Annual Report 2007

Orient Overseas (International) Limited

(Incorporated in Bermuda with Limited Liability)

CORPORATE PROFILE

Orient Overseas (International) Limited ("OOIL"), a company with total revenues in excess of US$5.6 billion, has principal business activities in container transport and logistics services and property development and investment. Listed on The Stock Exchange of Hong Kong, the OOIL Group has more than 230 offices in 58 countries.

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

OOIL Group's property development and investment division focuses on sizable and quality investments, primarily in China, with the potential for solid and consistent returns. It has an eight percent interest in Beijing Oriental Plaza, one of Beijing's most prestigious commercial and office developments and owns Wall Street Plaza in New York City. Its key focus is on residential property development in cities in China that have a higher per capita GDP, superior urban infrastructure and high overseas Chinese investment. It has a number of residential developments in Shanghai.

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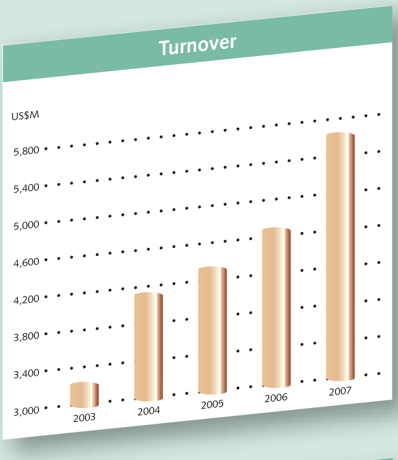
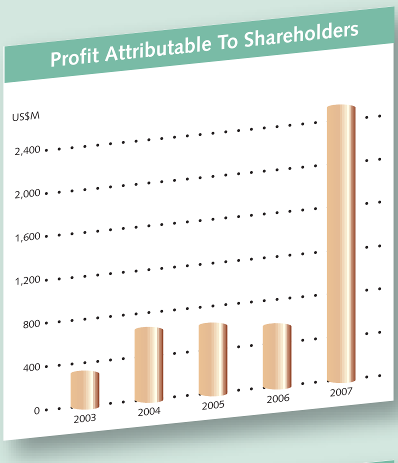
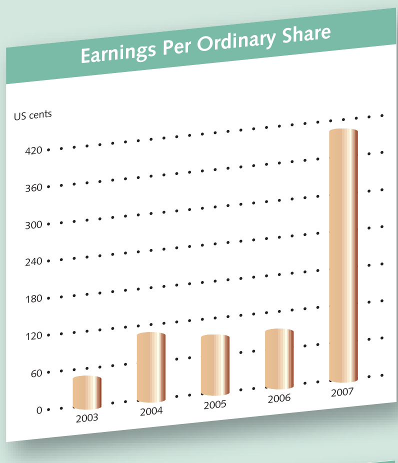
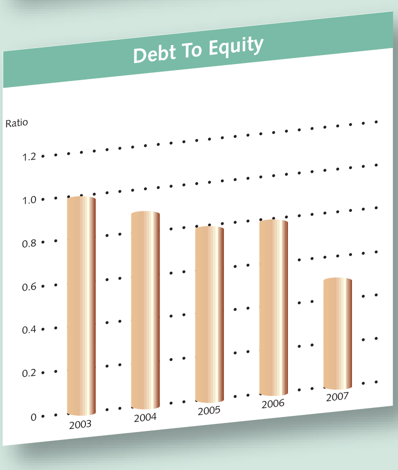
Financial Highlights

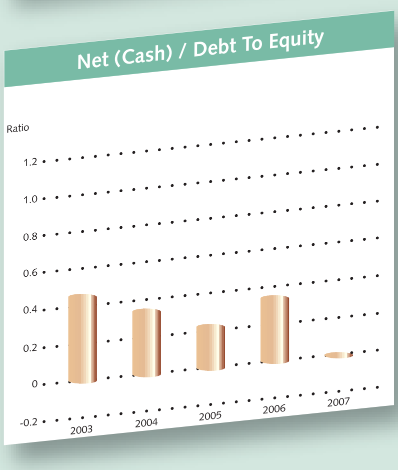
	2007 US$'000	2006 US$'000	Change %
Turnover	**5,651,030**	4,609,751	**+23**
Finance costs	**99,078**	71,721	**+38**
Profit attributable to shareholders	**2,546,979**	580,603	**+339**
Earnings per ordinary share (US cents)	**407.0**	92.8	**+339**
Ordinary shareholders' funds	**4,176,368**	2,727,206	**+53**
Cash and portfolio investments	**2,237,076**	1,167,924	**+92**
Property, plant and equipment	**3,350,844**	2,777,004	**+21**
Debt to equity ratio	**0.53**	0.76	**-30**
Net (cash)/debt to equity ratio	**(0.01)**	0.33	**N/A**
Net asset value per ordinary share (US$)	**6.67**	4.36	**+53**

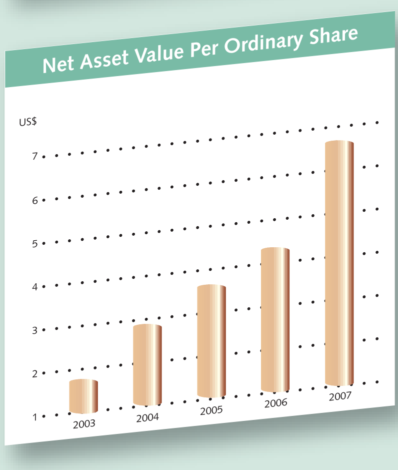












Significant Events

January

OOIL announced that it had completed the sale of three of the four terminals within the Terminals Division to Ontario Teachers' Pension Plan Board. Those terminals were the Deltaport and Vanterm terminals in the Port of Vancouver and the Global Terminal in Bayonne, New Jersey in the Port of New York and New Jersey.

OOCL celebrated the christening of its 11th SX-class 8,086 TEU vessel, *OOCL Tokyo* at Geoje Shipyard, built by the Samsung Heavy Industries Co Ltd in Korea. 1

OOCL achieved a compliance rate of 100% for the Voluntary Vessel Speed Reduction program with the Port of Long Beach's Green Flag Incentive Program for the year of 2006. 2

February

OOCL celebrated the christening and delivery of the 5,888 TEU, S-class mv *OOCL Seattle* at Koyo Dockyard on 14th February 2007 in Japan. 3

OODL's Changle Lu Project in Shanghai commenced piling for residential towers.

OODL's Hotel Project, Double Tree by Hilton in Kunshan was topped out.

March

OOIL announced a net profit of US$581.1 million for the year ended 31st December 2006 as compared with a net profit of US$651.3 million recorded in 2005.

OOCL celebrated the christening of *OOCL Kuala Lumpur* at Koyo Dockyard in Japan, the sixth of its eight 5,888 TEU vessels, built by the Imabari Shipbuilding Group. 4

OOCL customers began being able to track their cargo online directly, at www.oocl.com using the "Express Link", tool provided by Cargo*Smart* to OOCL as one of its customers. 5

April

OOCL announced the launch of a new China-India Express Service ("CIX"), jointly operated with APL, with first sailing from Xingang on 13th May, an enhancement of existing NSS feeder service.

For the second consecutive year, OOCL was the proud winner of the 2006 Canadian International Freight Forwarders Association's Central region's Forwarder's Choice Awards for Outstanding Ocean Service and Commitment between Toronto and the Far East.

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May

OOCL celebrated the christening of the seventh of its eight 5,888 TEU vessels, *OOCL Oakland* at Koyo Dockyard on 24th May, built by the Imabari Shipbuilding Group in Japan. 6

OOCL celebrated on 28th May, the christening of the last of it the first series of twelve "SX" class 8,063 TEU vessels, *OOCL Southampton* at Geoje Shipyard, ordered from and built by Samsung Heavy Industries in Korea. 7

June

OOCL celebrated on 29th June, the christening of *OOCL Italy* at Koyo Dockyard, its eighth 5,888 TEU vessel. It is the last of the eight S-class series built by Imabari Shipbuilding Co, Ltd, Japan.

The sale of the fourth terminal, New York Container Terminal on Staten Island, New York in the Port of New York, to Ontario Teachers' Pension Plan Board was completed.

OOIL announced the retirement of Mr Nicholas Sims as an Executive Director and Chief Financial Officer and the appointment of Mr Kenneth Cambie as an Executive Director with effect from 1st August and as Chief Financial Officer as of 11th August 2007. 8

July

The naming ceremony of the first of the sixteen 4,578 TEU vessel built by Samsung Heavy Industries for OOCL, the *OOCL Kobe*, was held at the Port of Kobe in Japan. 9

OOCL celebrated the christening of *OOCL Yokohama* at Geoje Shipyard in Korea, the second in the series of sixteen 4,578 TEU vessels, ordered with Samsung Heavy Industries. 10

OOCL announced the establishment of a new office in Karachi, Pakistan.

August

OOIL Group announced a profit attributable to shareholders of US$2,216.3 million for the first six months of 2007 compared with US$280.5 million earned during the first half of 2006.

OOCL, together with the three other member lines of the Grand Alliance, announced the extension of their co-operation, on matters such as sailing frequency and environmental protection, for a further term of ten years.

September

OOCL and the Grand Alliance announced the deployment of extra loaders on the Asia/Europe routes through October and November to cater for increased volumes.

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October

OOCL celebrated the christening of *OOCL Houston* at Geoje Shipyard in Korea, its third in the line of sixteen 4,578 TEU vessels, ordered with Samsung Heavy Industries. 11

OODL won the auction bidding for the Tianjin International Trade Centre in Tianjin city. The site will be developed into a mixed used commercial project with a total GFA of 190,350 sqm.

OOCL subsidiaries signed shipbuilding contracts with China Shipbuilding Trading Co, Ltd and Hudong-Zhonghua Shipbuilding (Group) Co Ltd (collectively the "Sellers") for the construction of four new 8,600 TEU vessels.

November

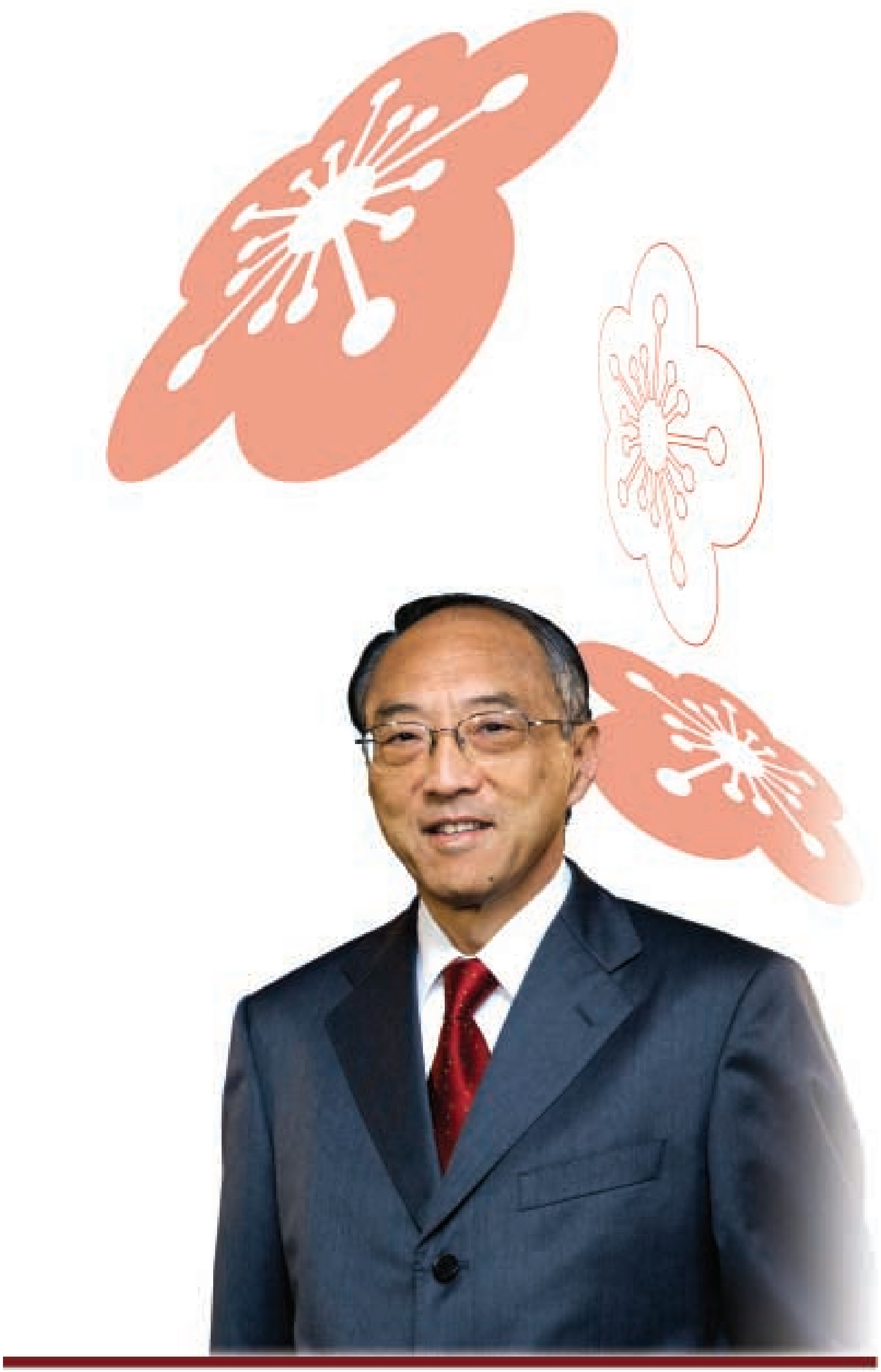
OODL's Changle Lu Project in Shanghai commenced basement excavation for residential towers.

OOCL subsidiaries exercised options granted by China Shipbuilding Trading Co, Ltd and Hudong-Zhonghua Shipbuilding (Group) Co Ltd and contracted for the construction of two additional new 8,600 TEU vessels.

December

OOCL announced that a new service "China Pakistan Express" ("CPX") providing direct links between China, Pakistan and India will be launched on 17th January 2008.

Chairman's Letter



RESULTS FOR 2007

Last year I noted 2006 as being a momentous year with the sale of the Terminals Division and a solid result from the Group's ongoing business in the face of difficult market conditions. 2007 has proven to be equally important, representing a watershed year for the Group following the completion of the Terminals' sale. Key events during the year have been the improved profit from operations in our Container Transportation and Logistics business without the Terminals Division; the special dividends paid to shareholders during the year; and the reaffirmation of the Group's direction. In facing an environment in 2008 that is likely to be even more challenging than that of 2007, the Group is in a strong financial position.

A key feature of the container shipping industry in recent years has been the rational allocation of capacity by carriers contributing to lower overall volatility for the industry. With sensible allocation of capacity by the industry continuing in 2007, the positive sentiment seen at the start of the year translated into maintenance of an improving trend in freight rates throughout the year. With overall volume growth and an increase in freight rates, our ongoing businesses reported an improved performance despite rising costs due to high oil prices.

With the strong performance of the liner operation and the profit from the Terminal Division sales as stand-out features, I am pleased to report that Orient Overseas (International) Limited and its subsidiaries (the "Group") recorded a profit attributable to shareholders for the year of 2007 of US$2,547.0 million compared with US$580.6 million reported for 2006.

This result includes the net profit of US$1.99 billion from the sale of the Terminals Division as reported at the half year. The pre-tax profit from the container transportation and logistics business, and from our other ongoing activities excluding the revaluation of Wall Street Plaza, was US$592.0 million compared to US$453.2 million for the equivalent activities last year. This represents a 30.6% increase for the year reflecting the strength of our ongoing business.

The Terminals sale enabled the payment of two special dividends of US$500 million each during the course of 2007. At the same time, it has placed the Group in an advantageous position as we plan our future capital needs for fleet expansion to meet market demand, and for our property division activities.

With zero net debt at year-end, the Group retains significant borrowing capacity. This provides the Group with the ability to take advantage of opportunities that may arise in relation to property development and vessel acquisition, as well as any industry rationalisation that could emerge from the current financial and operating environment.

Having reviewed the Group's growth plans for the foreseeable future, and after analysis of the capital requirements inherent in those plans, the Board of Directors recommends the payment of a final dividend of US13.5 cents (HK$1.05) per share to shareholders for 2007. Together with the interim dividend, this represents a total ordinary dividend payout of 26.1% of the Profit Attributable to Shareholders for 2007 excluding the profit from the discontinued Terminals Division. This level of payout reflects the strong performance of the business in 2007 and the present capital position of the Group.

The interim and final ordinary dividend, together with the second special dividend declared at the half year, represents a total dividend for the year of US103 cents (HK$8.03) per share.

For our Container Transport and Logistics businesses, 2007 proved a much stronger year than some were predicting at the end of 2006. Despite the US housing sector continuing to slow throughout the year, the effect on the global consumption was muted. The slower volume increase to the US West Coast was mitigated by the strong growth of cargo demand from Asia to Europe. Efficient operation of vessels by carriers in reaction to the high cost of fuel also absorbed capacity. Combined, these factors contributed to a much better balancing of supply and demand of capacity than was predicated for the year. With the strong Euro likely to sustain the current pace of outsourcing to Asia, and the recently announced fiscal and monetary stimulus measures in the United States, we expect much of the same trade pattern and growth of 2007 will continue through 2008.

One of the hottest issues in the liner shipping industry is the European Union's repeal of the block exemption of conference activity from antitrust law that is to be implemented in 2008. The proposed EU repeal will go beyond the US 1998 Ocean Shipping Reform Act, which significantly altered the antitrust exemptions under the Shipping Act of 1984. The EU Reform could gradually impact other trade lanes of the world, due to the bilateral nature of the shipping business and the need to comply strictly with regulatory regimes at both ends of the trade lane.

Organised liner trade forums have existed for most of the last century. They have evolved over that time to the current form today as merely a platform to exchange views and discuss issues such as regulation, macroeconomics, market trends, bunker price trends, safety and security, environmental emissions and so on. Such information is necessary in order to ensure the running of complex logistics chains, to fulfil service requirements to customers, for the improvement of vessel and container deployment, and ultimately to drive major investment decisions for liner companies.

The Group is well prepared for the changes that the EU repeal will bring. At the industry level there is a need to keep channels of information transparent and flowing in the new environment to come. The dominant participants would therefore serve the industry well by taking the lead in enhancing information transparency through the publication of operational performance and business philosophies.

Another key issue for the liner shipping industry is concern and care for the environment. The Group pays great attention to all aspects of corporate social responsibility; it has in place well-established policies, procedures and activity in all such areas including corporate governance, community involvement, safety, security and other work-place matters. Environmental protection is a core element of the Group's corporate social responsibility and we have long recognised and taken a proactive approach to leading environmental stewardship through reducing emissions, promoting environmental care and conserving resources.

The Group's approach is not just to ensure compliance with the relevant environmentally related regulations, but also to seek measurable improvements on an ongoing basis to meet the expectations of our customers, shareholders and the wider global community. We are doing this within our own business through the development of a range of key performance indicators to measure progress of the programs we have in place, and externally in the industry through membership of various initiatives such as the Clean Cargo Working Group.

Good progress was made during the year in our plan to strengthen the Property Development and Investment business. With the purchase of the Tianjin International Trade Centre site in Tianjin near year-end, the Group has a healthy and diversified pipeline as it enters 2008 with projects in the residential, office, hotel and retail sectors. The area of concentration for the Group's real estate business will remain the Greater Shanghai area and the Greater Bohai (Beijing/Tianjin) area. Its dedicated team with a track record in property development business in the PRC will continue to build the business going forward.

While the division's contribution to profits has been small in the last two years, it is on track to produce a meaningful contribution commencing 2010 and the years following as projects come to completion. The immediate focus for the division is on moving its existing projects forward to completion. At the same time, it will continue to build its development and investment pipeline to create a regular and sustainable flow of earnings.

Progressing all of our existing projects will require substantial capital expenditure through the construction phase. While we expect to debt finance a substantial portion of this expenditure, it is the strengthened capital position of the group post the sale of the Terminals that supports this push ahead with all of the group's projects at a time when real estate lending regulations and controls continue to evolve in China.

As the property development division advances its various projects, we will of course remain mindful of market conditions, which currently remain positive. The timing of expenditure and eventual sale of the completed projects will be adjusted as needed. With the favourable location, cost structure, and market outlook for each of the pipeline projects, we remain confident both of the success of the individual projects and of obtaining our goal of realising the full potential value of the division's ongoing activities.

As always, special mention must be made of the Group's staff who collectively continue to more than repay the Group's commitment to them. In the much tougher business environment of the last two years, the efforts of our staff have delivered financial performance generating what must be considered a more than acceptable return for shareholders. This performance comes from the ongoing commitment to the Group's Core Values, demonstrated through consistency in development of our people, through investment in IT and through process enhancement to control costs, improve productivity and to improve customer service.

In opening this report, I noted the important events for the Group in 2007 that resulted from the sale of the Terminals. I believe the strong financial performance of the Group in 2006 and 2007, in the face of difficult market conditions, reflects the consistent long-term quality of investment in our fleet, in our IT, in our processes and, of course, in our people. This ongoing investment has produced a business with a strong cost structure focused on superior customer service. While 2008 will be another challenging year as the US slow-down spreads and the full effect of high oil prices is felt, your company is well positioned to meet such challenges and to continue to prosper over the longer term.

C C Tung
Chairman
Hong Kong, 4th March 2008

Supply Chain & IT

As a total logistics service provider and an industry leader in IT applications, we use our superior strength in technology to offer our customers tailor-made transport and logistics solutions at every stage in the supply chain.

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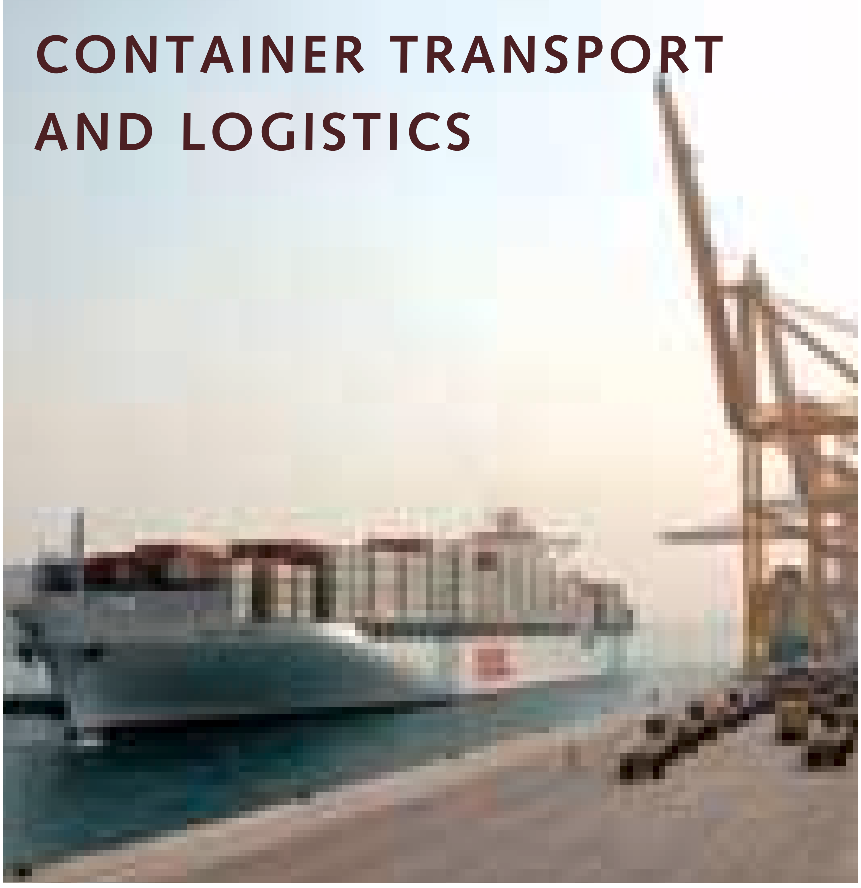
CONTAINER TRANSPORT AND LOGISTICS



2007 proved a much stronger year than most forecasters were predicting at the end of 2006. The year commenced with the usual negative sentiment and concerns about potential over-capacity from deployment of newbuilds, particularly in the face of the ongoing slow-down in growth in the United States. By the half year it was clear that the markets had remained strong in terms of container volume growth and resilient in terms of freight rates.

The industry as a whole behaved quite rationally in diverting new capacity away from the slow growing Trans-Pacific trades towards the strong volume growth trades of Asia/Europe and Intra-Asia. Indeed, demand on these later trades was sufficiently strong to support rate improvements beginning in the second quarter of the year and in the main holding through the remainder of 2007, albeit with some softening evident for the Asia/Europe trade near year end.

Container Transport and Logistics

	2007		2006
(US$ millions)			
Volumes (TEU)	**4,601,625**	+18.2%	3,894,204
Revenue	**5,616.2**	+22.6%	4,580.2
E.B.I.T.D.A.	**732.7**	+20.6%	607.7
Depreciation/Amortisation	**(176.7)**	+15.5%	(153.0)
E.B.I.T.	**556.0**	+22.3%	454.7

CONTAINER TRANSPORT

In 2007 lifting volume increased by 18% to 4.6 million TEU and revenue grew by 21% to US$5,152 million. During the year, we took delivery of two 8,063 TEU and three 4,578 TEU vessels from Samsung Shipyard. Four new 5,888 TEU ships under charter with purchase options were also introduced to the fleet. These nine ships provided an addition of 53,412 TEU in capacity, increasing the total fleet slots, both owned and chartered, to 353,000 TEU by the end of 2007. We expect to take delivery of 3 x 4,506 TEU ships from Samsung in 2008.

Orient Overseas Container Line

	TOTAL LIFTINGS (TEUS)			TOTAL REVENUES (US$'000)		
	2007		2006	**2007**		2006
Trans-Pacific	**1,342,525**	+11.2%	1,207,398	**1,962,521**	+7.9%	1,819,490
Asia-Europe/ Intra-Europe	**777,752**	+14.4%	679,880	**1,221,647**	+45.7%	838,200
Transatlantic	**388,497**	+14.4%	339,693	**624,533**	+10.3%	566,319
Intra-Asia/ Australasia	**2,092,851**	+25.5%	1,667,233	**1,343,686**	+30.5%	1,029,450
All Services	**4,601,625**	+18.2%	3,894,204	**5,152,387**	+21.1%	4,253,459

Trans-Pacific – Signs of weakness in the Trans-Pacific market became apparent early in the year and volume stayed flat in 2007. This was a notable deviation from the double-digit expansion period of 1999-mid 2006. Some revenue improvement was achieved, but significantly falling short of full cost recovery. As a result, profitability declined considerably in 2007. The only bright spot was the export trade from North America, which improved the backhaul-to-headhaul ratio from 51% in 2006 to 59% in 2007. However, due to the depressed revenue level in the return market, the improvement in export essentially only contributed to a reduction of empty repositioning costs.

Asia-Europe – A combination of economic growth, strong exchange rates and an uptrend in outsourcing resulted in a bull market for cargo volumes with growth in the high-teens for consecutive years. In fact, by 2008 the Asia-Europe trade will exceed the Trans-Pacific in size, completing a cycle that saw the largest east-west trade evolving from North Atlantic at the beginning of containerisation, to Trans-Pacific in the 70's, and now to Asia-Europe. The strong recovery in revenue partially vindicated the irrational rate reduction in 2006. The strength of the market saw an effective take-up of the new tonnage delivered for the overall trade, although the substantial increase in capacity tempered the momentum of rate increase for this segment towards the year-end. For the year, Asia-Europe recovered strongly from 2006 and became the most profitable trade segment.

Intra-Asia and Australasia – Driven by robust economic growth of the region and an increasing demand of international supply chain, this trade segment has become a major contributor to the company's results. In 2007, we focused on and succeeded in strengthening our China network. It was pleasing to note that despite the significant 26% increase in volume, profit per TEU remained similar to that of the previous year.

Transatlantic – Imports into North America, the headhaul direction, have continued to decline for two consecutive years. However, due to the strong demand of other markets and the relatively unattractive margin of this segment, the balance of capacity against demand remained relatively stable for the Transatlantic trade.

Overall, we saw substantial cost increases in practically all categories. The surge in energy cost directly hit us on fuel expenses and indirectly through other procurement of services, including terminal handling, rail, truck, etc. With our intense focus on cost management, we confined the unit cost increase to 2.5%, which is in line with that of unit revenue.

As at the end of 2007, the OOCL fleet comprised:

Own Tonnage	191,000 TEU	32 ships
Long-term charters	112,000 TEU	23 ships
Short-term charters	50,000 TEU	29 ships
TOTAL	**353,000 TEU**	**84 ships**

In the fourth quarter of 2007, the Group placed orders with Hudong – Zhonghua Shipyard (Group) Co, Ltd for a total of six 8,600 TEU newbuild vessels scheduled for delivery from late October 2010 through to the end of 2011. Based on the existing fleet and orders, these vessels will be the largest in the OOCL fleet when delivered. These orders followed the placing of an order for six 4,500 TEU vessels with Samsung Heavy Industries Co Ltd in the first half of the year.

During the year our oldest vessel, the *OOCL Envoy*, was disposed for US$9 million. Built in 1979, the ship had a capacity of 2,544 TEU. By the end of 2007, our owned fleet plus long-term charters with purchase option was at an average age of 5.2 years with an average size of 5,780 TEU/ship. Our fleet is one of the most modern, efficient and youngest in the industry.

The charter market came down from the peak in 2005/6 but remained very firm. Our average short-term charter hire/TEU decreased by 14% in 2007. Ship building prices continued to increase to new historical highs and the order backlog has remained unusually long at 3-4 years. It appears unlikely that there will be a reduction of new building prices in the near future. Nevertheless, the Group continues to keep its fleet deployment and expansion plans under constant review, balancing the need for new and replacement tonnage against the current level of new building prices.

MARINE TERMINALS

OOCL continues to manage and operate the Long Beach Container Terminal in California and the Kaohsiung Container Terminal in Taiwan, with a total throughput of 1.7 million TEU in 2007. The company also has a 20% interest each in Tianjin Alliance International Container Terminal and Ningbo Yuandong Terminal, both with active management participation. 2007 was the first year of operation for these two terminals and their combined throughput already exceeds 1.1 million TEU.

LOGISTICS

We continue our direction of building up the scale of the logistics business. In 2007, OOCL Logistics achieved a revenue increase of 49.4%, on top of the 19.9% in 2006. During the year, International Logistics and Supply Management made good progress in its traditional markets from Asia to North America and Europe. Moreover, the relatively new Intra-Asia market offered additional momentum and exciting opportunities. The state-of-the-art Podium suite of applications was rolled out to existing and new customers during 2007, gaining increasing recognition by users and the industry.

The Group focused considerable resource on Domestic Logistics in 2007. We continue to develop our networks of warehouses, depots and trucking around the world, especially in China. Apart from physical activities, we also establish customs house broking services in key port locations, both in Asia and North America. OOCL Logistics is now recognised for its international quality orientation and local expertise, becoming a provider of choice for China domestic logistics for multi-national corporations.

While OOCL Logistics is an independent asset-light logistics and supply chain provider, it is fully supported with OOCL's entire operations and assets available to meet customer needs.

INFORMATION TECHNOLOGY

The Group's strategy is to build and leverage its IT capabilities on our existing open platforms that provide superior quality and cost efficiency for Transportation and Logistics applications. The flexibility of our core IT architecture, and the deployment of system hardware and software, is designed to adopt the best technology options with high speed and minimum cost.

In 2007, substantial investment was made to upgrade capabilities of IRIS-2 Liner Enterprise System with focus on pricing and yield management. This is a part of the strategic direction to prepare for and to capitalise on opportunities under the upcoming EU repeal of the block exemption.

Podium, an individual-customer-focused system for supply chain management, was successful developed and commissioned in 2007. It provides customers with a ready plug-and-play platform for superior supply chain visibility as well as management tools for target improvement and exception handling. Alternatively, customers may elect to integrate their enterprise system with Podium for an easy transition with minimal change. This will essentially become their sub-module for supply chain management. The majority of OOCL Logistics' customers have now been operating on Podium. 2008 will see the complete migration of the remaining customers to the new platform and their continued discovery of further benefits and power of Podium.

CargoSmart, the Liner industry portal, shifted gear to upgrade the new CS-2 platform, which provides software and customised services to shippers, their associates and third party logistics providers, in additional to ocean carriers. This world-class platform is supported by Tibco Enterprise Messaging, Oracle RAC DB on Linux and its Workflow Engine. It is fully aligned to engage in "Software as a Service" business in 2008. CS-2 will be rolled out in 2008 for shippers and logistics providers who need to streamline myriad information flows and desire to achieve better performance results in utilising multiple ocean carriers.

After years of preparation and transition, in 2007 we were also close to fully deploying Cisco IP phones for all global users. This does away with the conventional telecom technologies and integrates "voice" with "data" on the same network. The objective is not limited to better quality and lower cost for operation, but also to providing a common platform to manage and leverage information from a multitude of touch points. We are ready and excited to exploit this network technology to provide superior customer experience.

The successful integration of different lines of business and its application modules was first achieved in 2007. New applications and their resultant benefits will be delivered in the next few years.

PROPERTY DEVELOPMENT

As at the end of 2007, the Group had 1.4 million square meters ("sqm") of Total Gross Floor Area ("GFA") under development. The Group's objective continues to be to build the OODL real estate development and investment business to leverage of our established track record and expertise. Given the complexities of real estate development and investment business in the PRC, we have defined our business to be geographically focused on the Greater Shanghai and Greater Bohai (Beijing/Tianjin) areas over the medium-term.

Having been in the real estate development and investment sector for almost 15 years, OODL has developed appropriate internal expertise and experience with some 160 staffs involved directly in the property business. OODL's past and current development projects include residential, commercial, retail, and hotel projects. These projects provide a good balance across product sectors and opportunities for recurring income generation. We believe given volatility of the market place, a balance between development and investment income is desirable. We believe all existing projects in the pipeline are competitive and form an excellent foundation for further growth.




The focus of the property development division in the short to near term is on furthering progress of its existing projects, and resuming the earnings flow that should commence in 2010 as projects come to completion. Accordingly, further acquisition of sites and replenishment of the development pipeline will conform to our geographical focus and will be in line with the established areas of expertise.

The division's projects currently under development are as follows:

1) *Shanghai Luwan Changle Lu Residential Project*
   This is a high-end luxury residential project in downtown Shanghai within walking distance from Huai Hai Zhong Lu shopping avenue, Okura Garden Hotel and Subway Station Line No 1. The development will have a GFA of approximately 80,000 sqm, including clubhouse facilities and purpose designed landscaping to create a high-end residential product. The project is situated next to the Group's Changle Lu five star hotel project. Construction commenced in early 2007 and completion is expected in 2010.

2) *Shanghai Luwan Changle Lu Hotel Project*
   This high-end luxury hotel and service apartment complex is adjacent to the Changle Lu Residential Project in downtown Shanghai. The Hotel will have approximately 390 hotel rooms and feature conference and meeting facilities. An international five star hotel operator will operate the hotel, its associated facilities and the 130 serviced apartments. Piling for the hotel is expected to commence in the second half of 2008 and completion of the project is expected in 2010.

3) *Shanghai Xuhui Hengshan Lu Project*
   The site is located in a quiet, low density area of Shanghai, within walking distance from Xu Jia Hui Shopping area, Shanghai Library, and subway station line No 1. The area, in the heart of the former French Concession, is known for its low rises and clustering of consulates. While planning for this project is yet to be finalised, an option being assessed is to develop a high end luxury hotel consisting of approximately 150 rooms with total GFA of 15,000 sqm. Site clearance occurred in 2007 and construction is expected to commence in 2009, with completion in 2010.

4) *Shanghai Changning Mixed Use Project*
   This project will consist of approximately 185,000 sqm of high-grade offices together with approximately 30,000 sqm of retail and a 400-room hotel. It is located within the inner Ring Road in Changning District, Shanghai, and is within walking distance of the Zhong Shan Park. The area has numerous shopping facilities, and is served by a subway line No 2 and elevated railway line No 3 and No 4. Site clearance was largely completed in 2007 and construction is planned to commence in 2009 with completion of the first stage of the project in 2010.

5) *Shanghai Pudong Nanmatou Residential Project*
Located in Pudong just outside the downtown Pudong area, this is a medium class residential project. The surrounding area has established residential projects and will be served by Subway line No 7. A subway station is located at the entrance of the site. The project totals approximately 100,000 sqm of GFA. The site was acquired in December 2006 and was cleared in 2007. Construction is targeted to commence in 2009, with completion in 2010.

6) *Jiangsu Kunshan Huaqiao Residential Project*
This is a predominantly residential project located in Huaqiao Township at the first exit outside Shanghai along Shanghai/Kunshan/Suzhou/Nanjing expressway. The site is 30 minutes from Hongqiao, Shanghai, and is within the Jiangsu Hua Qiao Economic Development Zone, a business zone established by the Jiangsu Government. The Shanghai/Kunshan/Suzhou corridor is populated by numerous manufacturing enterprises and Kunshan is especially noted for its manufacturing and OEM industries. Adjacent to the site across the Shanghai border is Anting, the automotive industry hub of Shanghai. Subway Line No 11, which will reach Anting in 2009/2010, will have a station approximately 250 meters from the site. Total GFA of the project is around 700,000 sqm consisting of approximately 540,000 sqm residential, 50,000 sqm retail and 110,000 sqm commercial. The site has been cleared and piling for the initial phase of the residential portion is due to commence by the end of the first half of 2008, with completion of that initial phase in 2010.

7) *Jiangsu Kunshan Double Tree by Hilton Project*
This is a hotel to be managed by Hilton Hotel consisting of 399 rooms and about 2,000 sqm of conference facilities located adjacent to the Group's Kunshan Residential Project. The hotel structure was substantially completed by the end of 2007 and it is expected to commence operation by the fourth quarter of 2008.

8) *Tianjin International Trade Centre Project*
In October 2007 the Group successfully bid at auction for the Tianjin International Trade Centre located in the downtown Tianjin Xiaobailou CBD area. This site is a previously uncompleted structure, and at completion, will be a high rise mixed use complex consisting of high-end service apartment, office, hotel and retail elements. The site has good subway, public transport and roadway access with a total GFA of 190,000 sqm.

While efforts to tighten regulations and controls on both lending and land policies enacted through 2007 is expected to continue in 2008, the Group remains very confident that its pipeline projects will produce solid returns going forward given their locations and cost structures. The quality of the residential projects and our financial capacity to time the release of completed units to match market conditions is an advantage for us. We expect the commercial market to remain firm in Shanghai over the next 3 years, and the location of our commercial developments gives us every confidence as to their success.

During 2006, the Group terminated a mixed-use project in Xi Zhuang Lu, Huang Pu District, Shanghai due to its economic non-viability. During 2007 the Group recorded a small profit as it commenced disposal of the 50,000 sqm of housing acquired for resettlement purposes related to this project.

In total, the Group's pipeline of real estate projects remains solid, and we continue to expect them to contribute positively and significantly to the Group's real estate development and investment profits going forward. With an experienced team of dedicated real estate professionals based in Hong Kong and Shanghai, we intend and fully expect to build a high quality property development and investment portfolio yielding meaningful returns for the Group.

PROPERTY INVESTMENT

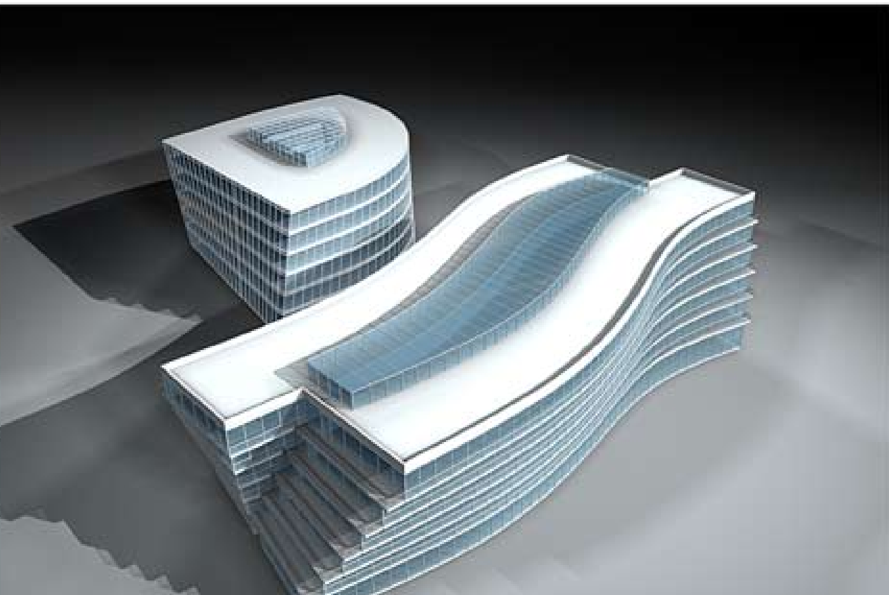
The Group continues to hold an 8% interest in Beijing Oriental Plaza. Consisting of a retail mall, office towers, service apartments and a 5-star hotel, the project totals some 572,900 sqm in gross floor area. While the project is achieving modest profits at the project level, we do not expect it to contribute to Group profitability in the near term.

Wall Street Plaza, the Group's investment property in New York City's financial district, maintained an occupancy rate of 100% for the better part of the year and was fully leased going into 2008. While the performance of Wall Street Plaza remains solid, the weakening of credit markets resulted in a year-end reversal of the US$25 million revaluation as at the half year – leaving the property valued at US$200 million as at year-end 2007.

Property Development & Investment

y Development & investment • property development & investment •

As property developer and investor, we continue to select choice locations and quality projects with the objective of securing a solid and continuing return. We have established ourselves as a quality residential developer, and will continue to build upon the brand name in Shanghai and beyond.



Corporate Responsibility

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

ENVIRONMENT

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

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

— Qualship 21 – which is a program identifying quality operation of non-US flagged vessels, and that holds the most rigid safety and pollution-prevention standards in the world.

— Port of Long Beach Green Flag Award (speed reduction program)

— ISM Code, ISO 9001 and IS0 14001

— Ballast Water Management Program

Our proactive efforts fall under three main categories: reducing emissions, promoting environmental care and conserving resources.

1. Reducing emissions

OOCL is fully committed to reducing air emissions from our vessels. In 2001, we proactively began a fuel saving program, which is the most effective way to cut down on greenhouse gases (especially CO2). Initiatives include:

— Weather-routing systems to provide shorter routes safely

— Optimum trim (balance of cargo) and minimum ballast water; helping to minimise fuel consumption

— Fuel injections and exhaust valve timing control for better efficiency

— Shaft generator and exhaust gas economizer for generating electricity

— Regular maintenance to keep the ship clean and free of marine growths such as barnacles, algae and mollusks. Maintenance includes polishing the propeller and hull, and monitoring engine performance.

We have also conducted a Shore Power Study and a Sea Water Scrubber Study to study ways in which we could reduce our emissions at port and at sea.

Proactive initiatives to reduce sulphur oxide (SOx) emissions

— All our newbuilding vessels have large capacity low-sulphur fuel oil tanks to promote emissions control and prepare ships for low-sulphur fuel use.

— Apart from strictly complying with SECA's requirements, we ensure that the average sulphur content of our fuel is well below the IMO prescribed standard of 4.5%; in 2007, we achieved an average sulphur content below 3%.

— In the North Sea, English Channel and Baltic Sea, our own ships are now using 1.5% sulphur fuel as per EU/IMO requirements and we use 0.5% sulphur fuel in California. We are studying methods, such as Alternative Maritime Power and Scrubber technology to potentially further reduce SOx emissions.

— OOCL participates in the Green Flag Incentive Program in California, a voluntary speed reduction program, which helps reduce emissions. For 2006, all our vessels with Green Flags achieved full compliance (100%), an impressive accomplishment, which demonstrates our commitment to Environmental Protection in Southern California. As a result, OOCL is now entitled to a 'Green Rate' from the Port of Long Beach for 2007 – a 15% reduction in dockage fee.

— We are also adopting the Port of Long Beach "Clean Truck Program" earlier than required. From 1st January 2008, OOCL will stop using pre-1989 trucks for all port moves between Southern Californian terminals and off-dock rail ramps, again helping to reduce emissions.

Proactive initiatives to reduce Nitrogen Oxide (NOx) emissions

— All our vessels have been installed with environmentally-friendly NOx-controlled propulsive engines since 2000.

— Advanced slide fuel injection valves, reducing NOx by 30%, and significantly reducing carbon dioxide, are being adopted.

Reducing emissions at our terminals

Since 1994, OOCL-operated Long Beach Container Terminal Inc. in California, has had an ongoing modernisation program in place in order to maintain the most efficient, and lowest-emission yard tractors and Terminal Utility Vehicles. From 2006, the terminal, of its own accord, converted to low emission fuel.

All possible diesel powered equipment has been retrofitted with the only 'California Air Resources Board verified Diesel Oxidation Catalyst' available – which reduces particulate matter emissions by as much as 50%.

In late 2006, the Port of Long Beach began developing and testing a low-emission hybrid engine for use in tractors and possibly other equipment to see if they are an economically viable alternative to the current generation of diesel engines.

2. Promoting Environmental Care

We are continuously studying and applying new ways to care for the environment throughout the supply chain, from the latest technology in our containers to careful selection of vendors and improving our terminal operations.

OOCL has been a member of the Clean Cargo Working Group since 2003, and our mission with the group is to foster continuous improvement of environmental and social performance aspects of freight transport by sharing information and promoting best practices in the industry.

When OOCL charters in a vessel, we conduct an on-hire survey to ensure that the ship is safe and is environmentally friendly – that there is no oil or waste pollution, and that fuel is used as efficiently as possible to reduce emissions.

OOCL service providers and suppliers also have to go through an evaluation where they are scored against a list of preferred environmental practices as an integral part of the selection process. During the process, our Fleet Management Department also advises prospective service providers of the Company's Safety, Quality and Environment Protection policy.

All our ships have been painted with tribulytin free paint since 2004, well ahead of the 2008 ban. We have also implemented a policy of having all newbuildings fitted with silicone-based foul release paint to protect the marine environment further.

Ballast water exchange procedures

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

Waste treatment and disposal

Our vessels use certified incineration equipment in accordance with MARPOL's requirements, and we operate "shore reception", sending garbage ashore at cost. The amount of individual oily waste (sludge) disposal is monitored and we are seeking to reduce the amount of waste being generated.

On board

Aboard OOCL manned vessels, shipboard training for safety and environmental protection is an on-going event. OOCL's ship officers and crew members are trained in the importance of environmental protection and company policy and procedures - such as the Ballast Management Plan, the Garbage Management Plan and the Shipboard Marine Pollution Emergency Plans, which are strictly followed.

Additionally as a part of continuous education, ships' officers and engineers have to attend at regular intervals, a "Bridge and Engine Room Resource Management Course", which includes detailed discussions on environmental care.

On land

All OOCL employees undertake basic training on environmental awareness, through learning the company's core values, within the first few weeks on the job. This is a portion of the mandatory employee induction training delivered through the company's learning platform ePeopleSmart.

The Group also has Safety, Security and the Environment training, which is mandatory for all staff and is updated and refreshed every two years.

Corporate environmental policies are communicated to all colleagues, either through our intranet or through functional, process and procedures training and cross-referencing, in order to comply with our certified ISO procedures.

3. Conserving resources

In addition, the Group makes extensive use of electronic communications in conducting its business, thus assisting in the conservation of natural resources. Colleagues no longer have fax numbers on their business cards to encourage the use of electronic correspondence. Within OOIL's office network, all employees are encouraged to recycle paper and to use the least amounts of natural resources, i.e. energy, water, paper, etc. OOIL is also a pioneer in the field of e-commerce thereby encouraging the advent of "paperless" trade and business.

The Group enforces a smoke-free office policy in all its workplaces and encourages "office greening" with green plants. The first week of July each year is OOCL Green Week – promoting awareness about environmental care and to encouraging colleagues to participate in meaningful activities in the areas surrounding their offices and in the communities in which they live. This includes activities such as tree-planting, resources reduction, conservation and reuse projects.

When it comes to OOCL's containers, 80% of our boxes are supplied by certified EP floorboard manufacturers. OOCL has pioneered tests using fast-growing bamboo as container flooring instead of the traditional types of hardwood, which is a potential way to minimise deforestation. We are now testing another set of samples and, if successful, we will place test orders in our next round of dry box ordering.

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

SECURITY

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

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

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

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

COMMUNITY AND EDUCATION

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

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

In 2007 OOIL employees made donations, which were matched by the company on a one-to-one basis in support of Disaster Relief. In addition to financial donations, the Company has been contributing transportation and logistics support and providing numerous containers to help with relief work in the affected areas. Assistance in the form of free transportation is regularly given to a number of charitable projects. With sponsorship of the Company, volunteer teams are set up by employees to focus on community servicing, fund raising for charity and donations.

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

In keeping with OOIL's long tradition of community responsibility, the Tung OOCL Scholarship supports the education of youth. OOIL, in partnership with The Tung Foundation, spends over US$300,000 per year on educational scholarships for students in mainland China and for the children of employees globally.

EMPLOYEE INFORMATION

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

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

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

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

As at 31st December 2007, OOIL had 7,200 full time employees whose salary and benefit levels are maintained at competitive levels. Employees are rewarded on a performance related basis within the general policy and framework of OOIL's salary and bonus schemes which are regularly reviewed. Other benefits are also provided, including medical insurance and pension funds, and social and recreational activities are arranged around the world.

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

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

Financial Review

Analysis of Consolidated Profit and Loss Account

Summary of Group Results

US$'000	2007	2006	Variance
Operating results by activity:			
Container transport and logistics	**555,935**	454,650	101,285
Property investment and development	**8,132**	13,259	(5,127)
Unallocated items	**127,035**	57,030	70,005
Earnings before finance costs and tax	**691,102**	524,939	166,163
Finance costs	**(99,078)**	(71,721)	(27,357)
	592,024	453,218	138,806
Fair value gain on investment property	**—**	100,000	(100,000)
Profit before taxation	**592,024**	553,218	38,806
Taxation	**(38,275)**	(24,883)	(13,392)
Minority interests	**(1,423)**	(537)	(886)
Profit from continuing operations	**552,326**	527,798	24,528
Profit from discontinued operation	**1,994,653**	52,805	1,941,848
Profit attributable to shareholders	**2,546,979**	580,603	1,966,376

Container Transport and Logistics

Summary of Operating Results

US$'000	2007	2006	Variance
Liftings (TEUs)	**4,601,625**	3,894,204	707,421
Revenue per TEU (US$)	**1,120**	1,092	28
Turnover			
Asia	**3,912,522**	3,088,918	823,604
North America	**832,008**	720,459	111,549
Europe	**774,691**	689,043	85,648
Australia	**96,958**	81,766	15,192
	5,616,179	4,580,186	1,035,993
Operating costs	**(4,627,769)**	(3,704,056)	(923,713)
Gross profit	**988,410**	876,130	112,280
Business and administrative expenses	**(456,383)**	(450,061)	(6,322)
Other operating income, net	**22,749**	27,599	(4,850)
	554,776	453,668	101,108
Share of results of jointly controlled entities and associated companies	**1,159**	982	177
Earnings before finance costs and tax	**555,935**	454,650	101,285

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 2007. Container transport and logistics will continue to be the core business of the Group in which the majority of operating assets will be deployed.

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

Asia

Asia is the largest revenue generating area for the container transport and logistics business. Turnover categorised under this area is composed of the following:

- Eastbound freight of the Asia/North America West Coast service;
- Eastbound freight of the Asia/US East Coast service;
- Westbound freight of the Asia/Northern Europe service;
- Westbound freight of the Asia/Mediterranean service;
- Southbound freight of the Asia/Australia and New Zealand service;
- various Intra-Asia services; and
- the operation of Kaohsiung Container Terminal in Taiwan.

Turnover from the Asia area rose from US$3,088.9 million in 2006 to US$3,912.5 million in 2007 as a result of the continued growth in the volume of exports from China to North America and Europe. The increased volumes carried by the Intra-Asia services also contributed to the revenue growth as a whole for the year.

Overall liftings on the Trans-Pacific Eastbound services increased by 5% while freight rates set back slightly by 1% when compared with those of 2006. Performance on the Westbound legs of the Asia/Northern Europe services continued to perform strongly against 2006 with an 11% increase in volume and a 33% gain in rates. Intra-Asia also recorded a 28% growth in liftings for the year and a 4% increment in average freight rates.

Overall load factors as a percentage of the capacity available during 2007 was 6% down from 2006 pursuant to a 28% increase in available capacity during the year. Results from this region will always be dependent upon the economic environment and consumption patterns of North America and Europe.

Kaohsiung Container Terminal in Taiwan forms an integral part of the container transport and logistics business and its terminal facilities were mainly employed by OOCL and its alliance members.

North America

Turnover categorised under the North America area is comprised primarily of the following:

- Westbound freight of the Asia/North America West Coast service;
- Westbound freight of the Asia/US East Coast service;
- Eastbound freight of the US East Coast/Northern Europe service;
- Eastbound freight of the Canada/Northern Europe service; and
- the operation of Long Beach Container Terminal in California, USA.

Revenue increased by US$111.5 million for this area in 2007. All routes from this region performed favourably against 2006 with double-digit growth in terms of volume and revenue. Both Europe and Asia bound cargo sustained strong growth which contributed to the increase in revenue for the region.

Westbound liftings on the Asia/North America West Coast service grew by 20% over last year while the Westbound trade of the Asia/US East Coast service via the Panama Canal recorded a 33% increase. The Eastbound Canada/Northern Europe and US East Coast/Northern Europe services continued to perform well with a combined 22% growth in volume and a 24% increase in revenue.

Overall volumes grew by 22% during 2007 while the average revenue per TEU on all outbound cargoes from North America recorded a 2% drop as compared with last year.

Despite a 9% increase in capacity during the year, overall load factors in the region was 8% better than those of 2006.

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

Europe

Turnover categorised under the Europe area is composed primarily of the following:

- Westbound freight of the US East Coast/Northern Europe service;
- Westbound freight of the Canada/Northern Europe service;
- Eastbound freight of the Asia/Northern Europe service;
- Eastbound freight of the Asia/Mediterranean service; and
- various Intra-European services.

Turnover for this area in 2007 surpassed that of 2006 by US$85.6 million. The Eastbound leg of the Asia/Northern Europe services, being the largest volume source for the Europe area, performed well during the year with a 7% growth in volume and a 16% increase in revenue. The Westbound rates of the Transatlantic routes sustained moderate growth in 2007, thereby also contributing to the revenue increase.

The Eastbound leg of the Asia/Northern Europe services recorded a healthy growth, in terms of volume and revenue, during 2007. Liftings for the Westbound sectors of the Canada/Northern Europe and US East Coast/Northern Europe services were 8% better than those of 2006 while average revenue per TEU for both services recorded a 6% decrease.

Overall load factors as a percentage of capacity available for cargo shipments from this region were 8% lower than those recorded in 2006 as a result of a 20% capacity increase for the Europe area during 2007.

Average revenues per TEU on all outbound cargoes from Europe were maintained at a comparable level with that of 2006, amid a 9% increase in overall volume for the region.

Australia

Turnover from this area is principally the Northbound freight of our Asia/Australia and New Zealand services. The Taiwan/Hong Kong/China/Australia service is operated in consortium with China Shipping and the Japan/Korea/China/Hong Kong/Taiwan/Australia service is also running in consortium with China Shipping and ANL. The South East Asia/Australia service is operated in alliance with MISC, MOL and PIL. The New Zealand service is operated under a joint service with MISC, PIL, NYK and MOL.

Liftings on the Northbound Asia/Australia and New Zealand service increased by 12% in 2007 which, together with a moderate gain in freight rates, resulted in a net increase in turnover of US$15.2 million for the year.

Operating Costs

Principal operating costs of the containerised transport business, including cargo costs, vessel costs, voyage costs, equipment and repositioning costs, increased at a higher pace than volume growth as driven by the buoyant oil prices.

Cargo costs mainly consist of terminal charges, inland transportation costs, commission and brokerage, cargo assessment and freight tax all of which were largely paid in the local currencies of the areas in which the activities were performed. The continued oil price rally in 2007 caused significant increases in terminal and transportation related costs. The two cost items alone recorded a 19% increase for the year and constituted the largest increment to the costing formula in dollar term.

Vessel costs include the operating costs and depreciation charges relating to the OOCL fleet as well as the net charter hire and slot hire expenses incurred in order to maintain the desired service levels. With the deployment of new and larger vessels, total carrying capacity increased from the 287,505 TEU of 2006 to 352,650 TEU in 2007 and the total number of vessels, either owned or chartered in and operated by OOCL, also rose from 71 to 83. As a result, vessel operating costs increased by 21% as compared with 2006.

Voyage costs comprise mainly bunker costs, port charges, canal dues, cargo claims and insurance. With bunker price rising from an average of US$314 per ton in 2006 to an average of US$357 per ton during 2007 and an enlarged fleet size, costs in this category were driven up by more than 33%.

Equipment costs principally represent maintenance and repair costs, rental payments, depot expenses and depreciation charges relating to the fleet of containers and chassis equipment, while repositioning costs arise mainly from the relocation of empty containers from areas of low activity to high demand regions. With the growth of the container fleet size from the 565,970 TEU of 2006 to 655,939 TEU in 2007 and an 11% step up in positioning costs to maintain the equipment flow for enlarged operating capacity, total equipment and repositioning costs increased by US$73.1 million during the year as a result.

Business and administrative expenses largely comprise staff costs, office expenses, selling and marketing costs and professional and information system expenses. Despite the increase in business volumes and headcounts, business and administrative expenses in 2007 were able to contain at 2006 level as a result of the efficiency brought by the enhanced IT systems.

Other Operating Income

Other operating income principally comprised exchange arising from foreign currency transactions and profits on the disposal of retiring assets. Compared with 2006, other operating income decreased by US$4.9 million in 2007.

Share of Results of Jointly Controlled Entities and Associated Companies

The share of the US$1.2 million profit from jointly controlled entities and associated companies was mainly attributable to the depot joint venture in Qingdao and income from jointly controlled entities engaging in agency activities. A share of US$1.0 million profit was recorded for 2006.

Earnings Before Finance Costs and Tax

Earnings before finance costs and tax of US$555.9 million for the container transport and logistics business in 2007 was 22% ahead of that achieved in 2006. The growth in volume and strengthened freight rates had more than compensated for the rise in various cost items, notably bunker and transportation costs.

Property Investment and Development

Summary of Operating Results

US$'000	2007	2006	Variance
Rental income	**24,227**	23,740	487
Property management costs	**(10,912)**	(10,430)	(482)
Gross profit	**13,315**	13,310	5
Business and administrative expenses	**(3,990)**	(2,829)	(1,161)
Profit from property investment	**9,325**	10,481	(1,156)
(Loss)/profit from property developments	**(1,193)**	2,778	(3,971)
Earnings before finance costs and tax	**8,132**	13,259	(5,127)

The Group owns an approximately 600,000 sq ft office and commercial property, Wall Street Plaza, located at 88 Pine Street, New York, USA, an area popularly referred to as the "Wall Street area". The building was constructed in 1972 and is operated as a multi-tenanted building. Approximately 20,000 sq ft is occupied by Group companies. The Group also owns an 8% interest in a modern comprehensive office, commercial, hotel and service apartment complex known as "Beijing Oriental Plaza", with a gross floor area of approximately 572,900 sqm, on a site located at Wangfujing Dajie, Beijing.

In addition, the Group owns interests in a variety of property development projects in China. As at the end of 2007, the Group had 1.4 million square metres of total gross floor area under development. The Group currently has 8 projects under development and the primary location of these projects is around the Greater Shanghai and Greater Bohai area.

Rental Income

Rental income for the year, representing mainly the rental income derived from Wall Street Plaza, was largely comparable with that of last year as the building continued to maintain a fully let status during 2007.

Profit From Property Developments

A loss of US$1.2 million was recorded from property developments in 2007 compared with a profit of US$2.8 million in 2006 as there was no development project completed for sale in 2007. The majority of profit from development in 2006 arose from the Century Metropolis project in Shanghai which had been completed and contribution from this project was much reduced then. The results for 2007 did, however, benefit to a certain extent from favourable exchange gains on the appreciation of the RMB.

Unallocated Items

US$'000	2007	2006	Variance
Portfolio investment income	**27,915**	29,607	(1,692)
Interest income	**107,033**	40,431	66,602
Profit on disposal of available-for-sale financial assets	**4,473**	26	4,447
Others	**(12,386)**	(13,034)	648
Earnings before finance costs and tax	**127,035**	57,030	70,005

Investments in equities and, on a longer term basis, in bonds were managed largely by in-house managers under guidelines imposed by the Board. No investment in financial derivatives, where the Group is exposed to financial obligations larger than the amount itself invested, is allowed.

The Group invests surplus liquid funds, other than funds allocated for investments in bonds and listed equity securities, in cash and bank deposits.

Portfolio investments recorded a profit of US$27.9 million, a slight decrease of US$1.7 million from that of 2006, amid a volatile equity market condition during 2007.

Interest income was US$66.6 million higher in 2007 which was attributable to the availability of a greater average cash balance with the proceeds on the Terminal sale.

Others include business and administration expenses for corporate services, exchange differences, the research costs of financial projects and other miscellaneous income and expenses.

Finance Costs

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

Finance costs increased by US$27.4 million as compared with 2006 principally as a result of the increase in indebtedness pursuant to the delivery of newbuildings in 2007. However, the average cost of financing dropped from 5.8% in 2006 to 5.2% in 2007 as a whole.

Fair Value Gain on Investment Property

Wall Street Plaza was valued at US$225 million as at 30th June 2007, up from the US$200 million valuation at the end of 2006, resulting in a gain in fair value of US$25 million for the 1st half of 2007. As at 31st December 2007, the investment property was valued at US$200 million, down by US$25 million due to the weakening of credit market and was unchanged from that of 2006. Consequently, no movement in fair value was recorded in 2007.

Profit before Taxation

Pre-tax profit for the year was US$592.0 million compared with last year's profit of US$553.2 million. The increased earnings reflected the improved performance of the container transport and logistics business plus interest income arising from the net proceeds retained from the Terminal sale.

Taxation

US$'000	2007	2006	Variance
Company and subsidiaries:			
North America	**18,023**	17,848	(175)
Europe	**2,763**	(1,494)	(4,257)
China	**3,704**	2,052	(1,652)
Asia and others	**13,785**	6,477	(7,308)
Total	**38,275**	24,883	(13,392)

Tax liabilities in North America for 2007 was close with that of last year while the adverse variance in Europe area was mainly due to the one-time write back of a tax provision in 2006 which did not recur in 2007. The growth of business activities in China and Asia, especially Japan, also induced higher tax liabilities in those areas.

Profit From Discontinued Operation

Profit from discontinued operation represents the Group's multi-user terminals in North America (the "Terminals Division") comprising **TSI Terminal Systems Inc.** which operates the Vanterm Terminal in Vancouver, Canada and Deltaport Terminal at Roberts Bank near Vancouver; **New York Container Terminal, Inc.** at Staten Island, New York, USA; and **Global Terminal and Container Services, Inc.** at Jersey City, New Jersey, USA.

Pursuant to an agreement reached between the Group and the Ontario Teachers' Pension Plan Board in November 2006, the entire Terminals Division was sold at a total consideration of US$2.35 billion and the transfer of the three terminals was completed in the first half of 2007 with a total of US$1,994.7 million profit on disposal for the year. Pursuant to the disposal, the operation of the Terminals Division is no longer included in the Group's results and hence is separately identified as discontinued operation in the year under review.

Review of Consolidated Balance Sheet

Summary of Consolidated Balance Sheet

US$'000	2007	2006	Variance
Property, plant and equipment	**3,350,844**	2,777,004	573,840
Investment property and land lease premiums	**208,710**	205,416	3,294
Jointly controlled entities and associated companies	**59,896**	63,668	(3,772)
Intangible assets	**39,696**	29,363	10,333
Cash and portfolio investments	**2,237,076**	1,167,924	1,069,152
Accounts receivable and other current assets	**1,292,377**	1,150,784	141,593
Other non-current assets	**25,045**	26,852	(1,807)
TOTAL ASSETS	**7,213,644**	5,421,011	1,792,633
Accounts payable and accruals	**(752,343)**	(561,250)	(191,093)
Current taxation	**(18,832)**	(6,629)	(12,203)
TOTAL ASSETS LESS TRADING LIABILITIES	**6,442,469**	4,853,132	1,589,337
Long-term borrowings	**1,864,436**	1,870,890	(6,454)
Short-term borrowings, overdrafts and current portion of long-term borrowings	**341,748**	197,908	143,840
Total debt	**2,206,184**	2,068,798	137,386
Minority interests and deferred liabilities	**59,917**	57,128	2,789
Ordinary shareholders' funds	**4,176,368**	2,727,206	1,449,162
CAPITAL EMPLOYED	**6,442,469**	4,853,132	1,589,337
Debt to equity ratio	**0.53**	0.76	
Net (cash)/debt to equity ratio	**(0.01)**	0.33	
Accounts payable as a % of turnover	**13.3**	12.2	
Accounts receivable as a % of turnover	**12.3**	8.3	
% return on average ordinary shareholders' funds	**73.8**	23.2	
Net asset value per ordinary share (US$)	**6.67**	4.36	
Cash and portfolio investments per ordinary share (US$)	**3.57**	1.87	
Share price at 31st December (US$)	**7.40**	6.35	
Price earnings ratio based on share price at 31st December	**1.8**	6.8	

Property, Plant and Equipment

US$'000	2007	2006	Variance
Container transport and logistics	**3,301,117**	2,776,703	524,414
Property investment and development	**49,727**	301	49,426
	3,350,844	2,777,004	573,840

Container transport and logistics remains the core business of the Group and the one in which the majority of property, plant and equipment is deployed. The assets largely comprise container vessels, containers and chassis, property, terminal and computer equipment and systems. Since 2000, the Group has ordered a total of 12 "SX" Class vessels of 8,063 TEU capacity with the first two delivered in 2003, four in 2004 and two each in 2005 and 2006. The remaining two were delivered in 2007. In 2004 and 2005, the Group placed orders for a total of eight new container vessels of approximately 4,500 TEU capacity, of which two were delivered in 2006, three in 2007 and the remaining three to be received in 2008. During 2006, the Group placed orders for four new container vessels of 8,063 TEU capacity for delivery in 2009 and four new 4,500 TEU container vessels for delivery in 2010. In 2007, further orders were placed for six 4,500 TEU and six 8,600 TEU new vessels for delivery in 2009 to 2011. As at the end of 2007, the Group had a total of 23 newbuildings on order to be delivered in coming years.

The increase in property, plant and equipment in 2007 principally reflects the delivery of new container vessels during the year, the stage payments and capitalisation of lease obligations on new vessels under construction and new container equipment acquired, offset in part by the annual depreciation charges for the year.

The increase in property, plant and equipment for property investment and development represents the capitalisation of the construction costs of the hotels in Luwan and Kunshan as the two projects progress towards completion.

Investment Property and Land Lease Premiums

US$'000	2007	2006	Variance
Investment property	**200,000**	200,000	—
Prepayments of land lease premiums	**8,710**	5,416	3,294
	208,710	205,416	3,294

Investment property represents the Group's commercial building, Wall Street Plaza, in New York. The building was valued at US$200.0 million at the end of 2007 by an independent valuer (2006 : US$200.0 million).

Jointly Controlled Entities and Associated Companies

US$'000	2007	2006	Variance
Container transport and logistics	**54,118**	45,211	8,907
Property investment and development	**5,778**	18,457	(12,679)
	59,896	63,668	(3,772)

The investment in jointly controlled entities and associated companies by Container Transport and Logistics for 2007 mainly comprises a 20% interest in two associated companies for two container terminals in Tianjin and Ningbo and the interest in a joint venture for the operation of a container depot and transportation business in Qingdao. The increase in the investments in jointly controlled entities and associated companies for Container Transport and Logistics represents the capital injection in the terminal project in Ningbo.

For property development activities, investments in jointly controlled entities mainly represents a 47.5% interest in a housing project located at Ziyang Lu, Shanghai ("Century Metropolis") with a total gross floor area of approximately 230,000 sq m. This project was developed in phases with the final phase completed in 2005. The decreased balances in jointly controlled entities and associated companies were largely attributable to the capital repatriation through payments of dividends during the year.

Intangible Assets

US$'000	2007	2006	Variance
Container transport and logistics	**39,696**	29,360	10,336
Property investment and development	**—**	3	(3)
	39,696	29,363	10,333

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

Cash and Portfolio Investments

US$'000	2007	2006	Variance
Container transport and logistics	**489,007**	304,739	184,268
Property investment and development	**202,860**	20,338	182,522
Cash and portfolio investments	**1,545,209**	842,847	702,362
	2,237,076	1,167,924	1,069,152

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

Cash and portfolio investments per ordinary share at 31st December 2007 amounted to US$3.57 compared with US$1.87 at 31st December 2006.

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.

Accounts Receivable and Other Current Assets

US$'000	2007	2006	Variance
Container transport and logistics	**586,419**	418,246	168,173
Assets held for sale	—	227,240	(227,240)
Property investment and development	**693,454**	490,064	203,390
Others	**12,504**	15,234	(2,730)
	1,292,377	1,150,784	141,593

Accounts receivable and other current assets increased by US$141.6 million to US$1,292.4 million at the end of 2007. The increases for the Container Transport and Logistics principally reflected the increase in trade receivables in line with the growth in business volumes of the container transport and logistics operations.

Pursuant to the conclusion of its disposal, the entire Terminals Division has been treated as "Assets Held For Sale" at its net asset value of US$227.2 million as at the end of 2006. The disposal was duly completed in 2007.

As at 31st December 2007, the Group held an 88% interest in a development project in Luwan district, Shanghai, a 95% interest in a hotel and commercial project on Changning Lu, Shanghai, and a 100% interest in a number of projects including a residential and hotel project in Kunshan, Jiangsu, a hotel project in Hengshan Lu, Shanghai, a residential project in Pudong, Shanghai and a mixed-use project in Xiaobailou, Tianjin. Accounts receivable and other current assets in property investment and development activities also include the Group's 8% interest in Beijing Oriental Plaza.

Accounts Payable and Accruals

US$'000	2007	2006	Variance
Container transport and logistics	**650,828**	544,717	106,111
Property investment and development	**100,779**	15,330	85,449
Others	**736**	1,203	(467)
	752,343	561,250	191,093

Accounts payable and accruals at the end of 2007 were US$191.1 million higher than that of 2006. The accounts payable and accruals for the container transport and logistics increased by US$106.1 million in 2007 which was in line with the growth in business volumes. Increases in accounts payable balances for property investment and development mainly represented the successful bid in an auction for a project in Tianjin.

Total Debt

US$'000	2007	2006	Variance
Bank loans	**653,774**	595,896	57,878
Other loans	**131,430**	211,330	(79,900)
Finance lease obligations	**1,420,799**	1,261,425	159,374
Bank overdrafts	**181**	147	34
	2,206,184	2,068,798	137,386

Total debt increased during the year by US$137.4 million principally as a result of the financial obligations taken on pursuant to the delivery of new container vessels during the year and the capitalisation of lease obligations undertaken for new vessels under construction, offset in part by the scheduled repayment of loans and the prepayment of the asset securitisation loan. The repayment profile of the Group's borrowings is set out in Note 37 to the Accounts.

Debt Profile

As at the end of 2007, over 90% (2006 : 96%) of the Group's total debt was denominated in US dollars which effectively reduces the risk of exchange fluctuations. Loans in currencies other than US dollars are hedged with a comparable amount of assets in local currencies.

Of the total US$2,206.2 million debt outstanding at the end of 2007, US$157.9 million was fixed rate debt ranging from 3.4% to 9.6% dependent upon the cost of money at the time that each transaction was entered into. The remaining US$2,048.3 million of indebtedness was subject to floating interest rates at various competitive spreads over three months LIBOR (or equivalent) and relates principally to indebtedness on vessels, container equipment and the investment property, Wall Street Plaza. The Group's average cost of debt at 31st December 2007 was 5.2% (2006 : 5.8%).

Shareholders' Funds

As at 31st December 2007, the Company had a number of 625,793,297 shares in issue, consisting entirely of ordinary shares. With the favourable operating results and the profit arising on the disposal of Terminal Division, offset in part by the payments of special dividends, the Group's consolidated shareholders' funds increased by US$1,449.2 million to US$4,176.4 million as at the end of 2007 with a net asset value per ordinary share of US$6.67 (2006 : US$4.36).

Net Debt to Equity Ratio

This ratio turned from a Net Debt of 0.33 : 1 at end of 2006 to a net cash position at end of 2007 with the net proceeds retained from the Terminals sale. This ratio has been closely monitored in the light of the delivery and financing of new vessels ordered and forecasts for the business over the next four years. It is the Group's objective to keep this key ratio below the 1.0 threshold.

Operating Leases and Commitments

In addition to the operating assets owned by the Company and its subsidiaries, the Group also manages and utilises assets through operating lease arrangements. The total rental payment in respect of these leases for 2008 amounted to US$391.0 million as detailed in Note 39(b) to the Accounts of this report. Assets under operating lease arrangements consist primarily of container boxes, chassis, container vessels and a terminal in North America.

As at the end of 2007, the Group had outstanding capital commitments amounting to US$1,572.1 million, principally represented by the orders placed for new container vessels to be delivered between 2008 and 2011.

Analysis of Consolidated Cash Flow Statement

Summary of Consolidated Cash Flow

US$'000	2007	2006	Variance
Net cash inflow from operations	**563,143**	465,368	97,775
Investing and financing inflow:			
Interest and investment income	**108,994**	43,627	65,367
Sale of property, plant and equipment and investments	**40,115**	25,886	14,229
Sale of Terminals Division, net of tax	**2,221,893**	—	2,221,893
New loan drawdown	**174,860**	287,612	(112,752)
Cash from jointly controlled entities	**17,271**	2,967	14,304
Contribution from minority interests	**10**	4,017	(4,007)
Others	**1,814**	7,176	(5,362)
	2,564,957	371,285	2,193,672
Investing and financing outflow:			
Interest paid	**(97,890)**	(91,923)	(5,967)
Dividends paid to shareholders	**(1,135,504)**	(162,970)	(972,534)
Taxation paid	**(49,842)**	(36,042)	(13,800)
Purchase of property, plant and equipment and investments	**(509,006)**	(435,598)	(73,408)
Loan repayments	**(259,479)**	(167,853)	(91,626)
Purchase of intangible assets	**(14,703)**	(15,834)	1,131
Others	**(288)**	(253)	(35)
	(2,066,712)	(910,473)	(1,156,239)
Net cash inflow/(outflow)	**1,061,388**	(73,820)	1,135,208
Beginning cash and portfolio balances	**1,167,924**	1,286,579	(118,655)
Classified as assets held for sale	**—**	(65,635)	65,635
Changes in exchange rates	**7,764**	20,800	(13,036)
Ending cash and portfolio balances	**2,237,076**	1,167,924	1,069,152
Represented by:			
Unrestricted bank balances and deposits	**1,885,534**	829,716	1,055,818
Restricted bank balances and deposits	**63,822**	73,694	(9,872)
Portfolio investments	**287,720**	264,514	23,206
	2,237,076	1,167,924	1,069,152

A net cash inflow of US$1,061.4 million was recorded for 2007 as compared with an outflow of US$73.8 million for 2006. Operating cash inflow of US$563.1 million for the year was US$97.8 million better than that of 2006. The capital payments and corresponding loan drawdown amounts in 2007 mainly reflected the delivery of new vessels previously ordered. With the receipt of proceeds on the disposal of the Terminals Division in 2007, offset in part by the payments of special dividends, total cash and portfolio balances rose to US$2,237.1 million as at the end of 2007 compared with US$1,167.9 million as at the end of 2006.

Liquidity

As at 31st December 2007, the Group had total cash and portfolio investment balances of US$2,237.1 million compared with debt obligations of US$341.7 million repayable in 2008. Total current assets at the end of 2007 amounted to US$3,361.2 million against total current liabilities of US$1,112.9 million. The Group's shareholders' funds are entirely ordinary shareholders' equity and no loan capital is in issue. The Group prepares and updates cashflow forecasts for asset acquisitions, project development requirements, as well as working capital needs, from time to time with the objective of maintaining a proper balance between a conservative liquidity level and the efficient investment of surplus funds.

Board of Directors

CHEE CHEN TUNG

Mr Chee Chen Tung, aged 65, has been appointed as Chairman, President and Chief Executive Officer of the Company since October 1996. Mr Tung chairs the Executive Committee and the Remuneration Committee of the Company. He is also the Chairman or a Director of various subsidiaries of the Company. Mr Tung graduated from the University of Liverpool, England, where he received his Bachelor of Science degree and acquired a Master's degree in Mechanical Engineering at the Massachusetts Institute of Technology in the United States. Mr Tung is an Independent Non-Executive Director of BOC Hong Kong (Holdings) Limited, Cathay Pacific Airways Limited, Wing Hang Bank, Limited, Sing Tao News Corporation Limited, PetroChina Company Limited, Zhejiang Expressway Co Ltd and U-Ming Marine Transport Corp, which are all listed public companies. Mr Tung is the brother-in-law of Mr Roger King and uncle of Mr Alan Lieh Sing Tung.

TSANN RONG CHANG

Mr Tsann Rong Chang, aged 68, has been a Non-Executive Director of the Company since 1st July 2006 and was an Executive Director from 1988. He is also a member of the Finance Committee and the Share Committee of the Company. He was the Vice Chairman of the Company from1st December 2003 to 30th June 2006 and a member of the Executive Committee of the Company until 30th June 2006. Mr Chang is a Certified Public Accountant in Taiwan and holds a Master of Business Administration degree from Indiana State University, USA. Mr Chang has served the Group in various capacities for 39 years and was the Chief Executive Officer of Orient Overseas Container Line Limited and a Director of various subsidiaries of the Company until 31st December 2003.

ROGER KING

Mr Roger King, aged 67, has been a Non-Executive Director of the Company since March 2000 and was an Executive Director from 1992, a member of the Finance Committee of the Company since 4th March 2008 and is also a Director of an associated company. He was the Managing Director and Chief Operating Officer of Orient Overseas (Holdings) Limited ("OOHL") for the period from September 1985 to January 1987 and a Director from 1983 until 1992. Mr King is a graduate of the University of Michigan, BSEE, New York University, MSEE; Harvard Business School, AMP; and Hong Kong University of Science and Technology, Ph D in Finance. Prior to joining OOHL in 1974, he served in the United States Navy and worked in computer research and management consultancy at Bell Telephone Laboratories and John Diebold, respectively. Mr King is currently a Non-Executive Director of a number of other companies, including Arrow Electronics Corporation, a company listed on the New York Stock Exchange, a Member of the Supervisory Board of TNT, listed in the Netherlands and Sincere Watch (Hong Kong) Limited, listed on the Hong Kong Stock Exchange. He is the former Executive Chairman of System-pro Computers Limited, one of the largest personal computer reseller in Hong Kong and the former Non-Executive Chairman of Pacific Coffee Limited. He is also the former President and Chief Executive of Sa Sa International Holdings Limited and the former Independent Non-Executive Director and a member of Audit Committee of China LotSynergy Holdings Limited, both of which are listed companies in Hong Kong. Mr King is the Honorary Consul for the Republic of Latvia in Hong Kong, an Adjunct Professor at The Hong Kong Universty of Science and Technology and was also a member of the Standing Committee of Zhejiang Province People's Political Consultative Conference. Mr King is the brother-in-law of Mr Chee Chen Tung and the uncle of Mr Alan Lieh Sing Tung.

KENNETH G CAMBIE

Mr Kenneth Gilbert Cambie, aged 46, has been an Executive Director and the Chief Financial Officer since August 2007. He chairs the Finance Committee and the Share Committee and is a member of the Compliance Committee and the Executive Committee of the Board of the Company and a Director of various subsidiaries of the Company. He is a member of the New Zealand Institute of Chartered Accountants and holds a Master of Commerce degree (first class honours) from Auckland University in New Zealand. Mr Cambie joined the Company following a 20-year career with Citibank. His last position with Citibank was as Director, Transportation, Asia Pacific Corporate Banking based in Hong Kong. In that role Mr Cambie was responsible for meeting the banking and financing needs of a range of shipping, port, airline and airport companies in the Asia and Pacific regions. Prior to moving to Hong Kong in mid-2001, Mr Cambie was the corporate banking head for Citibank, New Zealand for seven years and had also spent several years with the bank in Australia in corporate banking and leveraged finance roles.

ALAN LIEH SING TUNG

Mr Alan Lieh Sing Tung, aged 40, has been an Executive Director of the Company since 1st May 2005. He is the Managing Director of Orient Overseas Developments Limited, a wholly-owned subsidiary of the Company, which is the holding company for the Group's property investments. Mr Tung has been with the Group in various capacities for 15 years and is a Director of various subsidiaries of the Company. Mr Tung graduated from Princeton University, Politics Department with a Bachelor of Arts degree. Mr Tung is a nephew of Mr Chee Chen Tung and Mr Roger King.

PHILIP YIU WAH CHOW

Mr Philip Yiu Wah Chow, aged 60, has been an Executive Director of the Company since December 2003. He is a member of the Executive Committee, the Finance Committee, the Share Committee and a Director of various subsidiary companies of the Company. Mr Chow holds a Bachelor of Science degree in chemistry and physics from the University of Hong Kong and a Master of Business Administration degree from the Chinese University of Hong Kong. He has served the Group in various capacities for 32 years and is the Chief Executive Officer of Orient Overseas Container Line Limited.

SIMON MURRAY

Mr Simon Murray, CBE, aged 67, has been an Independent Non-Executive Director of the Company since 1992 and was a Non-Executive Director of Orient Overseas (Holdings) Limited from 1989 until 1992. He serves on the Audit Committee of the Company. He is currently the Chairman of General Enterprise Management Services (International) Limited (GEMS Ltd), a private equity fund management company. He is also a Director of a number of listed public companies, including Cheung Kong Holdings Limited, Arnhold Holdings Limited, Compagnie Financiere Richemont SA, Sino-Forest Corporation, USI Holdings Limited and Vodafone Group Plc. He is a former Independent Non-Executive Director of Hutchison Whampoa Limited, a listed public company in Hong Kong. Mr Murray is a member of the Former Directors Committee of the Community Chest of Hong Kong and has been involved in a number of other charitable organisations, including Save The Children Fund and The China Coast Community Association.

DR VICTOR KWOK KING FUNG

Dr Victor Fung, aged 62, has been an Independent Non-Executive Director of the Company since July 1996. He is Chairman of the Audit Committee and serves on the Remuneration Committee of the Company. Dr Fung holds Bachelor and Master degrees in Electrical Engineering from the Massachusetts Institute of Technology and a Doctorate in Business Economics from Harvard University. He is Chairman of the Li & Fung Group of companies including the publicly listed Li & Fung Limited, Integrated Distribution Services Group Limited and Convenience Retail Asia Limited. He is also an Independent Non-Executive Director of Bank of China (Hong Kong) Limited, CapitaLand Limited in Singapore and Baosteel Group Corporation in the People's Republic of China. In public service, Dr Fung is Vice-Chairman of the International Chamber of Commerce as from January 2007. He is also Chairman of the Hong Kong Airport Authority, the Hong Kong University Council, the Greater Pearl River Delta Business Council and the Hong Kong – Japan Business Co-operation Committee. Dr Fung is a member of Chinese People's Political Consultative Conference and a member of the Executive Committee of the Commission on Strategic Development of the Government of the Hong Kong Special Administrative Region. From 1991 to 2000, he was the Chairman of the Hong Kong Trade Development Council and from 1996 to 2003, he was the Hong Kong representative on the APEC Business Advisory Council. In 2003, the Government of the Hong Kong Special Administrative Region awarded Dr Fung the Gold Bauhinia Star for distinguished service to the community.

PROF RICHARD YUE CHIM WONG

Professor Wong, aged 55, has been an Independent Non-Executive Director of the Company since December 2003. He serves on the Audit Committee and Remuneration Committee of the Company. He graduated from University of Chicago with Bachelor's, Master's and Ph D degrees in Economics and is Deputy Vice-Chancellor and Chair of Economics at The University of Hong Kong. He has been active in advancing economic research on policy issues in Hong Kong and China. He was awarded the Silver Bauhinia Star in 1999 by the Government of the Hong Kong Special Administrative Region for his contributions to education, housing, industry and technology development. He was appointed a Justice of the Peace in July 2000.

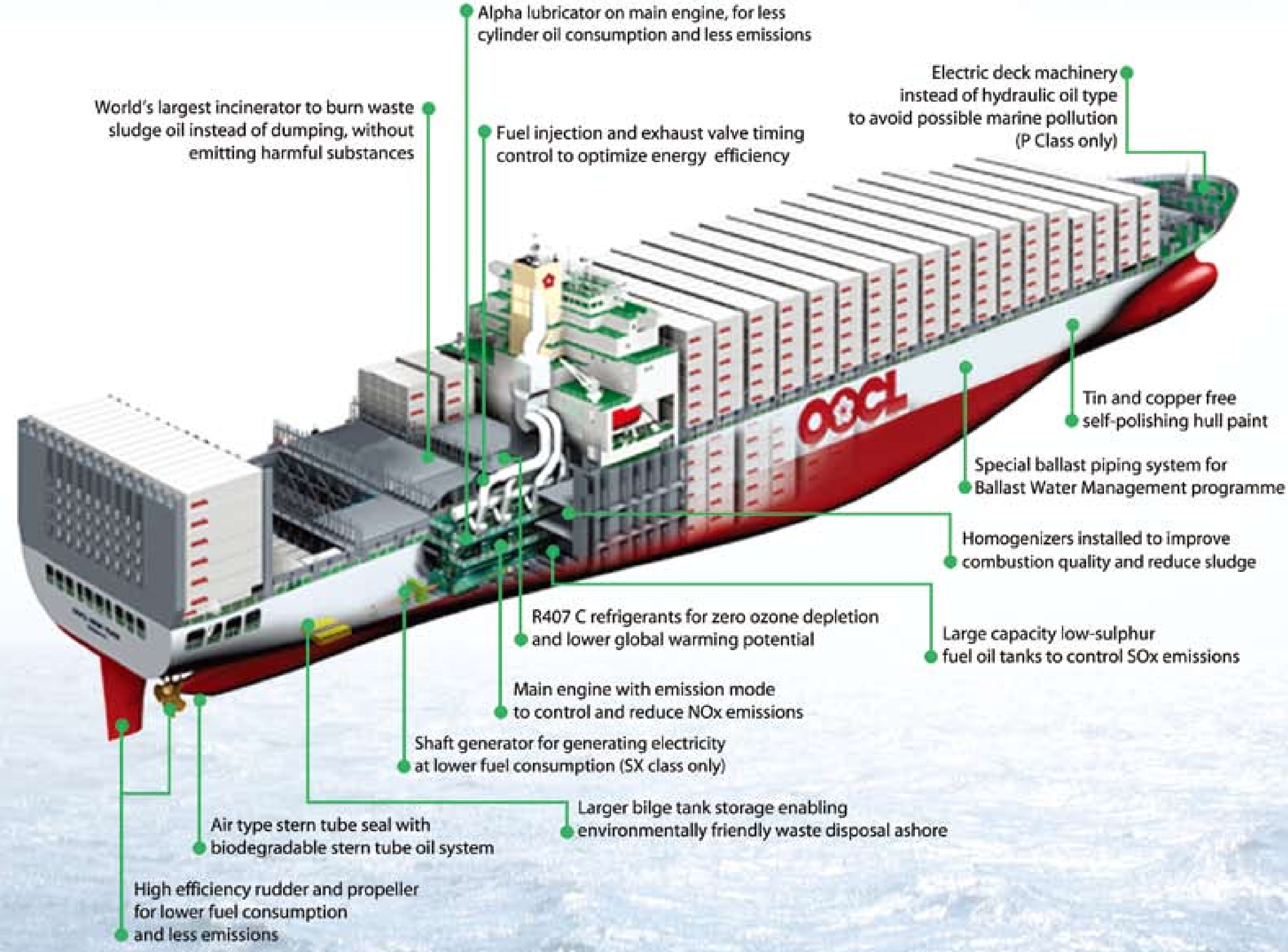
Corporate Responsibility

onsibility • corporate responsibility • corporate

We care deeply about our people and the world around us. As a responsible corporate citizen, we give paramount attention to security, safety and environmental care. We are also proud to serve the entire community by voluntarily providing education, charity and cultural entertainment.

Environmentally friendly
features on OOCL newbuildings

All new ships have voluntarily applied for "Green passport" and "ES" or "EP" notation exceeding existing requirements



Senior Management

C L Ting

Mr Ting, aged 59, has been the Managing Director of OOCL (Asia Pacific) Ltd since April 2001 and Managing Director of OOCLL since October 1996. Mr Ting holds a Bachelor and Master degree in Economics from the Universite' Catholique de Louvain, in Belgium. Mr Ting joined the Group in 1974 and has served OOCLL and its subsidiaries in various capacities for 34 years.

Peter Leng

Mr Leng, aged 60, has been the President of OOCL (USA) Inc. and a Director of OOCLL since July 2003. Mr Leng holds a Bachelor of Arts degree from Soochow University, Taiwan. Mr Leng joined the Group in 1976 and has served OOCLL and its subsidiaries in various capacities for 32 years.

Allan Wong

Mr Wong, aged 54, has been the Managing Director of OOCL (Asia Pacific) Ltd and a Director of OOCLL since October 2000. Mr Wong holds a Bachelor of Social Science degree and a Master of Business Administration from the Chinese University of Hong Kong. Mr Wong joined the Group in 1976 and has served OOCLL and its subsidiaries in various capacities for 31 years and has been the Chief Executive Officer of OOCL Logistics Ltd since June 2004.

Henry Wong

Mr Wong, aged 57, has been the Managing Director of OOCL (Europe) Limited and a Director of OOCLL since January 2006. Mr Wong holds a Bachelor degree from The Chinese University of Hong Kong. Mr Wong joined the Group in 1973 and has served OOCLL and its subsidiaries in various capacities for 34 years.

Bosco Louie

Mr Louie, aged 56, has been the Director of Corporate Logistics and Fleet Management since January 2004 and a Director of OOCLL since March 2006. Mr Louie holds a Bachelor degree from The University of Hong Kong. Mr Louie joined the Group in 1975 and has served OOCLL and its subsidiaries in various capacities for 32 years.

Andy Tung

Mr Tung, aged 43, has been Director of Corporate Planning and Marketing of OOCLL and a Director of OOCLL since March 2006. Mr Tung holds a Bachelor degree from Princeton University and a Master of Business Administration from Stanford University in the USA. Mr Tung has worked for OOCLL in various management capacities between 1993 and 1999.

Steve Siu

Mr Siu, aged 50, has been the Chief Information Officer and a Director of OOCLL since November 2006. Mr Siu holds a Bachelor of Science degree and a Master of Science degree from the University of Essex, UK and a Master of Business Administration jointly organised by Northwestern University and The Hong Kong University of Science and Technology. Mr Siu joined the Group in 1987 and has served OOCLL and its subsidiaries in various capacities for 20 years and has been the Chief Executive Officer of Cargo*Smart* since January 2002.

Financial Calendar

Announcement of results for the half year ended 30th June 2007	3rd August 2007
Despatch of 2007 Interim Report to shareholders	23rd August 2007
Announcement of results for the year ended 31st December 2007	5th March 2008
Despatch of 2007 Annual Report to shareholders	26th March 2008
Closure of the Register of Members to determine entitlements to final dividend for ordinary shareholders in respect of the year ended 31st December 2007	15th April 2008 to 18th April 2008 both days inclusive
2007 Annual General Meeting	18th April 2008
Payment of 2007 final dividend	5th May 2008

Shareholder Information

Ordinary shares

Issued shares	625,793,297 shares (as at 31st December 2007)
Nominal value	US$0.10

Annual report

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

Computershare Hong Kong Investor Services Limited
Rooms 1806-1807, 18th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

If you are not a shareholder, please write to:

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

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

Shareholder services

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

Computershare Hong Kong Investor Services Limited
Rooms 1806-1807, 18th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong
Telephone: (852) 2862 8555 Facsimile: (852) 2865 0990

Shareholder enquiries

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

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

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

Ordinary Shareholder Information as at 31st December 2007:

Category	Shareholders Number	Shareholders Percentage	Shares of US$0.10 each Number	Shares of US$0.10 each Percentage
Corporate	33	3.4995%	619,449,526	98.9863%
Untraceable shareholders registered in name of Computershare Hong Kong Investor Services Limited	1	0.1060%	2,740	0.0004%
Individual	909	96.3945%	6,341,031	1.0133%
	943	100.00%	625,793,297	100.00%

Number of Shares Held	Shareholders Number	Shareholders Percentage	Shares of US$0.10 each Number	Shares of US$0.10 each Percentage
1 – 10,000	872	92.4708%	1,020,655	0.1631%
10,001 – 100,000	57	6.0445%	1,751,306	0.2798%
100,001 – 1,000,000	8	0.8484%	2,437,934	0.3896%
1,000,001 or above	6	0.6363%	620,583,402	99.1675%
	943	100.00%	625,793,297	100.00%

Ten Largest Ordinary Shareholders

At 31st December 2007, the interests of the 10 largest ordinary shareholders of the Company, as recorded in the Company's principal register and Hong Kong branch register of members, were as follows:

Name of ordinary shareholder	Number of ordinary shares held	Percentage
Wharncliff Limited	278,165,570	44.45%
HKSCC Nominees Limited	194,907,703	31.15%
Springfield Corporation	67,045,586	10.71%
Gala Way Company Inc.	48,462,007	7.74%
Monterrey Limited	30,765,425	4.92%
Mok Kwun Cheung	1,237,111	0.20%
Cheng Tien Shun	619,021	0.10%
Chang Ernest Tsann Rong	612,731	0.10%
Leung Kai Lon & Leong I Hong	552,000	0.09%
Tam Wing Fan	157,322	0.03%

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of ORIENT OVERSEAS (INTERNATIONAL) LIMITED (the "Company") will be held on Friday, 18th April 2008 at 10:00 a.m. at the Concord Room, 8th Floor, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong to transact the following business:

1. To consider and adopt the audited Financial Statements and the Reports of the Directors and the Auditor for the year ended 31st December 2007.

2. To declare a final dividend for the year ended 31st December 2007.

3. (a) To re-elect Mr Kenneth Gilbert Cambie as Director.

   (b) To re-elect Mr Alan Lieh Sing Tung as Director.

   (c) To re-elect Mr Roger King as Director.

   (d) To re-elect Mr Simon Murray as Director.

4. To authorise the Board of Directors to fix the Directors' remuneration.

5. To re-appoint PricewaterhouseCoopers as Auditor and to authorise the Board of Directors to fix their remuneration.

6. To consider and, if thought fit, to pass, with or without modification, the following resolutions as ordinary resolutions:

   (a) "**THAT** a general mandate be and is hereby generally and unconditionally given to the Directors to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to allot, issue and otherwise deal with the Shares (as hereinafter defined) or additional Shares of the Company and to make, issue or grant offers, agreements, options or warrants which will or might require the exercise of such mandate either during or after the Relevant Period, otherwise than pursuant to a rights issue, bonus issue, issue of scrip dividends or the exercise of rights of subscription or conversion under the terms of any shares, bonds, warrants or other securities carrying a right to subscribe for or purchase shares of the Company issued by the Company or a subsidiary or whose issue is authorised on or prior to the date this resolution is passed, not exceeding twenty percent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution."

   (b) "**THAT** a general mandate be and is hereby generally and unconditionally given to the Directors to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to purchase the Shares (as hereinafter defined), provided however that the aggregate nominal amount of such shares, or (as the case may be) conversion, subscription or purchase rights attaching to the respective securities, to be purchased shall not exceed ten percent of the aggregate nominal amount of such shares, or (as the case may be) conversion, subscription or purchase rights attaching to those securities, in issue as at the date of passing of this resolution."

   For the purposes of resolutions 6(a) and 6(b):

   "Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:

   (i) the conclusion of the next annual general meeting of the Company;

   (ii) the expiration of the period within which the next annual general meeting of the Company is required by Bermudan law or the Bye-laws of the Company to be held; or

   (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

"Shares" means shares of all classes in the capital of the Company and securities convertible into shares and options, warrants or similar rights to subscribe for or purchase any shares or such convertible securities.

(c) "**THAT** the general mandate granted to the Directors to allot Shares pursuant to the resolution set out in item 6(a) of the notice of this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company purchased, or that share capital which would fall to be subscribed or purchased pursuant to the conversion, subscription or purchase rights attaching to any other securities purchased, by the Company pursuant to the authority granted by the resolution set out in item 6(b) of the notice of this meeting, provided that such amount shall not exceed ten percent of the aggregate nominal amount of the shares, or (as the case may be) conversion, subscription or purchase rights attaching to those securities, in issue as at the date of passing of this resolution."

By Order of the Board
Orient Overseas (International) Limited
Lammy LEE
Company Secretary

Hong Kong, 26th March 2008

Notes:

(i) Any member of the Company entitled to attend and vote at the meeting (or at any adjournment thereof) is entitled to appoint a proxy or proxies to attend and vote on his behalf in accordance with the Bye-laws of the Company. A proxy need not be a member of the Company.

(ii) Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders shall be present at the meeting personally or by proxy, that one of the holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

(iii) The proxy form must be deposited at the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "Hong Kong Branch Registrar") together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof.

(iv) The register of members of the Company will be closed from 15th April 2008 to 18th April 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar for registration not later than 4:30 p.m. on 14th April 2008.

(v) With regard to item 3 in this notice, the biographical details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II to the circular dated 26th March 2008 (the "Circular").

(vi) An explanatory statement containing information regarding the ordinary resolution in item 6(b) of this notice is set out in Appendix I to the Circular.

(vii) The Chinese translation of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

Corporate Governance Report

Corporate Governance Practices

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

Throughout the year of 2007, the Company has complied with the SEHK Code, except for the following:

- Code Provision

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

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

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

A. BOARD OF DIRECTORS

1. Board Composition

The Board currently comprises four Executive Directors, two Non-Executive Directors and three Independent Non-Executive Directors.

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

* *appointed as an Executive Director on 1st August 2007 and Chief Financial Officer on 11th August 2007*

Non-Executive Directors
Mr Tsann Rong CHANG
Mr Roger KING

Independent Non-Executive Directors
Mr Simon MURRAY
Dr Victor Kwok King FUNG
Professor Richard Yue Chim WONG

The biographical details of the Directors and the relevant relationships between them are set out on the Company's website at http://www.ooilgroup.com and in pages 44 to 47 of this annual report.

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

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

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

During 2007, the Board has complied with the Listing Rules' requirement in having at least three Independent Non-Executive Directors, including one with appropriate professional qualifications or accounting or related financial management expertise.

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

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

2. Board Responsibilities

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

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

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

The Company Secretary provides the Directors with updates on developments regarding the Listing Rules and other applicable regulatory requirements. Any Director may request the Company Secretary to organise independent professional advice at the expense of the Company to assist the Directors to effectively discharge their duties to the Company. No such independent professional advice was requested by any Director in 2007.

3. Chairman and Chief Executive Officer

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

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

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

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

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

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

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

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

In case of an equality of votes at any Board meetings, whether on a show of hands or by poll, the Chairman shall be entitled to a second or casting vote.

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

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

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

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

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

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

4. Board Meetings

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

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

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

5. Supply of and Access to Information

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

6. Nomination of Directors

The Company does not have a nomination committee.

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

During 2007, Mr Kenneth Gilbert CAMBIE was appointed as Executive Director on 1st August 2007 and Chief Financial Officer on 11th August 2007. Mr CAMBIE's appointment was approved by the Board at the Board meetings held on 15th June 2007 and 3rd August 2007. Mr Nicholas David SIMS retired as an Executive Director, Chief Financial Officer and Vice President of the Company, all with effect as of 11th August 2007.

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

At the annual general meeting of the Company held on 20th April 2007 (the "2006 AGM"), Mr Chee Chen TUNG, Mr Philip Yiu Wah CHOW and Professor Richard Yue Chim WONG were re-elected as Directors of the Company.

7. Board Committees

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

a. Executive Committee

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

Mr Nicholas David SIMS ceased as a member of the Executive Committee and Mr Kenneth Gilbert CAMBIE was elected a member of Executive Committee, all with effect as of 11th August 2007.

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

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

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

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

— approve capital expenditure for a specified amount;

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

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

b. **Audit Committee**

The Audit Committee was established in 1992 and currently comprises three members who are Independent Non-Executive Directors, namely, Dr Victor Kwok King FUNG (chairman), Mr Simon MURRAY and Professor Richard Yue Chim WONG, with Mr Vincent FUNG, the Head of Internal Audit as the secretary and Ms Lammy LEE as the assistant secretary.

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

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

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

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

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

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

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

Under the Group's whistle-blowing policy, employees may report any concerns regarding accounting, internal accounting controls and auditing matters to the Audit Committee without fear of dismissal or retaliation, in order to ensure that the Group complies with all the applicable laws and regulations, accounting standards, accounting controls and audit practices. The Audit Committee will review each complaint and decide on how the investigation should be conducted. In 2007, the Audit Committee received no complaint from employees.

The Audit Committee held two meetings during the year ended 31st December 2007. The following is a summary of work performed by the Audit Committee during 2007:

(i) reviewed the annual accounts for 2006 and the interim accounts for 2007 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 2006 annual accounts and issues arising from the review of the 2007 interim accounts;

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

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

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

(vi) reviewed the findings and recommendations of the Internal Audit Department on the audits carried out on the principal activities of the Group during 2006;

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

(viii) reviewed the relevant sections in the Corporate Governance Report for the year ended 31st December 2006 concerning the Audit Committee;

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

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

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

c. Remuneration Committee

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

The primary duties of the Remuneration Committee include to:

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

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

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

In 2007, the Board accepted the recommendations of the Remuneration Committee:

(i) that the emoluments of the Executive Directors of the Company for the year 2007 should continue to be comprised of their respective remunerations as determined by reference to market terms, their individual experience, duties and responsibilities within the Company and its subsidiaries (if applicable) and the Executive Directors also participate in a performance-based discretionary bonus scheme determined by reference to the Company's and the individual's performance;

(ii) the bonus package for the Chairman and the Executive Directors for the year 2006;

(iii) the emolument of the Non-Executive Directors of the Company for the year 2007; and

(iv) the directors' fee of the Independent Non-Executive Directors and fees for acting as committee members for the year 2007.

No Director is involved in determining his own remuneration.

d. Finance Committee

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

Mr Nicholas David SIMS ceased as a member of the Finance Committee on 11th August 2007, and Messrs Kenneth Gilbert CAMBIE and Roger KING were elected as members of Finance Committee with effect from 11th August 2007 and 4th March 2008 respectively.

The primary duties of the Finance Committee include to:

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

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

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

e. **Share Committee**

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

Mr Nicholas David SIMS ceased as a member of the Share Committee and Mr Kenneth Gilbert CAMBIE was elected a member of Share Committee, all with effect as of 11th August 2007.

The primary duties of the Share Committee include to:

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

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

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

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

f. **Compliance Committee**

The Compliance Committee currently comprises Ms Lammy LEE (Chairperson), Mr Kenneth Gilbert CAMBIE, Mr Kit Man FUNG and Mr Vincent FUNG.

Mr Nicholas David SIMS ceased as a member of the Compliance Committee and Mr Kenneth Gilbert CAMBIE was elected a member of Compliance Committee, all with effect as of 11th August 2007.

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

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

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

	Meetings Attended/Held in 2007							
	Board	Executive Committee	Audit Committee	Remuneration Committee	Finance Committee	Share Committee	Compliance Committee	2006 AGM
No. of meetings held during the year	6	14	2	1	3	1	8	1
Executive Directors								
Mr Chee Chen TUNG								
(Chairman, President and Chief Executive Officer)	6/6	14/14	—	1/1	—	—	—	1/1
Mr Kenneth Gilbert CAMBIE*								
(Chief Financial Officer)	2/2	5/6	—	—	2/2	1/1	4/4	—
Mr Philip Yiu Wah CHOW	6/6	14/14	—	—	3/3	1/1	—	1/1
Mr Alan Lieh Sing TUNG	6/6	—	—	—	—	—	—	1/1
Mr Nicholas David SIMS **	5/5	8/8	—	—	1/1	—	4/4	1/1
Non-Executive Directors								
Mr Tsann Rong CHANG	6/6	—	—	—	3/3	1/1	—	1/1
Mr Roger KING	5/6	—	—	—	—	—	—	0/1
Independent Non-Executive Directors								
Mr Simon MURRAY	3/6	—	2/2	—	—	—	—	0/1
Dr Victor Kwok King FUNG	5/6	—	1/2	1/1	—	—	—	0/1
Professor Richard Yue Chim WONG	5/6	—	2/2	1/1	—	—	—	1/1
Others								
Ms Lammy LEE								
(Company Secretary)	—	—	—	—	—	—	8/8	—
Mr Kit Man FUNG								
(Qualified Accountant)	—	—	—	—	—	—	8/8	—
Mr Vincent FUNG								
(Chief Auditor)	—	—	—	—	—	—	6/8	—
Average attendance rate	89%	94%	83%	100%	100%	100%	94%	67%

* *appointed as an Executive Director on 1st August 2007*

** *retired as an Executive Director on 11th August 2007*

9. Securities Transactions by Directors

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

All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standards set out in both the Company's own code and the Model Code for the year ended 31st December 2007.

10. Share Interests of Directors and Senior Management

a) Directors

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

b) Senior Management

As at 31st December 2007, the number of shares of the Company held by the senior management of the Company are as follows:

Name	Number of shares held
Mr Cheng-Lung TING	5,000
Mr Peter Pan Shih LENG	—
Mr Allan Tak Sing WONG	150,500
Mr Henry Kong Tsun WONG	—
Mr Bosco Bun Hei LOUIE	27,500
Mr Andy Lieh Cheung TUNG	—
Mr Steve Kai Ho SIU	—

11. Emoluments of Directors and Senior Management

a) Emoluments of Directors

The emoluments of the Directors of the Company for the year ended 31st December 2007 are set out on page 113 of this annual report.

b) Emoluments of Senior Management

The emoluments of the senior management of the Company for the year ended 31st December 2007 are set out below:

Emoluments bands (US$)		No. of Individual(s)
576,901 – 641,000	(HK$4,500,001 – HK$5,000,000)	1
641,001 – 705,100	(HK$5,000,001 – HK$5,500,000)	2
705,101 – 769,200	(HK$5,500,001 – HK$6,000,000)	2
769,201 – 833,300	(HK$6,000,001 – HK$6,500,000)	1
897,401 – 961,500	(HK$7,000,001 – HK$7,500,000)	1
		7

biographical details of senior management are set out on page 50 of this annual report

B. ACCOUNTABILITY AND AUDIT

1. External Auditor

PricewaterhouseCoopers were re-appointed as the Company's external auditor by shareholders at the 2006 AGM until the conclusion of the next annual general meeting.

The fee in respect of audit and non-audit services provided by the external auditors to the Company for the year ended 31st December 2007 is set out on page 116 note 11 to the consolidated accounts of this annual report.

2. Directors' and Auditor's acknowledgement

All Directors acknowledge their responsibility for preparing the accounts for the year ended 31st December 2007.

PricewaterhouseCoopers, the auditor of the Company, acknowledge their reporting responsibilities in the auditor's report on the financial statements for the year ended 31st December 2007.

3. Internal Controls

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

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

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

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

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

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

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

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

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

According to the 2007 Internal Audit report, the Group's internal control system is functioning effectively and there was no significant weakness found in the course of the audits carried out during the year. The Audit Committee has concluded that the Group has maintained sound and effective internal controls to safeguard the Group's assets, and there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group. The Board, through the Audit Committee and the internal audit function, has reviewed the effectiveness of the Group's internal control systems and is of the view that there are no suspected frauds, irregularities, internal control deficiencies or suspected infringement of laws, rules and regulations that cause the Board to believe that the systems of internal control are ineffective or inadequate. 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 2007.

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

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

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

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

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

C. COMMUNICATION WITH SHAREHOLDERS

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

The most recent shareholders' meeting of the Company was the 2006 AGM held at the Renaissance Harbour View Hotel, Wanchai, Hong Kong on 20th April 2007, at which the following ordinary resolutions were passed with the voting results as follows:—

Ordinary Resolutions		Number of Votes (%)	
		For	Against
1.	To consider and adopt the audited Financial Statements and the Reports of the Directors and the Auditor for the year ended 31st December 2006.	525,659,635 (100%)	0 (0%)
2(a).	To declare a final dividend of US12 cents (HK$0.94) for the year ended 31st December 2006.	526,003,421 (100%)	0 (0%)
2(b).	To declare a special dividend of US80 cents (HK$6.24) for the year ended 31st December 2006.	526,017,941 (100%)	0 (0%)
3(a).	To re-elect Mr Chee Chen TUNG as an Executive Director.	520,536,945 (99.37488%)	3,274,476 (0.62512%)
3(b).	To re-elect Mr Philip Yiu Wah CHOW as an Executive Director.	524,859,825 (99.77983%)	1,158,116 (0.22017%)
3(c).	To re-elect Professor Richard Yue Chim WONG as an Independent Non-Executive Director.	522,259,812 (99.35213%)	3,405,609 (0.64787%)
4.	To authorise the Board of Directors to fix the Directors' remuneration.	524,779,930 (99.99981%)	1,000 (0.00019%)
5.	To re-appoint PricewaterhouseCoopers as Auditor and to authorise the Board of Directors to fix their remuneration.	526,017,941 (100%)	0 (0%)
6(a).	To grant a general mandate to the Directors to allot, issue and deal with the Company's shares.	460,313,861 (87.50916%)	65,704,080 (12.49084%)
6(b).	To grant a general mandate to the Directors to repurchase the Company's shares.	526,011,184 (99.99997%)	157 (0.00003%)
6(c).	To extend the general mandate to issue shares to cover the shares repurchased by the Company under Resolution 6(b) above.	465,630,088 (88.52092%)	60,381,253 (11.47908%)

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

D. INVESTOR RELATIONS

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

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

1. Shareholdings Information

As at 31st December 2007:

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

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

Details of the shareholding of the ordinary shares of the Company by category as at 31st December 2007 are as follows:

Category	Number of Shareholders	Shareholders % of total	Number of Shares
Corporate	33	3.50%	619,449,526
Untraceable Shareholders registered in name of Computershare Hong Kong Investor Services Limited	1	0.11%	2,740
Individual	909	96.39%	6,341,031
Total	943	100.00%	625,793,297

Details of the shareholding of the ordinary shares of the Company by range as at 31st December 2007 are as follows:

Number of Shares held	Number of Shareholders	Shareholders % of total
1 – 10,000	872	92.47%
10,001 – 100,000	57	6.04%
100,001 – 1,000,000	8	0.85%
1,000,001 – above	6	0.64%
Total	943	100.00%

2. Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the percentage of its public float exceeds 25% as at 31st December 2007.

3. Financial Calendar

Important dates for the coming financial year are set out on page 51 of this annual report.

Report of the Directors

The Directors of the Company present their report together with the audited accounts of the Company for the year ended 31st December 2007.

Principal Activities

The principal activity of the Company is investment holding and the activities of its principal subsidiaries, associated companies and jointly controlled entities are set out on pages 165 to 179 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 81 of this annual report.

Dividends

An interim dividend of US9.5 cents (HK$0.74) and a special dividend of US80 cents (HK$6.24) were paid on 14th September 2007.

The Directors have recommended the payment of a final dividend for the year ended 31st December 2007 of US13.5 cents (HK$1.05 at the exchange rate of US$1 : HK$7.8) per ordinary share to be paid on 5th May 2008 to the shareholders of the Company whose names appear on the register of members of the Company on 18th April 2008. Shareholders who wish to receive the proposed final dividend in US Dollars should complete the Dividend Election Form and return it to the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, not later than 4:30 p.m. on 24th April 2008.

Directors

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

Executive Directors
Mr Chee Chen TUNG *(Chairman, President and Chief Executive Officer)*
Mr Kenneth Gilbert CAMBIE* *(Chief Financial Officer)*
Mr Nicholas David SIMS** *(retired on 11th August 2007)*
Mr Philip Yiu Wah CHOW
Mr Alan Lieh Sing TUNG

Non-Executive Directors
Mr Tsann Rong CHANG
Mr Roger KING

Independent Non-Executive Directors
Mr Simon MURRAY
Dr Victor Kwok King FUNG
Professor Richard Yue Chim WONG

* *appointed as an Executive Director and the Chief Financial Officer on 1st August 2007 and 11th August 2007 respectively*
** *retired from the Group and resigned as an Executive Director, Vice President and Chief Financial Officer, all with effect from 11th August 2007*

In accordance with the provisions of the Company's Bye-laws, Mr Kenneth Gilbert Cambie, appointed as an Executive Director of the Company on 1st August 2007, will retire at the annual general meeting of the Company to be held on 18th April 2008 (the "Annual General Meeting") and, being eligible, will offer himself for re-election; and Mr Alan Lieh Sing Tung, Mr Roger King and Mr Simon Murray will retire by rotation at the forthcoming Annual General Meeting and being eligible, will offer themselves for re-election.

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

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

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

During the year end as at 31st December 2007, none of the Directors nor the Chief Executive of the Company (or any of their associates) (as defined in the Listing Rules) was granted any right to acquire shares in or debt securities of the Company.

Directors' Interest

1. Significant Contracts

The Group continues to share the rental of offices at Harbour Centre, Hong Kong and at Shin Osaki Kangyo Building, Shinagawa-ku, Tokyo, Japan on an actual cost reimbursement basis with Island Navigation Corporation International Limited ("INCIL") and Island Navigation Corporation ("INC") respectively, both owned by a Tung family trust. The total amount of rental on an actual cost reimbursement basis paid by INCIL and INC to the Group for the year ended 31st December 2007 was approximately US$284,000.

Yuensung Investment Company Limited ("Yuensung"), a company controlled by Mr C U Tung, uncle of Mr Chee Chen Tung, also shares the rental of an office at Harbour Centre, Hong Kong with our Group. The total amount of rental on an actual cost reimbursement basis paid by Yuensung to the Group for the year ended 31st December 2007 was approximately US$31,000.

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

2. Shares

As at 31st December 2007, the issued share capital of the Company (the "Issued Capital") consisted of 625,793,297 ordinary shares (the "Shares") and the interests and short positions of the Directors and the Chief Executive of the Company in the Shares, the underlying Shares and the debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:–

Name	Direct Interests	Other Interests	Total Number of Shares (Long Position)	Percentage
Chee Chen Tung	—	424,660,088 *(Notes 1 & 2)*	424,660,088	67.85%
Tsann Rong Chang	612,731	—	612,731	0.09%
Philip Yiu Wah Chow	72,600	7,000 *(Note 3)*	79,600	0.01%
Simon Murray	122,000	—	122,000	0.02%
Richard Yue Chim Wong	—	500 *(Note 4)*	500	0.00008%

Notes:

1. Mr Chee Chen Tung has an interest in a trust which, through Artson International Inc. ("Artson") as trustee, holds shares of Thelma Holdings Limited ("Thelma"), which has an indirect interest in 424,660,088 Shares. Of such Shares, Fortune Crest Inc. ("Fortune Crest") has a direct interest in 221,500 Shares and an indirect interest in 326,627,577 Shares in which Wharncliff Limited ("Wharncliff") and Gala Way Company Inc. ("Gala Way"), indirect wholly-owned subsidiaries of Fortune Crest, have direct interests in 278,165,570 Shares and 48,462,007 Shares respectively; and Springfield Corporation ("Springfield") has a direct interest in 67,045,586 Shares and an indirect interest in 30,765,425 Shares in which Monterrey Limited ("Monterrey"), a wholly-owned subsidiary of Springfield, has a direct interest. The voting rights in respect of such holdings are held by Mr Chee Chen Tung through Tung Holdings (Trustee) Inc. ("THTI").

2. Wharncliff, Gala Way, Springfield and Monterrey together are referred to as the controlling shareholders.

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

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

As at 31st December 2007, none of the Directors or the Chief Executive of the Company is a director or employee of a company which had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 31st December 2007, 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**

As at 31st December 2007, none of the Directors and their respective associates (as defined in the Listing Rules) had any interest in a business, which competes or may compete with the business of the Group.

Substantial Shareholders' Share Interest

As at 31st December 2007, the following persons (other than a Director or Chief Executive of the Company) had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Name	Nature of Interest	Number of Shares Interested (Long Position)	Percentage
Arston International Inc. *	Trustee	424,660,088 *(Note 1)*	67.85%
Hanberry Worldwide Ltd *	Trustee	424,660,088 *(Note 2)*	67.85%
Thelma Holdings Limited *	Indirect	424,660,088 *(Note 3)*	67.85%
Chee Hwa Tung	Indirect	424,685,319 *(Note 4)*	67.86%
Archmore Investment Limited *	Beneficiary of a trust	424,660,088 *(Note 5)*	67.85%
Edgemont Holdings Limited *	Indirect	424,660,088 *(Note 6)*	67.85%
Javier Associates Limited *	Indirect	424,660,088 *(Note 7)*	67.85%
Bartlock Assets Ltd *	Beneficiary of a trust	424,660,088 *(Note 8)*	67.85%
Flowell Development Inc.	Beneficiary of a trust	424,660,088 *(Note 9)*	67.85%
Izone Capital Limited *	Beneficiary of a trust	424,660,088 *(Note 10)*	67.85%
Jeference Capital Inc. *	Beneficiary of a trust	424,660,088 *(Note 11)*	67.85%
Tung Holdings (Trustee) Inc. *	Voting	424,660,088 *(Note 12)*	67.85%
Fortune Crest Inc.	Direct and Indirect	326,849,077 *(Note 13)*	52.22%
Winfield Investment Limited	Indirect	326,627,577 *(Note 14)*	52.19%
Wharncliff Limited	Direct	278,165,570 *(Note 15)*	44.45%
Springfield Corporation	Direct and Indirect	97,811,011 *(Note 16)*	15.62%
Gala Way Company Inc.	Direct	48,462,007 *(Note 15)*	7.74%
Monterrey Limited *	Direct	30,765,425 *(Note 17)*	4.91%

Notes:

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

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

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

4. Mr Chee Hwa Tung has an interest in a trust which, through Hanberry as trustee, holds shares of Thelma, which has an indirect interest in 424,660,088 Shares. Mrs Betty Hung Ping Chiu Tung (spouse of Mr Chee Hwa Tung, sister-in-law of Mr Chee Chen Tung and Mr Roger King, and mother of Mr Alan Lieh Sing Tung) owns 25,231 Shares.

5. Archmore Investment Limited ("Archmore"), a company which is wholly owned by Edgemont Holdings Limited ("Edgemont"), has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 424,660,088 Shares.

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

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

8. Bartlock Assets Ltd ("Bartlock"), a company which is wholly owned by Mr Chee Hwa Tung, has an interest in a trust which, through Hanberry as trustee, holds shares of Thelma, which has an indirect interest in 424,660,088 Shares.

9. Flowell Development Inc. ("Flowell"), a company which is wholly owned by Mr Chee Chen Tung, has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 424,660,088 Shares.

10. Izone Capital Limited ("Izone"), a company which is wholly owned by Mr Chee Chen Tung, has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 424,660,088 Shares.

11. Jeference Capital Inc., a company which is wholly owned by Mr Chee Chen Tung, has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 424,660,088 Shares.

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

13. Fortune Crest has a direct interest in 221,500 Shares and an indirect interest in the same Shares in which Winfield Investment Limited ("Winfield"), a wholly-owned subsidiary of Fortune Crest, has an interest.

14. Winfield has an indirect interest in the same Shares in which Wharncliff and Gala Way have an interest.

15. Wharncliff and Gala Way are wholly-owned subsidiaries of Winfield.

16. Springfield has a direct interest in 67,045,586 Shares and an indirect interest in the same Shares in which Monterrey, a wholly owned subsidiary of Springfield, has an interest.

17. Monterrey is a wholly-owned subsidiary of Springfield.

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

Save as disclosed herein, as at 31st December 2007, the Company had not been notified by any person (other than the Directors or Chief Executive of the Company) who had an interest or short position in the Shares or the underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Connected Transactions

During the year ended 31st December 2007, the Group had the following continuing connected transactions (the "Continuing Connected Transactions") constituted by the following agreements entered into by OOCL (Taiwan) Co Ltd ("OTWL"), the Group's Taiwanese subsidiary and acting as the general agent for the carrier of the Group in Taiwan:–

a) CMT Master Agreement

Pursuant to a master agreement dated 29th June 2005 entered into between OTWL and Chinese Maritime Transport Ltd. ("CMT"), CMT agreed to provide and to procure members of the CMT group to provide various services to OTWL in Taiwan including (i) trucking service; (ii) leasing of equipment (including chassis and tractors); (iii) maintenance and repair services for generator sets and chassis; (iv) freight station depot and container storage facilities; (v) container yard and gate services; (vi) crew manning services; and (vii) container inspection services, for a period of three years commencing from 1st January 2005, which is renewable for successive periods of three years upon mutual agreement of the parties and subject to the annual caps of not exceeding US$24,000,000 for the years 2005, 2006 and 2007 respectively.

On 15th March 2007, OTWL and CMT agreed to increase the annual cap for the year 2007 from US$24,000,000 to US$26,000,000.

On 10th December 2007, OTWL and CMT agreed to renew the term of the CMT Master Agreement for three years commencing from 1st January 2008 for the provision of the aforesaid services by CMT to the Group and to revise the CMT annual cap from US$26,000,000 to US$30,560,000, US$36,000,000 and US$41,000,000 for the years 2008, 2009 and 2010 respectively.

During the year, US$24,392,000 was paid by OTWL to the CMT group for the aforesaid services.

b) AII Master Agreement

Pursuant to a master agreement dated 29th June 2005 entered into between OTWL and Associated International Inc. ("AII"), AII agreed to provide and to procure members of the AII group to provide various services to OTWL in Taiwan including (i) provision of office premises; and (ii) freight station depot and container storage facilities, for a period of three years commencing from 1st January 2005, which is renewable for successive periods of three years upon mutual agreement of the parties subject to the annual caps of not exceeding US$2,500,000 for the years 2005, 2006 and 2007 respectively.

On 15th March 2007, OTWL and AII agreed to increase the annual cap for the year 2007 from US$2,500,000 to US$2,700,000.

On 10th December 2007, OTWL and AII agreed to renew the term of the AII Master Agreement for three years commencing from 1st January 2008 for the provision of the aforesaid services by AII to the Group and to maintain the AII annual cap at US$2,700,000 for the years 2008, 2009 and 2010.

During the year, US$1,709,000 was paid by OTWL to AII group for the aforesaid services.

c) AIC Master Agreement

Pursuant to a master agreement dated 29th June 2005 entered into between OTWL and Associated Industries China Inc. ("AIC"), AIC agreed to provide and to procure members of the AIC group to provide various services to OTWL in Taiwan including (i) freight station depot and container storage facilities; (ii) container inspection services; (iii) sale of containers; and (iv) computer maintenance services for gantry cranes, for a period of three years commencing from 1st January 2005, which is renewable for successive periods of three years upon mutual agreement of the parties and subject to the annual caps of not exceeding US$100,000 for the years 2005, 2006 and 2007 respectively. During the year, no service was provided by AIC group to OTWL.

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

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

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

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

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

(iii) have not exceeded the respective annual caps.

Purchase, Sale or Redemption of Shares

During the year ended 31st December 2007, the Company has not redeemed any of its Shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's Shares.

Pre-emptive Rights

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

Reserves

Movements during the year in the reserves of the Group and the Company are set out in note 36 to the consolidated accounts on pages 152 to 153 of this annual report.

Corporate Governance

The Board and management of the Company are committed to maintaining high standards of corporate governance and the Company considers that effective corporate governance makes an important contribution to corporate success and to the enhancement of shareholder value. The Company has adopted its own code on corporate governance practices (the "CG Code") which in addition to applying the principles as set out in the Code on Corporate Governance Practices (the "SEHK Code") contained in Appendix 14 to the Listing Rules, also incorporates and conforms to local and international best practices. The CG Code sets out the corporate governance principles to be applied by the Company and its subsidiaries and is constantly reviewed to ensure transparency, accountability and independence. Further information on the CG Code is set out in the corporate governance report (the "Corporate Governance Report") on pages 56 to 71 of this annual report.

Throughout the year of 2007, the Company has complied with the SEHK Code except as set out in the Corporate Governance Report on page 56.

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

Public Float

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

Property, Plant and Equipment

Particulars of the movements in property, plant and equipment are set out in note 17 to the consolidated accounts on pages 123 to 125 of this annual report.

Donations

Donations made by the Group during the year amount to US$186,000.

Annual General Meeting

The notice of Annual General Meeting is set out on pages 54 to 55 of this annual report.

A circular, setting out details of biographical details of the retiring Directors to be re-elected at the Annual General Meeting, 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 the general mandate to authorise the repurchase of the Company's securities (all as set out in the notice of Annual General Meeting), is dispatched to the shareholders of the Company with this annual report.

Company Secretary and Qualified Accountant

The Company Secretary of the Company is Ms Lammy Chee Fun Lee, Barrister and the Qualified Accountant of the Company is Mr Kit Man Fung, a member of The Hong Kong Institute of Certified Public Accountants.

Auditor

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
Orient Overseas (International) Limited
Chee Chen TUNG
Chairman

Hong Kong, 4th March 2008

Independent Auditor's Report

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

We have audited the consolidated accounts of Orient Overseas (International) Limited (the "Company") set out on pages 81 to 179, which comprise the balance sheets of the Company and the Group as at 31st December 2007, and the consolidated profit and loss account, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the accounts

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

Auditor's responsibility

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

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

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

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

Opinion

In our opinion, the consolidated accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31st December 2007 and of the profit and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 4th March 2008

Consolidated Profit and Loss Account

For the year ended 31st December 2007

US$'000	Note	2007	2006
Revenue	5	**5,651,030**	4,609,751
Operating costs	6	**(4,645,842)**	(3,718,778)
Gross profit		**1,005,188**	890,973
Fair value gain from an investment property	18	**—**	100,000
Other operating income	7	**163,871**	102,938
Other operating expenses	8	**(481,622)**	(472,547)
Operating profit	11	**687,437**	621,364
Finance costs	12	**(99,078)**	(71,721)
Share of profits less losses of jointly controlled entities	21	**4,756**	4,346
Share of losses of associated companies	22	**(1,091)**	(771)
Profit before taxation		**592,024**	553,218
Taxation	13	**(38,275)**	(24,883)
Profit for the year from continuing operations		**553,749**	528,335
Discontinued operation :			
Profit for the year from discontinued operation	16	**1,994,653**	52,805
Profit for the year		**2,548,402**	581,140
Attributable to :			
Equity holders of the Company		**2,546,979**	580,603
Minority interests		**1,423**	537
		2,548,402	581,140
Dividends	15	**644,613**	644,669
Earnings per ordinary share (US cents)	14		
- from continuing operations		**88.3**	84.4
- from discontinued operation		**318.7**	8.4
Basic and diluted		**407.0**	92.8

Consolidated Balance Sheet

As at 31st December 2007

US$'000	Note	2007	2006
ASSETS			
Non-current assets			
Property, plant and equipment	17	**3,350,844**	2,777,004
Investment property	18	**200,000**	200,000
Prepayments of lease premiums	19	**8,710**	5,416
Jointly controlled entities	21	**9,914**	21,848
Associated companies	22	**49,982**	41,820
Intangible assets	23	**39,696**	29,363
Deferred taxation assets	24	**895**	1,053
Pension and retirement assets	25	**4,233**	4,068
Available-for-sale financial assets	26	**25,420**	22,409
Restricted bank balances and other deposits	27	**75,647**	88,519
Other non-current assets	28	**87,092**	85,906
		3,852,433	3,277,406
Current assets			
Properties under development and for sale	29	**385,303**	378,493
Inventories	30	**100,953**	57,605
Debtors and prepayments	31	**694,602**	382,527
Portfolio investments	32	**287,720**	264,514
Derivative financial instruments	33	**7,099**	3,510
Cash and bank balances	34	**1,885,534**	829,716
		3,361,211	1,916,365
Assets held for sale	16	**—**	406,232
		3,361,211	2,322,597
Total assets		**7,213,644**	5,600,003

As at 31st December 2007

US$'000	Note	2007	2006
EQUITY			
Equity holders			
Share capital	35	**62,579**	62,579
Reserves	36	**4,113,789**	2,664,627
		4,176,368	2,727,206
Minority interests		**14,937**	12,827
Total equity		**4,191,305**	2,740,033
LIABILITIES			
Non-current liabilities			
Borrowings	37	**1,864,436**	1,870,890
Deferred taxation liabilities	24	**33,475**	33,996
Pension and retirement liabilities	25	**11,505**	10,305
		1,909,416	1,915,191
Current liabilities			
Creditors and accruals	38	**752,343**	560,535
Derivative financial instruments	33	**—**	715
Borrowings	37	**341,748**	197,908
Current taxation		**18,832**	6,629
		1,112,923	765,787
Liabilities directly associated with assets classified as held for sale	16	**—**	178,992
		1,112,923	944,779
Total liabilities		**3,022,339**	2,859,970
Total equity and liabilities		**7,213,644**	5,600,003
Net current assets		**2,248,288**	1,377,818
Total assets less current liabilities		**6,100,721**	4,655,224

C C Tung

Kenneth G Cambie

Directors

Balance Sheet

As at 31st December 2007

US$'000	Note	2007	2006
ASSETS			
Non-current assets			
Subsidiaries	20	**169,482**	169,482
Restricted bank balances and deposits		**121**	109
		169,603	169,591
Current assets			
Prepayments		**30**	56
Amounts due from subsidiaries	20	**1,979,483**	1,340,887
Cash and bank balances	34	**2,326**	2,856
		1,981,839	1,343,799
Total assets		**2,151,442**	1,513,390
EQUITY			
Equity holders			
Share capital	35	**62,579**	62,579
Reserves	36	**853,320**	396,324
Total equity		**915,899**	458,903
LIABILITIES			
Current liabilities			
Accruals		**500**	965
Amounts due to subsidiaries	20	**1,235,043**	1,053,522
Total liabilities		**1,235,543**	1,054,487
Total equity and liabilities		**2,151,442**	1,513,390
Net current assets		**746,296**	289,312
Total assets less current liabilities		**915,899**	458,903

C C Tung

Kenneth G Cambie

Directors

Consolidated Cash Flow Statement

For the year ended 31st December 2007

US$'000	Note	2007	2006
Cash flows from operating activities			
Cash generated from operations	41(a)	**563,143**	465,368
Interest paid		**(39,352)**	(37,519)
Interest element of finance lease rental payments		**(53,893)**	(49,111)
Dividend on preference shares		**(4,645)**	(5,293)
Hong Kong profits tax paid		**(3,253)**	(2,388)
Overseas tax paid		**(46,589)**	(33,654)
Net cash from operating activities		**415,411**	337,403
Cash flows from investing activities			
Sale of property, plant and equipment		**32,139**	25,364
Sale of available-for-sale financial assets		**7,976**	522
Purchase of property, plant and equipment		**(502,674)**	(401,316)
Purchase of available-for-sale financial assets		**(163)**	(243)
Increase in portfolio investments		**(23,206)**	(27,510)
Investment in associated companies		**(6,169)**	(33,845)
Disposal of subsidiaries	41(c)	**2,298,266**	—
Overseas tax paid on disposal of subsidiaries	41(c)	**(76,373)**	—
Sale of lease premiums		**—**	100
Payment of lease premiums		**—**	(194)
Decrease in amounts due by jointly controlled entities		**67**	1,930
(Increase)/decrease in bank deposits maturing more than three months from the date of placement		**(1,526)**	9,763
Decrease in other deposits		**3,000**	—
Purchase of intangible assets		**(14,703)**	(15,834)
(Increase)/decrease in other non-current assets		**(1,186)**	7,076
Interest received		**108,229**	42,152
Dividends received from portfolio investments		**747**	1,458
Income from available-for-sale financial assets		**18**	17
Dividends received from jointly controlled entities		**17,204**	1,037
Net cash from/(used in) investing activities		**1,841,646**	(389,523)

For the year ended 31st December 2007

US$'000	Note	2007	2006
Cash flows from financing activities			
New loans		**174,860**	287,612
Repayment of loans		**(187,202)**	(113,492)
Redemption of preference shares		**(9,680)**	(9,237)
Capital element of finance lease rental payments		**(62,631)**	(45,189)
Contribution from minority interests		**10**	4,017
Dividends paid to shareholders		**(1,135,504)**	(162,970)
Dividend paid to minority interests		**(288)**	(253)
Net cash used in financing activities		**(1,220,435)**	(39,512)
Net increase/(decrease) in cash and cash equivalents		**1,036,622**	(91,632)
Cash and cash equivalents at beginning of year		**810,903**	947,370
Classified as assets held for sale	16	**—**	(65,635)
Currency translation adjustments		**7,764**	20,800
Cash and cash equivalents at end of year	41(d)	**1,855,289**	810,903

Consolidated Statement of Changes in Equity

For the year ended 31st December 2007

US'000	Equity holders Share capital	Reserves	Sub-total	Minority interests	Total
At 31st December 2005	62,579	2,221,751	2,284,330	8,129	2,292,459
Currency translation adjustments	—	15,666	15,666	397	16,063
Change in fair value	—	9,577	9,577	—	9,577
Profit for the year	—	580,603	580,603	537	581,140
2005 final dividend	—	(94,031)	(94,031)	—	(94,031)
2006 interim dividend	—	(68,939)	(68,939)	—	(68,939)
Contribution from minority interests	—	—	—	4,017	4,017
Dividend paid to minority interests	—	—	—	(253)	(253)
At 31st December 2006	62,579	2,664,627	2,727,206	12,827	2,740,033
Currency translation adjustments	—	35,346	35,346	965	36,311
Deferred taxation on currency translation adjustments	—	(4,011)	(4,011)	—	(4,011)
Change in fair value	—	9,263	9,263	—	9,263
Asset revaluation reserve realised	—	(2,911)	(2,911)	—	(2,911)
Profit for the year	—	2,546,979	2,546,979	1,423	2,548,402
2006 final dividend	—	(75,049)	(75,049)	—	(75,049)
2006 special dividend	—	(500,324)	(500,324)	—	(500,324)
2007 interim dividend	—	(59,455)	(59,455)	—	(59,455)
2007 special dividend	—	(500,676)	(500,676)	—	(500,676)
Contribution from minority interests	—	—	—	10	10
Dividend paid to minority interests	—	—	—	(288)	(288)
At 31st December 2007	62,579	4,113,789	4,176,368	14,937	4,191,305

Notes to the Consolidated Accounts

1. General information

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

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

In November 2006, the Group entered into a Stock Purchase Agreement to dispose of its 100% interest in TSI Terminal Systems Inc, Consolidated (Terminal Holdings) Limited and Global Terminal & Container Services Inc (collectively referred to as the "Disposal Group") to 0775150 B.C. Ltd and 2119601 Ontario Limited, being newly-formed subsidiaries of Ontario Teachers' Pension Plan Board for a gross consideration of US$2.35 billion, receivable in cash. The transaction was completed in two phases in January 2007 and June 2007 respectively. After transaction costs and tax, the post-tax gain arising on the disposal was US$1.99 billion, which had been recognised in the consolidated profit and loss account for the year ended 31st December 2007.

An analysis of the results, cash flows and assets and liabilities of the Disposal Group is presented in notes 16 and 41(c).

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

The adoption of new/revised HKFRS

In 2007, the Group adopted the new standard, amendment and interpretations of HKFRS below, which are relevant to its operations.

HKAS 1 (Amendment)	Presentation of Financial Statements : Capital Disclosures
HK (IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK (IFRIC) – Int 10	Interim Financial Reporting and Impairment
HKFRS 7	Financial Instruments : Disclosures

The Group has assessed the impact of the adoption of these new standard, amendment and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies, whereas the adoption of HKAS 1 (Amendment) and HKFRS 7 introduces new disclosures relating to financial instruments and capital. There is no impact on the classification and valuation of the Group's financial instruments.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

Certain new standards, amendments and interpretations to existing standards have been published which are relevant to the Group's operations and accounts and are mandatory for the Group's accounting periods beginning on or after 1st January 2008 or later periods as follows :

Effective from 1st January 2008

HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective from 1st January 2009

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments

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

2.2 Consolidation

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

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

(a) Subsidiaries

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

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

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

2. Summary of significant accounting policies (Continued)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are recognised by the Company on the basis of dividend received and receivable.

(b) Jointly controlled entities

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

(c) Associated companies

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

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

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

2.3 Property, plant and equipment

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

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

2. Summary of significant accounting policies (Continued)

2.3 Property, plant and equipment (Continued)

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

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

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

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

Gains and losses on disposals are determined as the difference between the net disposal proceeds and the carrying amounts of the assets and are dealt with in the consolidated profit and loss account. Upon disposal of revalued assets, any revaluation reserve is transferred directly to retained profit.

2.4 Investment properties

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

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

Investment property held for sale without redevelopment is classified within non-current assets held for sale, under HKFRS 5.

2.5 Vessel repairs and surveys

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

2. Summary of significant accounting policies (Continued)

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

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

(b) Computer software

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

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

2.7 Impairment of non-financial assets

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

2.8 Investments

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

(a) Portfolio investments

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

2. Summary of significant accounting policies (Continued)

2.8 Investments (Continued)

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

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

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

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

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

2.9 Properties under development and for sale

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

2. Summary of significant accounting policies (Continued)

2.10 Inventories

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

2.11 Debtors

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

2.12 Cash and cash equivalents

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

2.13 Share capital

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

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

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the equity holders of the Company and all the shares are cancelled.

2.14 Borrowings

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

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

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

2.15 Deferred taxation

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

2.15 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 jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefits

(a) Pension obligations

The Group operates a number of defined benefit and defined contribution pension and retirement benefit schemes in the main countries 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 require.

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

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

(b) Other post-employment obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in the consolidated profit and loss account over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

(c) Bonus plans

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

2. Summary of significant accounting policies (Continued)

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

2.18 Insurance contracts

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

2.19 Assets held for sale

The disposal group is classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

2.20 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. A discontinued segment is separately presented from continuing segments.

2.21 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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 dates of the transactions); and

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

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

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

2.22 Revenue recognition

Revenue comprises the fair value 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 and logistics business are recognised on a percentage of completion basis, which is determined on the time proportion method of each individual vessel voyage.

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

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

(d) Sales of properties are recognised when the risks and rewards of the property have been passed to the customers.

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

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

2. Summary of significant accounting policies (Continued)

2.23 Leases

(a) Operating lease

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

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

(b) Finance lease

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

2.24 Borrowing costs

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

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

2.25 Derivative financial instruments

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

2.26 Dividend distribution

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

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

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

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

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

To limit currency exposure, the US dollar based activities are financed primarily by loans in US dollar. With all other variables held constant, an average change in the US dollar exchange rate of 1%, compared with all other non-US dollar related currencies, has an effect on the results for 2007 of approximately US$21.0 million (2006: US$15.7 million).

(ii) Price risk

The container transport and logistics activities are sensitive to economic fluctuations. The Group is exposed to freight rate risk. The Group's result will increase/decrease by US$50.8 million (2006: US$42.0 million) for 1% increase/reduction of the average container freight rates with all other variables held constant.

The Group is exposed to bunker price risk for its container transport and logistics activities. Bunker cost is one of the major cost components of container transport and logistics activities. An increase in bunker price can only be partially compensated through freight surcharge bunker price adjustment. With all other variables held constant, the operating cost will be increased by approximately US$2.2 million (2006: US$1.8 million) for one US dollar increase in bunker price per ton.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that services are provided to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions.

The extent of the Group's credit exposure is represented by the aggregate balance of cash and bank balances, portfolio investments, derivative financial instruments, restricted bank balances and other deposits, debtors and prepayments, advance to an investee company, amounts receivable from jointly controlled entities and the corporate guarantee in respect of bank loan facilities extended to an investee company.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

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

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

US$'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Group				
At 31st December 2007				
Borrowings	443,557	239,377	897,675	1,433,547
Creditors and accruals	752,343	—	—	—
At 31st December 2006				
Borrowings	303,686	245,384	869,175	1,618,898
Derivative financial instruments	715	—	—	—
Creditors and accruals	560,535	—	—	—
Company				
At 31st December 2007				
Accruals	500	—	—	—
At 31st December 2006				
Accruals	965	—	—	—

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(d) Cash flow and fair value interest rate risk

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

There are no material fixed rate receivable and borrowings in the Group.

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

At 31st December 2007, 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$0.2 million (2006: US$1.1 million) lower/higher, mainly as a result of higher/lower net interest expense on the net floating rate borrowings.

3.2 Capital risk management

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

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

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

The gearing ratios at 31st December 2007 and 2006 were as follows:

US$'000	2007	2006
Total borrowings (note 37)	**(2,206,184)**	(2,068,798)
Less : Restricted bank balances (note 27)	**63,822**	73,694
Cash and bank balances (note 34)	**1,885,534**	829,716
Portfolio investments (note 32)	**287,720**	264,514
Net cash and investments/(debt)	**30,892**	(900,874)
Total equity	**4,191,305**	2,740,033
Gearing ratio	**N/A**	33%

The improvement in the gearing ratio results primarily from proceeds on the disposal of terminals.

3. Financial risk management (Continued)

3.3 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

Unlisted investments have been valued by reference to the market prices of the underlying investments or by reference to the current market value of similar investments or by reference to the discounted cash flows of the underlying net assets.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of foreign exchange forward contracts is determined using forward exchange market rates at the balance sheet date.

The fair values of debtors, cash and cash equivalents, creditors and accruals and current borrowings are assumed to approximate their carrying amount due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings are estimated using the expected future payments discounted at market interest rates.

4. Critical accounting estimates and judgements

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

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

(a) Income taxes

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

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

4. Critical accounting estimates and judgements (Continued)

(b) Investment property

The fair values of investment properties are determined by independent valuers on an open market for existing use basis. In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(c) Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different from previously estimated. Subject to result of impairment assessment, technically obsolete or non-strategic assets that have been abandoned will be written down to its recoverable amount.

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$13.9 million or US$11.5 million respectively (2006: US$11.5 million or US$9.6 million respectively).

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

Were the residual values of containers and vessels to differ by 10% from management estimates with all other variables held constant, it is estimated that depreciation expense would increase or decrease by approximately US$6.5 million or US$5.2 million respectively (2006: US$5.7 million or US$5.5 million respectively).

(d) Provision of operating cost

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

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

5. Revenue and segment information

(a) Revenue

US$'000	2007	2006
Container transport and logistics	**5,616,179**	4,580,186
Property investment and development	**34,851**	29,565
	5,651,030	4,609,751

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

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

(b) Segment reporting

The principal activities of the Group are container transport and logistics and property investment and development. Container transport and logistics include global containerised shipping services in major trade lanes, covering Trans-Pacific, Transatlantic, 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 and operating activities, the primary segment reporting is by business segments and the secondary segment reporting is by geographical segments.

For the geographical segment reporting, freight revenues from container transport and logistics are analysed based on the outbound cargoes of each geographical territory. The Directors consider that the nature of the container transport and logistics activities, which cover the world's major shipping lanes, and the way in which costs are allocated precludes a meaningful allocation of operating profit to specific geographical segments. Accordingly, geographical segment results for container transport and logistics business are not presented.

Unallocated assets under business segment reporting primarily include portfolio investments, derivative financial instruments, deferred taxation assets, tax recoverable, restricted bank balances and cash and bank balances. While unallocated segment liabilities include borrowings, derivative financial instruments, current and deferred taxation liabilities.

5. Revenue and segment information (Continued)

(b) Segment reporting (Continued)

Primary reporting – business segment

The segment results for the year ended 31st December 2007 are as follows:

	Continuing operations					Discontinued operation		
US$'000	Container transport and logistics	Property investment and development	Unallocated	Elimination	Sub-total	Terminal	Elimination	Group
Revenue	5,616,179	35,774	—	(923)	5,651,030	53,387	(5,773)	5,698,644
Operating profit	554,776	5,626	127,035	—	687,437	9,864	—	697,301
Finance costs (note 12)					(99,078)	(748)		(99,826)
Share of profits less losses of jointly controlled entities (note 21)					4,756	—		4,756
Share of losses of associated companies (note 22)					(1,091)	—		(1,091)
Profit before taxation					592,024	9,116		601,140
Taxation					(38,275)	(4,577)		(42,852)
Profit after taxation					553,749	4,539		558,288
Gain on disposal of subsidiaries, net of tax					—	1,990,114		1,990,114
Profit for the year					553,749	1,994,653		2,548,402
Capital expenditure	731,553	16,950	—	—	748,503	4,400	—	752,903
Depreciation	172,027	94	—	—	172,121	1,867	—	173,988
Amortisation	4,698	1,402	—	—	6,100	—	—	6,100

5. Revenue and segment information (Continued)

(b) Segment reporting (Continued)

Primary reporting – business segment (Continued)

The segment results for the year ended 31st December 2006 are as follows:

	Continuing operations					Discontinued operation		
US$'000	Container transport and logistics	Property investment and development	Unallocated	Elimination	Sub-total	Terminal	Elimination	Group
Revenue	4,580,186	30,413	—	(848)	4,609,751	500,402	(53,520)	5,056,633
Operating profit	453,668	110,666	57,030	—	621,364	87,402	—	708,766
Finance costs (note 12)					(71,721)	(7,085)		(78,806)
Share of profits less losses of jointly controlled entities (note 21)					4,346	—		4,346
Share of losses of associated companies (note 22)					(771)	—		(771)
Profit before taxation					553,218	80,317		633,535
Taxation					(24,883)	(27,512)		(52,395)
Profit for the year					528,335	52,805		581,140
Capital expenditure	581,689	152	—	—	581,841	51,287	—	633,128
Depreciation	150,028	75	—	—	150,103	28,658	—	178,761
Amortisation	3,034	1,328	—	—	4,362	925	—	5,287

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

5. Revenue and segment information (Continued)

(b) Segment reporting (Continued)

Primary reporting – business segment (Continued)

The segment assets and liabilities at 31st December 2007 are as follows:

US$'000	Container transport and logistics	Property investment and development	Unallocated	Group
Segment assets				
Property, plant and equipment	3,301,117	49,727	—	3,350,844
Jointly controlled entities	4,136	5,778	—	9,914
Associated companies	49,982	—	—	49,982
Other assets	635,438	875,796	2,291,670	3,802,904
Total assets	3,990,673	931,301	2,291,670	7,213,644
Segment liabilities				
Creditors and accruals	(650,828)	(100,779)	(736)	(752,343)
Other liabilities	(11,505)	—	(2,258,491)	(2,269,996)
Total liabilities	(662,333)	(100,779)	(2,259,227)	(3,022,339)

5. Revenue and segment information (Continued)

(b) Segment reporting (Continued)

Primary reporting – business segment (Continued)

The segment assets and liabilities at 31st December 2006 are as follows:

US$'000	Container transport and logistics	Property investment and development	Unallocated	Group
Segment assets				
Property, plant and equipment	2,776,703	301	—	2,777,004
Jointly controlled entities	3,391	18,457	—	21,848
Associated companies	41,820	—	—	41,820
Assets held for sale (note 16)	—	—	406,232	406,232
Other assets	462,716	685,553	1,204,830	2,353,099
Total assets	3,284,630	704,311	1,611,062	5,600,003
Segment liabilities				
Creditors and accruals	(544,002)	(15,330)	(1,203)	(560,535)
Liabilities directly associated with assets classified as held for sale (note 16)	—	—	(178,992)	(178,992)
Other liabilities	(10,305)	—	(2,110,138)	(2,120,443)
Total liabilities	(554,307)	(15,330)	(2,290,333)	(2,859,970)

5. Revenue and segment information (Continued)

(b) Segment reporting (Continued)

Secondary reporting – geographical segment

The Group's two business segments operate in four main geographical areas, even though they are managed on a worldwide basis.

US$'000	Revenue	Operating profit /(loss)	Capital expenditure
Year ended 31st December 2007			
Asia	3,923,146	(3,465)	33,995
North America	856,235	9,091	18,793
Europe	774,691	—	1,236
Australia	96,958	—	32
Unallocated*	—	681,811	694,447
	5,651,030	687,437	748,503
Discontinued operation	53,387	9,864	4,400
Elimination	(5,773)	—	—
	5,698,644	697,301	752,903
Year ended 31st December 2006			
Asia	3,094,351	(3,170)	28,145
North America	744,591	110,400	28,750
Europe	689,043	—	1,288
Australia	81,766	—	225
Unallocated*	—	514,134	523,433
	4,609,751	621,364	581,841
Discontinued operation	500,402	87,402	51,287
Elimination	(53,520)	—	—
	5,056,633	708,766	633,128

5. Revenue and segment information (Continued)

(b) Segment reporting (Continued)

Secondary reporting – geographical segment (Continued)

US$'000	2007	2006
Total assets		
Asia	**912,548**	656,040
North America	**325,454**	322,090
Europe	**38,288**	28,546
Australia	**1,862**	823
Unallocated *	**5,935,492**	4,186,272
	7,213,644	5,193,771
Assets held for sale	**—**	406,232
	7,213,644	5,600,003

* Operating profit comprises results from container transport and logistics and investment activities; whereas total assets mainly comprise vessels, containers, intangible assets, portfolio investments, derivative financial instruments, inventories, deferred taxation assets, tax recoverable, restricted bank balances and cash and bank balances while capital expenditure mainly comprises additions to vessels, containers and intangible assets.

6. Operating costs

Operating costs comprise cargo, vessel and voyage, equipment and repositioning cost, totalling US$4,627.7 million (2006: US$3,704.1 million) and property management and development expenses of US$18.1 million (2006: US$14.7 million).

7. Other operating income

US$'000	2007	2006
Income from available-for-sale financial assets		
- profit on disposal	**4,473**	16
- dividend income	**18**	17
Interest income from banks	**107,033**	40,431
Portfolio investment income		
- fair value gain (realised and unrealised)	**24,675**	25,471
- interest income	**2,493**	2,678
- dividend income	**747**	1,458
Gain on foreign exchange forward contracts	**662**	8,103
Gain on interest rate swap contracts	**3,642**	—
Profit on disposal of property, plant and equipment	**8,914**	11,644
Exchange gain	**11,214**	6,810
Others	**—**	6,310
	163,871	102,938

The investment income from listed and unlisted investments for the year are US$3.2 million (2006: US$3.3 million) and US$nil (2006: US$0.8 million), respectively.

8. Other operating expenses

US$'000	2007	2006
Business and administrative	**469,505**	459,557
Corporate	**12,117**	11,920
Loss on interest rate swap contracts	**—**	1,070
	481,622	472,547

9. Employee benefit expense

US$'000	2007	2006
Wages and salaries	**395,691**	625,859
Pension and retirement benefits		
- Defined contribution plans (note 25)	**16,281**	16,226
- Defined benefit plans (note 25)	**5,536**	6,812
	417,508	648,897
Representing :		
Continuing operations	**413,098**	374,103
Discontinued operation	**4,410**	274,794
	417,508	648,897

Employee benefit expenses of US$49.6 million (2006: US$50.2 million) are included in operating costs in the consolidated profit and loss account.

10. Directors' and management's emoluments

(a) Directors' emoluments

The remuneration of every Director is set out below:

Name of Director US$'000	Fees	Salary	Discretionary bonuses	Other benefits	Employer's contribution to provident fund scheme	Total
For the year ended 31st December 2007						
Mr C C Tung	106	539	1,924	—	118	2,687
Mr Tsann Rong Chang	—	64	—	—	—	64
Mr Roger King	—	54	—	—	5	59
Mr Nicholas D Sims	67	130	1,949	70	65	2,281
Mr Kenneth G Cambie	—	160	—	—	8	168
Mr Philip Chow	—	483	715	—	119	1,317
Mr Alan Tung	—	249	119	—	37	405
Mr Simon Murray	19	—	—	—	—	19
Dr Victor K Fung	32	—	—	—	—	32
Prof Richard Wong	26	—	—	—	—	26

The discretionary bonuses paid in 2007 relate to performance for year 2006.

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

(a) Directors' emoluments (Continued)

Name of Director US$'000	Fees	Salary	Discretionary bonuses	Other benefits	Employer's contribution to provident fund scheme	Total
For the year ended 31st December 2006						
Mr C C Tung	106	539	976	—	152	1,773
Mr Tsann Rong Chang	—	64	—	—	—	64
Mr Roger King	—	54	—	—	5	59
Mr Nicholas D Sims	115	139	704	114	80	1,152
Mr Philip Chow	—	468	2,336	—	258	3,062
Mr Alan Tung	—	238	115	—	35	388
Mr Simon Murray	19	—	—	—	—	19
Dr Victor K Fung	32	—	—	—	—	32
Prof Richard Wong	26	—	—	—	—	26

The discretionary bonuses paid in 2006 relate to performance for year 2005.

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2006: two) Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2006: three) individuals are as follows:

US$'000	2007	2006
Basic salaries, housing allowances, other allowances and benefits in kind	**709**	967
Discretionary bonuses	**873**	3,737
Pension costs - defined contribution plans	**158**	360
	1,740	5,064

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

(b) Five highest paid individuals (Continued)

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

		Number of individuals	
Emolument bands (US$)		2007	2006
769,201 ~ 833,300	(HK$6,000,001 ~ HK$6,500,000)	**1**	—
897,401 ~ 961,500	(HK$7,000,001 ~ HK$7,500,000)	**1**	—
1,282,001 ~ 1,346,100	(HK$10,000,001 ~ HK$10,500,000)	**1**	—
1,474,301 ~ 1,538,400	(HK$11,500,001 ~ HK$12,000,000)	**—**	1
1,602,501 ~ 1,666,600	(HK$12,500,001 ~ HK$13,000,000)	**—**	1
1,730,701 ~ 1,794,900	(HK$13,500,001 ~ HK$14,000,000)	**—**	1
1,923,001 ~ 1,987,100	(HK$15,000,001 ~ HK$15,500,000)	**—**	1
2,243,601 ~ 2,307,700	(HK$17,500,001 ~ HK$18,000,000)	**1**	—
2,628,201 ~ 2,692,300	(HK$20,500,001 ~ HK$21,000,000)	**1**	—
3,012,801 ~ 3,076,900	(HK$23,500,001 ~ HK$24,000,000)	**—**	1
		5	5

(c) Key management compensation

US$'000	2007	2006
Salaries and other short-term employee benefits	**11,218**	13,771
Pension costs - defined contribution plans	**777**	1,207
	11,995	14,978

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

11. Operating profit

US$'000	2007 Continuing operations	2007 Discontinued operation	2006 Continuing operations	2006 Discontinued operation
Operating profit is arrived at after crediting :				
Operating lease rental income				
Land and buildings	**24,227**	**—**	23,740	—
and after charging:				
Depreciation				
Owned assets	**122,489**	**1,867**	117,151	19,348
Leased assets	**49,632**	**—**	32,952	9,310
Operating lease rental expense				
Vessels and equipment	**505,047**	**—**	431,399	1
Land and buildings	**22,756**	**3,099**	22,450	29,286
Rental outgoings in respect of				
an investment property	**13,670**	**—**	13,546	—
Amortisation of intangible assets	**4,371**	**—**	2,743	507
Amortisation of leasehold land				
and land use rights	**1,729**	**—**	1,619	418
Auditors' remuneration				
Audit	**2,915**	**—**	2,316	261
Non-audit	**1,564**	**2,666**	1,250	254

Operating lease rental expenses of US$503.4 million and US$24.4 million (2006: US$428.4 million and US$25.4 million) respectively are included in operating costs and other operating expenses in the consolidated profit and loss account.

12. Finance costs

US$'000	2007	2006
Interest expense		
Bank loans, overdrafts and other loans		
Wholly repayable within five years	**27,376**	20,623
Not wholly repayable within five years	**12,808**	14,603
Loans from minority interests		
Wholly repayable within five years	**493**	198
Not wholly repayable within five years	**3,837**	60
Finance lease obligations		
Wholly payable within five years	**8,908**	4,502
Not wholly payable within five years	**55,953**	43,682
	109,375	83,668
Amount capitalised under assets	**(14,577)**	(16,909)
Net interest expense	**94,798**	66,759
Dividend on preference shares	**4,280**	4,962
	99,078	71,721

The borrowing cost of the loans to finance the vessels under construction (note 17) and properties under development and for sale (note 29) represents an average capitalisation rate of approximately 5.2% (2006 : 4.9%).

13. Taxation

US$'000	2007	2006
Current taxation		
Hong Kong profits tax	**1,262**	2,572
Overseas taxation	**41,332**	12,814
	42,594	15,386
Deferred taxation		
Overseas taxation	**(4,319)**	9,497
	38,275	24,883

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 7% to 52% (2006: 7% to 52%) and the rate applicable for Hong Kong profits tax is 17.5% (2006: 17.5%).

13. Taxation (Continued)

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

US$'000	2007	2006
Profit before taxation	**592,024**	553,218
Share of profits less losses of jointly controlled entities	**(4,756)**	(4,346)
Share of losses of associated companies	**1,091**	771
	588,359	549,643
Tax calculated at applicable tax rates	**126,467**	153,218
Income not subject to tax	**(134,589)**	(154,727)
Expenses not deductible for tax purposes	**48,714**	27,641
Tax losses not recognised	**1,782**	2,169
Temporary differences not recognised	**631**	480
Utilisation of previously unrecognised tax losses	**(3,654)**	(2,492)
Utilisation of previously unrecognised temporary differences	**(1,982)**	(2,272)
Recognition of previously unrecognised temporary differences	**777**	—
Change in tax rates	**(1,090)**	—
Withholding tax	**1,070**	1,183
Other items	**149**	(317)
	38,275	24,883

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 divided by the number of ordinary shares in issue during the year.

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

	2007	2006
Number of ordinary shares in issue (thousands)	**625,793**	625,793
Group's profit from continuing operations attributable to equity holders (US$'000)	**552,326**	527,798
Earnings per share from continuing operations (US cents)	**88.3**	84.4
Profit from discontinued operation attributable to equity holders (US$'000)	**1,994,653**	52,805
Earnings per share from discontinued operation (US cents)	**318.7**	8.4

15. Dividends

US$'000	2007	2006
Interim paid of US9.5 cents (2006: US11 cents) per ordinary share	**59,455**	68,939
Special paid of US80 cents (2006: US80 cents) per ordinary share	**500,676**	500,635
Proposed final of US13.5 cents (2006: US12 cents) per ordinary share	**84,482**	75,095
	644,613	644,669

The Board of Directors proposes a final dividend in respect of 2007 of US13.5 cents (2006: US12 cents for final dividend and US80 cents for special dividend) per ordinary share. The proposed dividend will be accounted for as an appropriation of retained profit in the year ending 31st December 2008.

16. Discontinued operation and assets held for sale

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

(a) Discontinued operation

US$'000		2007	2006
Group			
(i)	**Results**		
	Revenue	**53,387**	500,402
	Operating costs	**(38,707)**	(358,911)
	Gross profit	**14,680**	141,491
	Other operating income	**188**	1,968
	Other operating expenses	**(5,004)**	(56,057)
	Operating profit	**9,864**	87,402
	Finance costs	**(748)**	(7,085)
	Profit before taxation	**9,116**	80,317
	Taxation	**(4,577)**	(27,512)
	Profit after taxation	**4,539**	52,805
	Gain on disposal of subsidiaries, net of tax (note 41(c))	**1,990,114**	—
	Profit from discontinued operation	**1,994,653**	52,805
(ii)	**Cash flows**		
	Operating cash flows	**7,171**	74,694
	Investing cash flows	**(4,212)**	(41,314)
	Financing cash flows	**(2,578)**	(15,532)
	Total cash flows	**381**	17,848

Gain on disposal of subsidiaries is stated after deducting estimated capital gain tax of US$76.4 million.

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

(b) Assets held for sale

US$'000	As at 31st December 2006
ASSETS	
Non-current assets	
Property, plant and equipment	243,894
Prepayments of lease premiums	1,870
Intangible assets	4,300
Pension and retirement assets	4,803
Restricted bank balances and other deposits	3,317
Other non-current assets	587
	258,771
Current assets	
Debtors and prepayments	78,022
Amounts receivable from group companies	7,121
Cash and bank balances	62,318
	147,461
Total assets	406,232
LIABILITIES	
Non-current liabilities	
Borrowings, secured	40,662
Deferred taxation liabilities	18,885
Pension and retirement liabilities	4,042
	63,589
Current liabilities	
Creditors and accruals	45,707
Amounts payable to group companies	2,207
Borrowings, secured	59,515
Current taxation	7,974
	115,403
Total liabilities	178,992

Note:

The aggregate net book amounts of leased assets and assets pledged as securities for loans as at 31st December 2006 amounted to US$94.3 million and US$29.4 million respectively.

17. Property, plant and equipment

US$'000	Container vessels and capitalised dry-docking costs	Vessels under construction	Containers	Chassis	Freehold land and buildings outside Hong Kong	Buildings under medium-term leasehold land outside Hong Kong	Vehicles, furnitures, computer and other equipment	Total
Group								
Cost or valuation								
At 31st December 2006	1,746,875	700,568	840,411	153,196	7,172	35,051	242,413	**3,725,686**
Currency translation adjustments	—	—	—	27	(65)	2,496	2,885	**5,343**
Additions	1,298	438,423	240,023	12,071	—	18,933	23,052	**733,800**
Transfer from properties under development and for sale	—	—	—	—	—	32,415	—	**32,415**
Reclassification	369,169	(369,169)	—	—	—	—	—	**—**
Disposals	(19,998)	—	(105,951)	(3,624)	—	(929)	(7,461)	**(137,963)**
At 31st December 2007	2,097,344	769,822	974,483	161,670	7,107	87,966	260,889	**4,359,281**
Accumulated depreciation								
At 31st December 2006	440,632	—	269,712	102,478	1,819	10,619	123,422	**948,682**
Currency translation adjustments	—	—	—	9	28	537	1,798	**2,372**
Charge for the year	68,288	—	63,844	7,210	118	2,855	29,806	**172,121**
Disposals	(16,256)	—	(87,628)	(2,915)	—	(835)	(7,104)	**(114,738)**
At 31st December 2007	492,664	—	245,928	106,782	1,965	13,176	147,922	**1,008,437**
Net book amount								
At 31st December 2007	1,604,680	769,822	728,555	54,888	5,142	74,790	112,967	**3,350,844**
At 31st December 2006	1,306,243	700,568	570,699	50,718	5,353	24,432	118,991	**2,777,004**
Net book amount of leased assets								
At 31st December 2007	968,212	196,559	276,270	6,315	—	—	8,865	**1,456,221**
At 31st December 2006	631,541	553,544	99,980	13,601	—	—	3,093	**1,301,759**

17. Property, plant and equipment (Continued)

US$'000	Container vessels and capitalised dry-docking costs	Vessels under construction	Containers	Chassis	Terminal equipment and improvements	Freehold land and buildings outside Hong Kong	Buildings under medium-term leasehold land outside Hong Kong	Vehicles, furnitures, computer and other equipment	Total
Group									
Cost or valuation									
At 31st December 2005	1,527,231	625,013	689,341	150,034	409,824	55,830	24,875	146,059	**3,628,207**
Currency translation adjustments	—	—	—	(19)	509	122	704	1,343	**2,659**
Additions	3,127	326,657	180,030	14,892	55,353	297	16,520	20,224	**617,100**
Classified as assets held for sale (note 16)	—	—	—	(9,468)	(323,571)	(49,077)	(6,238)	(26,794)	**(415,148)**
Reclassification	251,102	(251,102)	—	—	(136,407)	—	—	136,407	**—**
Disposals	(34,585)	—	(28,960)	(2,243)	(5,708)	—	(810)	(34,826)	**(107,132)**
At 31st December 2006	1,746,875	700,568	840,411	153,196	—	7,172	35,051	242,413	**3,725,686**
Accumulated depreciation									
At 31st December 2005	414,713	—	239,301	100,260	151,227	28,718	8,508	91,534	**1,034,261**
Currency translation adjustments	—	—	—	(12)	(289)	61	281	1,077	**1,118**
Charge for the year	57,551	—	52,108	8,020	36,538	1,126	3,528	19,890	**178,761**
Classified as assets held for sale (note 16)	—	—	—	(4,616)	(121,046)	(28,086)	(1,111)	(16,395)	**(171,254)**
Reclassification	—	—	—	—	(61,748)	—	—	61,748	**—**
Disposals	(31,632)	—	(21,697)	(1,174)	(4,682)	—	(587)	(34,432)	**(94,204)**
At 31st December 2006	440,632	—	269,712	102,478	—	1,819	10,619	123,422	**948,682**
Net book amount									
At 31st December 2006	1,306,243	700,568	570,699	50,718	—	5,353	24,432	118,991	**2,777,004**
At 31st December 2005	1,112,518	625,013	450,040	49,774	258,597	27,112	16,367	54,525	**2,593,946**
Net book amount of leased assets									
At 31st December 2006	631,541	553,544	99,980	13,601	—	—	—	3,093	**1,301,759**
At 31st December 2005	510,307	534,749	54,982	17,708	76,768	—	—	1,819	**1,196,333**

17. Property, plant and equipment (Continued)

(a) Container vessels include three (2006: three) vessels which were previously operated under finance lease terms and direct ownership was acquired by the Group in May 1990. These vessels are carried at Directors' valuation, representing the then purchase consideration which was determined by reference to professional valuations on a cum-charter open market basis of US$87.0 million. Subsequent revaluations of these vessels are not required to be made in accordance with paragraph 80A of Hong Kong Accounting Standard 16 "Property, plant and equipment". Had these vessels been carried at cost, the net book amount of the container vessels would have been reduced by US$1.0 million (2006: US$1.5 million).

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

(c) The aggregate net book amount of assets pledged as securities for loans amounts to US$874.0 million (2006: US$913.9 million). Specific charges on vessels of the Group include legal mortgages and assignments of insurance claims and charterhire income relating to these vessels.

(d) Interest costs of US$10.3 million (2006: US$13.2 million) during the year were capitalised as part of vessels under construction.

(e) Depreciation charge of US$148.6 million (2006: US$130.8 million) for the year has been expensed in operating cost and US$23.5 million (2006: US$19.3 million) in business and administrative expenses.

(f) US$49.1 million (2006: nil) of the buildings under medium-term leasehold land outside Hong Kong are under construction.

18. Investment property

Group

US$'000	2007	2006
Balance at beginning of year	**200,000**	100,000
Fair value gain	—	100,000
Balance at end of year	**200,000**	200,000

The investment property, "Wall Street Plaza", is a commercial property located at 88, Pine Street, New York, USA. The property is situated on three parcels of freehold land, two of which are wholly owned by the Group. The freehold interest in the third parcel, representing approximately 10% of the site, is owned 50% by the Group and under a long-term lease to the Group expiring in the year 2066. The property is stated at Directors' valuation of US$200.0 million (2006: US$200.0 million), by reference to a professional valuation made by an independent valuer, in December 2007 on an open market basis.

The investment property is pledged for bank borrowings for 2006 and 2007.

19. Prepayments of lease premiums

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

US$'000	2007	2006
Group		
Medium-term lease outside Hong Kong	**8,710**	5,416
Balance at beginning of year	**5,416**	7,787
Currency translation adjustments	**408**	115
Transfer from properties under development and for sale	**3,286**	—
Additions	**—**	194
Disposals	**—**	(100)
Classified as assets held for sale (note 16)	**—**	(1,870)
Amortisation	**(400)**	(710)
Balance at end of year	**8,710**	5,416

Amortisation of US$0.4 million (2006: US$0.3 million) is included in "other operating expenses" in the consolidated profit and loss account.

20. Subsidiaries

US$'000	2007	2006
Company		
Unlisted shares, at cost less provision	**169,482**	169,482
Amounts due from subsidiaries	**1,979,483**	1,340,887
Amounts due to subsidiaries	**1,235,043**	1,053,522

The amounts due from and to subsidiaries are interest free, unsecured and have no specific terms of repayment.

Particulars of the principal subsidiaries at 31st December 2007 are shown on pages 165 to 178.

21. Jointly controlled entities

US$'000	2007	2006
Group		
Balance at beginning of year	**25,484**	21,563
Share of jointly controlled entities' results		
- Profit before taxation	**5,710**	5,682
- Taxation	**(954)**	(1,336)
	30,240	25,909
Currency translation adjustments	**581**	612
Dividends received	**(17,204)**	(1,037)
Balance at end of year	**13,617**	25,484
Share of net assets	**13,617**	25,484
Amounts payable	**(3,703)**	(3,636)
	9,914	21,848

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

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

US$'000	2007	2006
Non-current assets	**494**	613
Current assets	**41,760**	51,763
Current liabilities	**(28,637)**	(26,892)
	13,617	25,484
Income	**11,488**	11,964
Expenses	**(6,732)**	(7,618)
Capital commitment	**42**	30

Particulars of the principal jointly controlled entities at 31st December 2007 are shown on page 179.

22. Associated companies

US$'000	2007	2006
Group		
Share of net assets		
Balance at beginning of year	**41,820**	7,916
Share of associated companies' results		
- Loss for the year	**(1,091)**	(771)
	40,729	7,145
Currency translation adjustments	**3,084**	830
Additions	**6,169**	33,845
Balance at end of year	**49,982**	41,820

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

US$'000	2007	2006
Non-current assets	**80,377**	64,834
Current assets	**8,311**	17,499
Non-current liabilities	**(23,519)**	(11,986)
Current liabilities	**(15,187)**	(28,527)
	49,982	41,820
Income	**8,542**	176
Expenses	**(9,633)**	(947)

Particulars of the associated companies at 31st December 2007 are shown on page 179.

23. Intangible assets

US$'000	Computer software development costs
Group	
At 1st January 2006	
Cost	64,339
Accumulated amortisation	(43,309)
Net book amount	21,030
Year ended 31st December 2006	
Opening net book amount	21,030
Currency translation adjustments	49
Additions	15,834
Amortisation	(3,250)
Classified as assets held for sale (note 16)	(4,300)
Closing net book amount	29,363
At 31st December 2006	
Cost	73,914
Accumulated amortisation	(44,551)
Net book amount	29,363
Year ended 31st December 2007	
Opening net book amount	29,363
Currency translation adjustments	1
Additions	14,703
Amortisation	(4,371)
Closing net book amount	39,696
At 31st December 2007	
Cost	88,617
Accumulated amortisation	(48,921)
Net book amount	39,696

23. Intangible assets (Continued)

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

Amortisation of US$4.4 million (2006: US$2.7 million) is included in "other operating expenses" in the consolidated profit and loss account.

24. Deferred taxation assets/(liabilities)

US$'000	2007	2006
Group		
Deferred taxation assets	**895**	1,053
Deferred taxation liabilities	**(33,475)**	(33,996)
	(32,580)	(32,943)

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

US$'000	2007	2006
Deferred taxation assets to be recovered after more than twelve months	**231**	151
Deferred taxation liabilities to be settled after more than twelve months	**(33,475)**	(33,996)

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

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

US$'000	Revenue expenditure	Tax losses	Pensions	Total
Deferred taxation assets				
At 31st December 2005	6,981	1,053	1,893	9,927
Currency translation adjustments	38	—	—	38
Credited/(charged) to consolidated profit and loss account	9,590	(868)	(311)	8,411
Classified as assets held for sale (note 16)	(10,854)	—	—	(10,854)
At 31st December 2006	5,755	185	1,582	7,522
Currency translation adjustments	23	—	—	23
Credited to consolidated profit and loss account	8,129	690	1,540	10,359
At 31st December 2007	13,907	875	3,122	17,904

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

US$'000	Depreciation allowances	Revaluation	Pensions	Revenue expenditure	Total
Deferred taxation liabilities					
At 31st December 2005	26,207	25,020	701	—	51,928
Currency translation adjustments	1	—	(10)	—	(9)
Charged to consolidated profit and loss account	10,964	7,239	82	—	18,285
Classified as liabilities directly associated with assets held for sale (note 16)	(29,480)	—	(259)	—	(29,739)
At 31st December 2006	7,692	32,259	514	—	40,465
Currency translation adjustments	(32)	—	—	—	(32)
Charged to reserve	—	—	—	4,011	4,011
Charged/(credited) to consolidated profit and loss account	3,694	(48)	510	1,884	6,040
At 31st December 2007	11,354	32,211	1,024	5,895	50,484

Deferred taxation assets of US$25.0 million (2006: US$25.2 million) arising from unused tax losses of US$117.1 million (2006: US$118.0 million) have not been recognised in the consolidated accounts. Unused tax losses of US$111.1 million (2006: US$111.5 million) have no expiry date and the balance will expire at various dates up to and including 2010.

Deferred taxation liabilities of US$27.8 million (2006: US$19.3 million) on temporary differences associated with investments in subsidiaries of US$199.0 million (2006: US$189.9 million) have not been recognised as there is no current intention of remitting the retained profit of these subsidiaries to the holding companies.

25. Pension and retirement benefits

The Group operates a number of defined benefit and defined contribution pension and retirement schemes in the main countries in which the Group operates. The total charges to the consolidated profit and loss account for the year were US$21.8 million (2006: US$23.0 million).

Defined contribution schemes

The principal defined contribution schemes are operated in Hong Kong and the USA. These schemes cover approximately 80% of the Group's employees. Contributions to the defined contribution schemes, all the assets of which are held in trust funds separate from the Group, are based on a percentage of employee's salary, depending upon the length of service of the employee, but the Group's contributions to certain schemes may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in those contributions. The charges for the defined contribution schemes to the consolidated profit and loss account during the year are as follows:

US$'000	2007	2006
Group		
Contributions to the schemes	**16,334**	16,292
Forfeitures utilised	**(53)**	(66)
	16,281	16,226

Contributions totalling US$2.3 million (2006: US$2.6 million) were payable to the schemes at the balance sheet date.

25. Pension and retirement benefits (Continued)

Defined benefit schemes

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

US$'000	Note	2007	2006
Group			
Schemes assets		**4,233**	4,068
Schemes liabilities		**(3,354)**	(3,856)
Net Schemes assets	(a)	**879**	212
Post retirement medical plans	(b)	**(8,151)**	(6,449)
		(7,272)	(6,237)
Representing :			
Pension and retirement assets		**4,233**	4,068
Pension and retirement liabilities		**(11,505)**	(10,305)
		(7,272)	(6,237)

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

US$'000	Note	2007	2006
Schemes	(a)	**3,791**	5,751
Post retirement medical plans	(b)	**1,745**	1,061
		5,536	6,812
Representing :			
Continuing operations		**5,536**	5,092
Discontinued operation		**—**	1,720
		5,536	6,812

25. Pension and retirement benefits (Continued)

Defined benefit schemes (Continued)

(a) Net Schemes assets

The principal defined benefit schemes are operated in the USA, United Kingdom and Japan, which were valued by Wm Yee Actuarial Consulting, Watson Wyatt Limited and Japan Pension Navigator Co., Ltd respectively. The defined benefit schemes (the "Schemes") cover approximately 5% of the Group's employees and are funded. The assets of the funded schemes are held in trust funds separate from the Group. Contributions to these schemes are assessed in accordance with the advice of qualified actuaries in compliance with local practice and regulations. The actuarial assumptions used to calculate the projected benefit obligations of the Group's pension schemes vary according to the economic conditions of the country in which they are situated.

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

US$'000	2007	2006
Fair value of plan assets	**265,213**	256,581
Present value of funded obligations	**(267,271)**	(282,224)
	(2,058)	(25,643)
Unrecognised actuarial losses	**2,937**	24,316
Unrecognised prior service cost	**—**	1,610
Unrecognised other assets	**—**	(71)
Net Schemes assets	**879**	212

25. Pension and retirement benefits (Continued)

Defined benefit schemes (Continued)

(a) Net Schemes assets (Continued)

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

US$'000	2007	2006
Balance at beginning of year	**256,581**	244,176
Expected return on plan assets	**15,751**	14,731
Actuarial gains	**1,549**	3,803
Currency translation adjustments	**5,051**	28,889
Contributions from the Group	**3,943**	8,864
Contributions from plan members	**254**	721
Benefits paid	**(17,916)**	(18,089)
Reclassification (note)	**—**	(26,514)
Balance at end of year	**265,213**	256,581

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

US$'000	2007	2006
Balance at beginning of year	**282,224**	303,296
Current service cost	**3,674**	4,483
Interest cost	**14,159**	14,648
Actuarial gains	**(20,320)**	(25,236)
Currency translation adjustments	**5,196**	34,504
Contributions from the plan members	**254**	721
Benefits paid	**(17,916)**	(18,089)
Reclassification (note)	**—**	(32,103)
Balance at end of year	**267,271**	282,224

Note:

Reclassification relates to plan assets/obligations of the Disposal Group.

25. Pension and retirement benefits (Continued)

Defined benefit schemes (Continued)

(a) Net Schemes assets (Continued)

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

US$'000	2007	2006
Current service cost	**3,674**	4,483
Interest cost	**14,159**	14,648
Expected return on plan assets	**(15,751)**	(14,731)
Amortisation of past service cost	**197**	259
Curtailment	**1,413**	—
Net actuarial loss	**99**	1,092
Net expense recognised for the year	**3,791**	5,751
Representing :		
Continuing operations	**3,791**	4,031
Discontinued operation	**—**	1,720
	3,791	5,751

Charges of US$3.8 million (2006: US$4.0 million) were included in other operating expenses in the consolidated profit and loss account.

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

	2007	2006
Discount rate	**2 to 6%**	2 to 6%
Expected return on plan assets	**1 to 8%**	1 to 8%
Expected future salary increases	**3 to 5%**	3 to 5%
Expected future pension increases	**3 to 6%**	3 to 6%
Actual return on plan assets (US$'000)	**17,088**	15,994

25. Pension and retirement benefits (Continued)

Defined benefit schemes (Continued)

(a) Net Schemes assets (Continued)

Plan assets of the Schemes comprise the following:

US$'000	2007		2006	
Equity	**116,477**	**44%**	98,440	38%
Debt	**135,613**	**51%**	156,340	61%
Others	**13,123**	**5%**	1,801	1%
	265,213	**100%**	256,581	100%

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

(b) Post retirement medical plans

The Group operates two post retirement medical plans in the USA, which are valued by Wm Yee Actuarial Consulting.

The amount recognised in the consolidated balance sheet is determined as follows:

US$'000	2007	2006
Fair value of plan assets	**285**	302
Present value of obligations	**(8,211)**	(7,656)
	(7,926)	(7,354)
Unrecognised actuarial gains	**(225)**	(102)
Unrecognised prior service cost	**—**	1,007
Net liabilities of post retirement medical plans	**(8,151)**	(6,449)

25. Pension and retirement benefits (Continued)

Defined benefit schemes (Continued)

(b) Post retirement medical plans (Continued)

Movements in the fair value of the plan assets of the post retirement medical plans during the year are as follows:

US$'000	2007	2006
Balance at beginning of year	**302**	182
Expected return on plan assets	**22**	27
Actuarial losses	**(2)**	—
Contributions from the Group	**43**	165
Benefits paid	**(80)**	(72)
Balance at end of year	**285**	302

Movements in the present value of obligations of the post retirement medical plans during the year are as follows:

US$'000	2007	2006
Balance at beginning of year	**7,656**	9,117
Current service cost	**363**	406
Interest cost	**450**	416
Actuarial gains	**(178)**	(2,211)
Benefits paid	**(80)**	(72)
Balance at end of year	**8,211**	7,656

25. Pension and retirement benefits (Continued)

Defined benefit schemes (Continued)

(b) Post retirement medical plans (Continued)

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

US$'000	2007	2006
Current service cost	**363**	406
Interest cost	**450**	416
Expected return on plan assets	**(22)**	(27)
Amortisation of past service cost	**205**	204
Curtailment	**802**	—
Net actuarial (gain)/loss	**(53)**	62
Net expense recognised for the year	**1,745**	1,061

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

The main actuarial assumptions made for the post retirement medical plans are as follows:

	2007	2006
Discount rate	**6.0%**	5.8%
Healthcare trend rate	**8.0%**	8.0%

The effects of a 1% movement in the assumed medical cost trend rate are as follows:

US$'000	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost	184	(144)
Effect on the obligations	1,560	(1,244)

25. Pension and retirement benefits (Continued)

Defined benefit schemes (Continued)

(c) The experience adjustments of 2005 to 2007 are as follows:

US$'000	**2007**	2006	2005
Fair value of plan assets	**265,498**	256,883	244,358
Present value of defined benefit obligations	**(275,482)**	(289,880)	(311,671)
Plan deficit	**(9,984)**	(32,997)	(67,313)
Experience adjustment on plan assets	**(934)**	(918)	(11,666)
Percentage of plan assets (%)	**-0.4%**	-0.3%	-4.8%
Experience adjustment on plan obligations	**3,222**	5,429	9,377
Percentage of plan obligations (%)	**1.2%**	1.9%	3.0%

26. Available-for-sale financial assets

US$'000	**2007**	2006
Group		
Balance at beginning of year	**22,409**	13,021
Currency translation adjustments	**(1)**	74
Additions	**163**	243
Disposals	**(6,414)**	(506)
Change in fair value transferred to equity	**9,263**	9,577
Balance at end of year	**25,420**	22,409

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

Available-for-sale financial assets include the following:

US$'000	2007	2006
Listed equity securities		
Hong Kong	**7,782**	12,125
Overseas	**7**	7
Market value of listed equity securities	**7,789**	12,132
Unlisted equity securities	**16,255**	8,275
Unlisted debt securities	**1**	2
Others	**1,375**	2,000
	25,420	22,409

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

US$'000	2007	2006
Renminbi	**16,175**	8,172
Hong Kong dollar	**8,248**	12,593
Other currencies	**997**	1,644
	25,420	22,409

27. Restricted bank balances and other deposits

US$'000	2007	2006
Group		
Restricted bank balances	**63,822**	73,694
Other deposits	**11,825**	14,825
	75,647	88,519

The restricted bank balances of US$63.8 million (2006: US$73.7 million) are funds pledged as securities for banking facilities, redeemable preference shares redemption (note 37) and performance under leasing arrangements or required to be utilised for specific purposes.

The effective interest rate on restricted bank balances is 7.4% (2006: 7.3%); these balances have an average maturity of 2.7 years (2006: 3.7 years).

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

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

US$'000	2007	2006
Group		
AAA	**678**	1,171
AA	**15,908**	15,862
A	**46,405**	55,835
BBB	**831**	826
	63,822	73,694

28. Other non-current assets

Other non-current assets include an advance to an investee company of US$79.0 million (2006: US$79.0 million) which is interest free, unsecured and has no specific terms of repayment.

29. Properties under development and for sale

US$'000	2007	2006
Group		
Properties under development for sale	**375,306**	378,493
Completed properties held for sale	**9,997**	—
	385,303	378,493
Representing :		
Leasehold land and land use rights	**125,064**	123,912
Development costs	**260,239**	254,581
	385,303	378,493

Interest costs of US$4.3 million (2006: US$3.7 million) during the year were capitalised as part of properties under development and for sale.

The properties under development are held under medium-term lease outside Hong Kong.

A bank borrowing is secured on properties under development with the carrying amount of US$95.0 million (2006: US$99.6 million).

30. Inventories

US$'000	2007	2006
Group		
Bunker	**93,077**	51,276
Consumable stores	**7,876**	6,329
	100,953	57,605

The cost of inventories recognised as expense and included in operating cost amounts to US$791.5 million (2006: US$504.7 million).

31. Debtors and prepayments

US$'000	2007	2006
Group		
Trade receivables		
- Fully performing	**234,684**	143,526
- Past due but not impaired	**115,409**	111,538
- Impaired and provided for	**5,474**	4,939
	355,567	260,003
Less : provision for impairment	**(5,474)**	(4,939)
Trade receivables - net	**350,093**	255,064
Other debtors	**85,006**	56,594
Prepayments of purchase of property	**165,021**	5,160
Other prepayments	**51,698**	45,328
Utility and other deposits	**6,224**	3,272
Tax recoverable	**36,560**	17,109
	694,602	382,527

As at 31st December 2006, trade receivables of US$223.0 million were assigned to a third party trustee company which held these receivables in favour of the Group and an independent third party sponsored by a bank. Under the arrangement, trade receivables of US$110.0 million held in the trustee company were securities for a loan of US$100.0 million which was repaid during 2007.

31. Debtors and prepayments (Continued)

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

US$'000	2007	2006
Group		
Counterparties with external credit rating		
A	**15,379**	9,987
BB	**3,252**	2,587
BBB	**29**	4,267
	18,660	16,841
Counterparties without external credit rating		
Group 1	**28,098**	19,687
Group 2	**294,478**	217,295
Group 3	**8,857**	1,241
	331,433	238,223
	350,093	255,064

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. All defaults were fully recovered.

Trade receivables are normally due for payment on presentation of invoices or granted with an approved credit period ranging mainly from 10 to 45 days. Trade receivables with overdue balances are requested to settle all outstanding balances before any further credit is granted.

31. Debtors and prepayments (Continued)

The majority of past due but not impaired trade receivables are less than three months. The ageing analysis of the Group's trade receivables, net of provision for impairment, prepared in accordance with the due date of invoices, is as follows:

US$'000	2007	2006
Below one month	**318,834**	227,635
Two to three months	**28,099**	21,841
Four to six months	**3,160**	4,212
Over six months	**—**	1,376
	350,093	255,064

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

The carrying amounts of the Group's trade receivables are mainly denominated in US dollar.

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

US$'000	2007	2006
Group		
Balance at beginning of year	**4,939**	7,502
Provision	**2,265**	600
Write off	**(1,354)**	(2,085)
Unused amounts reversed	**(376)**	(1,078)
Balance at end of year	**5,474**	4,939

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

32. Portfolio investments

US$'000	2007	2006
Group		
Listed equity securities		
Hong Kong	**28,417**	37,912
Overseas	**4,196**	3,461
Market value of listed equity securities	**32,613**	41,373
Unit trust	**6,111**	2,427
Listed debt securities		
Hong Kong	**10,762**	6,945
Overseas	**43,622**	40,003
Money market instruments	**194,612**	173,766
	287,720	264,514

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

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

US$'000	2007	2006
Group		
AAA	**413**	9,957
AA	**217,963**	166,843
A	**17,701**	38,017
BBB	**12,164**	5,131
Non ranking	**755**	766
	248,996	220,714

33. Derivative financial instruments

US$'000	2007	2006
Group		
Assets/(liabilities)		
Foreign exchange forward contracts	**4,172**	3,510
Interest rate swap contracts	**2,927**	(715)

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

US$'000	2007	2006
AA	**6,781**	2,837
A	**318**	(42)
	7,099	2,795

(a) Foreign exchange forward contracts

The notional principal amounts of the outstanding foreign exchange forward contracts at 31st December 2007 were US$53.9 million (2006 : US$58.1 million).

(b) Interest rate swap contracts

The notional amounts of the outstanding interest rate swap contracts at 31st December 2007 were US$189.2 million (2006 : US$208.4 million).

34. Cash and bank balances

US$'000	2007	2006
Group		
Cash at bank and in hand	**578,865**	204,364
Short-term bank deposits	**1,306,669**	625,352
	1,885,534	829,716

The effective interest rate on short-term bank deposits is 4.7% (2006: 5.2%); these deposits have an average maturity of 22 days (2006: 14 days).

Short-term deposit of US$10.1 million (2006: US$9.7 million) has been pledged for redeemable preference shares redemption (note 37).

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

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

US$'000	2007	2006
Group		
AAA	**75,629**	31,197
AA	**1,617,313**	632,895
A	**149,865**	146,710
BBB	**8,215**	5,805
BB	**25,207**	5,779
Others	**9,305**	7,330
	1,885,534	829,716

34. Cash and bank balances (Continued)

US$'000	2007	2006
Company		
Cash at bank and in hand	**1,089**	827
Short-term bank deposits	**1,237**	2,029
	2,326	2,856

35. Share capital

US$'000	2007	2006
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 2006 and 2007	625,793	62,579

36. Reserves

Group

US$'000	Share premium	Contributed surplus	Capital redemption reserve	Asset revaluation reserve: Vessels	Asset revaluation reserve: Available-for-sale financial assets	Foreign exchange translation reserve	Retained profit	Total
Balance at 31st December 2005	172,457	88,547	4,696	9,948	3,134	(36,763)	1,979,732	2,221,751
Currency translation adjustments								
- Group	–	–	–	–	–	14,224	–	14,224
- Jointly controlled entities	–	–	–	–	–	1,442	–	1,442
Change in fair value	–	–	–	–	9,577	–	–	9,577
Profit for the year	–	–	–	–	–	–	580,603	580,603
2005 final dividend	–	–	–	–	–	–	(94,031)	(94,031)
2006 interim dividend	–	–	–	–	–	–	(68,939)	(68,939)
Balance at 31st December 2006	172,457	88,547	4,696	9,948	12,711	(21,097)	2,397,365	2,664,627
Currency translation adjustments								
- Group	–	–	–	–	–	31,681	–	31,681
- Jointly controlled entities	–	–	–	–	–	581	–	581
- Associated companies	–	–	–	–	–	3,084	–	3,084
- Deferred taxation	–	–	–	–	–	(4,011)	–	(4,011)
Change in fair value	–	–	–	–	9,263	–	–	9,263
Asset revaluation reserve realised	–	–	–	–	(2,911)	–	–	(2,911)
Profit for the year	–	–	–	–	–	–	2,546,979	2,546,979
2006 final dividend	–	–	–	–	–	–	(75,049)	(75,049)
2006 special dividend	–	–	–	–	–	–	(500,324)	(500,324)
2007 interim dividend	–	–	–	–	–	–	(59,455)	(59,455)
2007 special dividend	–	–	–	–	–	–	(500,676)	(500,676)
Balance at 31st December 2007	172,457	88,547	4,696	9,948	19,063	10,238	3,808,840	4,113,789

36. Reserves (Continued)

Company

US$'000	Share premium	Contributed surplus	Capital redemption reserve	Retained profit	Total
Balance at 31st December 2005	172,457	88,547	4,696	194,073	459,773
Profit for the year	—	—	—	99,521	99,521
2005 final dividend	—	—	—	(94,031)	(94,031)
2006 interim dividend	—	—	—	(68,939)	(68,939)
Balance at 31st December 2006	172,457	88,547	4,696	130,624	396,324
Profit for the year	—	—	—	1,592,500	1,592,500
2006 final dividend	—	—	—	(75,049)	(75,049)
2006 special dividend	—	—	—	(500,324)	(500,324)
2007 interim dividend	—	—	—	(59,455)	(59,455)
2007 special dividend	—	—	—	(500,676)	(500,676)
Balance at 31st December 2007	172,457	88,547	4,696	587,620	853,320

The profit attributable to shareholders for the year is dealt with in the accounts of the Company to the extent of US$1,592.5 million (2006: US$99.5 million).

Under the Companies Act of Bermuda and the Bye-laws of the Company, the contributed surplus is also distributable. Accordingly, total distributable reserves of the Company amount to US$676.2 million (2006: US$219.2 million) as at 31st December 2007, before the proposed final dividends of US$84.5 million (2006: final and special dividends of US$75.1 million and US$500.6 million respectively) (note 15).

37. Borrowings

US$'000	2007	2006
Group		
Non-current		
Bank loans, secured	**390,252**	468,859
Other loans, secured	**6**	100,436
Loans from minority interests, secured	**64,156**	37,735
Redeemable preference shares and premium (note)	**45,689**	55,834
Finance lease obligations	**1,364,333**	1,208,026
	1,864,436	1,870,890
Current		
Bank overdrafts, unsecured	**181**	147
Bank loans		
- secured	**127,854**	123,195
- unsecured	**135,668**	3,842
Other loans, secured	**430**	460
Loans from minority interests		
- secured	**4,963**	2,481
- unsecured	**6,041**	4,704
Redeemable preference shares and premium (note)	**10,145**	9,680
Finance lease obligations	**56,466**	53,399
	341,748	197,908
Total borrowings	**2,206,184**	2,068,798

37. Borrowings (Continued)

The maturity of borrowings is as follows:

US$'000	Bank loans	Bank overdrafts	Other loans	Loans from minority interests	Redeemable preference shares and premium	Finance leases Present value	Finance leases Minimum payments
As at 31st December 2007							
2008	263,522	181	430	11,004	10,145	56,466	123,117
2009	65,949	—	6	4,963	10,632	67,753	132,467
2010	113,542	—	—	4,963	11,142	49,236	110,942
2011	81,345	—	—	4,963	11,677	92,950	151,582
2012	45,154	—	—	4,963	12,223	248,092	298,245
2013 onwards	84,262	—	—	44,304	15	906,302	1,276,798
	653,774	181	436	75,160	55,834	1,420,799	2,093,151
Wholly repayable within five years	436,310	181	436	6,041	—	287,973	
Not wholly repayable within five years	217,464	—	—	69,119	55,834	1,132,826	
	653,774	181	436	75,160	55,834	1,420,799	
As at 31st December 2006							
2007	127,037	147	460	7,185	9,680	53,399	113,346
2008	73,846	—	430	4,963	10,145	54,100	118,848
2009	67,140	—	6	4,963	10,632	66,477	127,873
2010	114,733	—	100,000	4,963	11,142	47,381	105,678
2011	82,999	—	—	4,963	11,677	91,591	146,541
2012 onwards	130,141	—	—	17,883	12,238	948,477	1,423,655
	595,896	147	100,896	44,920	65,514	1,261,425	2,035,941
Wholly repayable within five years	292,074	147	100,896	4,704	—	110,963	
Not wholly repayable within five years	303,822	—	—	40,216	65,514	1,150,462	
	595,896	147	100,896	44,920	65,514	1,261,425	

37. Borrowings (Continued)

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

	2007				2006			
	US$	**£**	**Rmb**	**Others**	US$	£	Rmb	Others
Bank loans	**5.2%**	**—**	**6.5%**	**—**	6.0%	—	5.1%	—
Other loans	**6.7%**	**—**	**—**	**—**	5.5%	—	—	—
Loans from minority interests	**4.8%**	**—**	**6.1%**	**—**	5.5%	—	6.1%	—
Redeemable preference shares and premium	**7.1%**	**—**	**—**	**—**	7.1%	—	—	—
Finance lease obligations	**4.9%**	**6.3%**	**—**	**5.4%**	5.6%	5.7%	—	5.4%

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

	Carrying amounts		Fair values	
US$'000	**2007**	2006	**2007**	2006
Bank loans	**390,252**	468,859	**388,937**	464,897
Other loans	**6**	100,436	**6**	100,436
Loans from minority interests	**64,156**	37,735	**64,156**	37,735
Redeemable preference shares and premium	**45,689**	55,834	**47,400**	57,293
Finance lease obligations	**1,364,333**	1,208,026	**1,364,423**	1,208,171
	1,864,436	1,870,890	**1,864,922**	1,868,532

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.5% (2006: 6.1%).

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

37. **Borrowings** (Continued)

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

US$'000	2007	2006
US dollar	**2,004,377**	1,996,963
Pound sterling	**60,029**	63,195
Renminbi	**141,709**	8,546
Other currencies	**69**	94
	2,206,184	2,068,798

The fixed interest rate borrowings of the Group as at 31st December 2007 amounted to US$157.9 million (2006: US$194.7 million). The remaining borrowings of US$2,048.3 million (2006: US$1,874.1 million) were subject to floating interest rates.

Note:

In June 2002, the Group entered into, inter alia, a Shareholders Agreement, as subsequently amended, with, inter alios, two unrelated third parties (together the "Preference Shareholders") in relation to a subsidiary. Under the Shareholders Agreement, the Preference Shareholders acquired from the Group 90 cumulative preference shares (the "Preference Shares") of €150 each in this subsidiary and contributed an aggregate of US$100.0 million less the nominal value of the Preference Shares as share premium (the "Premium"). The Preference Shareholders are entitled to receive annual dividends of 7.08% per annum on the aggregate amount of the nominal value of the Preference Shares and Premium outstanding from time to time. To the extent permitted by local law, the Preference Shareholders may propose a repayment of the Premium annually, provided that such repayment does not exceed a maximum percentage specified in the Shareholders Agreement.

38. Creditors and accruals

US$'000	2007	2006
Group		
Trade payables	**169,536**	139,327
Other creditors	**71,464**	69,916
Accrued expenses	**470,621**	320,751
Deferred revenue	**40,722**	30,541
	752,343	560,535

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

US$'000	2007	2006
Below one month	**150,254**	87,770
Two to three months	**17,015**	48,554
Four to six months	**1,791**	1,605
Over six months	**476**	1,398
	169,536	139,327

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

US$'000	2007	2006
US dollar	**66,231**	57,740
Canadian dollar	**18,586**	10,086
Euro	**16,676**	13,625
Japanese Yen	**17,358**	16,865
Hong Kong dollar	**21,449**	23,604
Other currencies	**29,236**	17,407
	169,536	139,327

39. Commitments

Group

(a) Capital commitments

US$'000	2007	2006
Contracted but not provided for		
Continuing operations	**1,342,902**	634,981
Discontinued operation	**—**	23,855
	1,342,902	658,836
Authorised but not contracted for		
Continuing operations	**229,197**	235,494
Discontinued operation	**—**	120,395
	229,197	355,889
	1,572,099	1,014,725

39. Commitments (Continued)

Group (Continued)

(b) Operating lease commitments

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

US$'000	Vessels and equipment	Land and buildings	Total
As at 31st December 2007			
2008	368,164	22,882	391,046
2009	210,635	14,285	224,920
2010	113,683	9,193	122,876
2011	87,095	5,080	92,175
2012	73,824	3,575	77,399
2013 onwards	605,310	4,834	610,144
	1,458,711	59,849	1,518,560
As at 31st December 2006			
2007	293,667	48,521	342,188
2008	240,205	44,509	284,714
2009	168,128	38,813	206,941
2010	110,157	46,065	156,222
2011	86,586	44,816	131,402
2012 onwards	674,554	1,648,319	2,322,873
	1,573,297	1,871,043	3,444,340
Representing:			
Continuing operations	1,573,290	54,249	1,627,539
Discontinued operation	7	1,816,794	1,816,801
	1,573,297	1,871,043	3,444,340

39. Commitments (Continued)

Group (Continued)

(c) Operating lease rental receivable

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

US$'000	2007	2006
2007	—	19,141
2008	**20,978**	18,706
2009	**21,807**	15,613
2010	**18,729**	12,477
2011	**16,768**	10,282
2012	**17,131**	9,056
2013 onwards	**58,477**	17,562
	153,890	102,837

40. Financial guarantees

Group

The Group has given a corporate guarantee of approximately US$43.1 million (2006: US$43.1 million) in respect of bank loan facilities extended to an investee company. At 31st December 2007, the amount utilised by the investee company was US$26.5 million (2006: US$32.5 million).

Company

(a) The Company has given corporate guarantees of approximately US$2,390.7 million (2006: US$2,010.2 million, including corporate guarantees in relation to the Disposal Group amounted to US$84.3 million) for its subsidiaries and approximately US$43.1 million (2006: US$43.1 million) for an investee company in respect of loans and finance lease obligations. At 31st December 2007, the amounts utilised by the subsidiaries and the investee company were US$2,027.7 million (2006: US$1,698.2 million) and US$26.5 million (2006: US$32.5 million) respectively.

(b) The Company has given corporate guarantees for its subsidiaries in respect of future payment of operating lease rentals amounting to US$507.4 million (2006: US$608.6 million, including guarantees in relation to the Disposal Group amounting to US$29.6 million).

(c) At 31st December 2007, the Company has given corporate guarantees of approximately US$434.5 million to its subsidiaries in respect of the instalments of shipbuilding contracts.

The Directors consider that the subsidiaries, the investee company and the Disposal Group are financially resourceful in settling the obligations.

41. Notes to consolidated cash flow statement

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

US$'000	2007	2006
Operating profit from continuing operations	**687,437**	621,364
Operating profit from discontinued operation	**—**	87,402
Interest income	**(109,526)**	(41,607)
Dividend income from portfolio investments	**(747)**	(1,458)
Depreciation	**172,121**	178,761
Fair value gain from an investment property	**—**	(100,000)
Profit on disposal of property, plant and equipment	**(8,914)**	(12,436)
Income from available-for-sale financial assets	**(18)**	(17)
Profit on disposal of available-for-sale financial assets	**(4,473)**	(16)
Amortisation of intangible assets	**4,371**	3,250
Amortisation of leasehold land and land use rights	**1,729**	710
Net gain on derivative financial instruments	**(4,304)**	(7,033)
Increase/(decrease) in net pension liabilities	**1,035**	(2,921)
Operating profit before working capital changes	**738,711**	725,999
Increase in properties under development and for sale	**(16,936)**	(193,204)
Increase in inventories	**(43,348)**	(13,094)
Increase in debtors and prepayments	**(291,327)**	(55,945)
Increase in creditors and accruals	**176,043**	1,612
Cash generated from operations	**563,143**	465,368

41. Notes to consolidated cash flow statement (Continued)

(b) Analysis of changes in financing

US$'000	Minority interests	Borrowings	Total
At 31st December 2005	8,129	1,838,510	1,846,639
Currency translation adjustments	397	8,005	8,402
Inception of finance leases	—	202,619	202,619
Minority interests' share of profit	537	—	537
Contribution from minority interests	4,017	—	4,017
Dividend paid to minority interests	(253)	—	(253)
Net cash inflow from financing	—	119,694	119,694
Liabilities directly associated with assets classified as held for sale (note 16)	—	(100,177)	(100,177)
At 31st December 2006	12,827	2,068,651	2,081,478
Currency translation adjustments	965	1,209	2,174
Inception of finance leases	—	220,796	220,796
Minority interests' share of profit	1,423	—	1,423
Contribution from minority interests	10	—	10
Dividend paid to minority interests	(288)	—	(288)
Net cash outflow from financing	—	(84,653)	(84,653)
At 31st December 2007	14,937	2,206,003	2,220,940

41. Notes to consolidated cash flow statement (Continued)

(c) Disposal of subsidiaries

US$'000	2007	2006
Net assets disposed		
Property, plant and equipment	**246,427**	—
Other non-current assets	**14,860**	—
Debtors and prepayments	**74,749**	—
Amounts receivable from group companies	**9,895**	—
Cash and bank balances	**62,699**	—
Borrowings	**(97,599)**	—
Other non-current liabilities	**(22,927)**	—
Creditors and accruals	**(45,044)**	—
Amounts payable to group companies	**(2,207)**	—
Current taxation	**(9,074)**	—
	231,779	—
Gain on disposal, net of tax	**1,990,114**	—
Taxation	**76,373**	—
Cash consideration, net	**2,298,266**	—

(d) Analysis of cash and cash equivalents

US$'000	2007	2006
Bank balances and deposits maturing within three months from the date of placement	**1,855,470**	811,050
Bank overdrafts	**(181)**	(147)
	1,855,289	810,903

42. Approval of accounts

The accounts were approved by the Board of Directors on 4th March 2008.

Principal Subsidiaries, Associated Companies and Jointly Controlled Entities

As at 31st December 2007

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries					
Cargo System Warehouse and Transport Ltd	100	3,000 ordinary shares of HK$100 each HK$300,000	Investment holding and container transportation	Hong Kong	Hong Kong
Consolidated Leasing & Terminals, Inc.	100	1 common stock of no par value US$100	Investment holding, equipment owning and leasing	USA	USA
Containers No. 1 Inc.	100	10,000 ordinary shares of US$10 each US$100,000	Equipment owning and leasing	Marshall Islands	Worldwide
Containers No. 2 Inc.	100	10,000 ordinary shares of US$10 each US$100,000	Equipment owning and leasing	Marshall Islands	Worldwide
Dongguan Orient Container Co Ltd	100	Registered capital HK$29,000,000	Container depot	China *	China
DongJin Real Estate Development (TianJin) Co Ltd	100	Registered capital US$68,000,000	Property development	China *	China
Far Gain Investment Ltd	100	2 ordinary shares of HK$1 each HK$2	Investment holding	Hong Kong	Hong Kong
Glory Top Investment Ltd	100	10,000 ordinary shares of HK$1 each HK$10,000	Portfolio investment	Hong Kong	Hong Kong
Goodlink Shipping Ltd	100	500 ordinary shares of no par value US$5,000	Ship chartering	Liberia †	Worldwide
Hai Dong Transportation Co Ltd	100	100,000 ordinary shares of HK$1 each HK$100,000	Container transport	Hong Kong	Hong Kong

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Hillingdon Steamship and Navigation Company Ltd	100	200 ordinary shares of US$100 each US$20,000	Investment holding	Bermuda	Worldwide
Joyocean Navigation Ltd	100	500 ordinary shares of no par value US$5,000	Ship chartering	Liberia †	Worldwide
Kenwake Ltd	100 100	1,600,000 ordinary shares of £1 each 520,000 5% cumulative preference shares of £1 each £2,120,000	Investment holding	United Kingdom	United Kingdom
Kunshan Guangting Property Co Ltd	100	Registered capital US$20,000,000	Property development	China *	China
Kunshan Orient Overseas Kunan Property Co Ltd	100	Registered capital RMB160,000,000	Property development	China *	China
Laronda Company Ltd	100	5,000 ordinary shares of US$1 each US$5,000	Portfolio investment	British Virgin Islands	Worldwide
Long Beach Container Terminal, Inc.	100	5,000 common stock of no par value US$500,000	Terminal operating	USA	USA
Longtex Investment Ltd	100	2 ordinary shares of HK$1 each HK$2	Investment holding	Hong Kong	China
Maritime Delivery Services Inc.	100	1,000 common stock of US$10 each US$10,000	Trucking service	USA	USA
Millerian Company Ltd	100	5,000 ordinary shares of US$1 each US$5,000	Portfolio investment	British Virgin Islands	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer No. 1 (Luxembourg) Shipping S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide
Newcontainer No. 2 (Luxembourg) Shipping S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide
Newcontainer No. 3 (Luxembourg) Shipping S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide
Newcontainer No. 4 (Luxembourg) Shipping S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide
Newcontainer No. 5 (Luxembourg) Shipping S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide
Newcontainer No. 6 (Luxembourg) Shipping S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide
Newcontainer No. 15 (Luxembourg) Shipping S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide
Newcontainer No. 7 Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Liberia †	Worldwide
Newcontainer No. 9 (Marshall Islands) Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 10 (Marshall Islands) Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer No. 31 (Marshall Islands) Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 32 (Marshall Islands) Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 36 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 37 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 38 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 39 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 40 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 41 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 42 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer No. 43 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 45 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 46 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 47 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 48 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 49 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 50 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 51 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 52 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No. 53 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer No. 55 (Marshall Islands) Shipping Inc.	100	5,000 ordinary shares of US$1 each US$5,000	Ship owning	Marshall Islands	Worldwide
Noella Investments Spolka z ograniczona odpowiedzialnoscia	100	100 ordinary shares of PLN500 each PLN50,000	Investment holding	Poland	Poland
OLL Logistics (Malaysia) Sdn Bhd	100	10,000 ordinary shares of RM1 each RM10,000	Logistics, cargo consolidation and forwarding	Malaysia	Malaysia
OOCL (Agencies) Ltd	100	200 ordinary shares of US$100 each US$20,000	Investment holding	Bermuda	Worldwide
OOCL (Asia Pacific) Ltd	100	2 ordinary shares of HK$1 each HK$2	Liner territorial office	Hong Kong	Asia Pacific
OOCL (Assets) Holdings Inc.	100	500 ordinary shares of no par value US$5,000	Investment holding	Liberia †	Worldwide
OOCL (Assets USA) Holdings Inc.	100	50,000 ordinary shares of US$1 each US$50,000	Investment holding	Liberia †	USA
OOCL (Australia) Pty Ltd	100	200,000 ordinary shares of A$1 each A$200,000	Liner agency	Australia	Australia
OOCL (Benelux) NV	100	226,271 ordinary shares of no par value €609,799	Liner agency	Belgium	Belgium
OOCL (Canada) Inc.	100	10,000 common stock of no par value C$91,000	Liner agency	Canada	Canada

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL (China) Investment Ltd	100	2 ordinary shares of HK$1 each HK$2	Investment holding	Hong Kong	China
OOCL (Denmark) A/S	100	1,000 ordinary shares of DKK500 each DKK500,000	Liner agency	Denmark	Northern Europe
OOCL (Deutschland) GmbH	100	Registered capital €130,000	Liner agency	Germany	Germany
OOCL (Europe) Ltd	100	5,000,000 ordinary shares of £1 each £5,000,000	Investment holding and liner territorial office	United Kingdom	Europe
OOCL (Finland) Ltd Oy	100	150 ordinary shares of €16.82 each €2,522.82	Liner agency	Finland	Finland
OOCL (France) SA	100	60,000 ordinary shares of €15.24 each €914,694.10	Liner agency	France	France
OOCL (HK) Ltd	100	500 ordinary shares of HK$100 each HK$50,000	Liner agency	Hong Kong	Hong Kong
OOCL (India) Private Ltd	100	1,000 equity shares of Rupees100 each Rupees100,000	Liner agency	India	India
OOCL (Infotech) Holdings Ltd	100	2 ordinary shares of US$1 each US$2	Investment holding	British Virgin Islands	Worldwide
OOCL (Ireland) Ltd	100	100 ordinary shares of €1.25 each €125	Liner agency	Ireland	Ireland

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL (Italy) S.r.l.	100	1 quota of €10,000 each €10,000	Liner agency	Italy	Italy
OOCL (Japan) Ltd	100	160,000 ordinary shares of Yen500 each Yen80,000,000	Liner agency	Japan	Japan
OOCL (Korea) Ltd	100	16,000 common stock of Won10,000 each Won160,000,000	Liner agency	Korea	Korea
OOCL (Liners) Holdings Ltd	100	2 ordinary shares of HK$1 each HK$2	Investment holding	Hong Kong	Hong Kong
OOCL (Logistics) Holdings Ltd	100	10,000 ordinary shares of US$1 each US$10,000	Investment holding	British Virgin Islands	Worldwide
OOCL (Macau) Ltd	100	50 quotas of MOP1,000 each MOP50,000	Liner agency	Macau	Macau
OOCL (Philippines) Inc.	100	55,000 common stock of Peso100 each Peso5,500,000	Liner agency	Philippines	Philippines
OOCL (Portugal), Lda	100 100	1 quota of €500 each 1 quota of €24,500 each €25,000	Liner agency	Portugal	Portugal
OOCL (Russia) Ltd	100	1 participatory share of Rub10,000 each Rub10,000	Liner agency and forwarding	Russia	Russia
OOCL (Singapore) Pte Ltd	100	100,000 ordinary shares of S$1 each S$100,000	Liner agency	Singapore	Singapore

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL (Sweden) AB	100	100,000 ordinary shares of SEK1 each SEK100,000	Liner agency	Sweden	Sweden
OOCL (Switzerland) AG	100	200,000 ordinary shares of CHF1 each CHF200,000	Liner agency	Switzerland	Switzerland
OOCL (Taiwan) Co Ltd	100	10,000,000 ordinary shares of NT$10 each NT$100,000,000	Liner agency	Taiwan	Taiwan
OOCL (Terminals) Investment Ltd	100	500 ordinary shares of US$1 each US$500	Investment holding	British Virgin Islands	Worldwide
OOCL (UK) Ltd	100	3,100,000 ordinary shares of £10 each £31,000,000	Liner agency	United Kingdom	United Kingdom
OOCL (USA) Inc.	100	1,030 common stock of US$1 each US$1,030	Liner agency	USA	USA
OOCL China Domestics Ltd	100	Registered capital RMB21,250,000	Freight agency and cargo consolidation	China ±	China
OOCL Logistics (Asia Pacific) Ltd	100	200 ordinary shares of US$100 each US$20,000	Investment holding, transportation and logistics	Bermuda	Asia Pacific
OOCL Logistics (Canada) Ltd	100	1,000 common stock of C$1 each C$1,000	Logistics, cargo consolidation and forwarding	Canada	Canada
OOCL Logistics (China) Ltd	100	Registered capital US$4,840,000	Logistics, cargo consolidation and forwarding	China *	China

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL Logistics (Europe) Ltd	100	2 ordinary shares of £1 each £2	Logistics, cargo consolidation and forwarding	United Kingdom	Europe
OOCL Logistics (Hong Kong) Ltd	100	50,000 ordinary shares of HK$10 each HK$500,000	Logistics, cargo consolidation and forwarding	Hong Kong	Hong Kong
OOCL Logistics (India) Private Ltd	100	35,000 equity shares of Rupees100 each Rupees 3,500,000	Logistics, cargo consolidation and forwarding	India	India
OOCL Logistics (Japan) Ltd	100	200 ordinary shares of Yen50,000 each Yen10,000,000	Logistics, cargo consolidation and forwarding	Japan	Japan
OOCL Logistics (Korea) Ltd	100	30,000 common stock of Won10,000 each Won300,000,000	Logistics, cargo consolidation and forwarding	Korea	Korea
OOCL Logistics (Singapore) Pte Ltd	100	2 ordinary shares of S$1 each S$2	Logistics, cargo consolidation and forwarding	Singapore	Singapore
OOCL Logistics (Taiwan) Ltd	100	4,250,000 ordinary shares of NT$10 each NT$42,500,000	Logistics, cargo consolidation and forwarding	Taiwan	Taiwan
OOCL Logistics (USA) Inc.	100	100 common stock of no par value US$200	Logistics, cargo consolidation, forwarding and investment holding	USA	Worldwide
OOCL Logistics Warehousing and Transportation (Dalian) Co Ltd	100	Registered capital US$200,000	Warehousing	China *	China
OOCL Logistics Warehousing and Transportation (Shanghai) Co Ltd	100	Registered capital US$1,000,000	Warehousing	China *	China

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL Logistics Warehousing and Transportation (Tianjin) Co Ltd	100	Registered capital US$4,700,000	Warehousing	China *	China
OOCL Logistics Warehousing and Transportation (Xiamen) Co Ltd	100	Registered capital US$500,000	Warehousing	China *	China
OOCL Shipping BV	100 —	30 ordinary shares of €150 each 90 cumulative preference shares of €150 each €18,000	Ship management and chartering	Netherlands	Worldwide
OOCL Ships (Marshall Islands) Ltd	100	500 ordinary shares of no par value US$5,000	Ship chartering	Marshall Islands	Worldwide
# OOCL Transport & Logistics Holdings Ltd	100	169,477,152 ordinary shares of US$1 each US$169,477,152	Investment holding	Bermuda	Worldwide
# OOIL (Investments) Inc.	100	500 ordinary shares of no par value US$5,000	Investment holding	Liberia †	Worldwide
Orient Container No. 1 (Marshall Islands) Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide
Orient Container No. 3 (Marshall Islands) Shipping Inc.	100	500 ordinary shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide
Orient Container No. 4 Shipping Inc.	100	100 ordinary shares of no par value US$100	Ship owning	Liberia †	Worldwide
Orient Overseas (Shanghai) Investment Co Ltd	100	Registered capital US$44,250,000	Investment holding	China *	China

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Orient Overseas Associates	100	Limited partnership	Property owning	USA	USA
Orient Overseas Building Corp.	100	10 common stock of no par value US$150,000	Property owning	USA	USA
Orient Overseas Container Line (China) Co Ltd	100	Registered capital US$2,800,000	Liner agency	China *	China
Orient Overseas Container Line (Europe) Ltd	100	66,000,000 ordinary shares of £1 each £66,000,000	Investment holding	United Kingdom	United Kingdom
Orient Overseas Container Line (Luxembourg) S.A.	— 100	5,370 class A shares of US$5 each 30,430 class B shares of US$5 each US$179,000	Investment holding	Luxembourg	Luxembourg
Orient Overseas Container Line (Malaysia) Sdn Bhd	100	100,000 ordinary shares of RM1 each RM100,000	Liner agency	Malaysia	Malaysia
Orient Overseas Container Line (Spain), S.L.	100	3,100 ordinary shares of €1 each €3,100	Liner agency	Spain	Spain
Orient Overseas Container Line (UK) Ltd	100	5,000 ordinary shares of US$1 each US$5,000	Container transport and ship management	Cayman Islands	Worldwide
Orient Overseas Container Line Inc.	100	500 ordinary shares of no par value US$25,000,000	Investment holding	Liberia †	Worldwide
Orient Overseas Container Line Ltd	100	10,000 ordinary shares of HK$100 each HK$1,000,000	Container transport	Hong Kong	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
# Orient Overseas Developments Ltd	100	10,000 ordinary shares of HK$10 each HK$100,000	Investment holding	Hong Kong	Hong Kong
Orient Overseas Property (Shanghai) Co Ltd	100	Registered capital US$37,000,000	Property development	China *	China
Senning Property Ltd	100	1,000 ordinary shares of US$1 each US$1,000	Investment holding	British Virgin Islands	China
Senway Enterprises Ltd	100	10,000 ordinary shares of HK$1 each HK$10,000	Investment holding	Hong Kong	Hong Kong
Shanghai OOCL Container Transportation Co Ltd	60	Registered capital US$9,350,000	Container depot	China §	China
Shanghai Orient Overseas Huangpu Real Estate Co Ltd	100	Registered capital US$30,000,000	Property development	China *	China
Shanghai Orient Overseas Kaixuan Real Estate Co Ltd	95	Registered capital US$80,000,000	Property development	China §	China
Shanghai Orient Overseas Yongye Real Estate Co Ltd	88	Registered capital US$88,000,000	Property development	China §	China
Shanghai Waigaoqiao Xuhui Club Co Ltd	100	Registered capital RMB275,950,000	Property development	China *	China
Soberry Investments Ltd	100	5,000 ordinary shares of US$1 each US$5,000	Portfolio investment	British Virgin Islands	Worldwide
Surbiton Ltd	100	500 ordinary shares of no par value US$5,000	Portfolio investment	Liberia †	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Treasure King Shipping Ltd	100	500 ordinary shares of no par value US$5,000	Ship chartering	Liberia †	Worldwide
Wall Street Plaza, Inc.	100	40 class A common stock of US$1 each	Investment holding	USA	USA
	100	160 class B common stock of US$1 each			
	100	20,000 12% series A non-cumulative non-voting preferred stock of US$1,000 each			
	100	18,000 11% series B non-cumulative non-voting preferred stock of US$1,000 each			
	100	19,500 12% series C non-cumulative non-voting preferred stock of US$1,000 each			
	100	19,000 12% series D non-cumulative non-voting preferred stock of US$1,000 each US$76,500,200			
Wayton (Luxembourg) S.à r.l.	85	75 ordinary shares of US$250 each US$18,750	Ship owning	Luxembourg	Worldwide
Wealth Capital Corporation	100	500 ordinary shares of no par value US$5,000	Investment holding	Liberia †	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share capital/ registered capital	Principal activities	Country of incorporation	Area of operations
Associated companies					
Ningbo Yuan Dong Terminal Co Ltd	20	Registered capital RMB624,000,000	Terminal operating	China §	China
Tianjin Port Alliance International Container Terminal Co Ltd	20	Registered capital US$160,000,000	Terminal operating	China §	China
Jointly controlled entities					
OOCL (UAE) LLC	49	300 ordinary shares of AED1,000 each AED300,000	Liner agency	Dubai	Dubai
OOCL (Vietnam) Co Ltd	49	Legal capital US$500,000	Liner agency	Vietnam	Vietnam
Qingdao Orient International Container Storage & Transportation Co Ltd	59	Registered capital RMB69,900,000	Container depot	China §	China
Shanghai Orient Overseas Xujiahui Real Estate Co Ltd	47.5	Registered capital US$10,000,000	Property development	China §	China

Direct subsidiaries of the Company.

† Companies incorporated in Liberia but redomiciled to the Marshall Islands.

* Wholly foreign-owned enterprise.

§ Sino-foreign equity joint venture enterprise.

± Domestic joint venture enterprise.

Major Customers and Suppliers

Approximately 9.3% and 23.0% 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 1.5% and 4.6% of the Group's total reported revenues for the year are attributable to the largest customer and five largest customers respectively.

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

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

10 Years Financial Summary

US$'000	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Consolidated Profit and Loss Data										
Turnover	1,832,764	2,139,071	2,395,160	2,378,950	2,457,952	3,241,113	4,140,328	4,345,647	4,609,751	**5,651,030**
Operating profit	48,327	122,729	166,399	107,391	90,846	359,384	729,008	693,563	621,364	**687,437**
Finance costs	(42,911)	(41,421)	(48,246)	(45,614)	(30,634)	(18,740)	(43,787)	(55,744)	(71,721)	**(99,078)**
Profit before taxation	3,674	80,341	131,464	71,089	62,902	353,306	696,337	644,685	553,218	**592,024**
Profit for the year from continuing operations	170	67,623	112,477	61,809	51,948	329,161	670,598	615,198	528,335	**553,749**
Profit for the year from discontinued operation	—	—	—	—	—	—	—	36,093	52,805	**1,994,653**
Profit for the year	170	67,623	112,477	61,809	51,948	329,161	670,598	651,291	581,140	**2,548,402**
Preferred share dividends	2,564	—	—	—	—	—	—	—	—	**—**
Profit/(loss) attributable to ordinary shareholders	(2,867)	67,221	111,863	61,287	51,738	329,044	670,449	650,854	580,603	**2,546,979**
Per Ordinary Share										
Earnings/(loss) (US cents)										
from continuing operations	(0.5)	10.7	17.9	9.8	8.3	53.9	108.5	98.2	84.4	**88.3**
from discontinued operation	—	—	—	—	—	—	—	5.8	8.4	**318.7**
Dividends (US cents)	—	2.48	3.31	2.06	2.06	13.76	27.27	27.00	103.00	**103.00**
Weighted average number of ordinary shares in issue ('000)	625,742	625,742	625,742	625,742	625,742	610,486	618,024	625,793	625,793	**625,793**

Notes:

(1) The estimated useful life of container vessels was revised from 20 years to 25 years in 1998. The depreciation of container vessels prior to 1998 has not been restated to reflect the change.

(2) The accounting policy on dry-docking and special survey costs was changed in 1997 and again in 2000. The figures prior to 1999 has not been restated to reflect this change.

(3) The accounting policy on pre-operating costs was changed in 2000 and the figures prior to 1998 have not been restated to reflect this change.

(4) The accounting policies on employee benefits and income taxes were changed in 2002 and the figures prior to 2000 have not been restated to reflect this change.

(5) The net asset value, dividends and earnings/(loss) per ordinary share of previous years have been restated for the bonus issue.

(6) The results of discontinued operation prior to 2005 have not been restated or reclassified.

US$'000	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Consolidated Balance Sheet Data										
Property, plant and equipment	1,042,076	1,006,412	1,286,197	1,365,378	1,342,438	1,579,798	2,132,066	2,593,946	2,777,004	**3,350,844**
Cash, portfolio and bond investments	375,531	455,954	458,025	402,424	412,446	680,806	1,105,011	1,286,579	1,167,924	**2,237,076**
Assets held for sale	—	—	—	—	—	—	—	—	406,232	**—**
Liabilities directly associated with assets classified as held for sale	—	—	—	—	—	—	—	—	(178,992)	**—**
Other net current assets/(liabilities)	(304,157)	(327,047)	(346,574)	(343,659)	(341,356)	(422,020)	(227,924)	(165,629)	56,348	**75,034**
Gross assets	1,800,625	1,862,864	2,155,254	2,150,284	2,189,340	2,754,910	4,014,602	4,814,916	5,600,003	**7,213,644**
Long-term debt	587,210	560,457	753,761	760,386	682,759	840,677	1,427,690	1,650,044	1,870,890	**1,864,436**
Total long and short-term debt	771,989	733,036	952,053	936,459	895,608	1,098,162	1,581,499	1,838,592	2,068,798	**2,206,184**
Net (cash)/debt	396,458	277,082	494,028	534,035	483,162	417,356	476,488	552,013	900,874	**(30,892)**
Shareholders' funds	656,326	708,453	796,747	812,924	860,443	1,110,754	1,809,409	2,284,330	2,727,206	**4,176,368**
Ordinary shareholders' funds	656,326	708,453	796,747	812,924	860,443	1,110,754	1,809,409	2,284,330	2,727,206	**4,176,368**
Other Financial Information										
Depreciation	65,590	69,544	84,118	88,227	101,948	114,740	144,860	157,302	178,761	**173,988**
Capital expenditure	95,077	46,276	378,458	232,353	89,873	437,801	806,491	635,494	633,128	**752,903**
Consolidated Financial Ratios/Percentages										
Debt to equity ratio	1.2	1.0	1.2	1.2	1.0	1.0	0.9	0.8	0.8	**0.5**
Net debt to equity ratio	0.6	0.4	0.6	0.7	0.6	0.4	0.3	0.2	0.3	**N/A**
Return on average ordinary shareholders' funds (%)	(0.4)	9.9	14.9	7.6	6.2	33.4	45.9	31.8	23.2	**73.8**
Accounts payable as a % of turnover	19.5	18.9	16.3	15.0	15.6	15.0	13.4	13.9	12.2	**13.3**
Accounts receivable as a % of turnover	12.9	11.7	10.2	7.3	7.9	7.6	8.7	9.6	8.3	**12.3**
Net asset value per ordinary share (US$)	1.05	1.14	1.27	1.30	1.37	1.95	2.89	3.65	4.36	**6.67**

Fleet and Container Information

Fleet

The following table sets out the Group's vessels deployed in all its services at 31st December 2007.

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	SERVICE SPEED IN KNOTS	FLAG
OOCL Tianjin	8,063	Finance Lease	Trans-Pacific	2005	25.2	Hong Kong
OOCL Hamburg	8,063	Finance Lease	Trans-Pacific	2004	25.2	Hong Kong
OOCL Ningbo	8,063	Finance Lease	Trans-Pacific	2004	25.2	Hong Kong
OOCL Rotterdam	8,063	Owned	Trans-Pacific	2004	25.2	Hong Kong
OOCL Long Beach	8,063	Finance Lease	Trans-Pacific	2003	24.6	Hong Kong
OOCL Dubai	5,888	Long Term Chartered	Trans-Pacific	2006	25.0	Hong Kong
OOCL Seattle	5,888	Long Term Chartered	Trans-Pacific	2007	25.0	Panama
OOCL France	5,560	Long Term Chartered	Trans-Pacific	2001	24.9	Liberia
OOCL Shanghai	5,560	Long Term Chartered	Trans-Pacific	1999	24.9	Liberia
OOCL Korea	5,560	Long Term Chartered	Trans-Pacific	2001	24.9	Germany
OOCL Los Angeles	5,560	Long Term Chartered	Trans-Pacific	2000	24.9	Germany
OOCL Malaysia	5,560	Long Term Chartered	Trans-Pacific	2000	24.9	Liberia
OOCL Netherlands	5,390	Long Term Chartered	Trans-Pacific	1997	24.6	Hong Kong
OOCL Singapore	5,390	Owned	Trans-Pacific	1997	24.6	Hong Kong
OOCL Hong Kong	5,344	Owned	Trans-Pacific	1995	24.6	Hong Kong
OOCL Japan	5,344	Owned	Trans-Pacific	1996	24.6	Hong Kong
OOCL America	5,344	Owned	Trans-Pacific	1995	24.6	Hong Kong
Katsuragi	3,797	Chartered	Trans-Pacific	2007	22.0	Panama
NYK Kai	3,295	Chartered	Trans-Pacific	2007	22.0	Panama
OOCL Italy	5,888	Long Term Chartered	Asia-USEC	2007	25.0	Hong Kong
OOCL Oakland	5,888	Long Term Chartered	Asia-USEC	2007	25.0	Panama
OOCL San Francisco	5,714	Owned	Asia-USEC	2000	24.6	Hong Kong
OOCL Chicago	5,714	Owned	Asia-USEC	2000	24.6	Hong Kong
OOCL Thailand	5,560	Long Term Chartered	Asia-USEC	2002	24.9	Germany
OOCL Germany	5,560	Long Term Chartered	Asia-USEC	2000	24.9	Liberia
OOCL New York	5,560	Long Term Chartered	Asia-USEC	1999	24.9	Germany
Kitano	3,295	Chartered	Asia-USEC	2007	22.0	Japan
Cape Charles	2,795	Chartered	Transatlantic	2007	21.0	Panama
OOCL Bremen	2,741	Chartered	Transatlantic	2007	22.0	Liberia
OOCL Melbourne	2,762	Long Term Chartered	Transatlantic	2003	22.0	Hong Kong
OOCL Montreal	4,402	Long Term Chartered	Transatlantic	2003	23.0	Hong Kong
OOCL Belgium	2,808	Owned	Transatlantic	1998	21.0	Hong Kong
Valentina	1,875	Chartered	Transatlantic	2007	21.0	Marshall Islands
OOCL Qingdao	8,063	Finance Lease	Asia-Europe	2004	25.2	Hong Kong
OOCL Shenzhen	8,063	Finance Lease	Asia-Europe	2003	25.0	Hong Kong
OOCL Asia	8,063	Finance Lease	Asia-Europe	2006	25.2	Hong Kong
OOCL Europe	8,063	Finance Lease	Asia-Europe	2006	25.2	Hong Kong
OOCL Atlanta	8,063	Finance Lease	Asia-Europe	2005	25.2	Hong Kong
OOCL Tokyo	8,063	Owned	Asia-Europe	2007	25.2	Hong Kong
OOCL Southampton	8,063	Owned	Asia-Europe	2007	25.2	Hong Kong
Bunga Seroja Satu	7,943	Chartered	Asia-Europe	2006	25.0	Malaysia
Bunga Seroja Dua	7,943	Chartered	Asia-Europe	2007	25.0	Malaysia
OOCL Kuala Lumpur	5,888	Long Term Chartered	Asia-Europe	2007	25.0	Hong Kong

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	SERVICE SPEED IN KNOTS	FLAG
OOCL Faith	3,161	Long Term Chartered	Asia-Europe	1996	21.0	Hong Kong
Meta	2,732	Chartered	Asia-Europe	2007	22.0	Liberia
OOCL Moscow	1,216	Chartered	Intra-Europe	2007	21.0	Marshall Islands
OOCL St Petersburg	868	Chartered	Intra-Europe	2005	18.0	The Netherlands
OOCL Narva	868	Chartered	Intra-Europe	2004	18.0	Germany
OOCL Neva	868	Chartered	Intra-Europe	2001	18.0	Luxembourg
OOCL Nevskiy	868	Chartered	Intra-Europe	2001	18.0	Luxembourg
OOCL Finland	868	Chartered	Intra-Europe	2006	18.0	United Kingdom
WMS Harlingen	698	Chartered	Intra-Europe	2007	17.3	Cyprus
OOCL Yokohama	4,578	Owned	Asia-Australia	2007	24.5	Hong Kong
OOCL Houston	4,578	Owned	Asia-Australia	2007	24.5	Hong Kong
OOCL Friendship	3,218	Long Term Chartered	Asia-Australia	1996	21.0	Hong Kong
OOCL Freedom	3,161	Long Term Chartered	Asia-Australia	1996	21.0	Hong Kong
OOCL Fidelity	3,161	Owned	Asia-Australia	1987	21.0	Hong Kong
OOCL Sydney	2,762	Long Term Chartered	Asia-Australia	2003	22.0	Singapore
OOCL Ability	1,560	Chartered	Asia-Australia	1997	18.5	Panama
OOCL Vancouver	5,888	Long Term Chartered	Intra-Asia	2006	25.0	Panama
OOCL Kaohsiung	5,888	Long Term Chartered	Intra-Asia	2006	25.0	Hong Kong
OOCL Antwerp	5,888	Long Term Chartered	Intra-Asia	2006	25.0	Panama
OOCL Zhoushan	4,583	Owned	Intra-Asia	2006	24.2	Hong Kong
OOCL Australia	4,583	Owned	Intra-Asia	2006	24.2	Hong Kong
OOCL Kobe	4,578	Owned	Intra-Asia	2007	24.5	Hong Kong
OOCL Fortune	3,161	Owned	Intra-Asia	1987	21.0	Hong Kong
OOCL Fair	3,161	Owned	Intra-Asia	1987	21.0	Hong Kong
OOCL Osaka	2,762	Long Term Chartered	Intra-Asia	2003	22.0	Panama
OOCL Xiamen	2,762	Long Term Chartered	Intra-Asia	2003	22.0	Panama
OOCL Mumbai	2,732	Chartered	Intra-Asia	2007	22.0	Liberia
OOCL Bangkok	2,732	Chartered	Intra-Asia	2007	22.0	Liberia
OOCL Keelung	2,732	Chartered	Intra-Asia	2007	22.0	Liberia
Lal Bahadur Shastri	1,869	Chartered	Intra-Asia	2007	17.0	Indian
OOCL Acclaim	1,560	Chartered	Intra-Asia	1997	18.5	Panama
OOCL Ambition	1,560	Chartered	Intra-Asia	1997	18.5	Hong Kong
San Clemente	1,512	Chartered	Intra-Asia	2005	19.0	Liberia
YM Moji	1,432	Chartered	Intra-Asia	2007	18.5	Liberia
OOCL Achievement	1,216	Chartered	Intra-Asia	2003	22.0	Marshall Islands
OOCL Advance	1,216	Chartered	Intra-Asia	2003	22.0	Marshall Islands
OEL Singapore	1,028	Chartered	Intra-Asia	2007	19.3	Singapore
Yong Cai	810	Chartered	Intra-Asia	2007	17.0	St. Vincent
Hub Gallardo	700	Chartered	Intra-Asia	2006	17.0	Marshall Islands
Grand Ocean	560	Chartered	Intra-Asia	2007	15.8	Panama
TOTAL 83 VESSELS	**352,650**					

Note: *As at 31st December 2007, OOCL California and OOCL China and OOCL Britain have been chartered out to MISC and Bunga Seroja Satu and Bunga Seroja Dua have been chartered in from MISC under the swapping program.*

Container Information

The Group owned, purchased on finance lease terms or leased under operating lease agreements 409,765 units (655,939 TEU) as of 31st December 2007. Approximately 73.4% of the container fleet in TEU capacity was owned or purchased under finance leases with the remainder leased under operating lease agreements.

In addition, at 31st December 2007 the Group owned, purchased on finance lease terms or leased under operating lease terms 24,647 trailer chassis.

Terminal Information

LONG BEACH CONTAINER TERMINAL, INC.

Location: Long Beach, California, USA.

Status of Terminal: A 104 acre, three berth container terminal facility operated under a long-term preferential use agreement from the Port of Long Beach, which expires in 2011.

Equipment/Facilities: Three container vessel berths; seven post-Panamax quayside container gantry cranes; twelve rubber-tired gantry cranes; 81 yard tractors; nine top handlers; eight side picks; 12 utility forklifts; 61 yard chassis; various pick-up trucks and other vehicles and handling equipment.

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

Principal Customers: OOCL, NYK, Hapag Lloyd.

KAOHSIUNG CONTAINER TERMINAL

Location: Pier 66 Kaohsiung Harbour, Kaohsiung, Taiwan.

Status of Terminal: One of the original container facilities in the Kaohsiung Harbour. The terminal was deepened in 2002 to have deep-water berths of 14.5 meters and the entire facility was modernised in the last several years.

Equipment/Facilities: Two container-vessel-berths (680 meters long) on a total of approximately 57 acres operating on 24-hour 7-day basis for vessel and gate activities. Equipment include: six post-Panamax quay cranes including four with 19 rows and twin-20 ft lifting capacity; 14 rail-mounted gantry cranes (RMGs); five empty stackers and various shipside handling equipment.

Building Facilities (approximate area): 2,350 sqm new office building, 7,000 sqm CFS, 2,200 sqm maintenance building.

Principal Customers: ANL, APL, COSCO, China Shipping, Evergreen Marine Corp, Hapag Lloyd, Hyundai Marine, Malaysia International Shipping Co, Mediterranean Shipping Company, NYK, OOCL, Yang Ming.

Property Information

Property Development

a) Completed Projects

Project Name	Use	Location	Address	Group's Interest %	Year of Completion	Gross Floor Area (in square metre)
Orient Garden	Residential	Shang Tang Lu, Hangzhou	No. 239 Shang Tang Lu, Hangzhou	50	1999	39,884
Fontainebleau	Residential	Xing Guo Lu, Shanghai	No. 288 Xing Guo Lu, Shanghai	100	1999	2,614
Joffre Gardens	Residential	Nan Chang Lu, Shanghai	No. 555 Nan Chang Lu, Shanghai	47.5	2000	72,502
The Courtyards	Residential	Zhenning Lu, Shanghai	No. 55 Zhenning Lu, Shanghai	47.5	2001	65,789
Century Metropolis	Residential	Ziyang Lu, Shanghai		47.5		
		– Phase 1A	No. 168 Hong Qiao Lu, Shanghai		2001	63,279
		– Phase 1B	No. 168 Hong Qiao Lu, Shanghai		2003	83,298
		– Phase 2A	No. 128 Hong Qiao Lu, Shanghai		2003	27,227
		– Phase 2B	No. 168 Hong Qiao Lu, Shanghai		2005	59,664

b) Projects Under Construction/Development

Project Name	Use	Location	Address	Group's Interest %	To Be Completed In	Gross Floor Area (in square metre)
Changle Lu	Residential/ Hotel	Changle Lu, Shanghai	Lot No. 12 Lu Wan District, Shanghai	88	2010	145,500
Kunshan	Residential	Kunshan, Jiangsu	Zhao Feng Lu, Hua Qiao Town, Kunshan Jiangsu Province	100		
		– Phase 1			2010	190,000
		– Other Phases			After 2010	513,005
Kunshan	Hotel	Kunshan, Jiangsu	Zhao Feng Lu, Hua Qiao Town, Kunshan Jiangsu Province	100		
		– Phase 1			2008	40,407
		– Other Phases			After 2008	42,775
Heng Shan Lu	Hotel	Heng Shan Lu, Shanghai	No. 85 Heng Shan Lu, Shanghai	100	2010	15,000
Changning Lu	Office/ Hotel/Retail	Changning Lu, Shanghai	Plot 32/8, 88 Street, Changning Lu, Changning District, Shanghai	95		
		– Phase 1			2010	120,000
		– Other Phases			After 2010	123,350
Nanmatou	Residential	Nanmatou Jiedao, Shanghai	Plot 15/1 & 86/1, No. 8 Nanmatou Jiedao Pudong New District, Shanghai	100	2010 - 2011	102,800
International Trade Centre	Serviced apartment/ Office/Retail/ Hotel	Xiaobailou area, Hexi District Tianjin	Intersection of Nan Jin Road and Ma Chang Road	100	2011	190,350

Corporate Information

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Mr Chee Chen TUNG (Chairman)
Mr Kenneth Gilbert CAMBIE
Mr Philip Yiu Wah CHOW
Mr Alan Lieh Sing TUNG

Non-Executive Directors

Mr Roger KING
Mr Tsann Rong CHANG

Independent Non-Executive Directors

Mr Simon MURRAY
Dr Victor Kwok King FUNG
Prof Richard Yue Chim WONG

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Ms Lammy Chee Fun LEE

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