



**Orient Overseas (International) Limited**

## Historical Financial Highlights

US\$'000	2009	2008	2007	2006	2005
Turnover	4,350,195	6,530,855	5,651,030	4,609,751	4,345,647
E/(L).B.I.T.D.A.	(90,815)	616,516	869,323	679,404	838,531
Profit/(loss) before taxation	(361,870)	322,546	592,024	553,218	644,685
Net income/(loss)	(402,294)	272,337	2,546,979	580,603	650,854
Earnings/(loss) per ordinary share (US cents)	(64.3)	43.5	407.0	92.8	104.0
Ordinary shareholders' funds	3,944,684	4,387,071	4,176,368	2,727,206	2,284,330
Net asset value per ordinary share (US\$)	6.30	7.01	6.67	4.36	3.65
Liquid assets	1,354,387	2,077,087	2,244,865	1,180,056	1,286,579
Property, plant and equipment	3,798,048	3,780,945	3,350,844	2,777,004	2,593,946
Net debt to equity ratio	0.3	0.1	Net cash	0.3	0.2

**Note:**

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(2) The information may include **forward-looking statements** about the operations and expected financial results of OOIL and its affiliates. Such statements are inherently subject to uncertainties arising from a variety of factors.



## Orient Overseas (International) Limited

## Latest Financial Data

US\$'000	2009	2009 1H	2008
<b>Consolidated Profit and Loss Data</b>			
Turnover	4,350,195	2,065,138	6,530,855
Operating costs	<u>(4,273,782)</u>	<u>(2,044,974)</u>	<u>(5,658,200)</u>
Gross profit	76,413	20,164	872,655
Fair value gain/(loss) from investment property	(25,000)	(15,000)	(25,000)
Other operating income	34,058	26,465	57,386
Other operating expenses	<u>(417,708)</u>	<u>(223,333)</u>	<u>(507,277)</u>
Operating profit/(loss)	(332,237)	(191,704)	397,764
Finance costs	(35,347)	(21,113)	(81,016)
Share of profit less losses of jointly controlled entities	1,099	619	2,101
Share of profits/(losses) of associated companies	<u>4,615</u>	<u>1,181</u>	<u>3,697</u>
Profit/(loss) before taxation	(361,870)	(211,017)	322,546
Taxation	<u>(14,234)</u>	<u>(8,242)</u>	<u>(24,977)</u>
Profit/(loss) from continuing operations	(376,104)	(219,259)	297,569
Loss from discontinued operation	(24,501)	(11,807)	(22,040)
Minority interests	<u>(1,689)</u>	<u>(782)</u>	<u>(3,192)</u>
Profit/(loss) attributable to shareholders	<u>(402,294)</u>	<u>(231,848)</u>	<u>272,337</u>
Earnings/(Loss) Per Ordinary Share (US cents)	(64.3)	(37.0)	43.5
<b>Consolidated Balance Sheet Data</b>			
Property, plant and equipment	3,798,048	3,695,030	3,780,945
Liquid assets	1,354,387	1,420,459	2,077,087
Other assets/(liabilities), net	1,383,994	1,338,521	935,477
Long-term liabilities	<u>(2,568,022)</u>	<u>(2,303,179)</u>	<u>(2,372,146)</u>
	3,968,407	4,150,831	4,421,363
Minority interests	<u>(23,723)</u>	<u>(34,246)</u>	<u>(34,292)</u>
Ordinary shareholders' funds	<u>3,944,684</u>	<u>4,116,585</u>	<u>4,387,071</u>
Capital expenditure	380,161	127,522	650,568
Depreciation	207,275	93,522	181,898
<b>Gearing</b>			
Net debt to equity ratio	0.31	0.21	0.07

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Orient Overseas (International) Limited

## Key OOCL Operational Statistics

### Lifting

TEU	2009	2008	2007	2006	2005
Global	4,158,487	4,834,689	4,601,625	3,894,204	3,523,218

### Revenue

USD'000	2009	2008	2007	2006	2005
Global	3,842,785	5,932,776	5,152,387	4,253,459	4,028,139

### Asia Europe Market

(Including Intra Europe Market)

Volume : 678,869 TEU

(2008 : 812,835 TEU)

Revenue : US\$688M

(2008 : US\$1,332M)

### Trans-Pacific Market

Volume : 1,157,900 TEU

(2008 : 1,324,382 TEU)

Revenue : US\$1,493M

(2008 : US\$2,239M)

### Transatlantic Market

Volume : 349,308 TEU

(2008 : 424,650 TEU)

Revenue : US\$488M

(2008 : US\$750M)

### Intra-Asia Market

(Including Australia & New Zealand Markets)

Volume : 1,972,410 TEU

(2008 : 2,272,822 TEU)

Revenue : US\$1,174M

(2008 : US\$1,812M)

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# Consolidated Profit and Loss Account

For the year ended 31st December 2009

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

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

# Consolidated Statement of Comprehensive Income

For the year ended 31st December 2009

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

# Consolidated Balance Sheet

As at 31st December 2009

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

As at 31st December 2009

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

C C Tung  
 Kenneth G Cambie  
 Directors

# Balance Sheet

As at 31st December 2009

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

As at 31st December 2009

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

C C Tung

Kenneth G Cambie

Directors

# Consolidated Cash Flow Statement

For the year ended 31st December 2009

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

For the year ended 31st December 2009

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

# Consolidated Statement of Changes in Equity

For the year ended 31st December 2009

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

# Notes to the Consolidated Accounts

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## 1. General information

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

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

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

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

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

## 2. Summary of significant accounting policies

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

### 2.1 Basis of preparation

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

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

## 2. Summary of significant accounting policies (Continued)

### 2.1 Basis of preparation (Continued)

#### The adoption of new/revised HKFRS

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

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

#### Annual improvements to HKFRS published in October 2008

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

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

## 2. Summary of significant accounting policies (Continued)

### 2.1 Basis of preparation (Continued)

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

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

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

## 2. Summary of significant accounting policies (Continued)

### 2.1 Basis of preparation (Continued)

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

		Effective for accounting periods beginning on or after
Improvement to HKFRS published in May 2009		
HKFRS 5 Amendment	Non-current assets held for sale and discontinued operations	1st January 2010
HKAS 1 Amendment	Presentation of Financial Statements	1st January 2010
HKAS 7 Amendment	Statement of Cash Flows	1st January 2010
HKAS 17 Amendment	Leases	1st January 2010
HKAS 18 Amendment	Revenue	1st January 2010
HKAS 36 Amendment	Impairment of Assets	1st January 2010
HKAS 38 Amendment	Intangible Assets	1st July 2010
HKFRS 8 Amendment	Operating Segments	1st January 2010

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

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## 2. Summary of significant accounting policies (Continued)

### 2.2 Consolidation

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

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

#### (a) Subsidiaries

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

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

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

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

#### (b) Transactions with minority interests

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

## 2. Summary of significant accounting policies (Continued)

### 2.2 Consolidation (Continued)

#### (c) Jointly controlled entities

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

#### (d) Associated companies

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

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

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

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## 2. Summary of significant accounting policies (Continued)

### 2.3 Property, plant and equipment

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

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

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

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

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

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

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

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

## 2. Summary of significant accounting policies (Continued)

### 2.4 Investment property

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

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

### 2.5 Vessel repairs and surveys

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

### 2.6 Intangible assets

#### (a) Goodwill

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

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

#### (b) Computer software

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

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

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## 2. Summary of significant accounting policies (Continued)

### 2.7 Impairment of investments in subsidiaries and non-financial assets

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

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

### 2.8 Investments

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

#### (a) Portfolio investments

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

#### (b) Loans and receivables

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

#### (c) Held-to-maturity investments

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

## 2. Summary of significant accounting policies (Continued)

### 2.8 Investments (Continued)

#### (d) Available-for-sale financial assets

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

#### (e) Recognition and measurement

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

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

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

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

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## 2. Summary of significant accounting policies (Continued)

### 2.8 Investments (Continued)

#### (e) Recognition and measurement (Continued)

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

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

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

### 2.9 Properties under development and for sale

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

### 2.10 Inventories

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

### 2.11 Debtors

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

## 2. Summary of significant accounting policies (Continued)

### 2.12 Cash and cash equivalents

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

### 2.13 Share capital

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

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

### 2.14 Creditors

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

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

### 2.15 Borrowings

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

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

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

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## 2. Summary of significant accounting policies (Continued)

### 2.16 Current and deferred taxation

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

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

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

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

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

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

## 2. Summary of significant accounting policies (Continued)

### 2.17 Employee benefits

#### (a) Pension obligations

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

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

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

#### (b) Bonus plans

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

### 2.18 Provisions

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

### 2.19 Insurance contracts

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

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## 2. Summary of significant accounting policies (Continued)

### 2.20 Segment information

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

### 2.21 Foreign currency translation

#### (a) Functional and presentation currency

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

#### (b) Transactions and balances

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

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

#### (c) Group companies

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

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

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

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

## 2. Summary of significant accounting policies (Continued)

### 2.22 Revenue recognition

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

- (a) Freight revenues from the operation of the container transport and logistics business are recognised on a percentage of completion basis, which is determined on the time proportion method of each individual vessel voyage.
- (b) Revenues from the operation of container terminals and provision of other services are recognised when services are rendered or on an accrual basis.
- (c) Rental income under operating leases is recognised over the periods of the respective leases on a straight-line basis.
- (d) Interest income is recognised on a time-proportion basis using the effective interest method.
- (e) Dividend income is recognised when the right to receive payment is established.

### 2.23 Leases

#### (a) Operating lease

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

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

#### (b) Finance lease

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

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## **2. Summary of significant accounting policies (Continued)**

### **2.24 Borrowing costs**

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

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

### **2.25 Derivative financial instruments**

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

### **2.26 Disposal group - assets held for sale**

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

### **2.27 Dividend distribution**

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

### 3. Financial risk management

#### 3.1 Financial risk factors

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

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

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

##### (a) Market risk

###### (i) Foreign exchange risk

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

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

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

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

###### (ii) Price risk

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

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

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### 3. Financial risk management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk

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

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

##### (c) Liquidity risk

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

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

### 3. Financial risk management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk (Continued)

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

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

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

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### 3. Financial risk management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (d) Cash flow and fair value interest rate risk

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

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

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

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

#### 3.2 Capital risk management

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

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

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

### 3. Financial risk management (Continued)

#### 3.2 Capital risk management (Continued)

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

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

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

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### 3. Financial risk management (Continued)

#### 3.3 Fair value estimation

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

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

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

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

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

Specific valuation techniques used to value financial instruments include :

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

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

#### 4. Critical accounting estimates and judgements

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

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

##### (a) Income taxes

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

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

##### (b) Investment property

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

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

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

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

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

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#### 4. Critical accounting estimates and judgements (Continued)

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

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

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

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

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

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

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

(e) **Provision of operating cost**

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

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

(f) **Held-to-maturity investments**

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

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

## 5. Revenue and segment information

### (a) Revenue

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

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

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

### (b) Segment information

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

## 5. Revenue and segment information (Continued)

### (b) Segment information (Continued)

#### Operating segments

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

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

## 5. Revenue and segment information (Continued)

### (b) Segment information (Continued)

#### Operating segments (Continued)

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

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

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

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

## 5. Revenue and segment information (Continued)

### (b) Segment information (Continued)

#### Operating segments (Continued)

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

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

**5. Revenue and segment information (Continued)****(b) Segment information (Continued)****Operating segments (Continued)**

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

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

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

## 5. Revenue and segment information (Continued)

### (b) Segment information (Continued)

#### Geographical information

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

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

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

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

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

## 6. Operating costs

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

## 7. Other operating income

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

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

## 8. Other operating expenses

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

## 9. Employee benefit expense

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

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

**10. Directors' and management's emoluments****(a) Directors' emoluments**

The remuneration of every Director is set out below:

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

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

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

### (a) Directors' emoluments (Continued)

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

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

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

### (b) Five highest paid individuals

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

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

**10. Directors' and management's emoluments (Continued)****(b) Five highest paid individuals (Continued)**

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

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

**(c) Key management compensation**

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

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

## 11. Operating (loss)/profit

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

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

**12. Finance costs**

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

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

### 13. Taxation

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

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

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

**13. Taxation (Continued)**

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

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

#### 14. (Loss)/earnings per ordinary share

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

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

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

#### 15. Dividends

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

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

**16. Discontinued operation and assets held for sale**

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

**(a) Discontinued operation**

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

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

### (b) Assets held for sale

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

**16. Discontinued operation and assets held for sale (Continued)****(c) Liabilities directly associated with assets held for sale**

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

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

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

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

Note:

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

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

## 17. Property, plant and equipment

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

## 17. Property, plant and equipment (Continued)

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

**17. Property, plant and equipment (Continued)**

- (a) Container vessels include two (2008: three) vessels which were previously operated under finance lease terms and direct ownership was acquired by the Group in May 1990. These vessels are carried at Directors' valuation, representing the then purchase consideration which was determined by reference to professional valuations on a cum-charter open market basis of US\$58.0 million (2008: US\$87.0 million). Subsequent revaluations of these vessels are not required to be made in accordance with paragraph 80A of Hong Kong Accounting Standard 16 "Property, plant and equipment". Had these vessels been carried at cost, the net book amount of the container vessels would have been reduced by US\$0.3 million (2008: US\$0.6 million).
- (b) Apart from the container vessels mentioned under (a) above, all other property, plant and equipment are carried at cost.
- (c) The aggregate net book amount of assets pledged as securities for loans amounts to US\$1,111.0 million (2008: US\$890.6 million). Specific charges on vessels of the Group include legal mortgages and assignments of insurance claims and charterhire income relating to these vessels.
- (d) Interest costs of US\$2.0 million (2008: US\$3.7 million) during the year were capitalised as part of vessels under construction.
- (e) Depreciation charge of US\$179.7 million (2008: US\$154.3 million) for the year has been expensed in operating costs and US\$24.2 million (2008: US\$26.6 million) in other operating expenses and US\$3.4 million (2008: US\$1.0 million) in discontinued operation.
- (f) As at 31st December 2009, the buildings outside Hong Kong are held under medium-term leasehold land. As at 31st December 2008, the buildings outside Hong Kong are held under medium-term leasehold land except for US\$41.3 million are held under long-term leasehold land. As at 31st December 2008, US\$44.4 million of the buildings were under construction.

**18. Investment property**

US\$'000	2009	2008
<b>Group</b>		
Balance at beginning of year	175,000	200,000
Fair value loss	(25,000)	(25,000)
Balance at end of year	150,000	175,000

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

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

## 19. Prepayments of lease premiums

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

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

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

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

**20. Subsidiaries**

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

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

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

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

## 21. Jointly controlled entities

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

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

**21. Jointly controlled entities (Continued)**

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

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

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

**22. Associated companies**

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

## 22. Associated companies (Continued)

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

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

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

**23. Intangible assets**

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

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

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

## 24. Deferred taxation assets/(liabilities)

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

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

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

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

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

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

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

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

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

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

**25. Pension and retirement benefits**

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

**Defined contribution schemes**

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

US\$'000	2009	2008
<b>Group</b>		
Contributions to the schemes	<b>18,152</b>	18,808
Forfeitures utilised	<b>(11)</b>	(18)
	<b>18,141</b>	18,790

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

## 25. Pension and retirement benefits(Continued)

### Defined benefit schemes

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

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

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

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

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

**25. Pension and retirement benefits(Continued)****Defined benefit schemes (Continued)****(a) Net schemes assets**

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

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

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

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

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

## 25. Pension and retirement benefits(Continued)

### Defined benefit schemes (Continued)

#### (a) Net schemes assets(Continued)

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

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

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

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

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

**25. Pension and retirement benefits(Continued)****Defined benefit schemes (Continued)****(a) Net schemes assets(Continued)**

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

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

Plan assets of the Schemes comprise the following:

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

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

## 25. Pension and retirement benefits(Continued)

### Defined benefit schemes (Continued)

#### (b) Post-retirement medical plans

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

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

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

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

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

**26. Restricted bank balances**

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

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

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

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

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

US\$'000	2009	2008
<b>Group</b>		
AA	378	74,356
A	992	2
BBB	837	46,509
	2,207	120,867

US\$'000	2009	2008
<b>Company</b>		
Restricted bank balances	193	199

## 27. Other non-current assets

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

### (a) Available-for-sale financial assets

US\$'000	2009	2008
<b>Group</b>		
Balance at beginning of year	59,646	25,420
Currency translation adjustments	52	(183)
Additions	60	123
Disposals	(3,971)	(36)
Change in fair value transferred to equity	(7,581)	34,322
Balance at end of year	<b>48,206</b>	<b>59,646</b>

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

**27. Other non-current assets (Continued)****(a) Available-for-sale financial assets (Continued)**

Available-for-sale financial assets include the following:

US\$'000	2009	2008
Listed equity securities		
Hong Kong	3,440	5,428
Overseas	8	7
Market value of listed equity securities	3,448	5,435
Unlisted equity securities	42,935	52,595
Unlisted debt securities	—	1
Others	1,823	1,615
	<b>48,206</b>	<b>59,646</b>

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

US\$'000	2009	2008
Renminbi	42,900	52,508
Hong Kong dollar	4,397	6,287
Other currencies	909	851
	<b>48,206</b>	<b>59,646</b>

The maximum exposure to credit risk at the reporting date is the carrying value of debt securities classified as available-for-sale.

None of these financial assets is either past due or impaired.

## 27. Other non-current assets (Continued)

### (b) Held-to-maturity investments

US\$'000	2009	2008
<b>Group</b>		
Listed debt securities		
Hong Kong	26,734	14,177
Overseas	51,504	22,455
	<b>78,238</b>	<b>36,632</b>
Unlisted debt securities		
Hong Kong	800	—
	<b>79,038</b>	<b>36,632</b>
Market value	<b>81,605</b>	<b>32,330</b>

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

US\$'000	2009	2008
Balance at beginning of year	36,632	—
Transfer from portfolio investments	—	26,522
Additions	50,065	10,015
Disposals	(7,875)	—
Amortisation	216	95
Balance at end of year	<b>79,038</b>	<b>36,632</b>

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

**27. Other non-current assets (Continued)****(b) Held-to-maturity investments (Continued)**

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

US\$'000	2009	2008
AAA	10,968	—
AA	3,478	—
A	42,581	28,890
BBB	12,031	7,742
Non-ranking	9,980	—
	<b>79,038</b>	<b>36,632</b>

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

**(c) Loan to an investee company**

The loan represents equity funding to the investee company and is interest free, unsecured and has no specific terms of repayment.

## 28. Properties under development and for sale

US\$'000	2009	2008
<b>Group</b>		
Properties under development and for sale	—	826,889
Representing :		
Leasehold land and land use rights	476,677	488,668
Development costs	379,209	338,221
	855,886	826,889
Classified as assets held for sale (note 16)	(855,886)	—
	—	826,889

Interest costs of US\$2.5 million during the year ended 31st December 2008 were capitalised as part of properties under development and for sale.

As at 31st December 2008, the properties under development were held under medium-term lease outside Hong Kong, US\$177.8 million were held under long-term lease outside Hong Kong.

As at 31st December 2008, a bank borrowing was secured on properties under development with the carrying amount of US\$114.3 million.

## 29. Inventories

US\$'000	2009	2008
<b>Group</b>		
Bunker	73,933	83,997
Consumable stores	9,628	5,908
	83,561	89,905

The cost of inventories recognised as expense and included in operating costs amounts to US\$674.4 million (2008: US\$1,211.8 million).

**30. Debtors and prepayments**

US\$'000	2009	2008
<b>Group</b>		
Trade receivables		
- Fully performing	<b>158,832</b>	187,757
- Past due but not impaired	<b>77,171</b>	97,374
- Impaired and provided for	<b>5,664</b>	4,072
	<b>241,667</b>	289,203
Less : provision for impairment	<b>(5,664)</b>	(4,072)
Trade receivables - net	<b>236,003</b>	285,131
Other debtors	<b>39,364</b>	50,594
Other prepayments	<b>80,321</b>	72,349
Utility and other deposits	<b>7,518</b>	9,208
Tax recoverable	<b>17,028</b>	22,955
	<b>380,234</b>	440,237

### 30. Debtors and prepayments (Continued)

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

US\$'000	2009	2008
<b>Group</b>		
Counterparties with external credit rating		
A	11,997	10,477
BB	3,095	3,016
BBB	8,630	4,508
	23,722	18,001
Counterparties without external credit rating		
Group 1	17,828	26,465
Group 2	191,246	236,943
Group 3	3,207	3,722
	212,281	267,130
	236,003	285,131

Note:

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

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

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

Trade receivables are normally due for payment on presentation of invoices or granted with an approved credit period ranging mainly from 10 to 45 days. Trade receivables with overdue balances are requested to settle all outstanding balances before any further credit is granted.

**30. Debtors and prepayments (Continued)**

The majority of past due but not impaired trade receivables are less than three months. The ageing analysis of the Group's trade receivables, net of provision for impairment, prepared in accordance with the due date of invoices, is as follows:

US\$'000	2009	2008
Below one month	223,184	255,626
Two to three months	12,397	24,693
Four to six months	422	4,812
	<b>236,003</b>	<b>285,131</b>

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

The carrying amounts of the Group's trade receivables are mainly denominated in US dollar.

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

US\$'000	2009	2008
<b>Group</b>		
Balance at beginning of year	4,072	5,474
Provision	2,602	1,629
Write off	(762)	(375)
Unused amounts reversed	(248)	(2,656)
Balance at end of year	<b>5,664</b>	<b>4,072</b>

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

### 31. Portfolio investments

US\$'000	2009	2008
<b>Group</b>		
Listed equity securities		
Hong Kong	15,068	16,219
Overseas	559	2,302
Market value of listed equity securities	15,627	18,521
Unit trust	4,110	4,295
Listed debt securities		
Hong Kong	3,135	2,958
Overseas	21,646	27,966
Money market instruments	—	303
Others	74	—
	44,592	54,043

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

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

US\$'000	2009	2008
<b>Group</b>		
AAA	430	431
AA	2,566	2,702
A	19,493	27,343
BBB	2,292	219
Non-ranking	—	532
	24,781	31,227

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

**32. Derivative financial instruments**

US\$'000	2009	2008
<b>Group</b>		
Assets/(liabilities)		
Foreign exchange forward contracts	(6,110)	(12,464)
Currency option contracts	—	(1,473)
Interest rate swap contracts	2,965	6,126

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

US\$'000	2009	2008
AA	2,965	1,980
A	—	4,146
	2,965	6,126

**(a) Foreign exchange forward contracts**

The notional principal amounts of the outstanding foreign exchange forward contracts at 31st December 2009 were US\$43.4 million (2008: US\$63.8 million).

**(b) Currency option contracts**

The notional amounts of the outstanding currency option contracts at 31st December 2008 were US\$17.5 million.

### 32. Derivative financial instruments(Continued)

#### (c) Interest rate swap contracts

The notional amounts of the outstanding interest rate swap contracts at 31st December 2009 were US\$228.9 million (2008: US\$139.7 million).

US\$'000	2009	2008
<b>Company</b>		
Foreign exchange forward contracts	—	(1,102)

### 33. Cash and bank balances

US\$'000	2009	2008
<b>Group</b>		
Non-current		
Bank deposit	—	55,200
Current		
Short-term bank deposits		
- Maturing within three months from the date of placement	684,279	849,813
Cash at bank and in hand	404,120	928,902
	1,088,399	1,778,715
Short-term bank deposits		
- Maturing more than three months from the date of placement	136,703	26,195
	1,225,102	1,804,910
Total cash and bank balances	1,225,102	1,860,110

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

**33. Cash and bank balances (Continued)**

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

US\$'000	2009	2008
<b>Group</b>		
AAA	5,029	8,845
AA	688,284	1,419,655
A	439,910	340,550
BBB	76,818	45,181
BB	1,433	37,406
Others	13,628	8,473
	<b>1,225,102</b>	<b>1,860,110</b>

US\$'000	2009	2008
<b>Company</b>		
Short-term bank deposits		
- Maturing within three months from the date of placement	2,000	—
Cash at bank and in hand	37,579	1,449
	<b>39,579</b>	<b>1,449</b>

### 34. Share capital

US\$'000	2009	2008
Authorised:		
900,000,000 ordinary shares of US\$0.10 each	90,000	90,000
65,000,000 convertible redeemable preferred shares of US\$1 each	65,000	65,000
50,000,000 redeemable preferred shares of US\$1 each	50,000	50,000
	<b>205,000</b>	<b>205,000</b>

	Number of shares (thousands)	Ordinary shares US\$'000
Issued and fully paid:		
At 31st December 2008 and 2009	625,793	62,579

## 35. Reserves

US\$'000	Share premium	Contributed surplus	Capital			Assets revaluation reserve		Retained profit	Total
			redemption reserve	Available-for-sale		Foreign exchange translation reserve			
				Vessels	financial assets				
<b>Group</b>									
Balance at 31st December 2007	172,457	88,547	4,696	9,948	19,063	10,238	3,808,840	4,113,789	
Total comprehensive income for the year	—	—	—	—	34,322	29,211	272,337	335,870	
2007 final dividend	—	—	—	—	—	—	(84,433)	(84,433)	
2008 interim dividend	—	—	—	—	—	—	(40,734)	(40,734)	
Balance at 31st December 2008	172,457	88,547	4,696	9,948	53,385	39,449	3,956,010	4,324,492	
Total comprehensive income/(loss) for the year	—	—	—	(8,033)	(8,987)	5,114	(402,294)	(414,200)	
2008 final dividend	—	—	—	—	—	—	(28,187)	(28,187)	
Balance at 31st December 2009	172,457	88,547	4,696	1,915	44,398	44,563	3,525,529	3,882,105	

US\$'000	Share premium	Contributed surplus	Capital		Retained profit	Total
			redemption reserve	Retained profit		
<b>Company</b>						
Balance at 31st December 2007	172,457	88,547	4,696	587,620	853,320	
Total comprehensive income for the year	—	—	—	517,205	517,205	
2007 final dividend	—	—	—	(84,433)	(84,433)	
2008 interim dividend	—	—	—	(40,734)	(40,734)	
Balance at 31st December 2008	172,457	88,547	4,696	979,658	1,245,358	
Total comprehensive loss for the year	—	—	—	(538)	(538)	
2008 final dividend	—	—	—	(28,187)	(28,187)	
Balance at 31st December 2009	172,457	88,547	4,696	950,933	1,216,633	

### 35. Reserves (Continued)

The loss attributable to shareholders for the year is dealt with in the accounts of the Company to the extent of US\$0.5 million (2008: profit of US\$517.2 million).

Under the Companies Act of Bermuda and the Bye-laws of the Company, the contributed surplus is also distributable. Accordingly, total distributable reserves of the Company amount to US\$1,039.5 million as at 31st December 2009 (2008: US\$1,068.2 million before the proposed final dividends of US\$28.2 million) (note 15).

### 36. Borrowings

US\$'000	2009	2008
<b>Group</b>		
<b>Non-current</b>		
Bank loans		
- Secured	491,225	455,585
- Unsecured	21,190	63,000
Loans from minority interests		
- Secured	139,100	154,394
- Unsecured	18,232	—
Redeemable preference shares and premium (note)	—	35,057
Finance lease obligations	1,466,220	1,510,215
	<b>2,135,967</b>	<b>2,218,251</b>
<b>Current</b>		
Bank overdrafts, unsecured	145	262
Bank loans		
- Secured	146,623	65,949
- Unsecured	121,042	4,389
Other loans, secured	—	6
Loans from minority interests		
- Secured	106,500	4,963
- Unsecured	9,562	—
Redeemable preference shares and premium (note)	—	10,632
Finance lease obligations	48,183	67,694
	<b>432,055</b>	<b>153,895</b>
<b>Total borrowings</b>	<b>2,568,022</b>	<b>2,372,146</b>

**36. Borrowings (Continued)**

The maturity of borrowings is as follows:

US\$'000	Loans			Loans	Redeemable	Finance leases	
	Bank loans	Bank overdrafts	Other loans	from minority interests	preference shares and premium	Present value	Minimum payments
As at 31st December 2009							
2010	267,665	145	—	116,062	—	48,183	61,165
2011	126,305	—	—	3,962	—	91,770	105,087
2012	126,267	—	—	3,962	—	246,859	259,869
2013	60,997	—	—	3,962	—	135,458	147,486
2014	39,421	—	—	3,964	—	39,569	51,721
2015 onwards	159,425	—	—	141,482	—	952,564	1,072,911
	780,080	145	—	273,394	—	1,514,403	1,698,239
Wholly repayable							
within five years	557,062	145	—	5,608	—	364,363	
Not wholly repayable							
within five years	223,018	—	—	267,786	—	1,150,040	
	780,080	145	—	273,394	—	1,514,403	
As at 31st December 2008							
2009	70,338	262	6	4,963	10,632	67,694	91,045
2010	220,438	—	—	4,963	11,142	47,707	72,863
2011	168,733	—	—	4,963	11,677	91,342	115,485
2012	45,150	—	—	4,963	12,223	246,408	267,835
2013	40,953	—	—	4,963	15	134,985	152,600
2014 onwards	43,311	—	—	134,542	—	989,773	1,149,586
	588,923	262	6	159,357	45,689	1,577,909	1,849,414
Wholly repayable							
within five years	490,597	262	6	—	45,689	375,324	
Not wholly repayable							
within five years	98,326	—	—	159,357	—	1,202,585	
	588,923	262	6	159,357	45,689	1,577,909	

### 36. Borrowings (Continued)

Borrowings are secured by property, plant and equipment of the Group (note 17).

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

	2009				2008			
	US\$	£	Rmb	Others	US\$	£	Rmb	Others
Bank loans	1.4%	—	4.8%	—	1.7%	—	5.6%	—
Other loans	—	—	—	—	2.4%	—	—	—
Loans from minority interests	0.4%	—	—	—	0.5%	—	—	—
Redeemable preference shares and premium	—	—	—	—	7.1%	—	—	—
Finance lease obligations	0.5%	1.0%	—	3.7%	0.7%	2.5%	—	5.6%

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

US\$'000	Carrying amounts		Fair values	
	2009	2008	2009	2008
Bank loans	512,415	518,585	517,636	506,772
Loans from minority interests	157,332	154,394	157,332	154,394
Redeemable preference shares and premium	—	35,057	—	39,173
Finance lease obligations	1,466,220	1,510,215	1,466,220	1,510,152
	<b>2,135,967</b>	2,218,251	<b>2,141,188</b>	2,210,491

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 2.3% (2008: 1.2%).

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

**36. Borrowings (Continued)**

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

US\$'000	2009	2008
US dollar	2,523,717	2,251,492
Pound sterling	40,780	40,135
Renminbi	3,515	80,473
Other currencies	10	46
	<b>2,568,022</b>	<b>2,372,146</b>

The fixed interest rate borrowings of the Group as at 31st December 2009 amounted to US\$68.1 million (2008: US\$128.7 million). The remaining borrowings of US\$2,499.9 million (2008: US\$2,243.4 million) were subject to floating interest rates.

Note:

In June 2002, the Group entered into, inter alia, a Shareholders Agreement, as subsequently amended, with, inter alios, two unrelated third parties (together the "Preference Shareholders") in relation to a subsidiary. Under the Shareholders Agreement, the Preference Shareholders acquired from the Group 90 cumulative preference shares (the "Preference Shares") of €150 each in this subsidiary and contributed an aggregate of US\$100.0 million less the nominal value of the Preference Shares as share premium (the "Premium"). The Preference Shareholders are entitled to receive annual dividends of 7.08% per annum on the aggregate amount of the nominal value of the Preference Shares and Premium outstanding from time to time. To the extent permitted by local law, the Preference Shareholders may propose a repayment of the Premium annually, provided that such repayment does not exceed a maximum percentage specified in the Shareholders Agreement. During the year, the redeemable preference shares and premium were fully prepaid, with the corresponding restricted deposits being released (note 26).

### 37. Creditors and accruals

US\$'000	2009	2008
<b>Group</b>		
Trade payables	171,111	159,436
Other creditors	61,328	43,728
Accrued expenses	306,988	586,744
Deferred revenue	61,656	46,627
	<b>601,083</b>	<b>836,535</b>

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

US\$'000	2009	2008
Below one month	117,856	103,227
Two to three months	49,532	47,894
Four to six months	3,463	7,873
Over six months	260	442
	<b>171,111</b>	<b>159,436</b>

**37. Creditors and accruals(Continued)**

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

US\$'000	2009	2008
US dollar	59,786	52,303
Canadian dollar	12,850	12,278
Euro	13,441	12,605
Japanese Yen	24,666	25,374
Hong Kong dollar	15,618	20,979
Renminbi	17,713	21,284
Other currencies	27,037	14,613
	<b>171,111</b>	<b>159,436</b>

**38. Commitments****Group****(a) Capital commitments - Property, plant and equipment**

US\$'000	2009	2008
Contracted but not provided for		
– Continuing operations	711,803	1,004,763
– Discontinued operation	6,289	—
	<b>718,092</b>	<b>1,004,763</b>
Authorised but not contracted for		
– Continuing operations	16,587	69,458
	<b>734,679</b>	<b>1,074,221</b>

### 38. Commitments (Continued)

#### Group (Continued)

##### (b) Operating lease commitments

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

US\$'000	Vessels and equipment	Land and buildings	Total
As at 31st December 2009			
2010	187,810	31,124	218,934
2011	133,427	21,943	155,370
2012	83,747	12,890	96,637
2013	81,220	6,171	87,391
2014	77,872	3,902	81,774
2015 onwards	500,097	1,375	501,472
	<b>1,064,173</b>	<b>77,405</b>	<b>1,141,578</b>
As at 31st December 2008			
2009	320,040	29,833	349,873
2010	177,960	23,019	200,979
2011	122,425	14,526	136,951
2012	79,297	4,984	84,281
2013	76,891	2,804	79,695
2014 onwards	534,245	2,731	536,976
	<b>1,310,858</b>	<b>77,897</b>	<b>1,388,755</b>

**38. Commitments (Continued)****Group (Continued)****(c) Operating lease rental receivable**

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

US\$'000	2009	2008
2009	—	20,372
2010	20,809	18,814
2011	20,557	16,719
2012	20,371	16,286
2013	19,532	15,228
2014	18,605	14,854
2015 onwards	52,505	27,197
	<b>152,379</b>	<b>129,470</b>

**39. Financial guarantees****Group**

The Group has not given any corporate guarantee as at 31st December 2009 (2008: nil).

**Company**

- (a) The Company has given corporate guarantees of approximately US\$2,887.1 million (2008: US\$2,830.0 million) for its subsidiaries. As at 31st December 2009, the amounts utilised by the subsidiaries were US\$2,525.8 million (2008: US\$2,150.1 million).

At 31st December 2009, corporate guarantee given by the Company in relation to the Disposal Group amounted to US\$86.9 million. At 31st December 2009, the amount utilised by the Disposal Group was US\$86.9 million.

- (b) The Company has given corporate guarantees for its subsidiaries in respect of future payment of operating lease rentals amounting to US\$278.1 million (2008: US\$401.0 million).
- (c) The Company has given corporate guarantees of approximately US\$338.0 million (2008: US\$434.5 million) to its subsidiaries in respect of the instalments of shipbuilding contracts.

The Directors consider that the subsidiaries are financially resourceful in settling the obligations.

#### 40. Notes to consolidated cash flow statement

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

US\$'000	2009	2008
Operating (loss)/profit from continuing operations	(332,237)	397,764
Operating loss from discontinued operation	(22,230)	(9,497)
Interest income from banks	(9,110)	(48,060)
Interest income from portfolio and held-to-maturity investments	(4,795)	(3,561)
Dividend income from portfolio investments	(581)	(1,077)
Depreciation	207,275	181,898
Fair value loss from an investment property	25,000	25,000
Loss/(profit) on disposal of property, plant and equipment	7,649	(2,267)
Income from available-for-sale financial assets	(85)	(17)
Profit on disposal of available-for-sale financial assets	(1,407)	—
Loss on disposal of held-to-maturity investments	1,506	—
Amortisation of intangible assets	6,395	6,705
Amortisation of leasehold land and land use rights	583	758
Net (gain)/loss on derivative financial instruments	(1,982)	11,434
Change in net pension assets/liabilities	(6,146)	2,548
Operating (loss)/profit before working capital changes	(130,165)	561,628
Increase in properties under development and for sale	(27,735)	(73,486)
Decrease in inventories	6,126	11,048
Decrease in debtors and prepayments	44,969	55,097
Decrease in creditors and accruals	(181,560)	(94,422)
Settlement of derivative financial instruments	(2,684)	3,476
Cash (used in)/generated from operations	(291,049)	463,341

**40. Notes to consolidated cash flow statement(Continued)**

**(b) Major non-cash transactions**

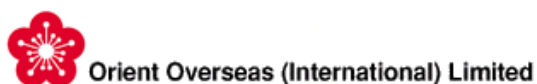
During the year, the major non-cash transactions included the inception of finance leases of US\$2.7 million (2008: US\$232.9 million).

**(c) Analysis of cash and cash equivalents**

US\$'000	2009	2008
Bank balances and deposits maturing within three months from the date of placement	<b>1,088,399</b>	1,778,715
Bank overdrafts	<b>(145)</b>	(262)
	<b>1,088,254</b>	1,778,453

**41. Approval of accounts**

The accounts were approved by the Board of Directors on 18th March 2010.



Orient Overseas (International) Limited

Print Date: 14 May 2010

## Investors Calendar

### Year 2010

January	February	March
20 Announcement of OOCL's Quarterly Operational Update		19 Announcement of results for the year ended 31 December 2009
April	May	June
15 Announcement of OOCL's Quarterly Operational Update		
July	August	September
	Announcement of 2010 interim results	
October	November	December
Announcement of OOCL's Quarterly Operational Update		

Note:

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**Orient Overseas (International) Limited**

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