structured Finance division of Société Générale in January 1999, where he enjoyed an almost 16-year career, holding various posts in London, Hong Kong and Paris. Mr. Fitzgerald holds the degrees of Bachelor and Master of Arts from the University of Oxford, and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Teddy Fung

Mr. Fung, aged 61, has been a Director of OOCL since June 2018 and a member of Executive Committee since November 2015. He was appointed Director of Trades in April 2019 and Director of Corporate Operations between September 2013 and March 2019. He joined the Group in 1994 and has served the Group in various capacities for 27 years, including as General Manager of OOCL South China sub-region, Director of Reefer Trade, Managing Director of OOCL Hong Kong Branch, and Director of Regions Management. Mr. Fung holds a Bachelor of Social Science in Economics and a Master of Arts in Transport Studies from The University of Hong Kong.

Junguang Xiao

Mr. Xiao, aged 51, has been a Director and a member of Executive Committee of OOCL since August 2020, and was appointed the Company Secretary, the Group Legal Advisor, the Compliance Officer, the chairman of the Compliance Committee, a member of the Inside Information Committee and the Risk Committee of OOIL. Mr. Xiao is currently Deputy General Manager of the public relations division of China COSCO SHIPPING Corporation Limited. Mr. Xiao holds a Bachelor's degree in Finance from the Capital University of Economics and Business (formerly the Beijing Institute of Finance & Trade), and a Master's degree in Applied Finance from Macquarie University. Mr. Xiao is an associate member of The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute.

Yu Wu

Ms. Wu, aged 46, has been a Director and a member of Executive Committee of OOCL since August 2020, and was appointed the Chief Information Officer and Director of Corporate Customer Service in January 2021. Ms. Wu joined COSCO Group in 1997 and is currently Assistant Managing Director of COSCO SHIPPING Lines Co., Ltd. Ms. Wu holds a Bachelor's degree in International Shipping Management from Shanghai Maritime University and a Master's degree in Business Administration from Fudan University, and the qualification of Economist.

Tao Yu

Ms. Yu, aged 48, has been a Director and a member of Executive Committee of OOCL and was also appointed the Director of Equipment Management Center since January 2021. She joined COSCO Logistics Co., Ltd. in 2004. Currently she is the Deputy Managing Director, Board Secretary and Chief Legal Counsel of COSCO SHIPPING Lines Co., Ltd. Ms. Yu holds a Bachelor's degree and a Master's degree in Business Administration from Guanghua School of Management of Peking University, and the qualification of Senior Economist.

Michael Xu

Mr. Xu, aged 50, has been a Director and a member of Executive Committee of OOCL and was also appointed the Director of Trades since December 2021. He joined the Group in 1995 and has served the Group in various capacities for 26 years, including Managing Director of OOCL (China), General Manager of Intra-Asia Trade, General Manager of Australia & New Zealand Trade and Managing Director of OOCL (Vietnam). Mr. Xu holds a Bachelor's degree in Electrical Engineering from Shanghai Jiaotong University and a Master's degree in Business Administration from Jinan University.

Financial Calendar

Announcement of results for the half year ended 30th June 2021	20th August 2021
Despatch of 2021 Interim Report to shareholders	16th September 2021
Closure of the Register of Members (to ascertain the shareholders qualified to receive the proposed interim and special dividends in respect of the six months ended 30th June 2021)	6th September 2021 to 8th September 2021 (Both days inclusive)
Announcement of results for the year ended 31st December 2021	25th March 2022
Despatch of 2021 Annual Report to shareholders	28th April 2022
Closure of the Register of Members (to ascertain the shareholders eligible to attend and vote at the Annual General Meeting)	16th May 2022 to 20th May 2022 (Both days inclusive)
2021 Annual General Meeting	20th May 2022
Closure of the Register of Members (to ascertain the shareholders qualified to receive the proposed final and special dividends in respect of the year ended 31st December 2021)	27th May 2022 to 31st May 2022 (Both days inclusive)

Shareholder Information

ORDINARY SHARES

Issued shares	660,373,297 shares (as at 31st December 2021)
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 the Company's Hong Kong branch share registrar:
Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong, China

If you are not a shareholder, please write to:
Orient Overseas (International) Limited
31st Floor, Harbour Centre
25 Harbour Road
Wanchai, Hong Kong, China
Attention: Company Secretary

This annual report is also available at the Company's website at https://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
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong, China
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
31st Floor, Harbour Centre
25 Harbour Road
Wanchai, Hong Kong, China
Attention: Company Secretary

The Company's 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 2021:

Type of shareholders

	Shareholders		Ordinary shares of US$0.10 each	
Type of shareholders	Number	Percentage	Number	Percentage
Corporate	15	2.9014%	659,426,420	99.8566%
Individual	502	97.0986%	946,877	0.1434%
	517	100%	660,373,297	100%

Distribution of shareholdings

	Shareholders		Ordinary shares of US$0.10 each	
Size of shareholdings	Number	Percentage	Number	Percentage
1 – 10,000	501	96.9052%	372,713	0.0565%
10,001 – 100,000	13	2.5145%	407,603	0.0617%
100,001 – 1,000,000	1	0.1934%	263,000	0.0398%
1,000,001 or above	2	0.3869%	659,329,981	99.8420%
	517	100%	660,373,297	100%

10 largest ordinary shareholders

At 31st December 2021, the interests of the 10 largest ordinary shareholders of the Company, as recorded in the Company's principal register and Hong Kong branch register of members, were as follows:

Name of ordinary shareholders	Number of ordinary shares held	Percentage
HKSCC Nominees Limited	343,550,936	52.0237%
Faulkner Global Holdings Limited *(Note)*	315,779,045	47.8182%
Mok Kwun Cheung	263,000	0.0398%
Po Leung Kuk	70,500	0.0106%
Ho Fuk Chuen	51,000	0.0077%
Fung Sun Kwan U/D	45,022	0.0068%
Ho Hin Kwong	40,454	0.0061%
Leung Wong Kit Ling	35,000	0.0053%
Chow Mung Ha	32,420	0.0049%
Lee Lock Wai	30,000	0.0045%

Note:

As at 31st December 2021,

– Faulkner Global Holdings Limited also had interests in 153,565,927 shares of the Company registered via Central Clearing and Settlement System under the name of HKSCC Nominees Limited, representing 23.2544% of the Company's total issued shares.

– Faulkner Global Holdings Limited had interests in a total of 469,344,972 shares of the Company, representing 71.07% of the Company's total issued shares.

CORPORATE GOVERNANCE CODE

The Board of Directors of the Company (the "Board") and the management of the Company are committed to maintaining high standards of corporate governance. 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 (the "SEHK Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), 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 2021, the Company complied with the SEHK Code, save for the following recommended best practices:

- the remuneration of senior management of the Group is disclosed in bands
- operational results, instead of financial results, are announced and published quarterly

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 2021:

A. BOARD OF DIRECTORS

1. Board Composition

The Board is currently comprised of 4 Executive Directors, 4 Non-Executive Directors and 5 Independent Non-Executive Directors of the Company.

Executive Directors

Mr. Wan Min *(Chairman)*
Mr. Huang Xiaowen *(Chief Executive Officer)*
Mr. Yang Zhijian
Mr. Feng Boming

Non-Executive Directors

Mr. Tung Lieh Cheung Andrew
Mr. Yan Jun
Ms. Wang Dan
Mr. Ip Sing Chi

Independent Non-Executive Directors

Mr. Chow Philip Yiu Wah
Dr. Chung Shui Ming Timpson
Mr. Yang Liang Yee Philip
Ms. Chen Ying
Mr. So Gregory Kam Leung

The biographical details of the Directors of the Company are set out on the Company's website at https://www.ooilgroup.com and on pages 44 to 50 of this annual report.

The Directors have formal letters of appointment setting out the key terms and conditions of their appointments, for a fixed term of 3 years and subject to re-election by rotation at least once every 3 years.

The Directors have extensive corporate and strategic planning experience and industry knowledge. All Independent Non-Executive Directors of the Company 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 the Executive Directors and the Non-Executive Directors and has provided adequate checks and balances for safeguarding the interests of the shareholders of the Company and the Group.

The Company has received from each Independent Non-Executive Director a written annual confirmation of his/her 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 2021, 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 at least one with appropriate professional qualification or accounting or related financial management expertise.

Directors' and Officers' Liabilities Insurance

Since 1992, the Company has arranged insurance cover for the directors' and officers' liabilities including cover for the Directors of the Company, and the directors, officers and senior management of the Group arising out of corporate activities of the Group.

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 and internal control systems 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 Group under the leadership and supervision of the Chief Executive Officer of the Company, who will organise, execute, implement and report to the Board on the adoption of the Company's strategies, policies and objectives by the Group as approved by the Board.

The Board also delegates certain specific responsibilities to 10 committees of the Company (Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee, Risk Committee, Compliance Committee, Finance Committee, Share Committee, Inside Information Committee and Strategic Development Committee). The composition, functions and authority of each committee are described below. For the efficient management and operation of the Group's principal subsidiary, the Board also delegates and confers certain powers, authorities and discretions on such terms as it thinks fit to the board of directors, the executive committee and certain sub-committees of the Group's principal subsidiary for them to act and operate within the delegated frameworks.

The Company Secretary of the Company provides the Directors with updates on developments regarding the Listing Rules and other applicable regulatory requirements. Any Director of the Company may request the Company Secretary to organise independent professional advice at the expense of the Company to assist them to effectively discharge their duties to the Company.

3. Chairman and Chief Executive Officer

Mr. Wan Min is the Chairman of the Company and Mr. Huang Xiaowen is 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 are 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 the other Directors of the Company for inclusion in the agenda;

   – promote a culture of openness and debate by facilitating the effective contribution of the Non-Executive Directors (including Independent Non-Executive Directors) in particular and ensuring constructive relations between the Executive Directors and the 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;

- hold meetings at least annually with the Independent Non-Executive Directors without the presence of the other Directors;

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

- attend the annual general meetings of the Company 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 a casting vote.

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

- provide leadership and supervise the effective management of the Group and to establish and review from time to time the management system of the Group;

- set up programs for management development and succession plans for the Group;

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

- organise, execute, implement and report to the Board on the adoption of the Company's strategies, policies and objectives by the Group pursuant to the Board's decisions;

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

- organise the implementation of the Board's decision and implement such duties as directed or delegated by the Board.

4. Board Meetings

Regular Board meetings are scheduled at the end of each preceding year 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 14 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 to 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 3 days before the Board meetings.

If a Director or 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 the 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. The Directors of the Company can have access to all signed minutes of the Board.

5. Director Induction and Continuous Professional Development

Newly appointed Director will receive a comprehensive induction pack at the time of his/her appointment to ensure understanding of the directors' responsibilities and obligations under the Listing Rules and the relevant regulatory requirements.

In addition to Directors' attendance at meetings and review of papers and circulars provided by the Company, the Directors are committed to participating in continuous professional development program to develop and refresh their knowledge and skills to help ensure that their contribution to the Board remains informed and relevant.

The program for continuous professional development of Directors may take various forms including:

- the Company briefing Directors on important issues which have a material impact on the Group'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 program by the Directors of the Company in year 2021 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. Wan Min *(Note 1)*	–	–
Mr. Huang Xiaowen	✓	–
Mr. Yang Zhijian	✓	–
Mr. Feng Boming	✓	✓
Mr. Xu Lirong *(Note 2)*	✓	–
Non-Executive Directors		
Mr. Tung Lieh Cheung Andrew	✓	–
Mr. Yan Jun	✓	–
Ms. Wang Dan	✓	–
Mr. Ip Sing Chi	✓	✓
Ms. Cui Hongqin *(Note 3)*	✓	–
Independent Non-Executive Directors		
Mr. Chow Philip Yiu Wah	✓	✓
Dr. Chung Shui Ming Timpson	✓	–
Mr. Yang Liang Yee Philip	✓	–
Ms. Chen Ying	✓	✓
Mr. So Gregory Kam Leung	✓	✓

Notes:

1. appointed as an Executive Director of the Company with effect from 6th December 2021. Comprehensive induction training in relation to the Group's business operation, directors' responsibilities and obligations under the relevant laws and regulations was provided to Mr. Wan.
2. retired as an Executive Director of the Company with effect from 6th December 2021.
3. resigned as a Non-Executive Director of the Company with effect from 24th May 2021.

Mr. Xiao Junguang, the Company Secretary of the Company, undertook no less than 15 hours of professional training in year 2021 to update his skills and knowledge.

6. Supply of and Access to Information

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

7. Nomination of Directors

The Company follows a formal, considered and transparent procedure for the appointment of new Directors based on a nomination policy (the "Nomination Policy") formally adopted in 2018 providing the selection criteria of potential candidates for directorship of the Company, and the procedures for appointment of Directors of the Company and certain significant positions of the Group, for the Board to achieve a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's strategic focus and specific business needs. Recognising the vitality of diversity for the Board, the Company has also adopted a board diversity policy (the "Board Diversity Policy") in 2013.

The Nomination Committee of the Company reviews the structure, size and composition of the Board regularly and makes recommendation to the Board to complement the corporate strategy of the Company. The appointment of a new Director is a collective decision of the Board, taking into consideration both the Nomination Policy and the Board Diversity Policy. The Board believes that changes to the Board composition shall be managed without undue disruption, and shall continue to provide a balanced composition of the Executive Directors and the Non-Executive Directors (including Independent Non-Executive Directors) so that there is a strong independent element in the Board, which can effectively exercise independent judgement.

Each Director shall, after his/her 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 21st May 2021 (the "Last AGM"), Mr. Yan Jun, Ms. Wang Dan, Ms. Cui Hongqin (a then Non-Executive Director of the Company), Mr. Yang Liang Yee Philip and Ms. Chen Ying retired and were re-elected as Directors of the Company in accordance with the Bye-laws of the Company (the "Bye-laws").

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 of the Company are the Executive Committee, the Finance Committee, the Share Committee, the Compliance Committee, the Inside Information Committee, the Risk Committee and the Strategic Development Committee (established on 21st May 2021). Each committee has its own well defined scope of duties and terms of reference and is empowered to make decisions on matters within its terms of reference of such committee. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the websites of the Company and the Stock Exchange. The Company Secretary shall also make available the terms of reference of all the committees to the shareholders of the Company upon their written request. Members of the respective committees and the Directors of the Company can have access to the minutes of the relevant committees.

a. Executive Committee

The Executive Committee was established in 1996 and its members are the Executive Directors of the Company, currently comprising of Mr. Wan Min (appointed as the chairman of the Executive Committee on 6th December 2021), Mr. Huang Xiaowen, Mr. Yang Zhijian and Mr. Feng Boming. Mr. Xiao Junguang acts 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, and plans and operational directions for the Group;

– monitor, control and manage operational and financial performance and business affairs of the Group;

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

– approve capital expenditure of a specified amount;

– review, discuss and approve (if appropriate) major or unbudgeted asset acquisition or disposals; major or unbudgeted mergers and/or acquisitions by the business units of the Group's principal subsidiary; setting up of major joint-ventures and partnerships with a company not currently controlled and managed by the Group;

– 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 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 and its members are the Independent Non-Executive Directors of the Company, currently comprising of Mr. Chow Philip Yiu Wah (chairman of the Audit Committee), Dr. Chung Shui Ming Timpson, Mr. Yang Liang Yee Philip, Ms. Chen Ying and Mr. So Gregory Kam Leung. Ms. Lai Yuen Ying Vivian, the Head of Internal Audit Department, acts as the secretary of the Audit Committee, and Mr. Xiao Junguang acts as the assistant secretary of the Audit Committee.

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 risk management and internal control systems 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 the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and the 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 the 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 query raised by the external auditor to management about accounting records, financial statements 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 in accordance with the applicable standards and the scope of the external auditor, and to discuss and understand the factors considered by the external auditor in determining the nature and 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 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;

- monitor the integrity of the Company's financial statements, annual, quarterly (if prepared for publication) and interim financial reports and to review any significant financial reporting judgment and estimation 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 requirement and accounting standard, 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 report and financial statements 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) to ensure that such system is 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;

- provide an independent review on the effectiveness of the risk management system including the risk management framework, policies and processes;

- discuss with management the scope and quality of the risk management and internal control systems and to ensure that management has performed its duty to have effective systems including the adequacy of resources, staff qualifications and experience, training programs and budget and experience of staff of the accounting, internal audit and financial reporting functions;

- review findings of internal investigation and management's response of any suspected fraud or irregularity or failure of risk management and internal control or infringement 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 program; 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, the investigations and the follow-up actions, including disciplinary actions, by management on substantiated cases.

The Audit Committee passed resolutions by way of meeting and written resolution during the year 2021. The following is a summary of work performed by the Audit Committee during the year 2021:

(i) reviewed and discussed the annual financial statements for 2020 and the interim financial statements for 2021 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 2020 annual financial statements and issues arising from the review of the 2021 interim financial statements;

(iii) reviewed the impact of the new and revised accounting standards and any significant changes in accounting judgement and estimation 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 2020 and approved their 2021 audit fees;

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

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

(viii) reviewed the findings and recommendations of the Internal Audit Department on the audits carried out on the principal activities of the Group and their internal control implementation status by management;

(ix) reviewed the effectiveness of the risk management and internal control systems;

(x) reviewed the relevant sections in the Corporate Governance Report for the year ended 31st December 2020 concerning the Audit Committee;

(xi) reviewed the adequacy of the resources, staff qualifications and experience, training programs and budget and experience of staff of the Company's accounting, internal audit and financial reporting functions;

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

(xiii) 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 Audit Committee members and the Board members.

c. Remuneration Committee

The Remuneration Committee was established in 2005 and is currently comprised of Mr. Chow Philip Yiu Wah (chairman of the Remuneration Committee), Mr. Feng Boming and Mr. Yang Liang Yee Philip, majority of whom are the Independent Non-Executive Directors of the Company. Mr. Xiao Junguang acts as the secretary of the Remuneration Committee.

The primary duties of the Remuneration Committee include to:

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

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

– (i) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and determine the remuneration packages of individual Executive Directors of the Company and senior management (including the chief executive officer of the principal subsidiary of the Group); and (ii) recommend to the Board 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 (including the chief executive officer of the principal subsidiary of the Group);

– review and approve compensation payable to the Executive Directors of the Company and senior management (including the chief executive officer of the principal subsidiary of the Group) for any loss or termination of office to ensure that it is consistent with the contractual terms and is otherwise fair and not excessive;

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

– ensure that no Director or any of his/her associates or senior management (including the chief executive officer of the principal subsidiary of the Group) is involved in deciding his/her own remuneration; and to

– advise the Board any matter relating to the remuneration and reward of the Executive Directors of the Company or senior management (including the chief executive officer of the principal subsidiary of the Group) or employees of the Group.

The Remuneration Committee passed resolutions by way of meeting and written resolution during the year 2021. The following is a summary of work performed by the Remuneration Committee during the year 2021:

(i) reviewed the Company's remuneration policy and structure for the Directors of the Company, and the senior management and employees of the Group, and ensured compliance of disclosure with the Listing Rules and in line with best practices;

(ii) reviewed the procedure for developing the Company's remuneration policy;

(iii) reviewed the discretionary management bonus of the Executive Directors of the Company, and the senior management and employees of the Group for year 2020;

(iv) 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 of the Group for year 2021; and

(v) reviewed and recommended to the Board the revision of the Group's discretionary management bonus plan.

No Director was involved in determining his/her own remuneration.

d. Nomination Committee

The Nomination Committee was established in 2012 and is currently comprising of Mr. Wan Min (appointed as the chairman of the Nomination Committee on 6th December 2021), Mr. Yan Jun, Mr. Chow Philip Yiu Wah, Dr. Chung Shui Ming Timpson and Mr. Yang Liang Yee Philip, majority of whom are the Independent Non-Executive Directors of the Company. Mr. Xiao Junguang acts as the secretary of the Nomination Committee.

The primary duties of the Nomination Committee include to:

– review the Nomination Policy and recommend to the Board on the selection criteria of the potential candidates for the directorship of the Company;

– review and report annually to the Board the implementation and effectiveness of mechanism to ensure independent views and input are available to the Board;

– review and recommend to the Board the succession plan to ensure the stability of the Board to complement the Company's corporate strategy;

– review and report annually against any measurable objectives set for the implementation of the Board Diversity Policy and the Nomination Policy of the Company, and progress (if relevant);

– review and report to the Board annually the implementation and effectiveness of the Board Diversity Policy, including review of the structure, size and composition (including gender, age, cultural and education background, ethnicity, skills, knowledge, industry experience and length of service) of the Board and making recommendations on any proposed change to the Board to complement the Company's corporate strategy;

– receive from the Board referral of suitable qualified candidate for it to assess if the potential candidate meets the selection criteria, which shall be based on the Nomination Policy and the Board Diversity Policy appropriate for the Group's strategic focus and specific business needs; assess and recommend to the Board for approval the nomination of a selected candidate as a director of the Company either to fill a casual vacancy or as an addition to the existing Board and/or a member of any Board committee of the Company;

– review and recommend to the Board the appointment or re-appointment/re-election of Directors and succession plan for the 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 the Independent Non-Executive Directors of the Company;

– regularly review and report to the Board the contribution required by a Director to perform his/her responsibilities and whether he/she is spending sufficient time in performing them;

– assess the performance of the Executive Directors of the Company and conduct a regular evaluation of the Board's performance by members of the Nomination Committee, who are the Independent Non-Executive Directors of the Company, and report results of the evaluation to the Board; and to

– review the appointment of the chairman of the board and the chief executive officer of the principal subsidiary of the Group and report result of the review to the Board of the Company for consideration and approval.

The Nomination Committee passed resolutions by way of written resolution during the year 2021. The following is a summary of work performed by the Nomination Committee during the year 2021:

(i) reviewed the Nomination Policy of the Company;

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

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

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

(v) reviewed and recommended to the Board on the changes in the directorship and officership of the Company and the changes in the membership of certain committees of the Company;

(vi) recommended re-election of the retiring directors at the Last AGM;

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

(viii) reviewed the contribution of the Directors of the Company for year 2020;

(ix) evaluated performance of the Board and assessed performance of the Executive Directors of the Company by members of the Nomination Committee, who are the Independent Non-Executive Directors of the Company, in accordance with the terms of reference of the Nomination Committee; and

(x) reviewed and recommended to the Board on the change of composition of the board of directors and certain committees of the principal subsidiary of the Group.

The Board Diversity Policy is summarised as follows:

- the Company ensures that its Board has the appropriate balance of skills, breadth of experience, independence and objectivity, engagement and credibility, rigour and structure and diversity of perspectives of the Board required to support the execution of its strategic focus and specific business needs in order for the Board to be effective;
- selection of candidates will be based on a range of perspectives, including but not limited to gender, age, cultural 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 strategic focus and specific business 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 suitable qualified candidates to become members of the Board, and shall ensure that the selected candidates shall have the breadth of experience, independence and objectivity, engagement and credibility, rigour and structure.

The Nomination Policy is summarised as follows:

- the Board is responsible for the selection and appointment of Directors of the Company and for nomination of the Directors of the Company for election by the shareholders of the Company thereafter at regular intervals by rotation so as to achieve a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's strategic focus and specific business needs. The Nomination Committee is responsible for evaluating and nominating candidates for approval by the Board.
- the Nomination Committee will assess if the potential candidate meets the selection criteria, which shall be based on the Nomination Policy and the Board Diversity Policy appropriate for the Company's strategic focus and specific business needs under the formalised procedure for selection and appointment of the Directors of the Company and key management of the principal subsidiary of the Group. Contribution by the potential candidate shall bring to the Board reflecting the following:
  - structure, size and composition of the current Board;
  - time commitment to the Board;
  - diversity of the Board in all its aspects as set out in the Board Diversity Policy;
  - reputation and integrity;
  - Board succession plan;
  - requirements as provided in the Listing Rules; and
  - other factors that the Board may consider appropriate.
- the Nomination Committee will monitor and review the Nomination Policy periodically to ensure that it remains relevant to the Company's strategic focus and business needs and reflects both current regulatory requirements and good corporate governance.

e. Risk Committee

The Risk Committee was established in 2015 and is currently comprised of Mr. Huang Xiaowen (chairman of the Risk Committee), Mr. Yang Zhijian, Mr. Feng Boming, Mr. Tung Lieh Cheung Andrew, Mr. Yan Jun, Ms. Wang Dan, Mr. Ip Sing Chi, Mr. Chow Philip Yiu Wah, Mr. Ye Jianping Kenny, Mr. Zhang Mingwen, and Mr. Xiao Junguang. Mr. Xiao Junguang acts as the secretary of the Risk Committee (with effect from 20th August 2021).

The primary duties of the Risk Committee include to:

- establish risk appetite, risk management strategy, and a strong and independent internal control and review systems;
- align strategic direction and business objectives of the Group with risk appetite;
- oversight on adequacy of the Group's risk management policies, process and system. In pursuing the Group's strategic direction and business objectives, aims to optimise risk and return;
- identify, assess and manage principal risks to pursue the Group's strategic and business objective;
- provide direction on the importance of risk management and risk management culture;
- formulate, implement and review environmental, social and governance ("ESG") strategy of the Group; and to
- identify, assess and manage ESG-related risks and ensure appropriate and effective ESG risk management systems are in place.

The Risk Committee held two meetings during the year 2021. The following is a summary of work performed by the Risk Committee during the year 2021:

(i) reviewed and recommended to the Board the Group's risk appetite, risk management strategy, risk management policies, process and system in pursuit of the Group's strategic direction and business objectives;

(ii) identified, reviewed, assessed and managed principal risks of the Group to pursue the Group's strategic and business objectives;

(iii) reviewed and reported to the Board the Company's compliance with the SEHK Code in relation to risk management;

(iv) reviewed and reported to the Board the Company's compliance with the Listing Rules in relation to the ESG related compliance; and

(v) reviewed and recommended to the Board the revision of terms of reference of the Risk Committee and certain risk management documents.

f. Compliance Committee

The Compliance Committee was established in 2004 and is currently comprised of Mr. Ye Jianping Kenny (appointed as a member of the Compliance Committee on 20th August 2021), Mr. Zhang Mingwen, Mr. Michael Fitzgerald, Mr. Xiao Junguang (chairman of the Compliance Committee), Ms. Lau Siu Ping Karen and Ms. Lai Yuen Ying Vivian. 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 of the Company 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 of the Group and Directors of the Company;

  (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 passed resolutions by way of written resolution during the year 2021. The following is a summary of work performed by the Compliance Committee during the year 2021:

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

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

(iii) 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, risk management and ESG related compliance;

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

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

(vi) reviewed the Company's compliance with the disclosure requirements in the Sustainability Report;

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

(viii) reviewed and reported to the Board on the notifiable transactions, connected transactions, continuing connected transactions and the significant contracts of the Group; and

(ix) reviewed and recommended to the Board change of members and revision of the terms of reference of the Compliance Committee and the CG Code.

g. Finance Committee

The Finance Committee was established in 1993 and is currently comprised of Dr. Chung Shui Ming Timpson (chairman of the Finance Committee), Mr. Yang Zhijian, Mr. Tung Lieh Cheung Andrew, Mr. Chow Philip Yiu Wah, Ms. Chen Ying and Mr. Zhang Mingwen. Mr. Xiao Junguang acts 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.

h. Share Committee

The Share Committee was established in 1992 and is currently comprised of Mr. Yang Liang Yee Philip (chairman of the Share Committee), Mr. Chow Philip Yiu Wah and Ms. Chen Ying. Mr. Xiao Junguang acts 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 the 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 share registrar (the "Registrar") to issue share certificates to the shareholders of the Company who have reported loss of the share certificates of the Company 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.

i. Inside Information Committee

The Inside Information Committee was established in 2013 and is currently comprised of Mr. Huang Xiaowen (chairman of the Inside Information Committee), Mr. Yang Zhijian, Mr. Feng Boming, Mr. Tung Lieh Cheung Andrew and Mr. Xiao Junguang. Mr. Xiao Junguang acts as secretary of the Inside Information Committee.

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.

j. Strategic Development Committee

The Strategic Development Committee was established on 21st May 2021 and is currently comprised of Mr. Huang Xiaowen (chairman of the Strategic Development Committee), Mr. Yang Zhijian, Dr. Chung Shui Ming Timpson, Mr. Yang Liang Yee Philip and Mr. So Gregory Kam Leung with Mr. Xiao Junguang as the secretary of the Strategic Development Committee (all appointed on 21st May 2021).

The primary duties of the Strategic Development Committee include to:

- review and advise on the mid to long development strategies and business plans of the Group, including overall-strategic positioning and vision plan, operation strategies and investment strategies;

- study and make recommendations on the operation plan and annual budget plan of the Group;

- review and make recommendations on new business development of the Group (including expansion to new markets, launch of new businesses and research and development of new products);

- study and advise on the relevant issues influencing the Group's development;

- review the strategic direction of the Group's business and consider responsibilities of the Company towards the shareholders and the other stakeholders; and to

- monitor and review the implementation, and report and/or make relevant recommendations to executive committee of the Group's principal subsidiary, the Executive Committee and/or the Board of the Company on the above-mentioned matters.

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

The attendance records of each Director and each member of the Board Committees of the Company at the relevant meetings held in year 2021 are as follows:

	Actual Attendance/Number of Meetings a Director is entitled to attend											
	Board	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee	Risk Committee	Compliance Committee	Finance Committee	Share Committee	Inside Information Committee	Strategic Development Committee	General Meetings
No. of meetings held in 2021	4	1	2	1	0	2	0	0	0	0	0	2
Executive Directors												
Mr. Wan Min *(Chairman)* *(Note 1)*	1/1	N/A	–	–	N/A	–	–	–	–	–	–	N/A
Mr. Huang Xiaowen *(Note2)* *(Chief Executive Officer)*	3/4	1/1	–	–	–	2/2	–	–	–	N/A	N/A	2/2
Mr. Yang Zhijian *(Notes 2 & 3)*	4/4	1/1	–	–	–	2/2	N/A	N/A	–	N/A	N/A	2/2
Mr. Feng Boming	3/4	1/1	–	1/1	–	1/2	–	–	–	N/A	–	1/2
Mr. Xu Lirong *(Note 4)*	3/3	0/1	–	–	N/A	–	–	–	–	–	–	2/2
Non-Executive Directors												
Mr. Tung Lieh Cheung Andrew	4/4	–	–	–	–	2/2	–	N/A	–	N/A	–	2/2
Mr. Yan Jun	1/4	–	–	–	N/A	0/2	–	–	–	–	–	0/2
Ms. Wang Dan	4/4	–	–	–	–	2/2	–	–	–	–	–	1/2
Mr. Ip Sing Chi	4/4	–	–	–	–	2/2	–	–	–	–	–	2/2
Ms. Cui Hongqin *(Note 5)*	1/2	–	–	–	–	1/1	–	–	–	–	–	0/1
Independent Non-Executive Directors												
Mr. Chow Philip Yiu Wah	4/4	–	2/2	1/1	N/A	2/2	–	N/A	N/A	–	–	2/2
Dr. Chung Shui Ming Timpson *(Note 2)*	4/4	–	2/2	–	N/A	–	–	N/A	–	–	N/A	2/2
Mr. Yang Liang Yee Philip *(Note 2)*	4/4	–	2/2	1/1	N/A	–	–	–	N/A	–	N/A	2/2
Ms. Chen Ying	4/4	–	2/2	–	–	–	–	N/A	N/A	–	–	2/2
Mr. So Gregory Kam Leung *(Note 2)*	4/4	–	2/2	–	–	–	–	–	–	–	N/A	2/2
Others												
Mr. Ye Jianping Kenny *(Note 6)*	–	–	–	–	–	2/2	N/A	–	–	–	–	–
Mr. Zhang Mingwen	–	–	–	–	–	2/2	N/A	N/A	–	–	–	–
Mr. Xiao Junguang	–	–	–	–	–	2/2	N/A	–	–	N/A	–	–
Mr. Michael Fitzgerald	–	–	–	–	–	–	N/A	–	–	–	–	–
Ms. Lau Siu Ping Karen	–	–	–	–	–	–	N/A	–	–	–	–	–
Ms. Lai Yuen Ying Vivian	–	–	–	–	–	–	N/A	–	–	–	–	–
Mr. Chen Shuai *(Note 7)*	–	–	–	–	–	1/1	–	–	–	–	–	–
Mr. Lam Tuen Pei Pius *(Note 8)*	–	–	–	–	–	–	N/A	–	–	–	–	–
Average attendance rate	88.33%	75%	100%	100%	N/A	88.46%	N/A	N/A	N/A	N/A	N/A	78.57%

Notes:

1. Appointed as Chairman of the Board, an Executive Director, chairman of the Executive Committee and the Nomination Committee of the Company on 6th December 2021.
2. Mr. Huang Xiaowen was appointed as chairman of the Strategic Development Committee of the Company and Mr. Yang Zhijian, Dr. Chung Shui Ming Timpson, Mr. Yang Liang Yee Philip and Mr. So Gregory Kam Leung were appointed as members of the Strategic Development Committee of the Company, all with effect from 21st May 2021.
3. Ceased as a member of the Compliance Committee of the Company on 20th August 2021.
4. Retired as Chairman of the Board and an Executive Director and ceased as chairman of the Executive Committee and the Nomination Committee of the Company on 6th December 2021.
5. Resigned as a Non-Executive Director and a member of the Risk Committee of the Company on 24th May 2021.
6. Appointed as a member of the Compliance Committee of the Company on 20th August 2021.
7. Ceased as a member of the Risk Committee of the Company on 9th August 2021.
8. Ceased as a member of the Compliance Committee of the Company on 9th August 2021.

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 of the Company 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 2021.

11. Share Interests of Directors and Senior Management

a. Directors

Directors' interests in the ordinary shares of the Company are set out on pages 87 and 88 of this annual report.

b. Senior Management *(Note)*

As at 31st December 2021, the number of ordinary shares of the Company held by the senior management of the Group are as follows:

Name	Number of ordinary shares held
Mr. Kenny Ye	–
Ms. Chen Xiang	–
Mr. Zhang Mingwen	–
Mr. Chen Shuai	–
Ms. Yu Tao	–
Mr. Michael Fitzgerald	–
Mr. Teddy Fung	–
Mr. Xiao Junguang	–
Ms. Wu Yu	–
Mr. Michael Xu	–

Note: Biographical details of the senior management as at 31st December 2021 are set out on pages 51 to 53 of this annual report.

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 2021 are set out on pages 145 and 146 of this annual report.

b. Emoluments of Senior Management

The emoluments of the senior management of the Group for the year ended 31st December 2021 are set out below:

Emolument bands (US$)	Number of individuals 2021
64,103 ~ 128,202 (HK$500,001 ~ HK$1,000,001)	1
512,801 ~ 576,900 (HK$4,000,001 ~ HK$4,500,000)	3
705,101 ~ 769,200 (HK$5,500,001 ~ HK$6,000,000)	2
833,301 ~ 897,400 (HK$6,500,001 ~ HK$7,000,000)	1
961,501 ~ 1,025,600 (HK$7,500,001 ~ HK$8,000,000)	1
1,282,001 ~ 1,346,100 (HK$10,000,001 ~ HK$10,500,000)	1
1,538,401 ~ 1,602,500 (HK$12,000,001 ~ HK$12,500,000)	1
1,666,601 ~ 1,730,700 (HK$13,000,001 ~ HK$13,500,000)	1
2,564,101 ~ 2,628,200 (HK$20,000,001 ~ HK$20,500,000)	1
Total	12 *(Note)*

Note: Inclusive of one senior management who ceased as senior management during the year 2021.

B. ACCOUNTABILITY AND AUDIT

1. External Auditor

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

The Company has established a policy on the appointment of external auditor in providing non-audit services to the Group, 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 auditor to the Company for the year ended 31st December 2021 is set out on page 148 note 11 to the consolidated financial statements of this annual report.

2. Directors' and Auditor's Acknowledgement

All Directors of the Company have acknowledged their responsibilities for preparing the consolidated financial statements for the year ended 31st December 2021.

PricewaterhouseCoopers, the external auditor of the Company, has acknowledged the reporting responsibilities in the auditor's report on the consolidated financial statements for the year ended 31st December 2021.

3. Internal Controls

The Board is responsible for establishing and maintaining appropriate 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 subsidiary of the Group 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 subsidiary with defined authority responsibilities and control/ measures;

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

– a comprehensive management accounting system for the principal subsidiary 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 subsidiary. Exposure to these risks is monitored by the Executive Committee of the Company and the board of directors, the executive committee and the management of the principal subsidiary;

– 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 subsidiary 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 Department reports functionally to the Audit Committee whose chairman is an Independent Non-Executive Director of the Company 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 subsidiary. 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 subsidiary. The management of the Company and the principal subsidiary 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 half-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 2021 Internal Audit report, the Group's internal control system was functioning effectively, there was no significant weakness found in the course of the audits carried out during the year 2021, and there was 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 the shareholders of the Company. 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 2021.

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

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.

4. Risk Management

The Board acknowledges that risks are inherent in our business and the market in which we operate, and we undertake and monitor risks in pursuit of our strategic and business objectives. Our approach is if risks are effectively managed, it can be a value driver for competitive advantage and the exercising of risk management abilities can become an advantage to differentiate the Group from its competitors.

The Group has built and maintained sound and effective risk management and internal control systems to safeguard the Group's assets, 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 Group's strategic business objectives. In the context of the Group's capital structure and business models, it would re-assess the risk appetite on a regular basis, taking into consideration the Group's business strategy and return targets. The risk strategy of the Group, adopting a proactive approach, would be determined upon analysis results for a specific risk through the risk management process; and once risk is identified based on the risk strategy, it will be managed so that it can be understood, minimised, transferred or contained, through a group-wide risk management framework.

The Risk Committee delegates to the management, the design and setting of risk management parameters, who would work with relevant stakeholders of its business and operation units to identify key risk areas to be assessed and risk control measures formulated to mitigate and guide each local and regional office. The key risk management areas would be regularly reviewed to identify areas for improvement, from which where necessary, the development of policies and procedures for the Group to manage and control risks that might have an impact on the Group and the principal subsidiary including potential risks in critical business areas that are both strategic and operational levels, to ensure business continuity, to optimise business result, and to ensure compliance with the relevant rules and regulations.

The Risk Committee reviews the adequacy and effectiveness of the risk management and internal control systems and internal audits are conducted as part of ongoing review on the effectiveness of the risk management and internal control systems. Emerging risks that may have an impact on the Group are also discussed in the Risk Committee meetings and shared with the Audit Committee.

The Group's risk management organisation structure has a "top-down" approach on oversight, risk identification and assessment, and mitigation of risk at corporate level; and a "bottom-up" approach on risk identification and assessment, and mitigation of risk at business unit level and cross functional areas for its risk management.

Based on the Group risk management principles and culture in taking justifiable calculated risk in business decision after identifying the inherent risks, exploring possible mitigation and assessing all relevant costs and benefits as a result of the decision; and promoting a risk-intelligent culture in the organisation, in which a risk-averse, risk-seeking or risk-neutral attitude might be adopted as and when the circumstances justified; risk management policy is set up to ensure common understanding of risk principles and encouraging a risk intelligent culture on a group-wide level. Our policies and guidelines are periodically reviewed and amended when considered necessary in line with the dynamic changes in our business environment and operations.

The Group has (i) a formalised enterprise risk management ("ERM") process, taking into consideration of the Group's organisation structure and nature of business; and (ii) developed a risk register with a principal risk dashboard that summarises major risks whose potential consequences are significant at group level and may trigger risk events that in aggregate, become significant to the Group as at a given time, and a functional risk dashboard. This provides a point-in-time assessment of the risk profile of the Group for the Risk Committee and the Board on the nature and extent of the risks faced by the Group.

The Group has adopted an activity-based "three lines of defence" risk governance model to delegate and coordinate essential risk management and control duties in a clear and cohesive manner:

a) First line of defence – Functional units establish risk and control environments in the Group's day-to-day business operations, and as risk owners, are responsible for risk identification, formulation of risk mitigation strategy and upward reporting of risk monitoring progress;

b) Second line of defence – The Legal and Risk Management Department monitors the risk management system and internal control systems to ensure its effectiveness and facilitates the development and setting of policies and guidelines and its effective implementation of the risk management and internal control systems. It also provides advice and guidance to the first-line functional units on implementation of the risk management and internal control systems; and

c) Third line of defence – The Internal Audit Department provides independent review on the effectiveness of the risk management and internal control systems.

The Group's ERM process is underpinned by its risk culture, which is aligned to the overall ethics and culture of the Group. The ERM process consists of eight process components: internal environment, objective setting, risk identification, risk assessment, risk response, control activities, communication and monitoring; and is used to identify, evaluate and manage the significant risks to the Group. The functional units translate the risk events and incorporate the Group risk appetite into quantitative tolerance limits to monitor and manage the identified material risks in line with the Board's strategy; before communicating their recommended mitigation plans to the Legal and Risk Management Department. The Group risk register allows categorisation and prioritisation of risks, risk documentation and reporting, and the monitoring of the ongoing development of risks.

For the year ended 31st December 2021, following management confirmation to the Risk Committee on its scope and quality of its ongoing risks monitoring and internal control systems; and satisfaction on the effectiveness of the risk management and internal control systems with no significant control failings or weaknesses and no significant areas of concern identified which might affect the shareholders of the Company, the Risk Committee has reported twice to the Board on their review and confirmation of its satisfaction on the adequacy and effectiveness of the risk management and internal control systems, including the scope and quality of the Group's ongoing monitoring of risks.

The Board confirmed that the Group's risk management and internal control systems are functioning adequately and effectively. The Board is satisfied that the Company and the Group have fully complied with the code provisions on risk management as set forth in the SEHK Code for the year ended 31st December 2021.

C. COMMUNICATION WITH SHAREHOLDERS

The Company attaches great importance to communications with the shareholders of the Company. Extensive information on the Group's activities, business strategy and developments is provided in the Company's annual reports and interim reports. Shareholders of the Company are encouraged to attend the general meetings of the Company which offer a valuable forum for dialogue and interaction with management of the Company. 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, other members of the relevant committees, are available at the annual general meetings to answer questions from shareholders on the business of the Group. A separate resolution would be proposed by the chairman of the general meetings in respect of each agenda item 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.

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 posted on the Company's website at https://www.ooilgroup.com in place of receiving printed copies, and to receive an email 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 HM 11, Bermuda and to the Company's principal office at 31st Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, China, for the attention of the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must state the purpose 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 Registrar that the shareholder(s) submitting the requisition is/are qualified to attend and vote at a general meeting, the Company will convene a special general meeting by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders of the Company.

2. Putting forward proposals at general meetings

The shareholder(s) of the Company holding 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 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 HM 11, Bermuda and to the Company's principal office at 31st Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, China, for the attention of the Company Secretary of the Company, not less than six weeks before the 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 general meeting; or

(ii) circulate the statement for the general meeting,

provided that the shareholder(s) concerned has 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 31st Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, China.

4. Dividends

Shareholders of the same class of shares shall have equal rights to dividends and distributions. In 2018, the Company formally adopted a dividend policy (the "Dividend Policy") (as revised in March 2021) that balances the objectives of appropriately rewarding the shareholders for their investment and retaining reserves for long-term development and future expansion of the Company, and enhances transparency facilitating shareholders and investors to make informed investment decisions.

The Dividend Policy has a target annual dividend payout of 40% of the consolidated net profit attributed to the shareholders of the Company in the financial years of 2021, 2022 and 2023, and the Company's annual dividend payment shall not be less than US$400 million in the aforesaid financial years, whether as interim and/or final dividends, subject to, inter alia, the financial performance, liquidity position, future plans and working capital requirements of the Company and the prevailing economic, financial, business and regulatory circumstances. The Company may also declare special dividends from time to time in addition to the semi-annual dividends.

The declaration of dividends is subject to the sole discretion of the Board. There can be no assurance that dividends will be paid in any particular amount of any given period. The Dividend Policy shall not constitute a legally binding document in respect of future dividend declaration of the Company and/or in no way oblige the Company to declare a dividend at any time or from time to time. The distribution and payment of dividends of the Company will be subject to compliance with the Company's Bye-laws and applicable laws and regulations.

Details of the dividend paid by the Company during the year 2021 are set out on page 150 of this annual report.

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. Shareholding Information

As at 31st December 2021:

- 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$66,037,329.7 comprising 660,373,297 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 2021 are as follows:

Type of shareholders	Number of shareholders	Shareholders % of total	Number of shares
Corporate	15	2.9014%	659,426,420
Individual	502	97.0986%	946,877
Total	517	100%	660,373,297

– Details of the shareholding of the ordinary shares of the Company by range as at 31st December 2021 are as follows:

Size of shareholdings	Number of shareholders	Shareholders % of total
1 – 10,000	501	96.9052%
10,001 – 100,000	13	2.5145%
100,001 – 1,000,000	1	0.1934%
1,000,001 or above	2	0.3869%
Total	517	100%

2. Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company maintained at least 25% of public float as at 31st December 2021.

3. Financial Calendar

Important dates for the financial year 2022 are set out on page 54 of this annual report.

4. Memorandum of Association and Bye-Laws

There were no changes to the memorandum of association and bye-laws of the Company during the year 2021, and the consolidated version is available on the websites of the Company and the Stock Exchange.

The Board of Directors of the Company (the "Board") presents this report together with the audited consolidated financial statements for the year ended 31st December 2021.

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 184 to 195 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 108 of this annual report.

DIVIDENDS

An interim dividend of US$1.76 (HK$13.728 at the exchange rate of US$1: HK$7.8) per ordinary share and a special dividend of US$2.65 (HK$20.670 at the exchange rate of US$1: HK$7.8) per ordinary share were paid on 8th October 2021.

The Board has recommended the payment of a final dividend of US$2.61 (HK$20.358 at the exchange rate of US$1: HK$7.8) per ordinary share and a special dividend of US$0.69 (HK$5.382 at the exchange rate of US$1: HK$7.8) per ordinary share for the year ended 31st December 2021 to be paid on 28th June 2022 to the shareholders of the Company whose names appear on the register of members of the Company on 31st May 2022. 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 at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 20th June 2022.

BUSINESS REVIEW

A review of the business of the Group and an analysis of the Group's performance during the year are provided in Chairman's Statement on pages 8 to 11, Operations Review on pages 12 to 19 and Financial Review sections on pages 28 to 43 of this annual report. Description of the principal risks and uncertainties that the Group is facing can be found in Chairman's Statement on pages 8 to 11 and Operations Review on pages 12 to 19. Also, the financial risk management objectives and policies of the Group can be found in note 3 to the consolidated financial statements. The Group's future business development is provided in Chairman's Statement on pages 8 to 11 and Operations Review on pages 12 to 19 of this annual report. In addition, discussions on the Group's environmental policies and performance and compliance with the relevant laws and regulations and an account of the Group's key relationships with its employees, customers and suppliers and stakeholders, that have a significant impact on the Group are contained in the Corporate Responsibility section on pages 20 to 27 of this annual report and in the Company's 2021 Sustainability Report to be published in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS

The Directors of the Company during the year 2021 and up to the date of this report were:

Executive Directors

Mr. Wan Min *(Chairman)* *(Note 1)*
Mr. Huang Xiaowen *(Chief Executive Officer)*
Mr. Yang Zhijian
Mr. Feng Boming
Mr. Xu Lirong *(Note 2)*

Non-Executive Directors

Mr. Tung Lieh Cheung Andrew
Mr. Yan Jun
Ms. Wang Dan
Mr. Ip Sing Chi
Ms. Cui Hongqin *(Note 3)*

Independent Non-Executive Directors

Mr. Chow Philip Yiu Wah
Dr. Chung Shui Ming Timpson
Mr. Yang Liang Yee Philip
Ms. Chen Ying
Mr. So Gregory Kam Leung

Notes:

1. appointed as an Executive Director of the Company and the Chairman of the Board with effect from 6th December 2021.
2. retired as an Executive Director of the Company and the Chairman of the Board with effect from 6th December 2021.
3. resigned as a Non-Executive Director of the Company with effect from 24th May 2021.

In accordance with bye-law 86(2) of the Bye-laws of the Company (the "Bye-laws"), Mr. Wan Min, appointed as an Executive Director of the Company on 6th December 2021, will hold office until the next following annual general meeting of the Company to be held on 20th May 2022 (the "Annual General Meeting") and, being eligible, will offer himself for re-election at the Annual General Meeting.

In addition, in accordance with bye-laws 87(2) and 87(3) of the Bye-laws, Mr. Yang Zhijian, Mr. Feng Boming, Mr. Ip Sing Chi, Dr. Chung Shui Ming Timpson and Mr. So Gregory Kam Leung, will retire by rotation and, being eligible, will offer themselves for re-election at the Annual General Meeting.

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 of the Company, confirmation of his/her independence pursuant to rule 3.13 of the Listing Rules and considers all of them 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 2021.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

1. Significant Contracts

No transactions, contracts or arrangements of significance (other than contracts amongst Group companies) 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 2021.

2. Shares

As at 31st December 2021, the issued share capital of the Company consisted of 660,373,297 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 as at 31st December 2021:

(a) Interests and short positions in the Shares, the underlying Shares and the debentures of the Company:

Nil.

(b) Interests and long positions in the shares of the associated corporations of the Company:

Name of associated corporation	Name of Director	Capacity	Number of ordinary shares held as personal interest	Total number of shares interested	Approximate percentage of total issued share capital of relevant class of associated corporation
COSCO SHIPPING Holdings Co., Ltd.	Yang Zhijian	Beneficial owner	130,000 (H Shares)	130,000 (H Shares)	0.00387% *(Note 1)*
	Feng Boming	Interest of spouse	–	10,000 (A Shares)	0.00007% *(Note 1)*
COSCO SHIPPING Development Co., Ltd.	Wan Min	Beneficial owner	200,000 (H Shares)	200,000 (H Shares)	0.00544% *(Note 2)*
		Interest of spouse	–	2,000 (A Shares)	0.00002% *(Note 2)*
	Yang Zhijian	Beneficial owner	400,000 (H Shares)	400,000 (H Shares)	0.01088% *(Note 2)*
	Feng Boming	Beneficial owner	22,100 (A Shares)	22,100 (A Shares)	0.00022% *(Note 2)*
COSCO SHIPPING Ports Limited	Wan Min	Beneficial owner	302,912	302,912	0.00913% *(Note 3)*
	Feng Boming	Beneficial owner	32,379	32,379	0.00097% *(Note 3)*
COSCO SHIPPING Energy Transportation Co., Ltd.	Wan Min	Interest of spouse	–	16,000 (A Shares)	0.00046% *(Note 4)*

(c) Interests and long positions in the underlying shares and the debentures of the associated corporation of the Company:

Name of associated corporation	Name of Director	Capacity	Date of grant	Exercise price per A share	Number of outstanding share options granted *(Note 5)*	Total number of shares interested	Approximate percentage of total issued share capital of relevant class of shares of associated corporation *(Note 1)*
COSCO SHIPPING Holdings Co., Ltd. (A Shares)	Yang Zhijian	Beneficial owner	29th May 2020	RMB2.69	1,216,800	1,216,800	0.00961%
	Feng Boming	Beneficial owner	29th May 2020	RMB2.69	1,216,800	1,678,430	0.01325%
		Interest of spouse	3rd June 2019	RMB3.15	461,630		
	Tung Lieh Cheung Andrew	Beneficial owner	3rd June 2019	RMB3.15	815,256	815,256	0.00643%

Notes:

(1) The shareholding percentage in COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings") was calculated on the basis of 3,354,780,000 H shares of COSCO SHIPPING Holdings in issue and 12,659,345,710 A shares of COSCO SHIPPING Holdings in issue as at 31st December 2021 (as the case may be).

(2) The shareholding percentage in COSCO SHIPPING Development Co., Ltd. ("COSCO SHIPPING Development") was calculated on the basis of 3,676,000,000 H shares of COSCO SHIPPING Development in issue and 9,910,477,301 A shares of COSCO SHIPPING Development in issue as at 31st December 2021 (as the case may be).

(3) The shareholding percentage in COSCO SHIPPING Ports Limited ("COSCO SHIPPING Ports") was calculated on the basis of 3,315,296,374 shares of COSCO SHIPPING Ports in issue as at 31st December 2021.

(4) The shareholding percentage in COSCO SHIPPING Energy Transportation Co., Ltd. ("COSCO SHIPPING Energy") was calculated on the basis of 3,466,691,885 A shares of COSCO SHIPPING Energy in issue as at 31st December 2021.

(5) According to the terms of the Share Option Incentive Scheme of COSCO SHIPPING Holdings (the "Scheme") and its amendments approved on 18th May 2020, the Scheme is valid for 10 years from 30th May 2019 and the share options shall be vested 24 months after the date of grant (the "Vesting Period"). Subject to the fulfilment of the relevant conditions of exercise, these share options shall be exercisable in three batches after the expiry of the Vesting Period, i.e. (a) the exercise period of 33% of the share options will commence on the first trading day after expiration of the 24-month period from the date of grant and ending on the last trading day of the 36-month period from the date of grant; (b) the exercise period of 33% of the share options will commence on the first trading day after expiration of the 36-month period from the date of grant and ending on the last trading day of the 48-month period from the date of grant; and (c) the exercise period of 34% of the share options will commence on the first trading day after expiration of the 48-month period from the date of grant and ending on the last trading day of the 84-month period from the date of grant. Details of the Scheme are set out in the announcements dated 3rd June 2019 and 30th March 2020 of COSCO SHIPPING Holdings (A shares). No consideration was paid by the grantees for acceptance of the share options.

Save as disclosed above, as at 31st December 2021, 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.

3. Directors' Interests in Competing Business

China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"), an indirect controlling shareholder of the Company, its subsidiaries or its associates are engaged in the same business of container shipping, management and operation of container terminals and/or logistic services (the "Competing Companies") as the Group. During the year 2021, Mr. Wan Min (appointed on 6th December 2021), Mr. Huang Xiaowen, Mr. Yang Zhijian and Mr. Feng Boming, the Executive Directors of the Company, and Mr. Xu Lirong, the then Executive Director of the Company, were holding directorships and/or senior management positions in COSCO SHIPPING, its subsidiaries or its associates; Mr. Tung Lieh Cheung Andrew, a Non-Executive Director of the Company, had interests in the shares and underlying shares of COSCO SHIPPING Holdings; Mr. Ip Sing Chi, a Non-Executive Director of the Company, was a non-executive director of COSCO SHIPPING Development; Dr. Chung Shui Ming Timpson, an Independent Non-Executive Director of the Company, was an external director of COSCO SHIPPING; Mr. Yang Liang Yee Philip, an Independent Non-Executive Director of the Company, was an independent non-executive director of COSCO SHIPPING Ports; and Ms. Chen Ying, an Independent Non-Executive Director of the Company, was an external director of COSCO SHIPPING Lines Co., Ltd. and COSCO SHIPPING (Guangzhou) Co., Ltd. (appointed in June 2021).

As the Board of the Company is independent of the board of directors of the Competing Companies, the Directors of the Company are of the view that the Group is capable of carrying on its business independently of, and at arm's length from the businesses of the Competing Companies.

Save as disclosed above, so far as the Directors of the Company were aware, none of the Directors of the Company or their respective close associates (as defined in the Listing Rules) had any interest in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group during the year 2021.

MANAGEMENT CONTRACTS

No contracts concerning the management and the administration of the whole or any substantial part of the business of the Company were entered into during the year or subsisted at the end of the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31st December 2021, 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
Faulkner Global Holdings Limited	Beneficial owner	469,344,972	71.07%
COSCO SHIPPING Holdings (Hong Kong) Limited	Interest of controlled corporation	469,344,972 *(Note 1)*	71.07%
COSCO SHIPPING Holdings Co., Ltd.	Interest of controlled corporation	469,344,972 *(Note 2)*	71.07%
China Ocean Shipping Company Limited	Interest of controlled corporation	469,344,972 *(Note 3)*	71.07%
China COSCO SHIPPING Corporation Limited	Interest of controlled corporation	469,344,972 *(Notes 3 & 4)*	71.07%
Shanghai Port Group (BVI) Development Co., Limited	Beneficial owner	59,880,536	9.06%
Shanghai International Port Group (HK) Co., Ltd.	Interest of controlled corporation	59,880,536 *(Note 5)*	9.06%
Shanghai International Port (Group) Co., Ltd.	Interest of controlled corporation	59,880,536 *(Note 6)*	9.06%

Notes:

1. COSCO SHIPPING Holdings (Hong Kong) Limited ("COSCO SHIPPING HK") held 100% of the shares of Faulkner Global Holdings Limited ("Faulkner") and, accordingly, had an indirect interest in the same Shares in which Faulkner had an interest.

2. COSCO SHIPPING Holdings held 100% of the shares of COSCO SHIPPING HK and, accordingly, had an indirect interest in the same Shares in which COSCO SHIPPING HK had an interest.

3. China Ocean Shipping Company Limited ("China Ocean Shipping") held 37.00% of the shares of COSCO SHIPPING Holdings and, accordingly, had an indirect interest in the same Shares in which COSCO SHIPPING Holdings had an interest. COSCO SHIPPING held 46.74% of the shares of COSCO SHIPPING Holdings by itself and its subsidiaries. Both China Ocean Shipping and COSCO SHIPPING are state-owned enterprises established in the People's Republic of China.

4. COSCO SHIPPING held 100% of the shares of China Ocean Shipping and, accordingly, had an indirect interest in the same Shares in which China Ocean Shipping had an interest.

5. Shanghai International Port Group (HK) Co., Ltd. ("SIPG HK") held 100% of the shares of Shanghai Port Group (BVI) Development Co., Limited ("SIPG BVI") and, accordingly, had an indirect interest in the same Shares in which SIPG BVI had an interest.

6. Shanghai International Port (Group) Co., Ltd. held 100% of the shares of SIPG HK and, accordingly, had an indirect interest in the same Shares in which SIPG HK had an interest.

Save as disclosed herein, as at 31st December 2021, the Company had 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

Pursuant to Chapter 14A of the Listing Rules, details of the Company's continuing connected transactions and connected transactions during the year 2021 are as follows:

1. Continuing Connected Transactions

COSCO SHIPPING indirectly controls more than 50% of the issued share capital of the Company. Accordingly, COSCO SHIPPING and its subsidiaries and associates as defined under the Listing Rules (collectively the "COSCO SHIPPING Group") are connected persons of the Company. Transactions contemplated under each of the following master agreements constitute continuing connected transactions (the "Continuing Connected Transactions") of the Company.

a) Business Master Agreement

Pursuant to a master agreement dated 30th October 2019 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and COSCO SHIPPING (for itself and on behalf of its subsidiaries and associates), both parties agreed to provide and to procure members of its group to provide to each other services related to containerized liner, logistics, information technology and other contractual arrangements (the "Business Master Agreement"). The Business Master Agreement is for a term of three years from 1st January 2020 to 31st December 2022, and is subject to renewal for successive periods of three years.

The following table is a summary of the transaction amount and the annual cap for the financial year ended 31st December 2021 for each type of the transactions contemplated under the Business Master Agreement.

Types of services under the Business Master Agreement	Transaction amounts for year 2021 (US$'000)	Annual caps for year 2021 (US$'000)
Provision of services by COSCO SHIPPING Group to the Group		
(A) Liner services		
(i) network services	211,063	297,000
(ii) operation services	97,840	196,000 *(Note)*
(iii) vessel operating common carrier services	–	2,400
(iv) other services, including information technology services	–	15,000
(B) Logistics services, including non-vessel operating common carrier services, international supply chain services, and domestic logistics services	93,749	178,000 *(Note)*
(C) Other contractual arrangements, including office leases and insurance service	6,464	20,000
(D) Other services, including use of common facilities, ad-hoc use of business facilities and crew manning service/manning agency service	2,233	12,000
Provision of services by the Group to COSCO SHIPPING Group		
(A) Liner services		
(i) network services	6,331	106,000
(ii) operation services	2,387	6,000
(iii) vessel operating common carrier services	393,795	401,000 *(Note)*
(iv) other services, including information technology services	41,516	75,000
(B) Logistics services, including non-vessel operating common carrier services, international supply chain services, and domestic logistics services	7,877	30,000 *(Note)*
(C) Other contractual arrangements, including office leases and insurance service	–	6,000
(D) Other services, including use of common facilities, ad-hoc use of business facilities and crew manning service/manning agency service	–	6,000

Note: During the year 2021, the annual caps for the following transactions contemplated under the Business Master Agreement for the two years ending 31st December 2022 were revised as follows and disclosed in the announcement of the Company dated 21st May 2021 (the "Announcement"):

A. Provision of below services by COSCO SHIPPING Group to the Group:

– *Liner services – Operation services*

	Original annual caps	Revised annual caps
2021:	US$120,000,000	US$196,000,000
2022:	US$120,000,000	US$196,000,000

– *Logistics services*

	Original annual caps	Revised annual caps
2021:	US$34,000,000	US$178,000,000
2022:	US$44,000,000	US$232,000,000

B. Provision of below services by the Group to COSCO SHIPPING Group:

– *Liner services – Vessel operating common carrier services*

	Original annual caps	Revised annual caps
2021:	US$120,000,000	US$401,000,000
2022:	US$120,000,000	US$405,000,000

– *Logistics services*

	Original annual caps	Revised annual caps
2021:	US$11,000,000	US$30,000,000
2022:	US$12,000,000	US$39,000,000

b) Bunker Master Agreement

Pursuant to a master agreement dated 30th October 2019 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and COSCO SHIPPING (for itself and on behalf of its subsidiaries and associates), COSCO SHIPPING Group agreed to sell and to procure members of its group to sell bunker, fuel and oil to the Group (the "Bunker Master Agreement"). The Bunker Master Agreement is for a term of three years from 1st January 2020 to 31st December 2022, and is subject to renewal for successive periods of three years.

The following table is a summary of the transaction amount and the annual cap for the year ended 31st December 2021 for the transactions contemplated under the Bunker Master Agreement.

	Transaction amount for year 2021 (US$'000)	Annual cap for year 2021 (US$'000)
Purchase of bunker, fuel and oil by the Group from COSCO SHIPPING Group	175,158	370,000

c) Terminal Master Agreement

Pursuant to a master agreement dated 30th October 2019 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and COSCO SHIPPING (for itself and on behalf of its subsidiaries and associates), both parties agreed to provide and to procure members of its group to provide to each other terminal services and related services (the "Terminal Master Agreement"). The Terminal Master Agreement is for a term of three years from 1st January 2020 to 31st December 2022, and is subject to renewal for successive periods of three years.

The following table is a summary of the transaction amount and the annual cap for the year ended 31st December 2021 for each type of the transactions contemplated under the Terminal Master Agreement.

	Transaction amounts for year 2021 (US$'000)	Annual caps for year 2021 (US$'000)
Provision of services by COSCO SHIPPING Group to the Group	151,341	366,000 *(Note)*
Provision of services by the Group to COSCO SHIPPING Group	5,722	25,000

Note: During the year 2021, the annual caps for the provision of services by COSCO SHIPPING GROUP to the Group under the Terminal Master Agreement for the two years ending 31st December 2022 were revised as follows and disclosed in the Announcement:

	Original annual caps	Revised annual caps
2021:	US$158,000,000	US$366,000,000
2022:	US$160,000,000	US$390,000,000

d) Equipment Procurement Master Agreement

Pursuant to a master agreement dated 30th October 2019 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and COSCO SHIPPING (for itself and on behalf of its subsidiaries and associates), both parties agreed to provide and to procure members of its group to provide to each other services relating to equipment procurement including container acquisition and pooling (the "Equipment Procurement Master Agreement"). The Equipment Procurement Master Agreement is for a term of three years from 1st January 2020 to 31st December 2022, and is subject to renewal for successive periods of three years.

The following table is a summary of the transaction amount and the annual cap for the year ended 31st December 2021 for each type of the transactions contemplated under the Equipment Procurement Master Agreement.

	Transaction amounts for year 2021 (US$'000)	Annual caps for year 2021 (US$'000)
Provision of services by COSCO SHIPPING Group to the Group	152,399	580,000
Provision of services by the Group to COSCO SHIPPING Group	13,124	65,000

e) Vessel Services Master Agreement

Pursuant to a master agreement dated 30th October 2019 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and COSCO SHIPPING (for itself and on behalf of its subsidiaries and associates), both parties agreed to provide and to procure members of its group to provide to each other vessel services, including vessel chartering, vessel supervision, and other vessel-related services (the "Vessel Services Master Agreement"). The Vessel Services Master Agreement is for a term of three years from 1st January 2020 to 31st December 2022 and is subject to renewal for successive periods of three years.

The following table is a summary of the transaction amount and the annual cap for the year ended 31st December 2021 for each type of the transactions contemplated under the Vessel Services Master Agreement.

	Transaction amounts for year 2021 (US$'000)	Annual caps for year 2021 (US$'000)
Provision of services by COSCO SHIPPING Group to the Group	106,336	230,000
Provision of services by the Group to COSCO SHIPPING Group	53,427	103,000

f) Financial Services Master Agreement

Pursuant to a master agreement dated 30th October 2019 entered into between the Company (for itself and on behalf of its subsidiaries and associates) and COSCO SHIPPING (for itself and on behalf of its subsidiaries and associates), COSCO SHIPPING Group agreed to provide and to procure members of its group to provide deposit service, loan service and other financial services to the Group (the "Financial Services Master Agreement"). The Financial Services Master Agreement is for a term of three years from 1st January 2020 to 31st December 2022 and is subject to renewal for successive periods of three years.

The following table is a summary of the transaction amount and the annual cap for the year ended 31st December 2021 for each type of the transactions contemplated under the Financial Services Master Agreement.

	Highest daily outstanding balance* for year 2021 (US$'000)	Maximum daily outstanding balance* for year 2021 (US$'000)
Provision of deposit service by COSCO SHIPPING Group to the Group	240,296	345,000 *(Note)*

	Highest daily outstanding balance* for year 2021 (US$'000)	Maximum daily outstanding balance* for year 2021 (US$'000)
Provision of loan service by COSCO SHIPPING Group to the Group	–	195,000 *(Note)*

	Transaction amount for year 2021 (US$'000)	Annual cap for year 2021 (US$'000)
Provision of other financial services# by COSCO SHIPPING Group to the Group	61	6,000 *(Note)*

Note: During the year 2021,the annual caps for the provision of the following services by COSCO SHIPPING Group to the Group under the Financial Services Master Agreement for the two years ending 31st December 2022 were revised as follows and disclosed in the Announcement:

A. Deposit service:

	Original maximum daily outstanding balance*	Revised maximum daily outstanding balance*
2021:	US$200,000,000	US$345,000,000
2022:	US$200,000,000	US$385,000,000

B. Loan service:

	Original maximum daily outstanding balance*	Revised maximum daily outstanding balance*
2021:	US$100,000,000	US$195,000,000
2022:	US$100,000,000	US$250,000,000

C. Other financial services#:

	Original annual caps	Revised annual caps
2021:	US$1,000,000	US$6,000,000
2022:	US$1,000,000	US$6,000,000

* The daily outstanding balance of deposits and/or loans includes accrued interest and handling fee.

\# Other financial services include (but not limited to) clearing services and foreign exchange services.

Pursuant to rule 14A.55 of the Listing Rules, the Independent Non-Executive Directors of the Company, namely Mr. Chow Philip Yiu Wah, Dr. Chung Shui Ming Timpson, Mr. Yang Liang Yee Philip, Ms. Chen Ying and Mr. So Gregory Kam Leung, had 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 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "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 their 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. A copy of aforesaid auditor's letter has been provided by the Company to the Stock Exchange.

2. Connected Transactions

During the year 2021, the indirect wholly-owned subsidiaries of the Company entered into the following agreements:

Shipbuilding contracts for 10 vessels

On 2nd September 2021, 10 indirect wholly-owned subsidiaries of the Company respectively entered into the shipbuilding contracts on substantially the same terms with Nantong COSCO KHI Ship Engineering Co., Ltd. ("Nantong") or Dalian COSCO KHI Ship Engineering Co., Ltd. ("Dalian") for the construction of a total of 10 vessels for an aggregate consideration of US$1,575.80 million.

Details of this discloseable and connected transaction in relation to the construction of 10 vessels are set out in the announcement and the circular of the Company dated 2nd September 2021 and 24th September 2021, respectively.

As at 2nd September 2021 and 24th September 2021, Nantong was an associate of COSCO SHIPPING which indirectly held 50% equity interest in Nantong. Dalian was an indirect subsidiary of COSCO SHIPPING, and COSCO SHIPPING (through its wholly-owned subsidiaries) and Nantong directly held 36% and 30% equity interest in Dalian respectively. Accordingly, both Nantong and Dalian are connected persons of the Company under Chapter 14A of the Listing Rules and therefore the transactions contemplated under 10 shipbuilding contracts constituted connected transactions of the Company.

During the year 2021, the Group conducted certain related party transactions, as disclosed in note 42 to the consolidated financial statements on pages 180 and 181 of this annual report. Some of these transactions also constituted connected transactions of the Group (exempted or non-exempted) and in respect of which the Company has complied with the relevant applicable requirements under Chapter 14A of the Listing Rules.

PERMITTED INDEMNITY

Pursuant to the Bye-laws of the Company and subject to the provisions of the statutes, every Director of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duty; provided that the indemnity shall not extend to any matter in respect of any wilful negligence, wilful default, fraud or dishonesty which may attach to any of the Directors of the Company.

Since 1992, the Company has arranged insurance cover for the directors' and officers' liabilities including cover for the Directors of the Company, and the directors, the officers and senior management of the Group arising out of the corporate activities of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed 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.

SHARE CAPITAL

Details of the shares of the Company issued during the year 2021 are set out in note 33 to the consolidated financial statements on page 169 of this annual report.

TOP-UP PLACINGS OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Company entered into two placing and subscription agreements with Faulkner and J.P. Morgan Securities (Asia Pacific) Limited on 22nd January 2021 and 9th September 2021 respectively, pursuant to which Faulkner conditionally agreed to subscribe for the numbers of new shares of the Company (the "Subscription Shares") at the prices set out in below table (the "Subscriptions"). The Subscription Shares were allotted and issued pursuant to the general mandates granted to the Directors of the Company by resolutions of the shareholders passed at the annual general meetings of the Company held on 15th May 2020 and 21st May 2021 respectively (the "General Mandates"). Accordingly, the allotments and issuance of the Subscription Shares were not subject to the approval of the shareholders of the Company.

Date of agreement	Number of Subscription Shares	Subscription price per share	Number of shares authorised to be allotted and issued under General Mandates	Completion date of the Subscription	Net proceeds*
22nd January 2021	11,400,000	HK$81.80	125,158,659	29th January 2021	HK$923.73 million
9th September 2021	23,180,000	HK$151.00	127,438,659	17th September 2021	HK$3,477.66 million

* Net of expenses relating to the top-up placings

Details of top-up placings are set out in the announcements of the Company dated 22nd January 2021, 29th January 2021, 10th September 2021 and 17th September 2021.

RESERVES

Movements during the year 2021 in the reserves of the Group and the Company are set out in note 34 and note 43 to the consolidated financial statements on pages 170 and 182 to 183 of this annual report

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Top-Up Placings of Existing Shares and Subscription of New Shares under General Mandate", the Company had not entered into any equity-linked agreement for the year ended 31st December 2021.

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 (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 Group 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 57 to 84 of this annual report.

Throughout the year of 2021, the Company complied with the SEHK Code, except as set out in the Corporate Governance Report.

PUBLIC FLOAT

Based on the 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 was sufficient public float of at least 25% of the Company's issued Shares as required under the Listing Rules.

DONATIONS

Donations made by the Group during the year 2021 amounted to US$8,736,000.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 20th May 2022.

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 despatched to the shareholders of the Company on or around 14th April 2022.

COMPANY SECRETARY

The Company Secretary of the Company is Mr. Xiao Junguang.

AUDITOR

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

INDEX LISTING AND RECOGNITION

Since 7th March 2022, the Company has been included as one of the constituent stocks of Hang Seng Composite Index. Inclusion in this benchmark index is a great recognition to the Company's performance and market status. The Company will continue to build on current success and uphold high integrity and accountability standard, with the ultimate goal of maximising shareholder value.

On behalf of the Board
Orient Overseas (International) Limited
Wan Min
Chairman

Hong Kong, China, 25th March 2022

Index – Financial Information

Independent Auditor's Report

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

OPINION

What we have audited

The consolidated financial statements of Orient Overseas (International) Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 108 to 195, comprise:

- the consolidated balance sheet as at 31st December 2021;
- the consolidated profit and loss account for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Provision for operating costs
- Recognition of freight revenue of vessel voyages in progress at the year end
- Provision for onerous contract for the Terminal Service Agreement ("TSA") for Long Beach Container Terminal ("LBCT")

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for operating costs *Refer to notes 4(c) and 39 to the consolidated financial statements.* As at 31st December 2021, included in the accrued expenses was a provision for operating costs for container transport operation which mainly comprise cargo, vessel and voyage costs, equipment and repositioning costs and terminal operating costs. As generally, it would take management several months to finalise certain costs with suppliers subsequent to the receipt of such services, management makes a provision at the period end for operating costs that are not yet billed by the suppliers based on known services received, pattern of historical cost and estimated vendor tariffs etc. We focus on the estimation of provision for operating costs because it involved significant management's judgement which are subjective taking into account a number of factors, such as pattern of historical cost and the estimated vendor tariff.	Our procedures in relation to the provision for operating costs included: • Obtained an understanding of management's internal control and process over provision for operating costs and assessed the level of inherent risk by considering the degree of estimation uncertainty and factors such as subjectivity. • Understood, evaluated and tested the information technology general control environment of the operation and accounting systems used to record the operating costs and cost provisioning. • Evaluated and tested the key controls over the operating costs, cost provisioning and accounts payable cycle, in particular the management review and approval of the vendor tariffs in the operation system. • Understood the extraction logic in operation system and tested the accuracy and completeness of the reports generated from the operation system for making the provision for operating costs, on a sample basis. • Assessed the effectiveness of management's estimation process by evaluating the outcome of provision made in the prior year and reviewing the monthly provision analysis prepared by management. • Evaluated the sufficiency of year end provision made by management by reviewing the utilisation of provision subsequent to the year end. • Checked paid and unpaid invoices after the year end, on a sample basis, and evaluated whether the operating costs have been recorded and provided for in the proper period. We found that the judgement involved in making the provision for operating costs was supportable by the available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of freight revenue of vessel voyages in progress at the year end *Refer to notes 2.22, 4(e) and 5 to the consolidated financial statements.* For the year ended 31st December 2021, majority of the Group's revenue of US$16,832.2 million was derived from the freight revenue from container transport operation. The Group recognises freight revenue based on the sailing schedules and the respective freight rates in accordance with agreements or contracts. For voyages in progress at the year end, the Group applies a percentage of completion to the contracted freight revenue of each voyage and the percentage is determined based on the days of vessel voyage completed to date relative to the total estimated days required for the completion of the entire voyage. We focus on the freight revenue in progress at the year end because the transaction volume of the voyages which were in progress at year end is significant and complex calculations are involved in the estimation of freight revenue on a percentage of completion basis.	Our procedures in relation to freight revenue of vessel voyages in progress at the year end included: • Obtained an understanding of management's internal control and estimation process and assessed the level of inherent risk by considering the degree of estimation uncertainty and factors such as complexity. • Understood, evaluated and tested the information technology general control environment of the operation and accounting systems used to record the freight revenue transactions. • Evaluated and tested the key controls, on a sample basis, over the recognition of freight revenue in progress at the year end. • Selected vessel voyages in progress at the year end in the estimation schedule, on a sample basis, and agreed the contracted revenue to the data recorded in the operation system. • Assessed the percentage of completion estimated by management in respect of the vessel voyages in progress at year end, by agreeing the estimated departure dates and arrival dates of vessel voyages in progress in the operation system to the sailing schedules, on a sample basis. • Tested, subsequent to the year end, the actual departure dates and arrival dates of vessel voyages in progress at year end, against management's estimation, on a sample basis. • Checked the calculation, on a sample basis, of the estimated freight revenue of vessel voyages in progress at year end. We found that management's estimation of freight revenue for vessel voyages in progress at year end are supportable by available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for onerous contract for the TSA for LBCT *Refer to notes 2.1, 2.18, 4(d) and 38 to the consolidated financial statements.* In October 2019, the Group entered into a terminal service agreement for procuring the placement of an annual minimum number of vessel lifts ("MVC") at Long Beach Container Terminal ("LBCT") for each of the 20 years commencing on 1 November 2019 ("TSA"). According to the TSA, the Group is entitled to an excess rebate or obliged to pay a deficiency payment when there is surplus or shortfall over the respective MVC for each year during the contract period. A provision should be made for the present obligation under the TSA where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Management performed an assessment to determine if any onerous provision for the TSA is required. As at 31st December 2021, the Group recognised a provision for onerous contract of US$651.7 million for the TSA, which is calculated using an expected value approach involving probability weighted possible scenarios taking into considerations of respective economic benefits to be received and associated fulfilment costs during the remaining contract period. The estimation of the fulfilment costs and economic benefits over the remaining contract period involves significant judgements and assumptions including, a) the projected vessel lifts to be placed at LBCT, b) the expected amount of deficiency payment/excess rebates as stipulated in the TSA when the volume is below/in excess of the MVC, c) the amount of expected bunker costs and other operating costs and d) the expected freight rate from operating the service routes to/from LBCT. We focused on this area because of the significance of the onerous provision as well as the estimation of it involved a high degree of uncertainty. The inherent risk in relation to the onerous contract assessment is significant due to the complexity of the calculation methodology and model and high level of subjectivity of management's judgements and assumptions made.	Our procedures in relation to the assessment of the provision for onerous contract for the TSA included: • Obtained an understanding of management's assessment process of the onerous provision for the TSA and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and factors such as complexity and subjectivity. • Evaluated the appropriateness of the identification of expected economic benefits and fulfilment cost element included in management's assessment through discussion with management and corroborated with our review of the key terms of the TSA and our understanding of the applicable accounting standard requirements. • Assessed the calculation methodology and model for onerous contract provision with the involvement of our in house specialists. • Evaluated management's projected vessel lifts for the remaining contract period under the TSA through discussion with management, referencing to market data and comparing to historical vessel lifts and trends of LBCT. • Checked management's calculation of the excess rebate or deficiency payment according to the terms in the TSA and the projected vessel lifts at LBCT. • Assessed the reasonableness of expected bunker costs with reference to market forecast and other expected operating costs and freight rate based on the approved budget, market data, and our knowledge of the business and industry. • Evaluated the probability weighting applied to the possible scenarios prepared by management based on our understanding of the Group's business and industry as well as discussion with management and corroborated with management's sensitivity analysis on the probability weighting applied to possible scenarios. • Evaluated the appropriateness and adequacy of the relevant disclosures made in the Group's consolidated financial statements. Based on the procedures performed, we found the calculation methodology and model, judgements and assumptions used in the estimation of the provision of onerous contract were supportable based on available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Liao Weining.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25th March 2022

Consolidated Profit and Loss Account

For the year ended 31st December 2021

US$'000	Note	2021	2020
Revenue	5	**16,832,185**	8,191,304
Operating costs	6	**(8,656,537)**	(6,602,121)
Gross profit		**8,175,648**	1,589,183
Other operating income	7	**50,977**	78,853
Business and administrative expenses		**(832,202)**	(642,031)
Net impairment losses on financial assets		**(28,078)**	(15,446)
Other gains/(losses), net	8	**13,926**	(18,372)
Operating profit	11	**7,380,271**	992,187
Finance costs	12	**(60,255)**	(91,312)
Share of profits of joint ventures	19	**4,985**	3,290
Share of profits of associated companies	20	**12,255**	9,509
Profit before taxation		**7,337,256**	913,674
Taxation	13	**(208,847)**	(10,656)
Profit for the year		**7,128,409**	903,018
Profit attributable to:			
Equity holders of the Company		**7,128,127**	902,723
Non-controlling interests		**282**	295
		7,128,409	903,018
Earnings per ordinary share (US$)	14		
Basic and diluted		**11.08**	1.44

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2021

US$'000	**2021**	2020
Profit for the year	**7,128,409**	903,018
Other comprehensive income/(loss):		
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement gains/(losses) on defined benefit schemes	**24,542**	(6,777)
Investments at fair value through other comprehensive income		
Change in fair value	**(6,688)**	(7,800)
Total amount that will not be subsequently reclassified to profit or loss	**17,854**	(14,577)
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Currency translation adjustments		
Foreign subsidiaries	**(7,650)**	9,366
Joint ventures	**210**	495
Associated companies	**3,225**	8,862
Release of reserve upon step acquisition from joint venture to subsidiary	**–**	652
Total amount that have been reclassified or may be reclassified subsequently to profit or loss	**(4,215)**	19,375
Other comprehensive income for the year, net of tax	**13,639**	4,798
Total comprehensive income for the year	**7,142,048**	907,816
Total comprehensive income attributable to:		
Equity holders of the Company	**7,141,825**	907,556
Non-controlling interests	**223**	260
	7,142,048	907,816

Consolidated Balance Sheet

As at 31st December 2021

US$'000	Note	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	16	**4,047,629**	3,744,666
Right-of-use assets	17	**2,801,858**	2,303,265
Investment property	18	**285,000**	280,000
Investments in joint ventures	19	**11,894**	9,848
Investments in associated companies	20	**105,270**	144,987
Intangible assets	21	**7,656**	18,856
Deferred taxation assets	22	**7,570**	6,255
Pension and retirement assets	23	**12,248**	–
Restricted bank balances	24	**326**	321
Investments at fair value through other comprehensive income	25	**42**	7,895
Investments at amortised cost	26	**98,335**	113,295
Other non-current assets	27	**17,302**	21,344
		7,395,130	6,650,732
Current assets			
Inventories	28	**153,064**	94,778
Debtors and prepayments	29	**975,657**	681,126
Investments at amortised cost	26	**15,003**	34,117
Portfolio investments at fair value through profit or loss	30	**56,256**	100,560
Tax recoverable		**5,855**	8,520
Restricted bank balances	24	**2,550**	1,925
Cash and bank balances	31	**7,197,101**	3,072,795
		8,405,486	3,993,821
Assets held for sale	32	**46,361**	–
		8,451,847	3,993,821
Total assets		**15,846,977**	10,644,553
EQUITY			
Equity holders			
Share capital	33	**66,037**	62,579
Reserves	34	**9,603,620**	5,579,535
		9,669,657	5,642,114
Non-controlling interests		**2,079**	380
Total equity		**9,671,736**	5,642,494

US$'000	Note	2021	2020
LIABILITIES			
Non-current liabilities			
Borrowings	36	**211,941**	820,325
Lease liabilities	37	**1,816,655**	1,669,163
Deferred taxation liabilities	22	**198,529**	143,121
Pension and retirement liabilities	23	**–**	15,447
Provision	38	**651,745**	348,545
		2,878,870	2,996,601
Current liabilities			
Creditors and accruals	39	**2,479,513**	1,387,711
Borrowings	36	**38,716**	213,270
Lease liabilities	37	**623,328**	367,085
Current taxation		**154,814**	37,392
		3,296,371	2,005,458
Total liabilities		**6,175,241**	5,002,059
Total equity and liabilities		**15,846,977**	10,644,553

Huang Xiaowen
Director

Yang Zhijian
Director

Consolidated Cash Flow Statement

For the year ended 31st December 2021

US$'000	Note	2021	2020
Cash flows from operating activities			
Cash generated from operations	41(a)	**8,977,180**	2,013,606
Interest and financing charges paid		**(43,672)**	(75,640)
Income tax paid		**(34,667)**	(33,232)
Net cash from operating activities		**8,898,841**	1,904,734
Cash flows from investing activities			
Sale and redemption on maturity of non-current assets		**96,587**	72,817
Purchase of property, plant and equipment		**(580,120)**	(369,581)
Purchase of other non-current assets		**(10,581)**	(9,958)
Decrease in portfolio investments at fair value through profit or loss		**39,704**	46,721
Acquisition of subsidiaries	41(c)	**–**	9,646
Investment in an associated company		**(1,000)**	(852)
Increase in restricted bank balances and bank deposits maturing more than three months from the date of placement		**(1,582,236)**	(433,638)
Interest received		**34,102**	69,999
Dividends and distribution received from investments		**8,801**	8,768
Dividends received from joint ventures and associated companies		**12,985**	17,257
Net cash used in investing activities		**(1,981,758)**	(588,821)
Cash flows from financing activities			
Drawdown of loans	41(b)	**–**	99,550
Repayment of loans	41(b)	**(787,127)**	(496,934)
Repayment of lease liabilities	41(b)	**(464,680)**	(603,882)
Issue of shares, net of share issuance expenses		**565,718**	–
Dividends paid to equity holders of the Company		**(3,682,084)**	(1,198,894)
Dividends paid to non-controlling interests		**(239)**	–
Capital contribution from non-controlling interests		**1,715**	120
Net cash used in financing activities		**(4,366,697)**	(2,200,040)
Net increase/(decrease) in cash and cash equivalents		**2,550,386**	(884,127)
Cash and cash equivalents at beginning of year		**1,398,109**	2,272,570
Currency translation adjustments		**(7,686)**	9,666
Cash and cash equivalents at end of year	41(e)	**3,940,809**	1,398,109

Consolidated Statement of Changes in Equity

For the year ended 31st December 2021

US$'000	Equity holders: Share capital	Reserves	Sub-total	Non-controlling interests	Total
At 1st January 2020	62,579	4,864,828	4,927,407	–	4,927,407
Total comprehensive income for the year	–	907,556	907,556	260	907,816
Transactions with owners					
Employee share-based compensation	–	4,776	4,776	–	4,776
2019 final dividend	–	(16,834)	(16,834)	–	(16,834)
2019 second special dividend	–	(150,190)	(150,190)	–	(150,190)
2020 interim dividend	–	(30,601)	(30,601)	–	(30,601)
Capital contribution from non-controlling interests	–	–	–	120	120
At 31st December 2020	62,579	5,579,535	5,642,114	380	5,642,494
Total comprehensive income for the year	–	7,141,825	7,141,825	223	7,142,048
Transactions with owners					
Issue of shares, net of share issuance expenses (note 33)	3,458	562,260	565,718	–	565,718
Employee share-based compensation	–	2,084	2,084	–	2,084
2020 final dividend	–	(320,253)	(320,253)	–	(320,253)
2020 special dividend	–	(551,809)	(551,809)	–	(551,809)
2021 interim dividend	–	(1,121,460)	(1,121,460)	–	(1,121,460)
2021 first special dividend	–	(1,688,562)	(1,688,562)	–	(1,688,562)
Dividends paid to non-controlling interests	–	–	–	(239)	(239)
Capital contribution from non-controlling interests	–	–	–	1,715	1,715
At 31st December 2021	**66,037**	**9,603,620**	**9,669,657**	**2,079**	**9,671,736**

1. GENERAL INFORMATION

Orient Overseas (International) Limited (the "Company") is a members' limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal office is 31st Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, China.

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 184 to 195 of the consolidated financial statements.

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

The ultimate parent company of the Group is China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"), a state-owned enterprise established in the People's Republic of China (the "PRC").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, as modified by the revaluation of investment property, investments at fair value through other comprehensive income and portfolio investments at fair value through profit or loss which are carried at fair value.

The preparation of consolidated financial statements 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 financial statements, are disclosed in note 4.

The adoption of revised standards

In 2021, the Group adopted the following amendments to existing standards below, which are relevant to its operations.

Amendments to existing standards	
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2
HKFRS 16 (Amendment)	COVID-19 Related Rent Concessions

The adoption of the above amendments to existing standards does not have a material impact to the results and financial position of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

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

New standard, amendments and improvement to existing standards		Effective for accounting periods beginning on or after
HKFRS 16 (Amendment)	COVID-19 Related Rent Concessions beyond 30th June 2021	1st April 2021
HKAS 16 (Amendment)	Property, Plant and Equipment – Proceeds before Intended Use	1st January 2022
HKAS 37 (Amendment)	Onerous Contracts – Cost of Fulfilling a Contract	1st January 2022
HKFRSs	Annual Improvements 2018 – 2020 Reporting Cycle	1st January 2022
HKFRS 3 (Amendment)	Business Combinations	1st January 2022
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1st January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1st January 2023
HKAS 8 (Amendment)	Definition of Accounting Estimates	1st January 2023
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1st January 2023
HKFRS 17	Insurance Contracts	1st January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of HKFRS 16 (Amendment), HKAS 16 (Amendment), HKAS 37 (Amendment), HKFRSs Annual Improvements 2018 – 2020 Reporting Cycle, HKFRS 3 (Amendment), HKAS 1 (Amendment), HKAS 1 and HKFRS Practice Statement 2 (Amendments), HKAS 8 (Amendment), HKAS 12 (Amendment), HKFRS 17 and HKFRS 10 and HKAS 28 (Amendments) is not expected to have a significant effect on the consolidated financial statements of the Group.

2.2 Consolidation

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

The consolidated financial statements 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

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.

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.

(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.

(c) Disposal of subsidiaries

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 associated company, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(d) 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 venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

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.

(e) 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.

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 associated companies are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment

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

No depreciation is provided for assets under construction and freehold land.

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 and chassis	10 to 15 years
Terminal equipment and improvement	3 to 15 years
Freehold buildings	Not exceeding 75 years
Buildings outside Hong Kong	Over period of the lease
Leasehold improvement	Over period of the lease or 5 years whichever is lower
Furniture, vehicles, scrubbers and other vessel equipment, computer and other equipment	3 to 10 years

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

During the year, management has reviewed the estimated residual values for the Group's container vessels and containers by reference to all relevant factors (including the current scrap value of steels in an active market). The revision of the estimated scrap values of the container vessels and containers was effective from 1st October 2021 and resulted in an increase in the depreciation charge for the year ended 31st December 2021 by US$16.5 million.

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.

2.4 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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 five years to the next estimated dry-docking date. 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 are 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 venture 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.

(b) Computer software

Costs associated with maintaining computer software programs 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 costs mainly comprise internally generated capitalised software development costs.

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

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 inflows (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 financial statements of the investee's net assets including goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated profit and loss account.

2.9 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and other financial assets (Continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in "other operating income" using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses)" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated profit and loss account.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "other gains/(losses)". Interest income from these financial assets is included in "other operating income" using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses)". Impairment losses are presented as separate line item in the consolidated profit and loss account.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as "other operating income" when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in "other gains/(losses)" in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated 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.

2.10 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.

2.11 Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables and is also based on expected credit losses rather than only incurred credit losses. The amount of the provision is recognised in the consolidated profit and loss account. More information about the impairment policies of debtors is disclosed in note 3.1(c).

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of three months or less.

2.13 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.

2.14 Creditors

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

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

2.15 Borrowings

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

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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.16 Current and deferred taxation

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, 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 financial statements. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Current and deferred taxation (Continued)

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.

2.17 Employee benefits

(a) Pension obligations

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

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 consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date 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 high quality 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Employee benefits (Continued)

(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.

(d) Share-based payments

Employee services settled in equity instruments

An intermediate holding company of the Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the share options of the intermediate holding company is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the consolidated profit and loss account, and a corresponding adjustment to equity over the remaining vesting period.

2.18 Provisions

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

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.

A provision for onerous contracts is recognised where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received under them.

The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

The cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both:

- the incremental costs of fulfilling that contract – for example, cargo cost; and

- an allocation of other costs that relate directly to fulfilling contracts – for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 "Financial Instruments"; and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 "Revenue from Contracts with Customers".

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associated companies and joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.20 Segment information

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

2.21 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements 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 financial statements 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.

Changes in the fair value of debt securities denominated in foreign currency classified as investments at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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 investments at fair value through other comprehensive income, are included in the investments revaluation reserve in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 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.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(a) Freight revenues from the operation of the container transport are recognised over time which is determined on the percentage of completion basis of each individual vessel voyage.

(b) Revenues from logistics business are recognised when services are rendered or over time which is determined on the percentage of completion basis of the progress of the transportation.

(c) Revenues from the operation of container terminals and provision of other services are recognised when services are rendered.

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

2.23 Interest income

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

2.24 Dividend income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

2.26 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise containers and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (note 18). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheet based on their nature.

HKFRS 16 requires sale and leaseback transactions to be determined based on the requirement of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale.

2.27 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.

2.28 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.

2.29 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's Directors/equity holders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the purchase of property, plant and equipment are recognised as a deduction from the carrying amount of the related assets in the consolidated balance sheet and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

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 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 financial statements.

(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 Australian dollar, Canadian dollar, Euro, 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 2021 of approximately US$6.1 million (2020: US$3.9 million).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(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$152.8 million (2020: US$72.8 million) for 1% increase/decrease 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 costs will be increased by approximately US$2.0 million (2020: US$1.9 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 investments at fair value through other comprehensive income or portfolio investments at fair value through profit or loss which are accounted at fair value. 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 of the Group for the year ended 31st December 2021 would increase/decrease by US$0.6 million (2020: US$1.0 million) as a result of the changes in fair value of equity/debt securities under portfolio investments at fair value through profit or loss.

(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 mainly represented by the aggregate balance of cash and bank balances, portfolio investments at fair value through profit or loss, investments at amortised cost, restricted bank balances, trade receivables and other receivables. The credit quality of these exposures is disclosed in relevant notes to the consolidated financial statements.

(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$7,253.4 million (2020: US$3,173.4 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 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 twelve 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
At 31st December 2021				
Borrowings	**41,785**	**41,270**	**129,104**	**49,098**
Lease liabilities	**656,967**	**599,312**	**954,337**	**320,686**
Creditors and accruals	**2,453,800**	**–**	**–**	**–**
At 31st December 2020				
Borrowings	227,322	235,593	411,246	202,676
Lease liabilities	396,632	284,735	925,980	535,752
Creditors and accruals	1,373,458	–	–	–

(e) Cash flow 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.

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing bank balances, borrowings and lease liabilities.

At 31st December 2021, 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$5.9 million higher/lower (2020: US$0.7 million higher/lower), mainly as a result of higher/lower net interest income on the net floating rate bank balances.

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 cash divided by total equity. Net cash is calculated as total borrowings and lease liabilities (including "current and non-current borrowings and lease liabilities" as shown in the consolidated balance sheet) less restricted bank balances, cash and bank balances and portfolio investments at fair value through profit or loss.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management (Continued)

The gearing ratios at 31st December 2021 and 2020 are as follows:

US$'000	2021	2020
Total borrowings (note 36)	**(250,657)**	(1,033,595)
Total lease liabilities (note 37)	**(2,439,983)**	(2,036,248)
	(2,690,640)	(3,069,843)
Less: Restricted bank balances (note 24)	**2,876**	2,246
Cash and bank balances (note 31)	**7,197,101**	3,072,795
Portfolio investments at fair value through profit or loss (note 30)	**56,256**	100,560
Net cash	**4,565,593**	105,758
Total equity	**9,671,736**	5,642,494
Gearing ratio	**N/A**	N/A

The change in net cash position results primarily from the profit generated and cash received from issue of shares during the year.

3.3 Fair value estimation

The financial instruments that are measured in the consolidated balance sheet at fair value, require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following table presents the Group's financial assets that are measured at fair value at 31st December 2021 and 2020:

	2021		
US$'000	**Level 1**	**Level 3**	**Total**
Assets			
Portfolio investments at fair value through profit or loss			
Equity securities	**16,874**	**–**	**16,874**
Debt securities	**39,382**	**–**	**39,382**
Investments at fair value through other comprehensive income			
Unlisted equity securities	**–**	**42**	**42**
Total	**56,256**	**42**	**56,298**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

	2020		
US$'000	Level 1	Level 3	Total
Assets			
Portfolio investments at fair value through profit or loss			
Equity securities	20,156	–	20,156
Debt securities	80,404	–	80,404
Investments at fair value through other comprehensive income			
Unlisted equity securities	–	7,895	7,895
Total	100,560	7,895	108,455

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

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 at fair value through profit or loss.

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.

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 levels 2 and 3 financial instruments include:

- Dealer quotes.
- 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.

There were no changes in valuation techniques during the year.

Instruments included in level 3 comprise unlisted equity securities classified as investments at fair value through other comprehensive income.

The following table presents the changes in level 3 instruments:

US$'000	**2021**	2020
Opening balance	**7,895**	15,694
Currency translation adjustments	**(2)**	1
Disposals	**(1,163)**	–
Fair value change recognised in other comprehensive income	**(6,688)**	(7,800)
Closing balance	**42**	7,895

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements 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 tax 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.

Deferred tax liabilities have been established for income tax and withholding tax that would be payable on profits of overseas subsidiaries to be repatriated and distributed by way of dividends as the Directors consider that distribution from subsidiaries would be made in the foreseeable future (note 22).

Recognition of deferred tax assets, which principally relate to tax losses, depends on 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) Property, plant and equipment, right-of-use assets and intangible assets

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment, right-of-use assets and intangible assets. Management will revise the depreciation and amortisation charges 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$71.6 million or US$48.7 million respectively for the year ended 31st December 2021 (2020: US$60.9 million or US$42.1 million respectively).

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, or vice versa.

Were the residual values of vessels and containers to differ by 10% from management estimates with all other variables held constant, it is estimated that depreciation expense would increase or decrease by approximately US$16.0 million or US$14.9 million respectively for the year ended 31st December 2021 (2020: US$14.0 million or US$12.9 million respectively).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Provision of operating costs

Operating costs, which mainly comprise cargo and logistics costs, vessel and voyage costs, equipment and repositioning costs and terminal operating cost. Invoices in relation to these expenses are received several months after the expenses have been incurred. Consequently, recognition of accrued operating costs is based on the known services entered, pattern of historical costs as well as the estimated vendor tariffs.

If the actual expenses of a voyage differ from the estimated expenses, this will have an impact on operating costs in future periods.

(d) Commitment to long-term service agreement

The Group entered into a Terminal Service Agreement ("TSA") in October 2019 following the completion of the disposal of Long Beach Container Terminal ("LBCT"). According to the TSA, the Group committed to place, or procure the placement of an annual minimum number of vessel lifts ("MVC") for 20 years. Failure to meet the committed volume for each of the contract year would require certain level of deficiency payment as stipulated in the TSA.

As at 31st December 2021, the Group reassessed the expected number of vessel lifts in LBCT for each of the remaining contract years with reference to future prospects of the market and its expected load factor. The overall economic environment in the USA is still highly uncertain under the COVID-19 pandemic. It is expected that a slower economy growth would affect the demand/import of the USA for some time as the economy shall take years to recover from various pandemic impact. The operational results for the LBCT routes were very strong in 2021, which were primarily due to the remarkable freight rates, driven by the terminal congestion and shortage in supply of container vessels. However, management does not expect such high freight rates are sustainable in the medium to long term. As at 31st December 2021, with these uncertainties over such long-term contract period, management reassessed that the projected vessel lifts in LBCT would continue lead to a shortfall on minimum volume commitment over the remaining contract period.

As such, the Group further estimated the present value of the unavoidable costs of meeting the obligations under the remaining term of the TSA (till October 2039) and the corresponding associated economic benefits in relation to the Group with reference to a) the expected number of vessel lifts; b) the expected amount of deficiency payment/ excess rebates as stipulated in the TSA when the volume is below/in excess of the MVC; c) the expected operating costs (including cargo and logistics costs, vessel and voyage costs and equipment and repositioning costs); and d) the associated income expected to be earned from operating the service routes to/from LBCT. Based on the assessment performed by management, an onerous provision of US$651.7 million (2020: US$348.5 million) was recognised as at 31st December 2021.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Commitment to long-term service agreement (Continued)

The Group applied the expected value approach considering several probability-weighted possible scenarios which included adjusting key assumptions such as volume, freight rate, bunker cost and probability applied on the scenarios. The onerous contract assessment involves a significant level of management estimates and judgement, including the future profitability generated from routes using LBCT and the expected number of vessel lifts handled in LBCT during the remaining contract term. To the extent that the actual results differ from these estimates, the amount of provision will be differed and will affect the consolidated profit and loss account. The provision, including the estimates and assumptions contained therein, are reviewed regularly by management. The key assumptions used by management as at 31st December 2021 and 2020 are as follows:

	Range of possible scenarios	
Key assumptions	**2021**	2020
Volume growth rate	**–5% to +16%**	–3% to +14%
Freight rate growth rate	**–30% to +17%**	–6% to +17%
Bunker cost	**–5% to +5% on fuel oil futures**	–5% to +5% on fuel oil futures
Probability applied	**2% to 60%**	2% to 60%

The major changes in key assumptions from previous year are as follows:

- reduced medium to long-term forecast volume due to the current advanced consumption;
- adjusted medium to long-term freight rates to be in line with the decreasing trend in bunker price along the forecast period; and
- adjusted bunker price based on the latest 10-year futures in the market as compared to previous year's forecast.

For illustration purpose, management has performed sensitivity analysis by adjusting the probability applied to the possible scenarios. The effects for the respective sensitivity analysis, holding other factors constant, are set out below:

Sensitivity cases	**Change of onerous provision as at 31st December 2021**
Changing the most probable scenario from 60% to 100%	Decrease by approximately US$3 million
Changing the most probable scenario from 60% to 40% and the most probable pessimistic scenario from 15% to 35%	Increase by approximately US$66 million
Changing the most probable scenario from 60% to 40% and the most probable optimistic scenario from 15% to 35%	Decrease by approximately US$61 million

Sensitivity cases	Change of onerous provision as at 31st December 2020
Changing the most probable scenario from 60% to 100%	Decrease by approximately US$2 million
Changing the most probable scenario from 60% to 40% and second most probable scenario from 15% to 35%	Increase by approximately US$63 million
Changing the most probable scenario from 60% to 40% and third most probable scenario from 14% to 34%	Decrease by approximately US$63 million

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Recognition of freight revenue of vessel voyages in progress at year end

The Group recognises freight revenue from container transport operation based on the sailing schedules and the respective freight rates. For vessel voyages in progress at the year end, the Group applies a percentage of completion to the freight revenue under each vessel voyage and the percentage is determined based on the days of vessel voyage completed to date relative to total estimated days required for the completion of the entire voyage. If the total estimated vessel voyage days were different from the estimate, this would have an impact on the freight revenue in the following reporting period.

Had the percentage of completion to freight revenue from vessel voyages in progress at year end been decreased or increased by 10% from management's estimate for the year ended 31st December 2021, the revenue would have been US$59.7 million (2020: US$20.5 million) lower or higher in the current period.

Changes in management's estimate of freight revenue for vessel voyages in progress at year end could cause a material change in freight revenue recognised in the current period.

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

US$'000	2021	2020
Container transport and logistics	16,807,325	8,164,201
Others	24,860	27,103
	16,832,185	8,191,304

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

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

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(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. The Executive Directors are the Group's chief operating decision-makers.

Operating segments

The segment results for the year ended 31st December 2021 are as follows:

US$'000	Container transport and logistics	Others	Total
Revenue from contracts with customers:			
Over time	16,807,325	–	16,807,325
Revenue from other source:			
Rental income	–	24,860	24,860
	16,807,325	24,860	16,832,185
Other operating income	31,943	19,034	50,977
	16,839,268	43,894	16,883,162
Operating profit	7,369,807	10,464	7,380,271
Finance costs	(60,255)	–	(60,255)
Share of profits of joint ventures	4,985	–	4,985
Share of profits of associated companies	12,255	–	12,255
Profit before taxation	7,326,792	10,464	7,337,256
Taxation	(205,607)	(3,240)	(208,847)
Profit for the year	7,121,185	7,224	7,128,409
Fair value gain from an investment property	–	296	296
Additions to non-current assets*	1,377,895	4,704	1,382,599
Depreciation of property, plant and equipment	277,642	12	277,654
Depreciation of right-of-use assets	276,313	–	276,313
Amortisation of intangible assets	15,765	–	15,765

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

Operating segments (Continued)

The segment results for the year ended 31st December 2020 are as follows:

US$'000	Container transport and logistics	Others	Total
Revenue from contracts with customers:			
Over time	8,164,201	–	8,164,201
Revenue from other source:			
Rental income	–	27,103	27,103
	8,164,201	27,103	8,191,304
Other operating income	45,224	33,629	78,853
	8,209,425	60,732	8,270,157
Operating profit/(loss)	992,628	(441)	992,187
Finance costs	(91,312)	–	(91,312)
Share of profits of joint ventures	3,290	–	3,290
Share of profits of associated companies	9,509	–	9,509
Profit/(loss) before taxation	914,115	(441)	913,674
Taxation	(21,114)	10,458	(10,656)
Profit for the year	893,001	10,017	903,018
Fair value loss from an investment property	–	(30,492)	(30,492)
Additions to non-current assets*	501,433	493	501,926
Depreciation of property, plant and equipment	235,078	12	235,090
Depreciation of right-of-use assets	195,599	–	195,599
Amortisation of intangible assets	21,497	–	21,497

* Additions to non-current assets comprise additions to property, plant and equipment, right-of-use assets, investment property and intangible assets.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

Operating segments (Continued)

The segment assets and liabilities at 31st December 2021 and 2020 are as follows:

	2021		
US$'000	**Container transport and logistics**	**Others**	**Group**
Segment assets	**15,179,062**	**504,390**	**15,683,452**
Joint ventures	**11,894**	**–**	**11,894**
Associated companies	**105,270**	**–**	**105,270**
	15,296,226	**504,390**	**15,800,616**
Assets held for sale (note 32)	**46,361**	**–**	**46,361**
Total assets	**15,342,587**	**504,390**	**15,846,977**
Segment liabilities	**(6,025,462)**	**(149,779)**	**(6,175,241)**

	2020		
US$'000	Container transport and logistics	Others	Group
Segment assets	8,922,942	1,566,571	10,489,513
Joint ventures	10,053	–	10,053
Associated companies	144,987	–	144,987
Total assets	9,077,982	1,566,571	10,644,553
Segment liabilities	(4,856,120)	(145,939)	(5,002,059)

The segment of "Others" primarily includes assets and liabilities of property investment and corporate level activities. Assets under the segment of "Others" consist primarily of investment property, investments at fair value through other comprehensive income, investments at amortised cost and portfolio investments at fair value through profit or loss 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 property investment and corporate level activities.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

Geographical information

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

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

US$'000	Revenue	Additions to non-current assets#
Year ended 31st December 2021		
Asia	**13,692,285**	**46,958**
Europe	**2,066,489**	**2,044**
North America	**833,975**	**4,969**
Australia	**239,436**	**45**
Unallocated*	**–**	**1,328,583**
	16,832,185	**1,382,599**
Year ended 31st December 2020		
Asia	6,041,641	57,293
Europe	1,213,372	2,372
North America	752,992	1,511
Australia	183,299	50
Unallocated*	–	440,700
	8,191,304	501,926

\# Additions to non-current assets comprise additions to property, plant and equipment, right-of-use assets, investment property and intangible assets.

* Unallocated additions to non-current assets comprise additions to container vessels and capitalised dry-docking costs, containers and computer software costs.

6. OPERATING COSTS

US$'000	2021	2020
Cargo and logistics	**4,995,245**	3,754,943
Vessel and voyage	**1,664,859**	1,332,368
Bunker cost	**980,289**	712,878
Equipment and repositioning	**1,000,972**	785,225
	8,641,365	6,585,414
Direct operating expenses from property that generated rental income	**15,172**	16,707
	8,656,537	6,602,121

For the year ended 31st December 2021, cargo and logistics costs included an onerous provision (note 38) of US$303.2 million (2020: US$348.5 million).

7. OTHER OPERATING INCOME

US$'000	2021	2020
Dividend income from investments at fair value through other comprehensive income	**6,812**	7,971
Interest income from banks	**31,497**	44,384
Interest income from deposits in a fellow subsidiary	**354**	91
Interest income from investments at amortised cost	**5,031**	7,775
Income from portfolio investments at fair value through profit or loss		
Interest income	**2,227**	4,100
Distribution	**602**	482
Dividend income	**224**	315
Government grants*	**3,347**	12,417
Others	**883**	1,318
	50,977	78,853

* These mainly represented grants relating to salaries, employment and other subsidies under COVID-19.

8. OTHER GAINS/(LOSSES), NET

US$'000	2021	2020
Fair value gain/(loss) from an investment property	**296**	(30,492)
Fair value loss on portfolio investments at fair value through profit or loss (realised and unrealised)	**(4,600)**	(5,642)
Fair value gain on foreign exchange forward contracts	**–**	85
Gain on bargain purchase of subsidiaries	**–**	377
Gain on disposal of property, plant and equipment	**42,988**	8,481
Loss on written-off of right-of-use assets	**(137)**	(106)
Loss on written-off of intangible assets	**(16)**	(5)
Gain/(loss) on derecognition of lease liabilities	**765**	(1,195)
Exchange (loss)/gain	**(25,370)**	10,125
	13,926	(18,372)

9. EMPLOYEE BENEFIT EXPENSES

US$'000	2021	2020
Wages, salaries and bonuses (including share-based compensation)	**1,298,645**	566,105
Pension and retirement benefits		
Defined contribution plans (note 23)	**32,450**	29,703
Defined benefit plan (note 23)	**1,656**	1,331
	1,332,751	597,139

Employee benefit expenses of US$657.9 million (2020: US$106.5 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 each Director is set out below:

Name of Director US$'000	Fees	Salaries and benefits	Discretionary bonuses	Share-based compensation	Employer's contribution to provident fund scheme	Total
For the year ended 31st December 2021						
Mr. Wan Min*1	–	–	–	–	–	–
Mr. Xu Lirong*2	–	–	–	–	–	–
Mr. Huang Xiaowen	–	–	–	–	–	–
Mr. Yang Zhijian	–	687	19	–	34	740
Mr. Feng Boming	–	–	–	–	–	–
Mr. Tung Lieh Cheung Andrew	365	–	–	77	–	442
Mr. Yan Jun	71	–	–	–	–	71
Ms. Wang Dan	58	–	–	–	–	58
Mr. Ip Sing Chi	58	–	–	–	–	58
Ms. Cui Hongqin*3	39	–	–	–	–	39
Mr. Chow Philip Yiu Wah	132	–	–	–	–	132
Dr. Chung Shui Ming Timpson	103	–	–	–	–	103
Mr. Yang Liang Yee Philip	115	–	–	–	–	115
Ms. Chen Ying	83	–	–	–	–	83
Mr. So Gregory Kam Leung	90	–	–	–	–	90

10. DIRECTORS' AND MANAGEMENT'S EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (Continued)

Name of Director US$'000	Fees	Salaries and benefits	Discretionary bonuses	Share-based compensation	Employer's contribution to provident fund scheme	Total
For the year ended 31st December 2020						
Mr. Xu Lirong*2	–	–	–	–	–	–
Mr. Huang Xiaowen*4	–	–	–	–	–	–
Mr. Wang Haimin*5	–	–	–	–	–	–
Mr. Yang Zhijian	–	–	–	–	–	–
Mr. Feng Boming	–	–	–	–	–	–
Mr. Tung Lieh Cheung Andrew	346	–	–	91	–	437
Mr. Yan Jun	45	–	–	–	–	45
Ms. Wang Dan	32	–	–	–	–	32
Mr. Ip Sing Chi	32	–	–	–	–	32
Ms. Cui Hongqin*3	32	–	–	–	–	32
Mr. Chow Philip Yiu Wah	106	–	–	–	–	106
Dr. Chung Shui Ming Timpson	64	–	–	–	–	64
Mr. Yang Liang Yee Philip	77	–	–	–	–	77
Ms. Chen Ying	58	–	–	–	–	58
Mr. So Gregory Kam Leung	51	–	–	–	–	51

*1 Appointed on 6th December 2021.

*2 Resigned on 6th December 2021.

*3 Resigned on 24th May 2021.

*4 Appointed on 10th August 2020.

*5 Resigned on 10th August 2020.

During the year, no emoluments were paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. No Directors of the Company waived or agreed to waive any emoluments during the year.

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 do not include any Director (2020: did not include any Director) whose emoluments are reflected in the analysis presented above. The emoluments payable to the five (2020: five) individuals are as follows:

US$'000	2021	2020
Basic salaries, housing allowances, other allowances and benefits in kind	**2,642**	2,752
Discretionary bonuses	**4,436**	2,068
Estimated money value of other benefits	**72**	23
Pension costs – defined contribution plans	**674**	463
Share-based compensation	**308**	365
	8,132	5,671

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

		Number of individuals	
Emolument bands (US$)		2021	2020
961,501 ~ 1,025,600	(HK$7,500,001 ~ HK$8,000,000)	**1**	1
1,025,601 ~ 1,089,700	(HK$8,000,001 ~ HK$8,500,000)	**–**	1
1,089,701 ~ 1,153,800	(HK$8,500,001 ~ HK$9,000,000)	**–**	2
1,282,001 ~ 1,346,100	(HK$10,000,001 ~ HK$10,500,000)	**1**	1
1,538,401 ~ 1,602,500	(HK$12,000,001 ~ HK$12,500,000)	**1**	–
1,666,601 ~ 1,730,700	(HK$13,000,001 ~ HK$13,500,000)	**1**	–
2,564,101 ~ 2,628,200	(HK$20,000,001 ~ HK$20,500,000)	**1**	–
		5	5

(c) Key management compensation

US$'000	2021	2020
Salaries, discretionary bonuses and other employee benefits	**10,787**	7,512
Estimated money value of other benefits	**80**	28
Pension costs – defined contribution plans	**882**	663
Share-based compensation	**352**	585
	12,101	8,788

The Group usually determines and pays discretionary bonuses to employees (including Directors) around 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	2021	2020
Operating profit is arrived at after crediting:		
Operating lease rental income		
Land and buildings	**24,860**	27,103
and after charging:		
Depreciation of property, plant and equipment	**277,654**	235,090
Depreciation of right-of-use assets	**276,313**	195,599
Expenses relating to short-term leases and leases with low-value assets		
Vessels and equipment	**384,460**	321,153
Land and buildings	**3,001**	3,737
Direct operating expenses from property that generated rental income	**15,172**	16,707
Amortisation of intangible assets	**15,765**	21,497
Auditors' remuneration		
Audit	**2,784**	2,791
Non-audit	**1,476**	1,436

Expenses relating to short-term leases and leases with low-value assets of US$384.5 million and US$3.0 million (2020: US$322.0 million and US$2.9 million) respectively are included in "operating costs" and "business and administrative expenses" in the consolidated profit and loss account.

12. FINANCE COSTS

US$'000	2021	2020
Interest expense		
Bank loans	**14,716**	24,507
Lease liabilities	**49,644**	67,874
	64,360	92,381
Amount capitalised under assets under construction (note 16(b))	**(4,105)**	(1,069)
Net interest expense	**60,255**	91,312

The borrowing costs of the loans to finance the assets under construction (note 16) represented an average capitalisation rate of approximately 1.8% (2020: 2.0%) per annum.

13. TAXATION

US$'000	2021	2020
Current taxation		
PRC enterprise income tax	34,286	7,815
HKSAR profits tax	5,511	(1,980)
Overseas taxation	114,752	13,208
	154,549	19,043
Deferred taxation		
PRC enterprise income tax	7,927	(1,693)
HKSAR profits tax	(139)	(200)
Overseas taxation	46,510	(6,494)
	54,298	(8,387)
	208,847	10,656

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 2.5% to 35% (2020: 5% to 35%) and the rates applicable to the withholding tax for undistributed earnings of subsidiaries range from 5% to 30% (2020: 10% to 30%). The HKSAR profits tax for ocean freight transportation business is charged based on the relevant entity's Hong Kong-sourced income (i.e. at a percentage of the total worldwide ocean freight transportation business profit) under the HKSAR tax incentive regime for international shipping businesses and at the applicable tax rate of 16.5% (2020: 16.5%).

The associated companies in the PRC 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	2021	2020
Profit before taxation	7,337,256	913,674
Less: Share of profits of joint ventures	(4,985)	(3,290)
Share of profits of associated companies	(12,255)	(9,509)
	7,320,016	900,875
Tax calculated at applicable tax rates	1,237,868	141,499
Income not subject to tax	(1,344,669)	(401,438)
Expenses not deductible for tax purposes	259,881	267,844
Tax losses not recognised	4,122	2,875
Temporary differences not recognised	4,262	3,176
Utilisation of previously unrecognised tax losses	(6,786)	(3,236)
Utilisation of previously unrecognised temporary differences	(1,980)	(1,860)
Withholding tax	57,312	4,630
Change in tax rates	(1,383)	(660)
Other items	220	(2,174)
	208,847	10,656

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 weighted average 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.

	2021	2020
Weighted average number of ordinary shares in issue (thousands)	**643,051**	625,793
Group's profit attributable to equity holders of the Company (US$'000)	**7,128,127**	902,723
Earnings per share attributable to equity holders of the Company (US$)	**11.08**	1.44

15. DIVIDENDS

The final and special dividends for 2020 of US$320.3 million and US$551.8 million respectively, and the interim and first special dividends for 2021 of US$1,121.5 million and US$1,688.6 million respectively have been accounted for as an appropriation of retained profit in the year ended 31st December 2021.

The Board of Directors proposes a final dividend in respect of 2021 of US$2.61 (HK$20.358 at the exchange rate of US$1: HK$7.8) (2020: US50.26 cents (HK$3.920 at the exchange rate of US$1: HK$7.8)) per ordinary share. In addition, the Board of Directors proposes a second special dividend in respect of 2021 of US$0.69 (HK$5.382 at the exchange rate of US$1: HK$7.8) per ordinary share. The proposed dividends will be accounted for as an appropriation of retained profit in the year ending 31st December 2022.

16. PROPERTY, PLANT AND EQUIPMENT

US$'000	Container vessels and capitalised dry-docking costs	Assets under construction	Containers and chassis	Terminal equipment and improvement	Freehold land and buildings outside Hong Kong	Buildings outside Hong Kong	Leasehold improvement and furniture	Vehicles, scrubbers and other vessel equipment, computer and other equipment	Total
Cost									
At 1st January 2021	3,382,051	189,297	2,609,938	82,194	7,388	49,611	74,439	216,658	6,611,576
Currency translation adjustments	–	–	17	–	(219)	1,135	(402)	(398)	133
Additions	10,165	208,592	275,330	246	–	–	4,227	19,872	518,432
Reclassification (note 17)	138,529	–	–	–	–	–	–	–	138,529
Disposals/written off	(10,477)	–	(68,319)	–	–	–	(1,549)	(2,638)	(82,983)
At 31st December 2021	**3,520,268**	**397,889**	**2,816,966**	**82,440**	**7,169**	**50,746**	**76,715**	**233,494**	**7,185,687**
Accumulated depreciation									
At 1st January 2021	1,453,074	–	1,132,586	63,847	3,529	25,061	58,845	129,968	2,866,910
Currency translation adjustments	–	–	10	–	(183)	562	(101)	(320)	(32)
Charge for the year	137,174	–	104,903	4,251	78	283	7,697	23,268	277,654
Reclassification (note 17)	61,423	–	–	–	–	–	–	–	61,423
Disposals/written off	(10,477)	–	(53,444)	–	–	–	(1,382)	(2,594)	(67,897)
At 31st December 2021	**1,641,194**	**–**	**1,184,055**	**68,098**	**3,424**	**25,906**	**65,059**	**150,322**	**3,138,058**
Net book amount									
At 31st December 2021	**1,879,074**	**397,889**	**1,632,911**	**14,342**	**3,745**	**24,840**	**11,656**	**83,172**	**4,047,629**

US$'000	Container vessels and capitalised dry-docking costs	Assets under construction	Containers and chassis	Terminal equipment and improvement	Freehold land and buildings outside Hong Kong	Buildings outside Hong Kong	Leasehold improvement and furniture	Vehicles, scrubbers and other vessel equipment, computer and other equipment	Total
Cost									
At 1st January 2020	2,615,542	–	2,507,879	82,194	7,386	46,473	66,500	175,541	5,501,515
Currency translation adjustments	–	–	6	–	2	3,138	2,471	2,034	7,651
Additions	16,476	189,297	172,259	–	–	–	7,598	51,748	437,378
Acquisition of subsidiaries	–	–	–	–	–	–	2	31	33
Reclassification (note 17)	760,557	–	–	–	–	–	–	–	760,557
Disposals/written off	(10,524)	–	(70,206)	–	–	–	(2,132)	(12,696)	(95,558)
At 31st December 2020	3,382,051	189,297	2,609,938	82,194	7,388	49,611	74,439	216,658	6,611,576
Accumulated depreciation									
At 1st January 2020	976,085	–	1,108,160	58,762	3,446	21,962	50,980	119,696	2,339,091
Currency translation adjustments	–	–	27	–	4	1,476	1,818	1,524	4,849
Charge for the year	114,355	–	84,521	5,085	79	1,623	8,163	21,264	235,090
Reclassification (note 17)	373,059	–	–	–	–	–	–	–	373,059
Disposals/written off	(10,425)	–	(60,122)	–	–	–	(2,116)	(12,516)	(85,179)
At 31st December 2020	1,453,074	–	1,132,586	63,847	3,529	25,061	58,845	129,968	2,866,910
Net book amount									
At 31st December 2020	1,928,977	189,297	1,477,352	18,347	3,859	24,550	15,594	86,690	3,744,666

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The aggregate net book amount of assets pledged as security for bank loans amounts to US$440.6 million (2020: US$1,651.2 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$4.1 million (2020: US$1.1 million) during the year were capitalised as part of assets under construction.

(c) Depreciation charge of US$256.2 million (2020: US$212.1 million) for the year has been expensed in "operating costs" and US$21.5 million (2020: US$23.0 million) in "business and administrative expenses".

(d) As at 31st December 2021 and 2020, the buildings outside Hong Kong are held under medium-term leasehold land.

(e) Included in the container vessels and capitalised dry-docking costs, the net book value of capitalised dry-docking costs amounts to US$42.6 million (2020: US$48.9 million).

17. RIGHT-OF-USE ASSETS

US$'000	Container vessels and capitalised dry-docking costs	Containers	Terminal leases	Land and buildings	Vehicles, furniture and other equipment	Total
Cost						
At 1st January 2021	2,620,275	225,400	23,042	186,154	1,852	3,056,723
Currency translation adjustments	–	–	–	(8,056)	(166)	(8,222)
Additions	826,500	–	217	28,003	236	854,956
Reclassification (note 16)	(138,529)	–	–	–	–	(138,529)
Disposals/written off	(32,836)	(192)	–	(16,514)	(185)	(49,727)
At 31st December 2021	**3,275,410**	**225,208**	**23,259**	**189,587**	**1,737**	**3,715,201**
Accumulated depreciation						
At 1st January 2021	642,669	47,369	7,960	54,687	773	753,458
Currency translation adjustments	–	–	–	(5,329)	(90)	(5,419)
Charge for the year	223,466	10,469	4,080	37,834	464	276,313
Reclassification (note 16)	(61,423)	–	–	–	–	(61,423)
Disposals/written off	(32,836)	(55)	–	(16,510)	(185)	(49,586)
At 31st December 2021	**771,876**	**57,783**	**12,040**	**70,682**	**962**	**913,343**
Net book amount						
At 31st December 2021	**2,503,534**	**167,425**	**11,219**	**118,905**	**775**	**2,801,858**

17. RIGHT-OF-USE ASSETS (CONTINUED)

US$'000	Container vessels and capitalised dry-docking costs	Containers	Terminal leases	Land and buildings	Vehicles, furniture and other equipment	Total
Cost						
At 1st January 2020	3,365,220	225,575	22,646	166,807	1,406	3,781,654
Currency translation adjustments	–	–	–	4,930	67	4,997
Additions	18,290	–	–	35,752	548	54,590
Acquisition of subsidiaries	–	–	–	487	28	515
Reclassification (note 16)	(760,557)	–	–	–	–	(760,557)
Disposals/written off	(2,678)	(175)	–	(19,205)	(204)	(22,262)
Lease modification	–	–	396	(2,617)	7	(2,214)
At 31st December 2020	2,620,275	225,400	23,042	186,154	1,852	3,056,723
Accumulated depreciation						
At 1st January 2020	875,196	37,303	3,938	34,097	446	950,980
Currency translation adjustments	–	–	–	1,566	32	1,598
Charge for the year	143,132	10,108	4,022	37,838	499	195,599
Reclassification (note 16)	(373,059)	–	–	–	–	(373,059)
Disposals/written off	(2,600)	(42)	–	(18,814)	(204)	(21,660)
At 31st December 2020	642,669	47,369	7,960	54,687	773	753,458
Net book amount						
At 31st December 2020	1,977,606	178,031	15,082	131,467	1,079	2,303,265

18. INVESTMENT PROPERTY

US$'000	**2021**	2020
Balance at beginning of year	**280,000**	310,000
Additions	**4,704**	492
	284,704	310,492
Fair value gain/(loss)	**296**	(30,492)
Balance at end of year	**285,000**	280,000

Background

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, all of which are wholly owned by the Group.

Valuation processes of the Group

The Group's investment property was valued at 31st December 2021 and 2020 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 2021 and 2020, the fair value of the property has been determined by Cushman & Wakefield, Inc..

18. INVESTMENT PROPERTY (CONTINUED)

Valuation techniques

Fair value of the investment property is derived by using the discounted cash flow method with significant unobservable inputs (level 3). 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 2021, discount rate of 7.3% per annum (2020: 7.3% per annum) is used in the valuation.

Net operating income growth rates of 0% per annum (2020: 0% per annum) for the first and second years and 3% per annum (2020: 3% per annum) for the remaining years are 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$49 per sq ft to US$53 per sq ft (2020: US$49 per sq ft to US$53 per sq ft), within the subject property. If the rents are higher, the fair value would be higher.

19. INVESTMENTS IN JOINT VENTURES

US$'000	2021	2020
Share of net assets	**11,894**	9,848

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

US$'000	2021	2020
Non-current assets	**2,438**	1,790
Current assets	**13,171**	11,532
Non-current liabilities	**(683)**	–
Current liabilities	**(3,032)**	(3,474)
Share of net assets	**11,894**	9,848
Income	**14,979**	12,021
Expenses	**(9,994)**	(8,731)
Share of profits of joint ventures	**4,985**	3,290
Share of total comprehensive income of joint ventures	**5,195**	3,785

Particulars of the joint ventures at 31st December 2021 are shown on page 195.

20. INVESTMENTS IN ASSOCIATED COMPANIES

US$'000	2021	2020
Share of net assets	102,282	141,999
Goodwill	2,988	2,988
Carrying amount	105,270	144,987

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

US$'000	2021	2020
Non-current assets	89,245	125,904
Current assets	49,837	31,742
Non-current liabilities	(1,697)	(98)
Current liabilities	(35,103)	(15,549)
Share of net assets	102,282	141,999
Income	213,565	80,408
Expenses	(201,310)	(70,899)
Share of profits of associated companies	12,255	9,509
Share of total comprehensive income of associated companies	15,480	18,371

Particulars of the associated companies at 31st December 2021 are shown on page 195.

21. INTANGIBLE ASSETS

US$'000	Computer software costs
Year ended 31st December 2021	
Opening net book amount	**18,856**
Currency translation adjustments	**74**
Additions	**4,507**
Disposals/written off	**(16)**
Amortisation	**(15,765)**
Closing net book amount	**7,656**
At 31st December 2021	
Cost	**163,338**
Accumulated amortisation	**(155,682)**
Net book amount	**7,656**
At 1st January 2020	
Cost	160,479
Accumulated amortisation	(129,655)
Net book amount	30,824
Year ended 31st December 2020	
Opening net book amount	30,824
Currency translation adjustments	68
Additions	9,466
Disposals/written off	(5)
Amortisation	(21,497)
Closing net book amount	18,856
At 31st December 2020	
Cost	170,049
Accumulated amortisation	(151,193)
Net book amount	18,856

Amortisation of US$15.8 million (2020: US$21.5 million) is included in "business and administrative expenses" in the consolidated profit and loss account.

22. DEFERRED TAXATION ASSETS/(LIABILITIES)

US$'000	2021	2020
Deferred taxation assets	7,570	6,255
Deferred taxation liabilities	(198,529)	(143,121)
	(190,959)	(136,866)

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	2021	2020
Deferred taxation assets to be recovered after more than twelve months	3,720	3,619
Deferred taxation liabilities to be settled after more than twelve months	(198,380)	(143,000)

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	Tax losses	Others	Total
Deferred taxation assets				
At 1st January 2020	658	2,067	3,512	6,237
Currency translation adjustments	30	(9)	167	188
Credited/(charged) to consolidated profit and loss account	696	(413)	215	498
At 31st December 2020	1,384	1,645	3,894	6,923
Currency translation adjustments	150	2	177	329
Credited/(charged) to consolidated profit and loss account	170	(351)	749	568
At 31st December 2021	**1,704**	**1,296**	**4,820**	**7,820**

22. DEFERRED TAXATION ASSETS/(LIABILITIES) (CONTINUED)

US$'000	Accelerated tax depreciation	Revaluation of investment property	Undistributed earnings of subsidiaries and affiliates	Others	Total
Deferred taxation liabilities					
At 1st January 2020	1,751	87,135	61,535	1,212	151,633
Currency translation adjustments	(28)	–	–	–	(28)
Acquisition of subsidiaries	–	–	–	73	73
(Credited)/charged to consolidated profit and loss account	(60)	(10,470)	1,972	669	(7,889)
At 31st December 2020	1,663	76,665	63,507	1,954	143,789
Currency translation adjustments	36	–	–	88	124
Charged/(credited) to consolidated profit and loss account	(275)	1,842	54,425	(1,126)	54,866
At 31st December 2021	**1,424**	**78,507**	**117,932**	**916**	**198,779**

Deferred taxation assets of US$26.6 million (2020: US$29.6 million) arising from unused tax losses of US$138.6 million (2020: US$153.4 million) have not been recognised in the consolidated financial statements. Unused tax losses of US$119.7 million (2020: US$120.7 million) have no expiry date and the remaining balance will expire at various dates up to and including 2041.

Deferred taxation liabilities of US$117.9 million (2020: US$63.5 million) were recognised as at 31st December 2021 for current intention to remit retained earnings of subsidiaries of US$615.5 million (2020: US$220.9 million) and retained earnings of affiliates of US$7.9 million (2020: US$10.5 million). As at 31st December 2021, there were no unrecognised deferred taxation liabilities on temporary differences associated with investments in subsidiaries. As at 31st December 2020, deferred taxation liabilities of US$42.2 million on temporary differences associated with investments in subsidiaries of US$249.4 million had not been recognised as there was no current intention of remitting the retained earnings of these subsidiaries to the holding companies in the foreseeable future.

23. 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$34.1 million (2020: US$31.0 million).

Defined contribution schemes

The principal defined contribution schemes are operated in the PRC and the USA. These schemes cover approximately 80% of the Group's employees. Contributions to the defined contribution schemes, all the assets of which are held in trust funds separate from the Group, are based on a percentage of an employee's salary, depending upon the length of service of the employee, but the Group's contributions to certain schemes may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in those contributions.

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.

23. PENSION AND RETIREMENT BENEFITS (CONTINUED)

Defined contribution schemes (Continued)

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

US$'000	2021	2020
Contributions to the schemes	32,802	29,817
Forfeitures utilised	(352)	(114)
	32,450	29,703

Defined benefit scheme

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

US$'000	2021	2020
Net scheme assets/(liabilities)	12,248	(15,447)

Net funded scheme assets/(liabilities)

The defined benefit scheme is operated in the United Kingdom which was valued by Barnett Waddingham LLP. The defined benefit scheme (the "Scheme") covers less than 1% of the Group's employees and is 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 assets/(liabilities) of the Scheme recognised in the consolidated balance sheet are determined as follows:

US$'000	2021	2020
Fair value of plan assets	225,161	225,825
Present value of funded obligations	(212,913)	(241,272)
Surplus/(deficit) of funded plan	12,248	(15,447)

23. PENSION AND RETIREMENT BENEFITS (CONTINUED)

Defined benefit scheme (Continued)

Net funded scheme assets/(liabilities) (Continued)

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

US$'000	2021	2020
Balance at beginning of year	225,825	209,708
Currency translation adjustments	(2,149)	8,367
Interest income on plan assets	2,699	3,808
Remeasurement gain on assets	5,448	14,384
Contributions from the Group	4,631	4,683
Contributions from the plan members	101	119
Benefits paid	(11,394)	(15,244)
Balance at end of year	225,161	225,825

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

US$'000	2021	2020
Balance at beginning of year	241,272	221,202
Currency translation adjustments	(2,327)	8,895
Current service cost	1,487	1,148
Interest expense	2,868	3,991
Experience gains on liabilities	(2,552)	(1,308)
(Gains)/losses from changes to demographic assumptions	(5,258)	305
(Gains)/losses from changes to financial assumptions	(11,284)	22,164
Contributions from the plan members	101	119
Benefits paid	(11,394)	(15,244)
Balance at end of year	212,913	241,272

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

US$'000	2021	2020
Current service cost	1,487	1,148
Interest expense	2,868	3,991
Interest income on plan assets	(2,699)	(3,808)
Net expense recognised for the year	1,656	1,331

Charges of US$0.4 million (2020: nil) and US$1.3 million (2020: US$1.3 million) respectively are included in "operating costs" and "business and administrative expenses" in the consolidated profit and loss account.

23. PENSION AND RETIREMENT BENEFITS (CONTINUED)

Defined benefit scheme (Continued)

Net funded scheme assets/(liabilities) (Continued)

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

US$'000	2021	2020
Discount rate	**1.8%**	1.2%
Inflation rate	**3.7%**	3.2%
Expected future salary increases	**2.8%**	2.3%
Expected future pension increases	**2.6%**	2.4%
Actual return on plan assets (US$'000)	**8,147**	18,192

At 31st December 2021, 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$5.6 million lower/US$5.9 million higher. At 31st December 2021, if inflation rate had been 0.2% higher/lower, with all other variables held constant, the fair value of the funded obligations would have been US$2.6 million higher/lower. The sensitivities show the likely effect of a single assumption being adjusted while holding all other assumptions constant.

Plan assets of the Scheme comprise the following:

US$'000	2021		2020	
Equity	**34,450**	**15%**	70,706	31%
Debt	**186,208**	**83%**	134,479	60%
Others	**4,503**	**2%**	20,640	9%
	225,161	**100%**	225,825	100%

Expected normal and deficit reduction contributions to the Scheme for the year ending 31st December 2022 are US$4.7 million.

Through its defined benefit pension plan, 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.

24. RESTRICTED BANK BALANCES

US$'000	2021	2020
Non-current	326	321
Current	2,550	1,925
	2,876	2,246

As at 31st December 2021, the restricted bank balances of US$2.9 million (2020: US$2.2 million) are funds pledged or required to be utilised for specific purposes.

The carrying amounts of the Group's restricted bank balances are mainly denominated in US dollar (2020: 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	2021	2020
AA	2,528	1,781
A	344	458
BBB	4	7
	2,876	2,246

25. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

US$'000	2021	2020
Balance at beginning of year	7,895	15,694
Currency translation adjustments	(2)	1
Disposals	(1,163)	–
Change in fair value recognised in other comprehensive income	(6,688)	(7,800)
Balance at end of year	42	7,895

Investments at fair value through other comprehensive income include the following:

US$'000	2021	2020
Unlisted equity securities	42	7,895

The carrying amounts of the Group's investments at fair value through other comprehensive income are denominated in the following currencies:

US$'000	2021	2020
Renminbi	8	7,860
Other currencies	34	35
	42	7,895

26. INVESTMENTS AT AMORTISED COST

US$'000	2021	2020
Listed debt securities		
Hong Kong	**19,000**	42,497
Overseas	**94,338**	104,915
	113,338	147,412
Less: Current portion included in current assets	**(15,003)**	(34,117)
	98,335	113,295
Market value	**120,601**	157,911

Movements in investments at amortised cost are as follows:

US$'000	2021	2020
Balance at beginning of year	**147,412**	191,306
Redemptions on maturity	**(34,100)**	(43,890)
Amortisation	**26**	(4)
Balance at end of year	**113,338**	147,412

The carrying amounts of investments at amortised cost are denominated in US dollar (2020: US dollar).

The credit quality of investments at amortised cost by reference to Standard & Poor's and/or Moody's credit ratings is as follows:

US$'000	2021	2020
AA	**–**	799
A	**36,189**	64,334
BBB	**77,149**	82,279
	113,338	147,412

The maximum exposure to credit risk at the balance sheet date is the carrying amount of investments at amortised cost.

27. OTHER NON-CURRENT ASSETS

US$'000	2021	2020
Deposit for vessel equipment	**7,438**	7,371
Others	**9,864**	13,973
	17,302	21,344

28. INVENTORIES

US$'000	2021	2020
Bunker	**140,549**	83,278
Consumable stores	**12,515**	11,500
	153,064	94,778

29. DEBTORS AND PREPAYMENTS

US$'000	2021	2020
Trade receivables		
Third parties	**642,286**	446,246
Joint ventures	**–**	205
Fellow subsidiaries	**12,044**	6,598
Related companies	**8,973**	5,875
Less: Provision for impairment	**(73,133)**	(47,566)
Trade receivables – net	**590,170**	411,358
Other debtors	**132,566**	105,972
Other prepayments	**215,579**	132,150
Utility and other deposits	**17,467**	17,518
Amounts due from related parties		
Fellow subsidiaries	**19,719**	13,578
Related companies	**156**	550
	975,657	681,126

29. 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	2021	2020
Counterparties with external credit rating		
A	**41,292**	17,875
BBB	**11,513**	10,317
BB	**10**	6,270
	52,815	34,462
Counterparties without external credit rating		
Group 1	**47,913**	26,629
Group 2	**485,663**	346,272
Group 3	**3,779**	3,995
	537,355	376,896
	590,170	411,358

Note:

Group 1 – new customers (less than 6 months).

Group 2 – existing customers (more than 6 months) with no defaults in the past.

Group 3 – existing customers (more than 6 months) with some defaults in the past.

Trade receivables are normally due for payment on presentation of invoices or granted with an approved credit period ranging mainly from 10 to 30 days. Debtors with overdue balances are requested to settle all outstanding balances before any further credit is granted.

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

US$'000	2021	2020
Below 1 month	**438,170**	319,114
2 to 3 months	**142,476**	84,194
4 to 6 months	**8,640**	6,680
Over 6 months	**884**	1,370
	590,170	411,358

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 and amounts due from related parties are fully performing.

29. DEBTORS AND PREPAYMENTS (CONTINUED)

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

US$'000	2021	2020
US dollar	**141,996**	84,580
Canadian dollar	**13,340**	14,930
Euro	**134,079**	74,501
Japanese yen	**20,849**	16,213
Hong Kong dollar	**12,637**	15,161
Renminbi	**93,004**	89,145
Pound sterling	**18,648**	11,177
Australian dollar	**39,426**	33,181
Other currencies	**116,191**	72,470
	590,170	411,358

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

US$'000	2021	2020
Balance at beginning of year	**47,566**	34,837
Currency translation adjustments	**124**	(165)
Provision	**34,153**	19,200
Written off	**(3,087)**	(1,779)
Reversal	**(5,623)**	(4,527)
Balance at end of year	**73,133**	47,566

To measure the expected credit losses which are included in the balance of provision for impairment of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and due dates of invoices.

The expected loss rates are based on the payment profiles over a period of 36 months before 31st December 2021 or 31st December 2020 respectively and the corresponding historical credit losses experienced within the year. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

30. PORTFOLIO INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

US$'000	2021	2020
Listed equity securities		
Hong Kong	**14,580**	18,091
Overseas	**2,294**	2,065
Market value of listed equity securities	**16,874**	20,156
Listed debt securities		
Hong Kong	**33,287**	61,612
Overseas	**6,095**	18,792
	56,256	100,560

The carrying amounts of the Group's portfolio investments at fair value through profit or loss are mainly denominated in US dollar (2020: US dollar).

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

US$'000	2021	2020
A	**–**	18,697
BBB	**26,371**	34,071
BB	**–**	7,009
Non-ranking	**13,011**	20,627
	39,382	80,404

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

31. CASH AND BANK BALANCES

US$'000	2021	2020
Short-term bank deposits		
Maturing within three months from the date of placement	**1,624,580**	783,839
Deposits placed with a fellow subsidiary*	**140,150**	58,960
Cash at bank and in hand	**2,176,079**	555,310
	3,940,809	1,398,109
Short-term bank deposits		
Maturing more than three months from the date of placement	**3,256,292**	1,674,686
	7,197,101	3,072,795

* The deposits placed with a fellow subsidiary, a finance company, bear interest at prevailing market rates.

The carrying amounts of the Group's cash and bank balances are mainly denominated in US dollar (2020: 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	2021	2020
AA	**192,263**	141,548
A	**3,578,581**	1,179,826
BBB	**3,269,137**	1,679,508
BB	**1,070**	464
B	**13,126**	4,446
Others	**142,924**	67,003
	7,197,101	3,072,795

32. ASSETS HELD FOR SALE

On 20th December 2021, the Company entered into a sale and purchase agreement in respect of the disposal of its entire interest in OOCL Terminal (Tianjin) Limited which held 20% equity interest in Tianjin Port Alliance International Container Terminal Co. Ltd. for a consideration of US$55.4 million. Accordingly, assets of the disposal group, which represented the investment in an associated company, were reclassified as assets held for sale as at 31st December 2021.

US$'000	2021
Assets held for sale	
Investment in an associated company	46,361

33. SHARE CAPITAL

US$'000	2021	2020
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 2020	625,793	62,579
Issue of shares (note)	34,580	3,458
At 31st December 2021	660,373	66,037

Note:

On 22nd January 2021, the Company entered into a share placing and subscription agreement for the allotment and issue of 11,400,000 shares at a subscription price of HK$81.80 per share (equivalent to approximately US$10.55 per share). The related share issuance expenses amounting to US$1,185,000 were netted off against share premium. The share subscription was completed on 29th January 2021.

On 9th September 2021, the Company entered into another share placing and subscription agreement for the allotment and issue of 23,180,000 shares at a subscription price of HK$151.00 per share (equivalent to approximately US$19.39 per share). The related share issuance expenses amounting to US$2,911,000 were netted off against share premium. The share subscription was completed on 17th September 2021.

34. RESERVES

US$'000	Share premium	Employee share-based compensation reserve	Contributed surplus	Capital redemption reserve	Investments revaluation reserve	Foreign exchange translation reserve	Retained profit	Total
At 1st January 2020	172,457	2,651	88,547	4,696	14,488	22,977	4,559,012	4,864,828
Total comprehensive income/(loss) for the year	–	–	–	–	(7,800)	19,410	895,946	907,556
Transactions with owners								
Employee share-based compensation	–	4,776	–	–	–	–	–	4,776
2019 final dividend	–	–	–	–	–	–	(16,834)	(16,834)
2019 second special dividend	–	–	–	–	–	–	(150,190)	(150,190)
2020 interim dividend	–	–	–	–	–	–	(30,601)	(30,601)
At 31st December 2020	172,457	7,427	88,547	4,696	6,688	42,387	5,257,333	5,579,535
Total comprehensive income/(loss) for the year	–	–	–	–	(6,688)	(4,156)	7,152,669	7,141,825
Transactions with owners								
Issue of shares, net of share issuance expenses (note 33)	562,260	–	–	–	–	–	–	562,260
Employee share-based compensation	–	2,084	–	–	–	–	–	2,084
2020 final dividend	–	–	–	–	–	–	(320,253)	(320,253)
2020 special dividend	–	–	–	–	–	–	(551,809)	(551,809)
2021 interim dividend	–	–	–	–	–	–	(1,121,460)	(1,121,460)
2021 first special dividend	–	–	–	–	–	–	(1,688,562)	(1,688,562)
At 31st December 2021	**734,717**	**9,511**	**88,547**	**4,696**	**–**	**38,231**	**8,727,918**	**9,603,620**

35. SHARE-BASED PAYMENTS

An intermediate holding company of the Group, COSCO SHIPPING Holdings operates share option schemes whereby options are granted to eligible employees of the Group to subscribe for its shares. COSCO SHIPPING Holdings has no legal or constructive obligation to repurchase or settle the options in cash.

At a special general meeting of COSCO SHIPPING Holdings held on 30th May 2019, the shareholders of COSCO SHIPPING Holdings approved the adoption of a share option scheme (the "2019 Share Option Scheme"). No consideration was paid by the grantees for the acceptance of share options.

At a special general meeting of COSCO SHIPPING Holdings held on 29th May 2020, the shareholders of COSCO SHIPPING Holdings approved the adoption of a share option scheme (the "2020 Share Option Scheme"). No consideration was paid by the grantees for the acceptance of share options.

Under the 2019 Share Option Scheme and 2020 Share Option Scheme, the exercises of the options of three batches are subject to two-year, three-year and four-year vesting periods respectively during which a participant is not allowed to exercise any option granted. After the expiration of each vesting period, the participant may exercise the options in three batches in the one year, one year and three years after the expiration of each vesting period respectively. Within the exercise period of the share options, and subject to the fulfilment of the vesting conditions and the exercise arrangement of the share options, grant of each share option entitles the grantee to subscribe for one A share of COSCO SHIPPING Holdings at relevant exercise price in three batches evenly after the expiry of each vesting period.

Movements of the share options granted by COSCO SHIPPING Holdings to the employees of the Group during the year ended 31st December 2021 and 2020 are set out below:

			Year ended 31st December 2021 Number of share options					
Date of grant	**Exercisable period**	**Exercise price (note iii)**	**Outstanding as at 1st January 2021**	**Transferred from a fellow subsidiary**	**Exercised during the period**	**Forfeited during the period**	**Adjustment for capitalisation issue (note iii)**	**Outstanding as at 31st December 2021**
3rd June 2019	Note i	RMB3.15	**45,085,000**	**425,000**	**(12,230,874)**	**(5,927,200)**	**8,906,273**	**36,258,199**
29th May 2020	Note ii	RMB2.69	**4,195,200**	**–**	**–**	**–**	**1,258,560**	**5,453,760**
			49,280,200	**425,000**	**(12,230,874)**	**(5,927,200)**	**10,164,833**	**41,711,959**

			Year ended 31st December 2020 Number of share options			
Date of grant	Exercisable period	Exercise price	Outstanding as at 1st January 2020	Granted during the period	Transferred from a fellow subsidiary	Outstanding as at 31st December 2020
3rd June 2019	Note i	RMB4.10	44,331,000	–	754,000	45,085,000
29th May 2020	Note ii	RMB3.50	–	4,195,200	–	4,195,200
			44,331,000	4,195,200	754,000	49,280,200

35. SHARE-BASED PAYMENTS (CONTINUED)

Notes:

(i) The share options were granted on 3rd June 2019 under the 2019 Share Option Scheme at an exercise price of RMB4.10. According to the provisions of the 2019 Share Option Scheme, share options under each grant have a validity period of ten years from 30th May 2019 and cannot be exercised evenly during the two-year, three-year and four-year period commencing from the date of grant (the "Restriction Period"). Besides, subject to the fulfilment of the relevant vesting conditions, share options will be exercised in three batches evenly over a period of one year, one year and three years after the expiry of each Restriction Period, i.e. 33%, 33% and 34%.

(ii) The share options were granted on 29th May 2020 under the 2020 Share Option Scheme at an exercise price of RMB3.50. According to the provisions of the 2020 Share Option Scheme, share options under each grant have a validity period of ten years from 29th May 2020 and cannot be exercised evenly during the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be exercised in three batches evenly over a period of one year, one year and three years after the expiry of each Restriction Period, i.e. 33%, 33% and 34%.

(iii) Upon the completion of the capitalisation issue of 3 shares for every 10 shares by converting capital reserve to share capital of COSCO SHIPPING Holdings in July 2021, the exercise price of the outstanding share options under the 2019 Share Option Scheme was adjusted from RMB4.10 per share to RMB3.15 per share and the outstanding number of share options under the 2019 Share Option Scheme was adjusted from 29,687,577 to 38,593,850; the exercise price of the outstanding share options under the 2020 Share Option Scheme was adjusted from RMB3.50 per share to RMB2.69 per share and the outstanding number of share options under the 2020 Share Option Scheme was adjusted from 4,195,200 to 5,453,760.

36. BORROWINGS

US$'000	2021	2020
Non-current		
Bank loans		
Secured	**211,941**	648,346
Unsecured	**–**	171,979
	211,941	820,325
Current		
Bank loans		
Secured	**38,716**	173,948
Unsecured	**–**	39,322
	38,716	213,270
Total borrowings	**250,657**	1,033,595

36. BORROWINGS (CONTINUED)

The maturity of borrowings is as follows:

US$'000	Bank loans
As at 31st December 2021	
2022	**38,716**
2023	**38,716**
2024	**38,716**
2025	**32,738**
2026	**53,192**
2027 onwards	**48,579**
	250,657
As at 31st December 2020	
2021	213,270
2022	224,405
2023	251,333
2024	70,789
2025	74,401
2026 onwards	199,397
	1,033,595

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

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

	2021	2020
Bank loans	**1.3%**	1.3%

The carrying amounts of non-current and current borrowings approximate their fair values.

The carrying amounts of the Group's borrowings are denominated in US dollar (2020: US dollar).

As at 31st December 2021 and 2020, the Group's borrowings are subject to floating interest rates.

37. LEASE LIABILITIES

US$'000	2021	2020
Non-current	**1,816,655**	1,669,163
Current	**623,328**	367,085
	2,439,983	2,036,248

The maturity of lease liabilities is as follows:

US$'000	Present value	Minimum payments
As at 31st December 2021		
2022	**623,328**	**656,967**
2023	**577,411**	**599,312**
2024	**434,519**	**448,089**
2025	**274,717**	**283,490**
2026	**216,778**	**222,758**
2027 onwards	**313,230**	**320,686**
	2,439,983	**2,531,302**
As at 31st December 2020		
2021	367,085	396,632
2022	260,665	284,735
2023	336,879	354,175
2024	243,409	256,144
2025	306,332	315,661
2026 onwards	521,878	535,752
	2,036,248	2,143,099

38. PROVISION

The Group entered into the TSA in October 2019 to which the Group committed to place, or procure the placement of an annual minimum number of vessel lifts in LBCT for 20 years. Failure to meet the committed volume for each contract year would require certain level of deficiency payment as stipulated in the TSA.

As at 31st December 2021, the Group reassessed the expected number of vessel lifts in LBCT for each of the remaining contract years with reference to future prospects of the market and its expected load factor. The overall economic environment in the USA is still highly uncertain under the COVID-19 pandemic. It is expected that a slower economy growth would affect the demand/import of the USA for some time as the economy shall take years to recover from various pandemic impact. The operational results for the LBCT routes were very strong in 2021, which were primarily due to the remarkable freight rates, driven by the terminal congestion and shortage in supply of container vessels. However, management does not expect such high freight rates are sustainable in the medium to long term. As at 31st December 2021, with these uncertainties over such long-term contract period, management reassessed that the projected vessel lifts in LBCT would continue lead to a shortfall on minimum volume commitment over the remaining contract period. The Group estimated an onerous contract provision of US$651.7 million as at 31st December 2021 (2020: US$348.5 million).

38. PROVISION (CONTINUED)

Movements in the onerous provision are as follows:

US$'000	2021	2020
Balance at beginning of year	348,545	–
Charged to consolidated profit and loss account	303,200	348,545
Balance at end of year	651,745	348,545

Refer to note 4(d) for more details of the calculation methodology adopted and key assumptions used by management in estimating the onerous provision.

39. CREDITORS AND ACCRUALS

US$'000	2021	2020
Trade payables		
Third parties	196,391	213,626
Joint ventures	180	3,467
Fellow subsidiaries	30,963	92,410
Related companies	14,297	9,724
	241,831	319,227
Other creditors	159,187	144,343
Accrued expenses#	2,035,487	894,288
Contract liabilities*	25,713	14,253
Amounts due to related parties		
Joint ventures	6,854	651
Fellow subsidiaries	10,174	13,489
Related companies	267	1,460
	2,479,513	1,387,711

Accrued expenses mainly represent provision for operating costs for container transport operation and accrued discretionary bonuses.

* As permitted by HKFRS 15, the transaction price for contracts with an original expected duration of one year or less is exempt from disclosure due to practical expedient.

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

US$'000	2021	2020
Below 1 month	187,640	257,905
2 to 3 months	48,835	55,148
4 to 6 months	305	2,726
Over 6 months	5,051	3,448
	241,831	319,227

39. CREDITORS AND ACCRUALS (CONTINUED)

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

US$'000	2021	2020
US dollar	**105,612**	174,959
Canadian dollar	**4,208**	9,854
Euro	**26,722**	21,089
Japanese yen	**16,375**	19,131
Hong Kong dollar	**15,452**	16,231
Renminbi	**33,725**	34,001
Other currencies	**39,737**	43,962
	241,831	319,227

40. COMMITMENTS

(a) Capital commitments – Property, plant and equipment

US$'000	2021	2020
Contracted but not provided for		
Vessels under construction	**3,065,362**	1,694,048
Others	**94,454**	7,763
	3,159,816	1,701,811

(b) Lease commitments

The future aggregate minimum lease rental expenses under non-cancellable short-term leases and low-value leases are payable in the following years:

US$'000	Vessels and equipment	Land and buildings	Total
At 31st December 2021			
Less than 1 year	**96,996**	**1,201**	**98,197**
Between 1 and 2 years	**64,779**	**–**	**64,779**
Between 2 and 5 years	**172,588**	**–**	**172,588**
Over 5 years	**77,344**	**–**	**77,344**
	411,707	**1,201**	**412,908**
At 31st December 2020			
Less than 1 year	97,106	1,632	98,738
Between 1 and 2 years	25,360	–	25,360
Between 2 and 5 years	69,309	–	69,309
Over 5 years	34,099	–	34,099
	225,874	1,632	227,506

40. COMMITMENTS (CONTINUED)

(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	Land and buildings
At 31st December 2021	
Less than 1 year	**21,605**
Between 1 and 2 years	**22,092**
Between 2 and 5 years	**52,070**
Over 5 years	**38,111**
	133,878
At 31st December 2020	
Less than 1 year	24,601
Between 1 and 2 years	20,964
Between 2 and 5 years	48,899
Over 5 years	32,010
	126,474

41. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

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

US$'000	2021	2020
Operating profit	**7,380,271**	992,187
Interest income	**(39,109)**	(56,350)
Dividend income and distribution	**(7,638)**	(8,768)
Provision for onerous contract	**303,200**	348,545
Depreciation and amortisation	**569,732**	452,186
Fair value loss from assets	**4,304**	36,049
Gain on bargain purchase of subsidiaries	**–**	(377)
Net gain on disposal of non-current assets	**(42,988)**	(8,481)
Loss on written-off of non-current assets	**153**	111
Employee share-based compensation	**2,084**	4,776
Operating profit before working capital changes	**8,170,009**	1,759,878
(Increase)/decrease in inventories	**(58,286)**	18,707
Increase in debtors and prepayments	**(289,748)**	(18,609)
Increase in creditors and accruals	**1,158,180**	256,987
Change in net pension assets/liabilities	**(2,975)**	(3,442)
Settlement of derivative financial instruments	**–**	85
Cash generated from operations	**8,977,180**	2,013,606

41. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) The reconciliation of liabilities arising from financing activities is as follows:

US$'000	Borrowings	Lease liabilities	Total
At 1st January 2020	1,428,137	2,562,952	3,991,089
Cash flow			
Inflow from financing activities	99,550	–	99,550
Outflow from financing activities	(496,934)	(603,882)	(1,100,816)
Non-cash changes			
Acquisition of subsidiaries	–	456	456
Inception of leases (note 41(d))	–	56,186	56,186
Termination of leases	–	(496)	(496)
Lease modification	–	(2,214)	(2,214)
Currency translation adjustments	–	6,195	6,195
Finance costs	2,842	17,051	19,893
At 31st December 2020	1,033,595	2,036,248	3,069,843
Cash flow			
Outflow from financing activities	(787,127)	(464,680)	(1,251,807)
Non-cash changes			
Inception of leases (note 41(d))	–	853,586	853,586
Termination of leases	–	(202)	(202)
Currency translation adjustments	–	(2,424)	(2,424)
Finance costs	4,189	17,455	21,644
At 31st December 2021	**250,657**	**2,439,983**	**2,690,640**

(c) Acquisition of subsidiaries

Details of the purchase consideration, the net assets acquired and gain on bargain purchase are as follows:

US$'000	2020
Purchase consideration	65
Fair value of previously held equity interest at the date of acquisition	531
Fair value of net assets acquired (see below)	(1,625)
Release of reserve upon step acquisition from joint venture to subsidiary	652
Gain on bargain purchase	(377)

41. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) Acquisition of subsidiaries (Continued)

The fair values of assets and liabilities recognised as a result of the acquisitions are as follows:

US$'000	2020
Property, plant and equipment	33
Right-of-use assets	515
Debtors and prepayments	5,416
Cash and bank balances	9,711
Lease liabilities	(456)
Deferred taxation liabilities	(73)
Creditors and accruals	(12,524)
Current taxation	(997)
Total identifiable net assets acquired	1,625
Net cash inflow on acquisition:	
Cash and cash equivalents acquired	9,711
Less: Purchase consideration settled in cash	(65)
Net cash inflow	9,646

(d) Major non-cash transactions

During the year, major non-cash transactions included the inception of leases of US$853.6 million (2020: US$56.2 million).

(e) Analysis of cash and cash equivalents

US$'000	**2021**	2020
Bank balances and deposits maturing within three months from the date of placement	**3,940,809**	1,398,109

(f) Cash outflow for leases

In addition to the cash flows arising from lease liabilities as stated in note 41(b) above, the total cash outflow for short-term and low-value leases and interest expense on lease liabilities for the year ended 31st December 2021 was US$420.3 million (2020: US$378.2 million).

42. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company is controlled by COSCO SHIPPING, the ultimate parent company and a state-owned enterprise established in the PRC.

COSCO SHIPPING itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. Government-related entities and their subsidiaries directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include COSCO SHIPPING and its subsidiaries (other than the Group) (collectively referred to as "COSCO SHIPPING Group") and related entities of COSCO SHIPPING (including joint ventures and associated companies), other government-related entities and their subsidiaries, entities in which the Company is able to exercise joint control or significant influence, and key management personnel of the Company and COSCO SHIPPING as well as their close family members.

For the purpose of related party transaction disclosures, the Directors believe that it is meaningful to disclose the related party transactions with COSCO SHIPPING Group companies and related entities of COSCO SHIPPING (including joint ventures and associated companies) for the interests of financial statements users, although certain of those transactions which are individually or collectively not significant are exempted from disclosure. The Directors believe that the information of related party transactions has been adequately disclosed in the consolidated financial statements.

In addition to the related party information and transactions disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions conducted in the ordinary course of business between the Group and its related parties during the year.

(a) Transactions with COSCO SHIPPING Group and related entities of COSCO SHIPPING (including joint ventures and associated companies)

US$'000	2021	2020
Income		
Container transport income (note ii)	**402,513**	126,517
Freight forwarding income	**7,877**	5,108
Terminal handling and storage income	**5,722**	3,997
Rental income		
Vessels	**53,427**	35,991
Containers	**13,124**	7,932
IT service income	**41,516**	36,548
Interest income	**354**	91
Expenses		
Cargo transportation costs	**97,840**	100,543
Freight forwarding expenses	**93,749**	19,347
Terminal charges (note iii)	**151,341**	133,034
Expenses relating to short-term leases and leases with low-value assets		
Vessels	**106,336**	90,835
Containers	**37,983**	10,091
Land and buildings	**820**	409
Slot hire expenses	**211,063**	104,981
Purchase of bunker (note iv)	**175,158**	113,661
Crew expenses	**2,233**	1,296
Insurance expenses	**5,319**	7,907
Service fee	**385**	300
Others		
Purchase of containers	**114,416**	96,868
Instalments of vessels under construction (note v)	**204,487**	188,228

42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with a joint venture of the Group

US$'000	2021	2020
Income		
Container transport income	524	473
Expenses		
Cargo transportation costs	11,468	7,382

(c) Transactions with other related parties

US$'000	2021	2020
Income		
Container transport income	1,125	6,216
Expenses		
Cargo transportation costs	29,503	19,824
Freight forwarding expenses	4	2
Terminal charges	44,082	37,378
Expenses relating to short-term leases and leases with low-value assets		
Containers	42	17
Crew expenses	8	–
Others		
Purchase of containers	75,000	–

(d) Transactions with state-owned banks

As at 31st December 2021, approximately 90% (2020: 90%) of the Group's bank balances and 40% (2020: 50%) of the Group's borrowings are with state-owned banks.

Notes:

(i) These transactions were conducted either (i) based on terms as governed by the master agreements and subsisting agreements entered into between the Group and COSCO SHIPPING Group or (ii) based on terms as set out in the underlying agreements, statutory rates or market prices or actual costs incurred, or as mutually agreed between the Group and the parties in concern.

(ii) Container transport income of US$58.1 million (2020: US$23.7 million) and US$104.4 million (2020: US$35.8 million) were transacted with the associated companies and joint ventures of COSCO SHIPPING respectively during the year ended 31st December 2021.

(iii) Terminal charges of US$79.0 million (2020: US$90.9 million) were transacted with the associated companies of COSCO SHIPPING during the year ended 31st December 2021.

(iv) Bunker of US$135.1 million (2020: US$97.3 million) was purchased from a joint venture of COSCO SHIPPING during the year ended 31st December 2021.

(v) The Group entered into shipbuilding contracts for ten (2020: twelve) vessels with a subsidiary and an associated company of COSCO SHIPPING respectively for an aggregate consideration of US$1,575.8 million (2020: US$1,882.3 million) during the year ended 31st December 2021. The remaining capital commitment is disclosed in note 40(a).

43. COMPANY BALANCE SHEET

As at 31st December 2021

US$'000	2021	2020
ASSETS		
Non-current asset		
Investments in subsidiaries	**178,998**	176,914
Current assets		
Prepayments	**85**	71
Amounts due from subsidiaries	**6,899,629**	2,334,894
Restricted bank balances	**1,042**	483
Cash and bank balances	**1,657**	1,653
	6,902,413	2,337,101
Total assets	**7,081,411**	2,514,015
EQUITY		
Equity holders		
Share capital	**66,037**	62,579
Reserves (note)	**6,403,998**	1,215,723
Total equity	**6,470,035**	1,278,302
LIABILITIES		
Current liabilities		
Creditors and accruals	**2,868**	2,134
Amounts due to subsidiaries	**608,508**	1,233,579
	611,376	1,235,713
Total equity and liabilities	**7,081,411**	2,514,015

43. COMPANY BALANCE SHEET (CONTINUED)

Note:

Movements of reserves

US$'000	Share premium	Employee share-based compensation reserve	Contributed surplus	Capital redemption reserve	Retained profit	Total
At 1st January 2020	172,457	2,651	88,547	4,696	792,155	1,060,506
Total comprehensive income for the year	–	–	–	–	348,066	348,066
Transactions with owners						
Employee share-based compensation	–	4,776	–	–	–	4,776
2019 final dividend	–	–	–	–	(16,834)	(16,834)
2019 second special dividend	–	–	–	–	(150,190)	(150,190)
2020 interim dividend	–	–	–	–	(30,601)	(30,601)
At 31st December 2020	172,457	7,427	88,547	4,696	942,596	1,215,723
Total comprehensive income for the year	–	–	–	–	8,306,015	8,306,015
Transactions with owners						
Issue of shares, net of share issuance expenses (note 33)	562,260	–	–	–	–	562,260
Employee share-based compensation	–	2,084	–	–	–	2,084
2020 final dividend	–	–	–	–	(320,253)	(320,253)
2020 special dividend	–	–	–	–	(551,809)	(551,809)
2021 interim dividend	–	–	–	–	(1,121,460)	(1,121,460)
2021 first special dividend	–	–	–	–	(1,688,562)	(1,688,562)
At 31st December 2021	**734,717**	**9,511**	**88,547**	**4,696**	**5,566,527**	**6,403,998**

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 amounted to US$5,655.1 million as at 31st December 2021 (2020: US$1,031.1 million).

44. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on 25th March 2022.

Principal Subsidiaries, Associated Companies and Joint Ventures

as at 31st December 2021

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/registered capital/ contributed cash capital	Principal activities	Place of incorporation	Area of operations
Subsidiaries					
Cargo System Warehouse and Transport Ltd.	100	3,000 ordinary shares HK$300,000	Investment holding and container transport	Hong Kong, China	Hong Kong, China
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
Containers No.3 Inc.	100	10,000 ordinary shares US$100,000	Equipment leasing	Marshall Islands	Worldwide
Containers No.5 Inc.	100	5,000 ordinary shares US$5,000	Equipment leasing	Marshall Islands	Worldwide
Dongguan Orient Container Co. Ltd.	100	Registered capital HK$29,000,000	Container depot and warehousing	China *	China
Far Gain Investment Ltd.	100	10,000 ordinary shares HK$10,000	Investment holding	Hong Kong, China	Hong Kong, China
Glory Top Investment Ltd.	100	10,000 ordinary shares HK$10,000	Portfolio investment	Hong Kong, China	Hong Kong, China
Hai Dong Transportation Co. Ltd.	100	100,000 ordinary shares HK$100,000	Freight forwarding	Hong Kong, China	Hong Kong, China
IQAX Limited	100	10,000,000 class A ordinary shares US$10,000,000	AI and blockchain digital data on network applications and platform design	Hong Kong, China	Hong Kong, China
Kenwake Limited	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
Maritime Delivery Services Inc.	100	1,000 common stock US$10,000	Trucking service	USA	USA

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/registered capital/ contributed cash capital	Principal activities	Place of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer 1370A Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 1371A Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 1420 Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 1421 Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 1484 Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 1564A Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 1565A Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 1584A Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 1585A Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 1667A Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 1668A Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
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 2005 Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 2007 Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 2009 Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/registered capital/ contributed cash capital	Principal activities	Place of incorporation	Area of operations
Subsidiaries (Continued)					
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 2172 Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 2173 Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer 4090 Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 5 Shipping Inc.	100	500 ordinary shares US$5,000	Ship owning	Liberia †	Worldwide
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. 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. 67 (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. 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

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/registered capital/ contributed cash capital	Principal activities	Place of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer No. 81 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 82 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 83 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 85 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 86 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 87 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 88 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 89 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 90 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 93 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 95 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 96 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 97 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 98 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 99 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 100 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/registered capital/ contributed cash capital	Principal activities	Place of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer No. 101 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 102 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 103 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 107 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 108 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 109 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 110 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 111 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 112 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 113 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 115 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 116 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 117 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 118 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 119 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 120 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/registered capital/ contributed cash capital	Principal activities	Place of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer No. 121 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 122 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 123 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 125 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 126 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 127 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 128 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 129 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 130 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 131 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 132 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 133 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 134 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 135 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 136 (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 2021

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/registered capital/ contributed cash capital	Principal activities	Place of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer No. 137 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 138 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 139 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 140 (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
O M Depot Company Limited	51	80,000 ordinary shares THB8,000,000	Container Depot	Thailand	Thailand
OOCL (Agencies) Holdings Inc.	100	5,000 ordinary shares US$5,000	Investment holding	Marshall Islands	Worldwide
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	China
OOCL (Corporate Services) Limited	100	2 ordinary shares HK$2	Provision of corporate services	Hong Kong, China	Hong Kong, China
OOCL (Denmark) A/S	100	1,000 ordinary shares DKK500,000	Liner agency	Denmark	Northern Europe

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/registered capital/ contributed cash capital	Principal activities	Place of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL (Europe) Limited	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 (India) Private Limited	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
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, China	Hong Kong, China
OOCL (Logistics) Holdings Ltd.	100	10,000 ordinary shares US$10,000	Investment holding	British Virgin Islands	Worldwide
OOCL (Mexico), S.A. de C.V.	100	600,000 ordinary shares Peso600,000	Liner agency	Mexico	Mexico
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 ordinary share Rub10,000	Liner agency	Russia	Russia

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/registered capital/ contributed cash capital	Principal activities	Place of incorporation	Area of operations
Subsidiaries (Continued)					
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 (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	Transportation and freight agency	China ±	China
OOCL GEMİ ACENTELİĞİ HİZMETLERİ VE TİCARET ANONİM ŞİRKETİ	100	100,000 shares TL.100,000	Liner agency	Turkey	Turkey
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, China
OOCL Logistics (Asia Pacific) Ltd.	100	200 ordinary shares US$20,000	Investment holding, management of international transportation and logistics	Bermuda	Worldwide
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

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/registered capital/ contributed cash capital	Principal activities	Place of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL Logistics (Europe) Ltd.	100	2 ordinary shares £2	Logistics, cargo consolidation and forwarding territorial office	United Kingdom	Europe
OOCL Logistics (Hong Kong) Ltd.	100	50,000 ordinary shares HK$500,000	Logistics, cargo consolidation and forwarding	Hong Kong, China	Hong Kong, China
OOCL Logistics (India) Private Limited	100	35,000 equity shares Rupee3,500,000	Logistics, cargo consolidation and forwarding	India	India
OOCL Logistics (Japan) Ltd.	100	6,200 ordinary shares Yen10,000,000	Logistics, cargo consolidation and forwarding	Japan	Japan
OOCL Logistics (Korea) Ltd.	100	280,000 common stock Won2,800,000,000	Logistics, cargo consolidation and forwarding	Korea	Korea
OOCL Logistics Mexico, S.A. de C.V.	100	500,000 ordinary shares Peso500,000	Logistics, cargo consolidation and forwarding	Mexico	Mexico
OOCL Logistics Pakistan (Pvt) Limited	100	1,300,000 ordinary shares PKR13,000,000	Logistics, cargo consolidation and forwarding	Pakistan	Pakistan
OOCL Logistics (Russia) Limited	100	1 ordinary 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 (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	Transportation and freight forwarding	Hong Kong, China	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 and depot services	China *	China

Principal Subsidiaries, Associated Companies and Joint Ventures

as at 31st December 2021

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/registered capital/ contributed cash capital	Principal activities	Place 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$3,400,000	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	Ship management and vessel operator	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, China	Worldwide
The Speed Limited	100	5,000 ordinary shares US$5,000	Provision of financing to Group	Marshall Islands	Worldwide
Union Faith (H.K.) Limited	100	1 ordinary share HK$1	Ship owning	Hong Kong, China	Worldwide
Wall Street Plaza, Inc.	100 100 100 100 100 100	40 class A common stock 160 class B common stock 20,000 series A non-cumulative non-voting preferred stock 18,000 series B non-cumulative non-voting preferred stock 19,500 series C non-cumulative non-voting preferred stock 19,000 series D non-cumulative non-voting preferred stock US$76,500,200	Investment holding	USA	USA
Wealth Capital No. 1 Corporation	100	500 ordinary shares US$5,000	Investment holding	Liberia †	Worldwide

Name of Company	Effective percentage held by Group	Issued and fully paid up capital/registered capital/ contributed cash capital	Principal activities	Place of incorporation	Area of operations
Associated companies					
Ningbo Yuan Dong Terminal 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
Zhongjing Supply Chain Technology Co., Ltd.	25.9	Registered capital RMB76,500,000	Supply chain management, technology and consulting	China §	China
Eshipping Global Supply Chain Management (Shenzhen) Co.,Ltd.	42.35	Registered capital RMB40,000,000	Supply chain management	China §	China
Joint ventures					
OOCL (UAE) LLC	49	300 ordinary shares AED300,000	Liner agency	Dubai	Dubai
Tan Cang – COSCO – OOCL Logistics Company Limited	30	Legal capital US$1,000,000	Container depot	Vietnam	Vietnam
Qingdao Orient International Container Storage & Transportation Co. Ltd.	55	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 2021.

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	FLAG
OOCL America	5,344	Owned	Intra-Asia	1995	Hong Kong, China
OOCL Asia	8,063	Owned	Asia-Europe	2006	Hong Kong, China
OOCL Atlanta	8,063	Owned	Trans-Atlantic	2005	Hong Kong, China
OOCL Australia	4,583	Owned	Intra-Asia	2006	Hong Kong, China
OOCL Bangkok	13,208	Owned	Trans-Pacific	2013	Hong Kong, China
OOCL Beijing	8,888	Owned	N/A	2011	Hong Kong, China
OOCL Belgium	2,992	Owned	Intra-Asia	1998	Hong Kong, China
OOCL Brisbane	4,578	Owned	Asia-Australia	2009	Hong Kong, China
OOCL Busan	4,578	Owned	Asia-Australia	2008	Hong Kong, China
OOCL California	5,344	Owned	Intra-Asia	1995	Hong Kong, China
OOCL Canada	8,888	Owned	N/A	2011	Hong Kong, China
OOCL Charleston	4,578	Owned	Intra-Asia	2010	Hong Kong, China
OOCL Chicago	5,714	Owned	Trans-Pacific	2000	Hong Kong, China
OOCL Chongqing	13,208	Owned	Trans-Pacific	2013	Hong Kong, China
OOCL Dalian	4,578	Owned	Intra-Asia	2009	Hong Kong, China
OOCL Europe	8,063	Owned	Trans-Atlantic	2006	Hong Kong, China
OOCL Guangzhou	4,578	Owned	Intra-Asia	2010	Hong Kong, China
OOCL Hamburg	8,063	Owned	Intra-Asia	2004	Hong Kong, China
OOCL Houston	4,578	Owned	Asia-Australia	2007	Hong Kong, China
OOCL Jakarta	4,578	Owned	Intra-Asia	2010	Hong Kong, China
OOCL Kobe	4,578	Owned	Intra-Europe	2007	Hong Kong, China
OOCL Le Havre	4,578	Owned	Intra-Asia	2010	Hong Kong, China
OOCL London	8,063	Owned	Trans-Pacific	2010	Hong Kong, China
OOCL Luxembourg	8,063	Owned	Intra-Asia	2010	Hong Kong, China
OOCL Montreal	4,402	Owned	Trans-Atlantic	2003	Hong Kong, China
OOCL Nagoya	4,578	Owned	Intra-Asia	2009	Hong Kong, China
OOCL New York	5,770	Owned	Trans-Pacific	1999	Hong Kong, China
OOCL New Zealand	4,578	Owned	Intra-Asia	2009	Hong Kong, China
OOCL Norfolk	4,578	Owned	Asia-Australia	2009	Hong Kong, China
OOCL Panama	4,578	Owned	Asia-Australia	2008	Hong Kong, China
OOCL Rotterdam	8,063	Owned	Asia-Australia	2004	Hong Kong, China
OOCL San Francisco	5,714	Owned	Intra-Asia	2000	Hong Kong, China
OOCL Savannah	4,578	Owned	Intra-Asia	2010	Hong Kong, China
OOCL Scandinavia	21,413	Owned	Asia-Europe	2017	Hong Kong, China
OOCL Seoul	8,063	Owned	Trans-Atlantic	2010	Hong Kong, China
OOCL Shanghai	5,770	Owned	Asia-Australia	1999	Hong Kong, China
OOCL Southampton	8,063	Owned	Trans-Pacific	2007	Hong Kong, China
OOCL Texas	4,578	Owned	Asia-Australia	2008	Hong Kong, China
OOCL Tokyo	8,063	Owned	Trans-Pacific	2007	Hong Kong, China
OOCL United Kingdom	21,413	Owned	Asia-Europe	2017	Hong Kong, China
OOCL Washington	8,063	Owned	Trans-Pacific	2010	Hong Kong, China
OOCL Yokohama	4,578	Owned	Asia-Australia	2007	Hong Kong, China
OOCL Zhoushan	4,583	Owned	Intra-Asia	2006	Hong Kong, China

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	FLAG
Amalia C	2,452	Long Term lease	Intra-Asia	1998	Malta
Brussels	5,806	Long Term lease	Trans-Atlantic	2000	Portugal
Buxcliff	6,892	Long Term lease	Trans-Atlantic	2001	Portugal
Buxcoast	6,892	Long Term lease	Asia-Europe	2001	Portugal
Buxmelody	2,702	Long Term lease	Intra-Asia	2008	Liberia
Cape Fortius	2,210	Long Term lease	Intra-Asia	2017	Cyprus
Cape Orient	2,202	Long Term lease	Intra-Asia	2016	Cyprus
Cape Syros	2,202	Long Term lease	Intra-Asia	2015	Cyprus
Delaware Trader	2,782	Long Term lease	Intra-Asia	2018	Malta
Dolphin II	5,095	Long Term lease	Trans-Pacific	2007	Panama
GH Bora	2,702	Long Term lease	Intra-Asia	2009	Marshall Island
Hansa Wolfsburg	1,732	Long Term lease	Intra-Asia	2007	Liberia
Inessa	1,774	Long Term lease	Intra-Asia	2020	Marshall Island
Lady Jane	5,047	Long Term lease	Trans-Pacific	2005	Bermuda
OOCL Berlin	13,208	Long Term lease	Trans-Pacific	2013	Hong Kong, China
OOCL Brazil	8,476	Long Term lease	Intra-Asia	2010	Panama
OOCL Brussels	13,208	Long Term lease	Trans-Pacific	2013	Hong Kong, China
OOCL Durban	8,476	Long Term lease	Asia-Australia	2011	Panama
OOCL Egypt	13,208	Long Term lease	Trans-Pacific	2013	Hong Kong, China
OOCL France	13,208	Long Term lease	Asia-Europe	2013	Hong Kong, China
OOCL Genoa	8,888	Long Term lease	N/A	2015	Hong Kong, China
OOCL Germany	21,413	Long Term lease	Asia-Europe	2017	Hong Kong, China
OOCL Ho Chi Minh City	8,888	Long Term lease	N/A	2015	Hong Kong, China
OOCL Hong Kong	21,413	Long Term lease	Asia-Europe	2017	Hong Kong, China
OOCL Indonesia	21,413	Long Term lease	Asia-Europe	2018	Hong Kong, China
OOCL Italy	5,888	Long Term lease	Asia-Australia	2007	Singapore
OOCL Japan	21,413	Long Term lease	Asia-Europe	2017	Hong Kong, China
OOCL Korea	13,208	Long Term lease	Trans-Pacific	2014	Hong Kong, China
OOCL Kuala Lumpur	5,888	Long Term lease	Asia-Australia	2007	Singapore
OOCL Malaysia	13,208	Long Term lease	Asia-Europe	2013	Hong Kong, China
OOCL Memphis	8,888	Long Term lease	N/A	2013	Hong Kong, China
OOCL Miami	8,888	Long Term lease	N/A	2013	Hong Kong, China
OOCL Oakland	5,888	Long Term lease	Trans-Pacific	2007	Panama
OOCL Poland	13,208	Long Term lease	Trans-Pacific	2013	Hong Kong, China
OOCL Rauma	1,421	Long Term lease	Intra-Europe	2009	Netherlands
OOCL Singapore	13,208	Long Term lease	Trans-Pacific	2014	Hong Kong, China
OOCL St. Lawrence	5,047	Long Term lease	Trans-Atlantic	2005	Malta
OOCL Taipei	8,888	Long Term lease	Trans-Pacific	2015	Hong Kong, China
OOCL Utah	8,888	Long Term lease	Trans-Pacific	2015	Hong Kong, China
OOCL Vancouver	5,888	Long Term lease	Trans-Pacific	2006	Panama
Orea	2,194	Long Term lease	Intra-Asia	2015	Malta

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	FLAG
San Lorenzo	1,708	Long Term lease	Intra-Asia	2014	Cyprus
San Pedro	1,715	Long Term lease	Intra-Asia	2014	Malta
Santa Loukia	1,704	Long Term lease	Intra-Asia	2014	Malta
Seamax Stratford	8,533	Long Term lease	Intra-Asia	2006	Marshall Island
Shiling	5,117	Long Term lease	Intra-Asia	2005	Singapore
Singapore	3,338	Long Term lease	Intra-Asia	2004	Liberia
Spectrum N	2,546	Long Term lease	Intra-Asia	2009	Liberia
Spil Kartini	4,218	Long Term lease	Intra-Asia	2008	Panama
Spil Nirmala	2,564	Long Term lease	Intra-Asia	2008	Panama
Vancouver	4,253	Long Term lease	Intra-Asia	2007	Cyprus
Vela	4,258	Long Term lease	Intra-Asia	2009	Liberia
Violeta B	1,756	Long Term lease	Trans-Pacific	2014	Cyprus
Vulpecula	4,258	Long Term lease	Trans-Pacific	2010	Liberia
Windermere	2,872	Long Term lease	Trans-Pacific	2010	Malta
Anina	1,008	Short Term lease	Intra-Europe	2006	Portugal
AS Sara	1,713	Short Term lease	Intra-Asia	2010	Portugal
COSCO England	13,386	Short Term lease	Trans-Pacific	2013	Hong Kong, China
COSCO Italy	13,386	Short Term lease	Trans-Pacific	2014	Hong Kong, China
COSCO Netherlands	13,386	Short Term lease	Trans-Pacific	2013	Hong Kong, China
COSCO Portugal	13,386	Short Term lease	Trans-Pacific	2014	Hong Kong, China
COSCO Shipping Aquarius	19,273	Short Term lease	Intra-Asia	2015	Hong Kong, China
COSCO Shipping Planet	21,237	Short Term lease	Intra-Asia	2019	Hong Kong, China
Kota Layang	4,253	Short Term lease	Trans-Pacific	2009	Singapore
Maine Trader	4,992	Short Term lease	Asia-Australia	2004	Malta
Navi Baltic	1,421	Short Term lease	Intra-Europe	2009	Portugal
Teng Yun He	1,702	Short Term lease	Intra-Asia	2000	China
Tzini	1,756	Short Term lease	Intra-Asia	2013	Malta
William	1,732	Short Term lease	Asia-Australia	2009	Portugal
TOTAL 112 VESSELS	**804,946**				

Container Information

The Group owned and leased 1,291,324 units (2,249,100 TEU) as of 31st December 2021.

10-Year Financial Summary

US$'000	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Consolidated Profit and Loss Data										
Revenue	6,459,059	6,231,583	6,521,589	5,953,444	5,297,693	5,981,676	6,572,655	6,878,740	8,191,304	**16,832,185**
Operating profit/(loss)	327,904	90,314	329,147	353,068	(138,227)	238,155	262,935	361,281	992,187	**7,380,271**
Finance costs	(32,877)	(41,019)	(54,000)	(63,642)	(79,393)	(97,418)	(143,191)	(151,599)	(91,312)	**(60,255)**
Profit/(loss) before taxation	310,134	66,999	294,583	307,208	(199,667)	159,871	134,068	223,826	913,674	**7,337,256**
Profit/(loss) for the year from continuing operations	296,317	47,133	270,438	283,851	(219,221)	147,438	75,448	153,987	903,018	**7,128,409**
Profit/(loss) for the year from discontinued operation	–	–	–	–	–	(9,782)	32,718	1,194,806	–	**–**
Profit/(loss) for the year	296,317	47,133	270,438	283,851	(219,221)	137,656	108,166	1,348,793	903,018	**7,128,409**
Profit/(loss) attributable to equity holders of the Company	295,387	47,036	270,538	283,851	(219,221)	137,656	108,166	1,348,793	902,723	**7,128,127**
Per Ordinary Share										
Earnings/(loss) (US cents)										
from continuing operations	47.2	7.5	43.2	45.4	(35.0)	23.6	12.1	24.6	144.3	**1,108.5**
from discontinued operation	–	–	–	–	–	(1.6)	5.2	190.9	–	**–**
Dividends (US cents)	11.84	1.88	10.90	11.45	–	2.14	7.70	193.35	141.75	**771.00**
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	**643,051**
Consolidated Balance Sheet Data										
Property, plant and equipment	4,664,773	5,320,251	5,608,929	6,020,744	6,076,673	6,251,457	5,880,057	3,162,424	3,744,666	**4,047,629**
Right-of-use assets	–	–	–	–	–	–	–	2,830,674	2,303,265	**2,801,858**
Liquid assets	2,339,531	2,411,085	2,689,754	2,548,976	2,186,946	2,534,463	2,246,803	2,858,824	3,323,013	**7,369,571**
Assets held for sale	–	–	53,047	–	–	–	472,732	–	–	**46,361**
Liabilities directly associated with assets classified as held for sale	–	–	–	–	–	–	(141,048)	–	–	**–**
Other net current liabilities	(654,625)	(473,105)	(628,393)	(622,964)	(738,046)	(671,309)	(596,779)	(979,118)	(1,221,034)	**(2,161,795)**
Total assets	8,231,039	8,990,218	9,633,455	9,731,574	9,404,590	10,069,296	10,053,860	11,201,865	10,644,553	**15,846,977**
Long-term debt	2,325,777	3,265,555	3,595,625	3,663,100	3,489,272	3,930,025	3,695,834	3,342,224	2,489,488	**2,028,596**
Total long and short-term debt	2,881,530	3,533,865	3,984,502	4,101,719	4,090,737	4,554,183	4,197,756	3,991,089	3,069,843	**2,690,640**
Net (cash)/debt	541,999	1,122,780	1,294,748	1,552,743	1,903,791	2,019,720	1,950,953	1,132,265	(253,170)	**(4,678,931)**
Ordinary shareholders' equity	4,481,815	4,470,807	4,634,752	4,797,510	4,519,286	4,682,513	4,735,130	4,927,407	5,642,114	**9,669,657**
Other Financial Information										
Depreciation	235,346	302,884	323,482	315,426	400,351	428,482	385,622	409,255	430,689	**553,967**
Capital expenditure	784,562	999,451	848,769	796,720	478,637	618,690	412,901	387,192	501,926	**1,382,599**
Consolidated Financial Ratios/Percentages										
Debt to equity ratio	0.64	0.79	0.86	0.85	0.91	0.97	0.89	0.81	0.54	**0.28**
Net (cash)/debt to equity ratio	0.12	0.25	0.28	0.32	0.42	0.43	0.41	0.23	(0.04)	**(0.48)**
Return on average ordinary shareholders' equity (%)	6.8	1.1	5.9	6.0	(4.7)	3.0	2.3	27.9	17.1	**93.1**
Accounts payable as a % of revenue	12.1	14.5	14.5	12.6	13.1	12.4	12.8	15.6	16.9	**14.7**
Accounts receivable as a % of revenue	8.4	8.9	8.8	8.4	9.0	9.9	9.7	9.7	8.3	**5.8**
Net asset value attributable to equity holders of the Company per ordinary share (US$)	7.16	7.14	7.41	7.67	7.22	7.48	7.57	7.87	9.02	**14.64**

Notes:

(1) The results of discontinued operation prior to 2017 have not been restated or reclassified.

(2) The accounting policy on HKFRS 16 "Leases" was changed in 2019 and in accordance with the transitional provision in HKFRS 16, comparative figures have not been restated.

Corporate Information

EXECUTIVE DIRECTORS

Mr. Wan Min *(Chairman)*
Mr. Huang Xiaowen
(Chief Executive Officer)
Mr. Yang Zhijian
Mr. Feng Boming

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Mr. Yan Jun
Ms. Wang Dan
Mr. Ip Sing Chi

INDEPENDENT NON-EXECUTIVE DIRECTORS

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Dr. Chung Shui Ming Timpson
Mr. Yang Liang Yee Philip
Ms. Chen Ying
Mr. So Gregory Kam Leung

CHIEF FINANCIAL OFFICER

Mr. Zhang Mingwen

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Mr. Xiao Junguang

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China Construction Bank Corporation
China Everbright Bank Co., Ltd.
Citibank, N.A.
DBS Bank Ltd.
HSBC Holdings plc
Industrial and Commercial Bank of China (Asia) Limited
ING Bank N.V.
JPMorgan Chase Bank, N.A.
MUFG Bank, Ltd.
Oversea-Chinese Banking Corporation Limited
Shanghai Pudong Development Bank Co., Ltd.
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