Corporate Profile

Orient Overseas (International) Limited ("OOIL") is a US$2.4 billion company with two principal business activities: international transport, logistics and terminals, and property development and investment. Listed on The Stock Exchange of Hong Kong, OOIL Group has more than 160 offices in 50 countries.

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

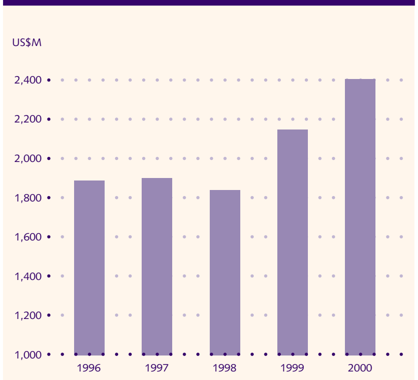
OOIL Group's property development and investment division focuses on sizable and quality investments, primarily in China, with the potential for solid and consistent returns. It has an eight percent interest in Beijing Oriental Plaza, one of Beijing's most prestigious commercial and office developments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

Contents

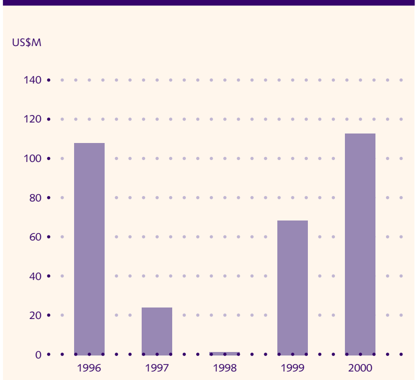
Financial Highlights

	2000 US$'000	1999 US$'000	% change
Turnover	**2,395,160**	2,139,071	**+12**
Net financing charges	**48,246**	41,421	**+16**
Profit after taxation	**112,477**	67,623	**+66**
Earnings per ordinary share (US cents)	**21.6**	13.0	**+66**
Ordinary shareholders' funds	**781,233**	692,939	**+13**
Cash, portfolio & bond investments	**458,025**	455,954	**–**
Fixed assets	**1,286,197**	1,006,412	**+28**
Debt to equity ratio	**1.2**	1.1	**+9**
Net debt to equity ratio	**0.6**	0.4	**+50**
Net asset value per ordinary share (US$)	**1.51**	1.34	**+13**

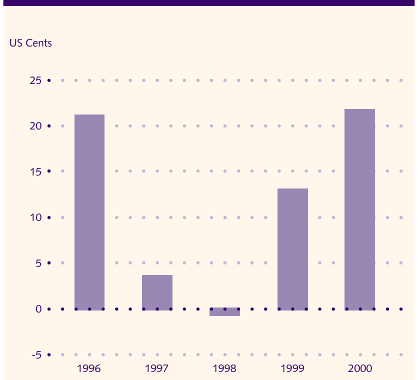
Turnover



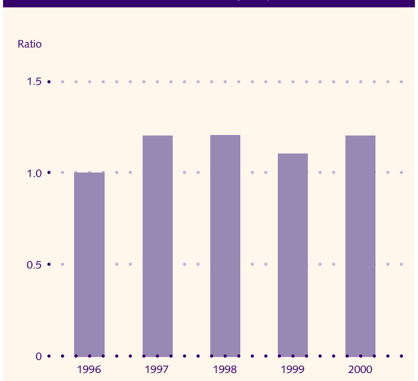
Profit After Taxation



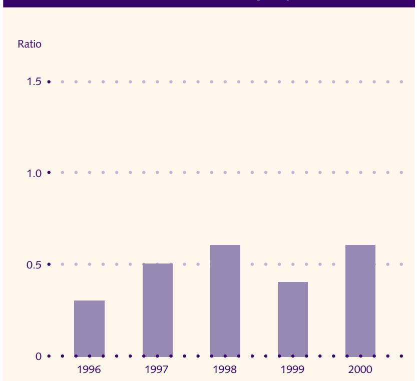
Earnings/(Loss) Per Ordinary Share



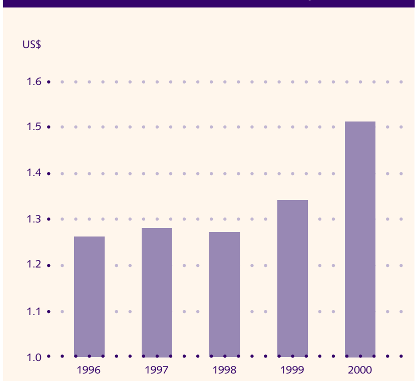
Debt to Equity



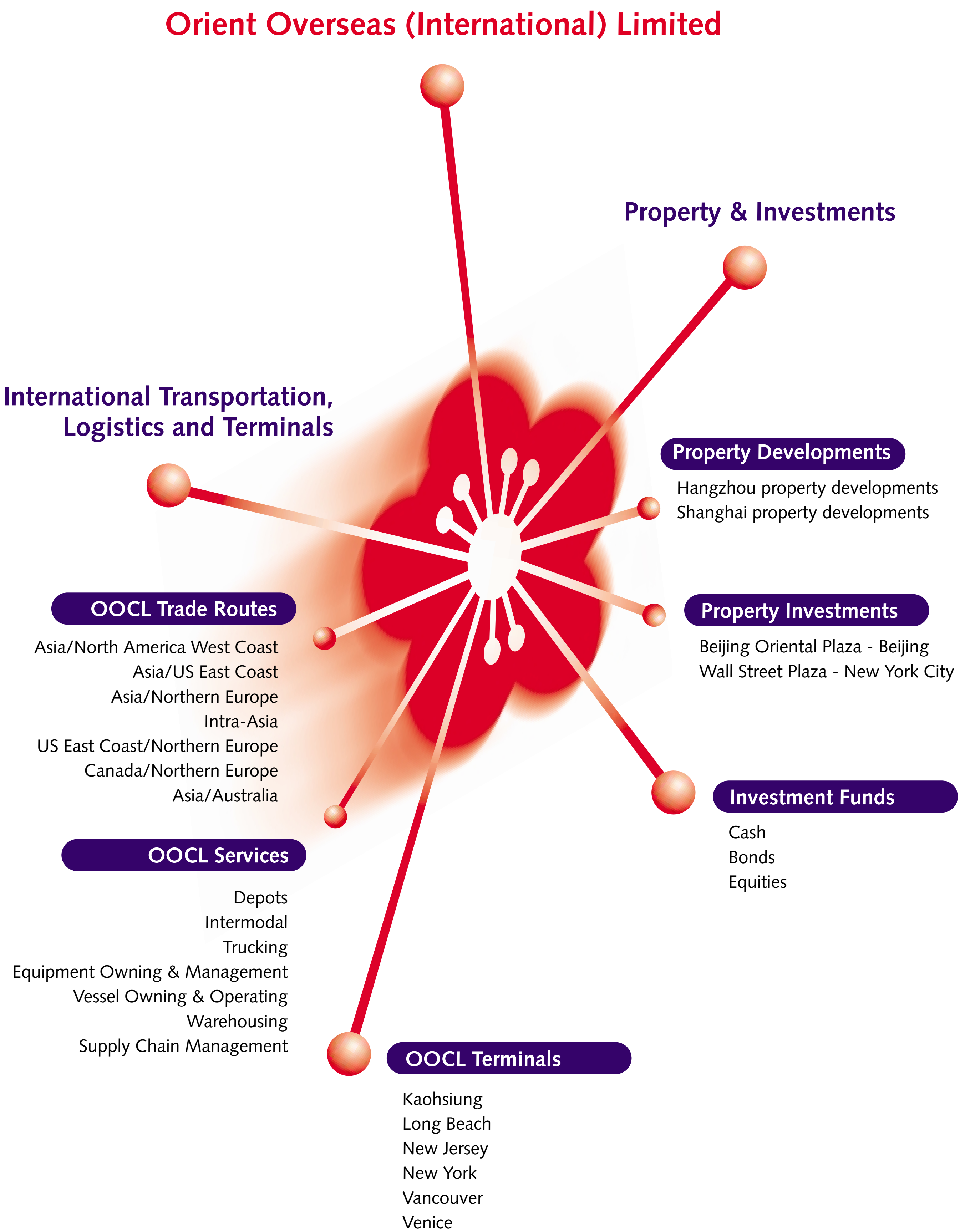
Net Debt to Equity



Net Asset Value Per Ordinary Share



Organisation Chart



Significant Events

January

OOCL offers a direct service to Poland. The Scan-Baltic Express (SBX) Service is extended to cover Gdansk in Poland. The first vessel calling was the *OOCL Neva*. The new service offers two calls per week at Gdansk and the new port rotation is Hamburg, Rotterdam, Thamesport, Bremerhaven, Hamburg, Gdansk, St Petersburg, Kotka, Mantyluoto, Gdansk and Hamburg.

February

OOCL extends its Kawasaki/Taiwan Service (KTX) to cover Indonesia and Singapore, providing an unparalleled link between Japan and South East Asian countries. The new service is renamed Japan South East Asia Service (JSS) and commenced on 22nd February 2000 with a northbound sailing from Singapore. The first southbound sailing was on 23rd February 2000 from Tokyo.

March

Starting from 2nd April 2000, importers and exporters in Xiamen, China benefit from the addition of a direct call at the port of Xiamen to the China Korea Express Service (CKX) which provides fast and direct cargo delivery to and from North America with improved cost efficiency. The CKX Service is offered by Orient Overseas Container Line (OOCL) under the Grand Alliance service arrangement.

April

On 29th April 2000, OOCL celebrated the christening of *OOCL Los Angeles* and *OOCL Malaysia*, two post-Panamax container vessels ordered by the company under a long-term charter agreement with the German-based company, Nordcapital. A double christening ceremony was held at the Koje Shipyard of Samsung Heavy Industries in Pusan, Korea.

The Member Lines of the Grand Alliance and Americana Ships announced, subject to regulatory approval, an agreement for the Grand Alliance to enter the Transatlantic Trade with effect from 4th July 2000.

June

OOCL was named "Best Shipping Line of the Year" by the Indonesia Forwarding Association.

During April and May, OOCL in North America generated more than a third of its business through e-commerce transactions via its internet website. On a global basis, OOCL achieved nearly 10% of all revenues on business conducted through its web-site.

July

OOCL enhances its service in India by adding a call at port Nhava Sheva on its China Middle East Service (CMS), starting from 18th July 2000. This supplements the Bombay Malaysia Express running between Mumbai and Singapore/Port Kelang. The CMS opens up further import opportunities from the Middle East as well as providing a fast and direct link for goods exported from India to Hong Kong and China.

August

Starting 18th August 2000, Xiamen is added to the service route of China-Europe Express. This service supports the growth of the import and export industries in Xiamen and Fujian.

OOCL proudly announced the launch of Cargo*Smart*™, a powerful web-enabled solution platform designed to bring trade partners closer together. The development of Cargo*Smart*™ further strengthens OOCL's dominant position as a customer-driven, IT leader in world shipping.

On 28th August 2000, OOCL celebrated the double christening of the *OOCL San Francisco* and *OOCL Chicago* in Kaohsiung, Taiwan. The two identical vessels, both with a tonnage of 66,670 and 5,700 TEU, are the largest vessels ever built by China Shipping Corporation.

September

OOCL chartered in two 5,700 TEU German-owned vessels to be deployed on the sixth Asia-Europe loop under the Grand Alliance. Another partner of the Grand Alliance, P&O Nedlloyd, also deployed a chartered-in German vessel, "Megellan", and a self owned vessel, "P&O Nedlloyd Barentsz", in the same service.

October

OOIL announced that Mr Nicholas D Sims would succeed Mr Harry R Wilkinson as Chief Financial Officer on his retirement in October. Mr Sims left HSBC where he had served as Managing Director, Wayfoong Shipping Services, responsible for the HSBC Group's ship finance activities in the Asia Pacific region.

November

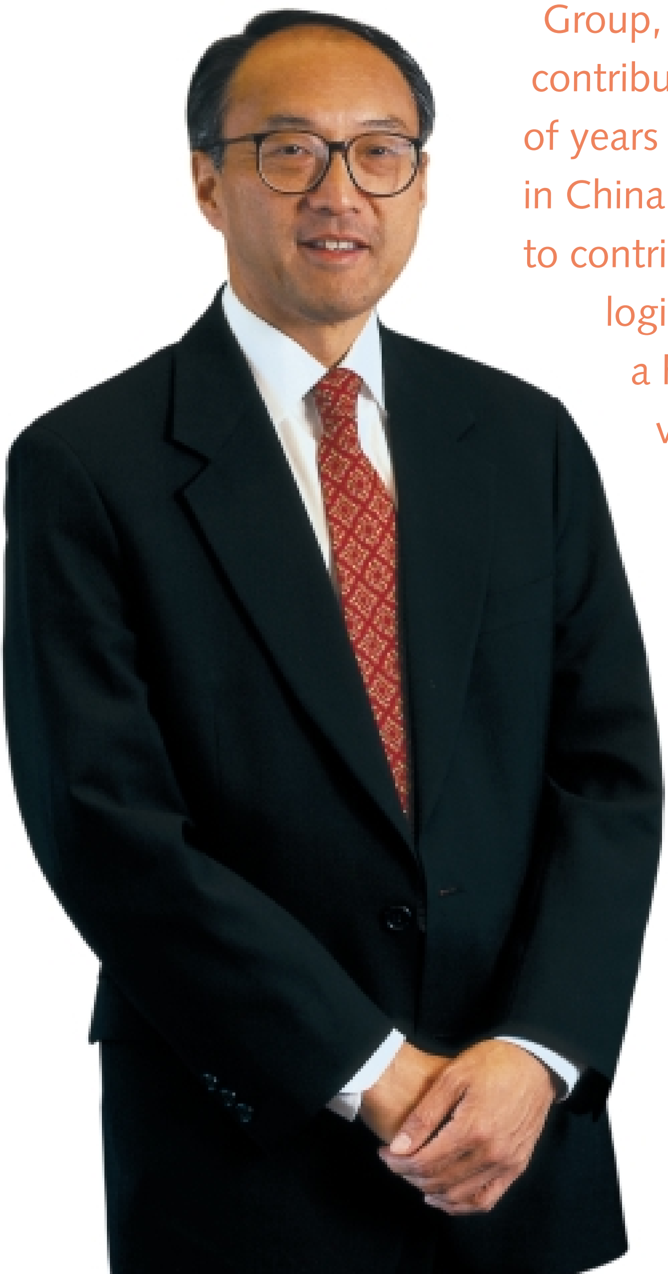
OOCL announced that it would further enhance its Setouchi/Kyushu-Taiwan/Hong Kong Express (STX) service. OOCL began making direct calls at Setouchi/Kyushu in 1995, the first international liner service to do so. The ports in the Setouchi/Kyushu area are part of OOCL's Japan niche port network which covers 24 ports in Japan and is the most extensive network in the country.

A major third party carrier entered into a licensing agreement with OOCL on 11th November 2000 for the use of IRIS-2 (Integrated Regional Information System), a fully integrated customer shipment management system, which includes booking, tracking, documentation and other related function.

On 22nd November, OOIL entered into a contract with Samsung Heavy Industries Co Ltd, for the construction of two 7,400 TEU post-Panamax container vessels at a total consideration of US$160 million.

Chairman's Letter

Results for 2000



I am pleased to report that, building upon the successes of 1999, Orient Overseas (International) Limited ("OOIL") and its subsidiaries (the "Group") enjoyed a highly successful year in 2000. International transportation, logistics and terminal operations, the principal business of the Group, performed well and continued to contribute the majority of profits. After a number of years of active development, our investments in China-related property projects have begun to contribute to earnings. OOIL's transportation, logistics and terminal operations, backed by a highly efficient fleet of modern container vessels operating within a major alliance, are well positioned for future growth. Combined with property investments in the rapidly growing China market, prudent financial management, a responsive market strategy and an integrated IT infrastructure unique within the industry, we are confident of another positive performance in 2001.

For the year 2000 the Group achieved a profit after tax and minority interests of US$111.9 million, a substantial 67% increase over 1999's US$67.2 million. This is far in excess of the rise in turnover and reflects a strong contribution from each of the Group's businesses. Group turnover increased by 12% to US$2.4 billion on the back of continued buoyant demand for transportation from Asia to the United States and Europe, as well as higher export volumes from Europe to North America. Operating profit before financing increased from US$122.7 million in 1999 to US$166.4 million. Earnings per ordinary share were US21.6 cents as compared with US13 cents in 1999.

The Board of Directors recommends the payment of a final dividend of US3 cents (HK23.4 cents) per share to ordinary shareholders. Together with the interim dividend of US1 cent (HK7.8 cents) paid on 29th September 2000, this represents a total dividend per ordinary share for the year of US4 cents (HK31.2 cents), an increase of 33% over that for 1999.

Our businesses are organised into two distinct groupings. This gives each one the required structural independence and business focus to benefit further from their competitive advantages. Our International Transportation, Logistics and Terminal division continued to enjoy a significant improvement in performance during 2000 despite a considerable increase in bunker prices and a softening US economy in the latter part of the year. The strength of US imports for most of the year was one of the main factors in rising container traffic volumes on our key trade routes and for rising freight rates. These factors also ensured strong growth in revenues and profits at our five container terminals in North America.

The positive aspects of our operations outweigh the concerns of a more general nature. The Eastbound legs of the Trans-Pacific trades, having enjoyed double-digit growth over the past three years, are forecast to soften in 2001. This is expected to be at least partially offset by growth in European exports and continuing recovery of the Asian economies, benefiting the Intra-Asia and Asia/Europe trades. Whether the notable rise in Transatlantic trade during 2000 will continue in 2001 will depend, among other things, on the Euro exchange rate and US consumer demand. While we cannot predict the extent to which the US economy will decelerate, the consensus view is of slower growth in US imports during the first half of 2001, followed by a recovery in the second half. This pattern is mirrored by the projections for container traffic but we continue to expect a near equilibrium in supply and demand during the important peak shipping season, and hence stability in freight rates, despite the forecast that total newbuilding deliveries will outweigh the rate of demand growth during 2001.

Our terminals in North America are expected to produce a stable income in 2001. We expect consolidation at our operations in Vancouver which have demonstrated rapid growth since the new terminal in Deltaport opened in 1997. However, demand for container terminal capacity in the ports of New York and New Jersey is high and additional capacity is quickly absorbed, a situation that should continue to benefit our Global and Howland Hook terminals.

Positive developments for the Group include the likelihood of greater stability in bunker costs at lower average levels than in 2000. The Group will take delivery of two new 5,700 TEU container ships during 2001. These, together with the four delivered during 2000, will increase operational efficiency and lower unit costs, more than compensating for the resultant increase in fixed costs and interest charges. In addition, declining interest rates should support our performance as financing costs begin to fall.

The year also benefited from the decision taken some years ago to completely redesign the Group's IT infrastructure, which is now beginning to produce dividends. The adoption of object-oriented technology as the basis for our back office system, IRIS-2, has proven far-sighted. This application was considered revolutionary at the time to the extent that OOIL was a finalist for the highly prestigious Innovation Award at the Computerworld Smithsonian Awards. The technology has allowed us to build enterprise-wide and integrated systems significantly more easily and speedily. The time now necessary to complete original application developments, enhancements and maintenance cycles has been reduced to a fraction of what was previously achievable. We are justifiably proud of these achievements which we are now introducing to the market considerably in advance of our competitors. The initial response from potential users, both shippers and other carriers, to both IRIS-2 and CargoSmart, the Group's open and one-stop internet portal, has been encouraging. It is this IT capability which allows us to co-ordinate and integrate the various logistical activities of the Group thereby providing the competitive edge upon which we can profitably build our business. This is nowhere more true than in China where we are already firmly established nationwide. China's consistently high levels of economic growth and shortly expected membership of World Trade Organisation ("WTO") give us every reason for optimism. We are excited by the prospects for these IT and logistics businesses, IRIS-2/CargoSmart and Cargo System. After many years of development they are now adding a significant competitive edge to our Group. We expect these businesses to begin accruing income during 2001 and envisage significant potential for each to evolve further as an individually profitable entity over the coming years. They will complement the successes of our other operations and serve to cement customer relationships yet further. As a result, we are enthusiastic in relation to the future of our transport, logistics and terminals business for 2001 and beyond.

During the year, our Property Development and Investment division also enjoyed continued success. Our domestic housing developments in China have now begun to produce returns. The Joffre Gardens development in Shanghai was completed during the year and, as at the year end, more than 85% of the units had been sold within our targeted price range. Orient Garden in Hangzhou was fully completed and the units sold on schedule and on target. Pre-sales activities for our new The Courtyards and Century Metropolis developments in Shanghai have been encouraging. These investments in property developments in mainland China will show increasing returns as the different phases of the various joint venture projects come to completion during 2001 and 2002. We are also alert to the benefits and improvements in market sentiment arising from China's imminent entry to the WTO. We continually seek further opportunities and are in active negotiations in relation to a number of other development sites seeking to build further upon our established reputation for high quality housing.

Growth within the China markets will also benefit Beijing Oriental Plaza in which the Group continues to hold an 8% interest. Phase I of the project was completed during 2000 and the occupancy rate proved to be within expectations. Our Wall Street Plaza investment, in New York's financial district, was fully occupied, although rental income was subdued by rent-free periods. During 2001 this investment is expected to produce another solid performance. We expect Beijing Oriental Plaza to increase its contribution.

Mr Harry R Wilkinson retired from the Board with effect from 31st October 2000 after four years service. His successor, Mr Nicholas D Sims, joined the Board on 23rd October 2000. Mr Wilkinson has returned to the United States with our thanks and best wishes for the future.

Our performance and aspirations continue to depend upon the skills, dedication, discipline and teamwork of all OOIL's 4,414 employees throughout the world. The Board of Directors and senior management are proud of the efforts they have made during this successful year.

On balance, we expect a good year in 2001 as we continue to build upon our competitive advantages. The emphasis will be placed especially upon the achievement of substantial growth in our international logistics business from the solid foundation already established. Through this initiative and the exploitation of other opportunities, we will continue our efforts to enhance shareholder value.

C C Tung
Chairman and Chief Executive Officer

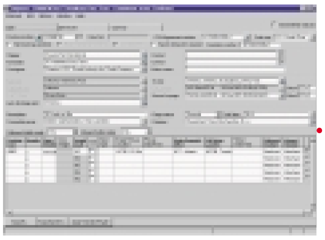
Hong Kong, 16th March 2001

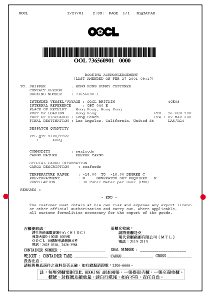
Supply Chain

As a total logistics service provider, drawing on the strengths of our powerful information system, we offer customers integrated and tailor-made logistics solutions at every stage in the supply chain.

CargoSmart
FOCUS YOUR POWER
OOCL
LONG VEHICLE

Operations Review





International Transportation, Logistics and Terminals

Trading under the "OOCL" and "Cargo System" brand names, our international transportation, logistics and terminals businesses benefited from a generally favourable trading environment during 2000. With the demand for its products remaining strong, Asia continued its dominance as the driving force in international containerised trade during 2000.

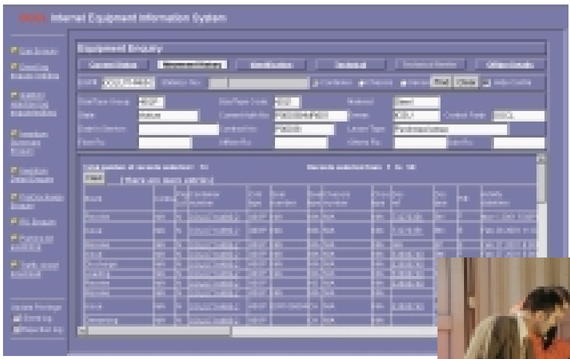
Containerised Transportation

The strong ex-Asia legs of both the Trans-Pacific and Asia/Europe trade routes produced continued growth in both liftings and revenues compared with the year before. The weak Euro also favoured European exports to North America benefiting the sluggish Transatlantic trades.

Operating costs suffered from certain adverse effects. The strong export growth experienced by Asian countries created a significant imbalance in volumes between the inbound and outbound legs, taking its toll on operating profits in the form of higher equipment repositioning costs resulting from the need to move empty containers from low demand regions to high use areas. The significant increase in bunker prices during the year 2000 represented a further and notably adverse movement in costs. Although softening towards the end of 2000, the average price per ton for bunkers during the year was US$153 compared with an average of US$95 for 1999. The implementation of IRIS-2, the Group's new enterprise system, also resulted in costs higher than had been anticipated.

The Group's strategy of co-operation within alliances continued to bear fruit. OOCL's active participation in the Grand Alliance proved beneficial and the year 2000 saw the coalition extend its presence in the North Atlantic market. The inauguration of the Grand Alliance Transatlantic services in July 2000 marked another step towards high quality service on a global basis.

In the second half of 2000, OOCL took delivery of two new 5,700 TEU container vessels and ordered two more vessels for delivery during the first half of 2003, each with a capacity of 7,400 TEU. At the same time, options were secured for a further four vessels of this size with delivery scheduled for the first half of 2004 and 2005. Together with the prior orders for four 2,600 TEU new vessels under long-term charters, as stated in the 2000 Interim Report, OOCL has committed but undelivered capacity of up to 60,000 TEU under construction. These orders were placed with reference to OOCL's projected tonnage requirements over the next



five years. Finance for the ordered vessels has been arranged and their delivery will not place any undue strain upon the Group's liquid resources. Pursuant to the capacity replacement programme and the delivery of the new vessels, two smaller vessels were disposed of during 2000 at a modest gain.

Logistics and IT

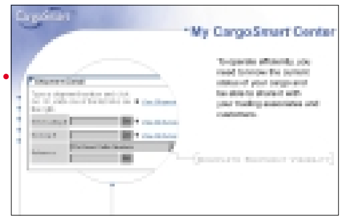
The development and application of Information Technology ("IT") is an achievement in which OOCL takes pride. Although initially a development purely for internal application, these systems are now potentially suitable for third party and international industry application. During 2000, OOCL signed an agreement with a major third party carrier to license its proprietary information system, IRIS-2. As a result, the resources and effort committed to IT development by OOCL have now achieved a standard sufficient to receive endorsement by the container liner industry. A further innovation introduced towards the end of 2000 was CargoSmart, an open system which provides users with a one-stop internet portal for booking, tracking, documentation and schedule enquiry for their cargo shipments. This portal is intended to improve the process efficiencies of both customer and carrier. Since its official launch in October 2000, CargoSmart has received significant attention from both shippers and other carriers as prospective users of the system.

In tandem with the launch of CargoSmart has been the development of OOCL's logistics arm, trading under the name of Cargo System. It provides specialised supply chain management solutions to its client base and has increased its total number of offices to 59 as at the end of 2000, enlarging its customer base to over 200. The further development of Cargo System, especially in mainland China where it is already firmly established, will constitute one of our more important strategies over the coming years. The further globalisation of trade will firmly establish China as the main source of consumer goods. We will additionally take advantage of the opportunities presented by China's accession to the WTO which will lead ultimately to it becoming a substantial market for imported goods. The ability to provide total solutions to customers' supply chain problems or, through greater expertise and efficiency, to provide improvements in the speed and cost effectiveness of delivery is an ever growing element in the customer relationship. With these capabilities Cargo System is well placed to grow its business significantly and to enhance the Group's overall relationship with customers.

Container Terminals

Benefiting from the buoyant ocean trades on both the Trans-Pacific and Transatlantic routes, our container terminals in North America continued to produce a steady income for the Group during 2000. Global Terminal in New Jersey, USA performed especially well following the installation of four new dockside cranes in late 1999. TSI Terminal Systems Inc, which operates the Group's two container terminals in Vancouver, also reported record throughput and profits for 2000.

Howland Hook terminal in New York, USA, recorded a slight improvement and achieved a modest profit for the year 2000 with additional volumes coming from a new Transatlantic service introduced by the Grand Alliance. The terminal is yet to operate at full capacity and there remains room for further improvement.



Property Investment and Development

Property Investment

The Group's property investment strategy continues to focus on the selection of a few sizable and quality investments with the potential for solid and consistent returns.

The Group holds an 8% interest in Beijing Oriental Plaza in Beijing. Phase I of the project was completed during 2000 and the occupancy rate was within expectations. Further phases are due for completion during the next few years. The injection of further capital to any significant extent will be unnecessary as during 2000 the project raised sufficient finance to fund the remainder of its development. This project holds the potential to earn considerable returns as the property markets in Beijing recover assisted in no small way by China's imminent accession to the WTO.

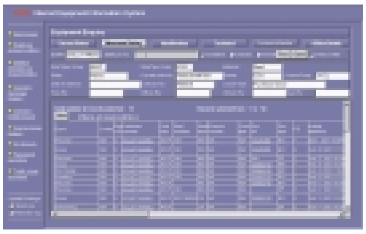
The Group continues to hold an investment property, Wall Street Plaza, in the downtown area of the financial district of New York, USA. As at 31st December 2000, the property enjoyed an occupancy rate of 100% although rental income did not show any notable improvement due to the inclusion of rent-free periods. As at 31st December 2000 the building was valued, on an open market basis, at US$110 million representing no change from that provided by the same valuer at the end of 1999.

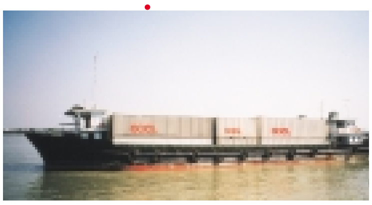
Property Development

During the 1990s, the Group identified residential property development in the PRC as a target business area. With an increasing disposable income, abolition of the welfare housing system and the establishment of a mortgage financing framework in China, the Group remains confident of this domestic residential market. Our strategy is focused upon domestic residential development projects in selected cities with a higher GDP per capita, superior urban infrastructures, higher overseas Chinese investment and better-established legal and financial frameworks.

The Group's development business began to produce meaningful returns during 2000. The principal profit contributor was the "Joffre Gardens" development at Nan Chang Lu, Shanghai. By its completion at the year end, the project was more than 85% sold. The sales price achieved was within our projections. The remaining profit from this project will accrue during 2001.

The profit from an earlier completed project, "Orient Garden" in Hangzhou, was largely reported in our 1999 results. The project has been fully completed and the units sold on schedule and to target. The majority of the remaining income has been recorded during the year 2000. The outstanding balance of the income is not significant and will accrue during





2001 as the remaining car park spaces and retail units are sold.

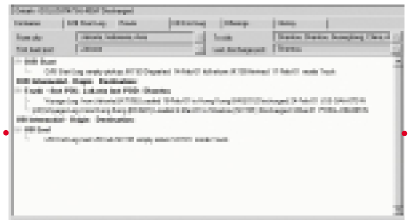
Two other projects, "The Courtyards" at Zhen Ning Lu, Shanghai and "Century Metropolis" at Zi Yang Lu, Shanghai, are progressing as planned. Pre-selling activities during 2000 indicated a very strong demand for quality housing units in prime Shanghai locations. The prospects for these two developments are promising and the Group is exploring a number of other potential opportunities in order to take full advantage of the track record established by and the experience gained from the existing projects. All of these domestic housing projects have been developed in partnership with a Singaporean Corporation.

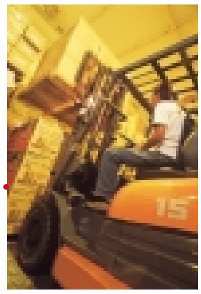
The Group's food and beverage business in Shanghai was wound down during 2000 in preparation for its closure. It was finally sold under an agreement concluded in December 2000.

Looking forwards, we will continue to evaluate and invest in property development and investment projects in China, focusing on quality investments with good investment return prospects. We will continue to form partner alliances for such developments. The Group also intends to develop its presence further in Shanghai, Hangzhou and Beijing, and later on in other selected cities in China.

Property Development and Investment

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

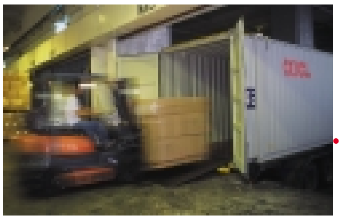




Portfolio and Other Investments

It is our belief that a business such as ours should maintain a high level of liquidity to provide the flexibility to take advantage of situations as they arise. At the end of 2000 the Group held cash, bond and portfolio investments in an amount of US$458 million against a total outstanding debt of US$952 million, producing a net debt to equity ratio of 0.6:1. This ratio rose compared with 1999's 0.4:1, mainly as a result of the increase in indebtedness raised to finance the Group's capital expenditure during the year, notably on the delivery of two new container vessels and new container boxes. In addition, the Hong Kong Society of Accountants issued during the year a revised Statement of Standard Accounting Practice on leases which will become effective in 2001. The Group however decided to apply this revised accounting standard with effect from 1st January 2000. As a result, certain leases entered into during the year that could possibly be accounted for as operating leases have been classified under finance leases in accordance with the revised standard. It does, however, remain the Group's intention to maintain this key net debt to equity ratio at a level below 1:1.

Funds surplus to the Group's immediate operating needs were invested in deposits, bonds and equities under the close control and monitoring of our in-house investment managers. No investments are permitted in financial derivatives or any other instruments that would expose the Group to an obligation in excess of the actual amount invested. During the year, provisions have been made on certain bonds with possible credit losses. Excluding these provisions an average investment return of 5.9 % was achieved for the year, with a total of income generated of US$11.9 million.



Shipping and the Environment

Ocean container shipping is one of the most environmentally friendly means of transportation. By drawing much less on the earth's resources it is far less damaging than transport by air, truck or even railway. A modern containership consumes less than one fifth of the fuel per container per mile than a truck. It has been estimated that a single Western city of one million inhabitants generates more air pollution than the entire world fleet of containerships.

Safety and the protection of the environment are paramount OOIL concerns and objectives. This policy is fully endorsed by management and strict adherence is observed at all times. All Group employees, whether on land or at sea, share the responsibility to maintain the highest safety standards, to ensure free and open communication and to participate actively in the formation and improvement of work procedures and safety rules. Proper training and compliance with both international regulations and the Group's own standards ensure safe practices, sound vessel conditions and emergency and contingency readiness, serving to help prevent human injury, loss of life and damage to property or the environment.

People, Environment and Community

We understand that the people who make up our organisation, the environment around us and the communities in which we live are fundamental to our success and we take pride in our reputation as a caring and responsible global citizen.

Financial Review

Analysis of Consolidated Profit and Loss Account

Summary of Group Results

US$'000	**2000**	1999	Variance
Operating results by activity:			
International transportation, logistics & terminals:			
International transportation & logistics	**152,664**	108,146	44,518
Container terminals	**24,159**	21,782	2,377
	176,823	129,928	46,895
Property investment & development	**18,285**	(5,316)	23,601
Portfolio investments & others	**(7,411)**	1,336	(8,747)
	187,697	125,948	61,749
Interest income	**14,028**	11,733	2,295
Interest expense	**(63,280)**	(51,175)	(12,105)
Financing charges	**(6,981)**	(6,165)	(816)
Profit before taxation	**131,464**	80,341	51,123

INTERNATIONAL TRANSPORTATION, LOGISTICS AND TERMINALS

International Transportation & Logistics

Summary of Operating Results

US$'000	**2000**	1999	Variance
Gross revenue			
Asia	**1,439,745**	1,265,783	173,962
North America	**390,522**	388,053	2,469
Europe	**303,276**	249,645	53,631
Australia	**34,740**	32,781	1,959
	2,168,283	1,936,262	232,021
Cargo costs	**(957,196)**	(927,408)	(29,788)
Vessel and voyage costs	**(458,793)**	(364,677)	(94,116)
Equipment and repositioning costs	**(333,757)**	(300,666)	(33,091)
Gross profit	**418,537**	343,511	75,026
Business and administrative expenses	**(274,365)**	(244,061)	(30,304)
Net non-operating exchange gain	**5,304**	4,825	479
Other operating income, net	**3,278**	5,148	(1,870)
	152,754	109,423	43,331
Share of results of jointly controlled entities	**(90)**	(1,277)	1,187
Operating results	**152,664**	108,146	44,518

The operating results for international transportation & logistics include the operations of Long Beach Container Terminal in California USA and Kaohsiung Terminal in Taiwan which form an integral part of that business.

The international transportation & logistics business, trades under the "OOCL" name and continues to be the principal revenue contributor to the Group and accounted for approximately 90% of the Group's revenue in 2000. Although the percentage for this sector will decrease as property development projects in China mature and income from that sector rises, international transportation & logistics will continue to be the core business of the Group, in which the majority of operating assets will be deployed.

Asia

Asia is the largest revenue generating area for the international transportation & logistics business. Gross revenue categorised under this area is composed of the following:

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

Gross revenue from the Asia area displayed an increase of US$174.0 million to US$1,439.7 million in 2000 due to continued buoyant demand for Asian exports from North America and Europe. Various Intra-Asia services also showed growth in liftings and revenue with rapid increases in capacity.

With the continued strong Asian export trade in 2000, liftings on the Eastbound Asia/North America West Coast service increased by 13% while the Westbound leg of the Asia/Northern Europe service also recorded a 5% increase. Revenues were notably pleasing over the second half of the year as peak season surcharges were implemented. Total liftings in this area increased by 7% in 2000 and gross revenues grew at a greater pace.

Overall load factors as a percentage of the capacity available in 2000 dropped by 4%, reflecting the slow down of trade growth relative to the capacity increase, especially in the Intra-Asia services. Results in this trade will always depend on the economic environment and consumption patterns in North America and Europe.

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

North America

Gross revenue categorised under the North America area is composed primarily of the following:

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

Gross revenue increased marginally by US$2.5 million for this area in 2000. Steady recovery was noted in the Westbound leg of the Asia/North America West Coast service with a growth of 10% in liftings for 2000 and an increase in revenue of the same extent. However, the Eastbound trades to Europe were disappointing with a drop in both liftings and revenues.

Westbound liftings for the Asia/North America West Coast service improved upon the slow, but steady, return of Asian purchasing power while the average rate per TEU was maintained at the 1999 level. Liftings on the Westbound trade of the Asia/US East Coast service via the Panama Canal also demonstrated a similar trend. Liftings on the Eastbound Canada/ Northern Europe and US East Coast/ Northern Europe showed a retreat from 1999 levels amidst a weak Euro currency which dampened the import demand of most European countries. Average revenue per TEU for these two trades dropped by 6% and 2% respectively during the year.

Average revenue per TEU on all outbound cargoes from North America showed a modest decline in 2000 compared with 1999 as a result of the reduction in demand in Europe for products from North America, offset in part by the gradual recovery of Asian imports.

Overall load factors as a percentage of the capacity available in the North America area also dropped by 6% as a result of the set back in export cargo volumes towards the European continent.

Long Beach Container Terminal forms an integral part of the international transportation & logistics business with its terminal facilities mainly employed by OOCL and its alliance partners. The operating results of the terminal were comparable with those of 1999.

Europe

Gross revenue categorised under the Europe area is composed primarily of the following:

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

Gross revenue for this area increased by US$53.6 million to US$303.3 million for 2000. The Eastbound leg of the Asia/ Northern Europe service, the largest source of revenue for Europe benefited from the recovery of Asian countries as well as a weak Euro currency to record a 9% growth in liftings and a 13% increase in average revenue per TEU compared with 1999.

The performance of the Westbound sector of the Canada/Northern Europe service also benefited from the exchange edge of Euro based exports and resulted in a 14% growth in liftings. Average revenue per TEU also showed an 18% increase from the 1999 level.

Despite a slow down of the US economy in the second half of the year, revenue from the Westbound US East Coast/Northern Europe service recorded an 11% growth over 1999 level. However, liftings on this trade were 4% off from 1999.

Overall load factors as a percentage of capacity available for cargo outbound from Europe were 6% above that of 1999 which is attributable to the capacity rationalisation effort on the North Atlantic trade lane.

Average revenue per TEU on all outbound cargoes from Europe recorded a 14% increase in 2000 over 1999 due to the high demand for European exports driven by a weak Euro currency and the gradual return of Asian purchasing power.

Australia

Gross revenues from this area are principally those of the Northbound freight from our Asia/Australia and New Zealand service. The Australia service is operated in alliance with ZIM Line, and the New Zealand service is operated under a slot purchase agreement with Pacific International Lines.

Liftings on the Northbound Asia/ Australia and New Zealand service dropped by 5% in 2000 with lower available capacity allocated for the year. However, with the improvement in freight rate levels, revenue recorded a US$2.0 million increase compared with 1999.

Operating Costs

Cargo costs mainly consisted of terminal charge, inland transportation, commission & brokerage, cargo assessment and freight tax which increased in line with the number of containers handled for the year under review. Although liftings for 2000 recorded a 6% growth, total cargo costs only increased by 3% with the weakening Euro during the year resulting in exchange savings.

Vessel costs included the operating costs and depreciation charge for the OOCL fleet as well as the net charter hire and slot hire expenses incurred in order to maintain the desired service level. In 2000, 45 vessels were either owned or chartered in and operated by OOCL with a carrying capacity of 130,284 TEU as compared with 37 vessels of 104,391 TEU in 1999. In addition, there was an increase in charter hire expenses to cope with the operating capacity increase for the year. As a result, vessel costs increased by 6.3% in 2000.

Voyage costs, largely a function of the number of sailings completed during the year, comprised mainly bunker costs, port charges, canal dues, cargo claims and insurance. Although the number of sailings in 2000 was slightly less than that of 1999, the rise in bunker prices, from an average of US$95 per ton in 1999 to an average of US$153 per ton for 2000, inevitably caused a rise in costs under this category when compared with 1999.

Equipment costs principally represent maintenance and repair costs, rental payments, depot expenses and depreciation charge for the fleet of container and chassis equipment while repositioning costs mainly arose from relocating empty container equipment from low activity areas to high demand regions. Total equipment and repositioning costs increased by US$33.1 million in 2000 as a direct result of the growth in the container fleet from 180,443 units (297,771 TEU) in 1999 to 189,896 units (313,977 TEU) in 2000 and the imbalance between Asian import and export trades causing tight container equipment supply in Asia.

Business and administrative expenses largely comprise staff costs, office expenses, selling and marketing costs and professional and information system expenses. In 2000, new territorial offices were set up and additional staff were recruited to cope with the enlarged business activities. The phase-in of the new IRIS-2 system in 2000 also added to the absorption of system development costs for the year. As a whole, business and administrative expenses increased by US$30.3 million.

Share of Results of Jointly Controlled Entities

Investments include a jointly controlled entity, which was formed by members of the former Global Alliance to engage in vessel chartering. Following the reorganisation of that alliance at the end of 1997, vessel chartering activities in this joint venture company were much reduced and resulted in losses in 1999 and 2000. Losses in 2000 were partly offset by profits arising from a container depot joint venture in China.

Operating Results

Operating results were a profit of US$152.7 million for the international transportation & logistics business in 2000 as compared with US$108.1 million for 1999. The favourable operating results continued to be driven by buoyant Asian exports which supported a steady growth in volume and revenue compared with 1999. Although the demand in the US softened in the second half of the year, trade volumes were supported by the steady recovery of the Asian economies and the weak Euro currency over the period.

Container Terminals

Summary of Operating Results

US$'000	2000	1999	Variance
Throughput (units)	**938,295**	805,865	132,430
Gross revenue	**209,040**	184,779	24,261
Terminal operating costs	**(156,638)**	(129,308)	(27,330)
Gross profit	**52,402**	55,471	(3,069)
Business and administrative expenses	**(28,243)**	(33,689)	5,446
Operating results	**24,159**	21,782	2,377

Container terminal activities include the Group's wholly or majority owned multi-user terminal operations namely:

TSI Terminal Systems Inc. ("TSI") a wholly owned terminal and management company which operates the Vanterm terminal in Vancouver, Canada and the Deltaport Terminal at Roberts Bank near Vancouver. OOCL and other Grand Alliance members are one of the principal customers of the terminals. Deltaport commenced operation in June 1997 and has since demonstrated impressive gains in throughput and productivity.

Howland Hook Container Terminal, Inc. ("HHCTI") operates a three berth terminal facility at Staten Island, New York, USA. The Group acquired an 80% interest in this company in 1995 and business operation commenced in September 1996. The New World Alliance members are the major customers of the terminal. The Grand Alliance services started calling at the terminal in late 1999 and have since became a major customer.

Global Terminal and Container Services, Inc. ("Global") operates a two berth terminal facility in New Jersey, USA. These facilities are owned and are used by a number of third party carriers. Global Terminal's operating performance in 2000 remained strong. To further improve its service level, Global installed four new quayside cranes in late 1999 and introduced them into its operations in early 2000.

In addition, the Group owns interests in the following terminal and stevedoring businesses:

Vecon SpA ("Vecon") operates a two berth terminal facility in Venice, Italy. OOCL does not use these facilities. The Group owns a beneficial interest of approximately 38% of the issued equity. Performance softened in 2000 after several years of growth.

Empire International Stevedores Ltd handled stevedoring business in Vancouver, Canada. The Group owns a 100% interest in this company. In June 1999, the Group disposed of the stevedoring and grain business of the company for a consideration to be paid over the next three years. The company then ceased operation.

Gross Revenue

Gross revenue increased by US$24.3 million in 2000 attributable to the increased business volumes of the three terminals, offset in part by a drop in the average rate per box handled.

Gross revenues for the Terminals Division are expected to improve further in 2001 although the rapid growth rate of Deltaport in recent years is likely to slow.

Terminal Operating Costs

Terminal operating costs increased in line with the larger number of boxes handled in 2000. The average unit cost per move, however, was maintained at the 1999 level with HHCTI's increases in costs allied to growing business volumes.

Business and Administrative Expenses

Business and administrative expenses decreased by US$5.4 million in 2000 as a result of various cost saving measures.

Operating Results

Operating results improved during the year with continued favourable results in Global and TSI. Global Terminal achieved an outstanding performance against that of 1999 with a stringent containment of various cost items. It is expected that results in 2001 will be modestly over that of 2000 as the fast growth trend in Deltaport slows.

PROPERTY INVESTMENT & DEVELOPMENT

Summary of Operating Results

US$'000	**2000**	1999	Variance
Gross revenue	**17,837**	18,030	(193)
Property management costs	**(8,010)**	(9,867)	1,857
Gross profit	**9,827**	8,163	1,664
Business and administrative expenses	**(4,943)**	(3,789)	(1,154)
Profit before exceptional items	**4,884**	4,374	510
Revaluation deficit	**–**	(10,000)	10,000
Profit/(loss) from property investment	**4,884**	(5,626)	10,510
Profit from property development	**13,401**	310	13,091
Operating results	**18,285**	(5,316)	23,601

The Group owns an approximately 600,000 sq ft office and commercial property located at 88 Pine Street, New York, USA, an area popularly referred to as the "Wall Street area" of Manhattan Island. The building was constructed in 1972 and is operated as a multi-tenanted building. Approximately 20,000 sq ft is occupied by Group companies. The Group also owns an 8% interest in a modern comprehensive office, commercial, hotel and residential apartment complex known as "Beijing Oriental Plaza", with a gross floor area of approximately 570,000 square meters, on a site located at Wangfujing Dajie, Beijing. It is intended that the interest in this property project be owned as a long-term investment and phase I of the project was completed in 2000.

In addition, the Group owns interests in four jointly controlled entities as investment vehicles to participate in its property development projects in China. The primary location of the property development projects is in Shanghai. "Joffre Gardens" at Nan Chang Lu, Shanghai was completed in 2000 and constituted the principal profit contributor for the year while the other two development projects in Zhen Ning Lu and Zi Yang Lu in Shanghai with a larger scale will be progressively completed between 2001 and 2004.

Gross Revenue

Gross revenue for 2000, representing mainly the rental income from Wall Street Plaza, was maintained at the 1999 level. Although the whole building was fully let at the end of the year, revenue did not benefit greatly due to the inclusion of rent-free periods. The occupancy rate is expected to pertain through 2001 and revenue will improve.

Profit Before Exceptional Items

The profit before exceptional items for 2000 was comparable with that of 1999. With the surge in world oil prices, a higher utility cost was recorded for 2000 which was offset by savings in other overhead expenses.

Revaluation Deficit

Wall Street Plaza was acquired in 1987 by the Group for US$150.0 million but was progressively written down based on professional valuations to reflect then current market values. The building was valued at US$110 million at the end of 1999, US$120 million in 1998, resulting in a US$10 million revaluation deficit. The valuation of the building was maintained at US$110 million at the end of 2000 and no revaluation gain or deficit was recorded for the year.

Profit From Property Development

A profit of US$13.4 million was recorded from property development in 2000 compared with US$0.3 million in 1999. Over 60% of the current year profit was contributed by the completed Nan Chang Lu project in Shanghai. Two other projects, namely Zhen Ning Lu and Zi Yang Lu in Shanghai, are due for completion between 2001 and 2004. A modest profit was recorded in 1999 for a smaller property development project in Hangzhou.

PORTFOLIO INVESTMENTS & OTHERS

US$'000	**2000**	1999	Variance
Portfolio income	**7,987**	4,186	3,801
Long-term investment income	**3,936**	5,348	(1,412)
(Loss)/profit on disposal of long-term investments	**(175)**	17	(192)
Provision for diminution in value of long-term investments	**(9,877)**	–	(9,877)
Others	**(9,282)**	(8,215)	(1,067)
	(7,411)	1,336	(8,747)

The Group's investments in portfolio and, on a longer term basis, in bonds were managed in 2000 largely by in-house managers operating under guidelines imposed by the Investment Committee of the Board. No investment in financial derivatives, where the Group is exposed to financial obligation larger than amount invested, is allowed. Other investments mainly included a minority holding in a China investment fund.

Portfolio investments recorded a profit of US$8.0 million for 2000, an increase of US$3.8 million as compared with 1999. The portfolio investment result reflected the improved return of investment portfolio funds in 2000.

Income generated from fixed income bonds amounted to US$3.9 million for 2000 compared with US$5.3 million in 1999.

During the year, some fixed income bonds were realised. The loss on disposal of these bonds was US$175,000 (1999: profit US$17,000).

The Group made a provision of US$1.4 million in 2000 for the diminution in value of the China investment fund. In addition, a provision of US$8.5 million was made in 2000 for possible credit losses in respect of certain fixed income bonds, making a total provision of US$9.9 million for the year.

Others included unallocated business and administration overheads, the operating results of the residual food and beverage business which was disposed of in 2000, exchange and research costs of financial projects and other miscellaneous income and expenses. These totalled US$9.3 million in 2000 compared with US$8.2 million of 1999.

Interest Income, Expense & Financing Charges

The Group invests surplus liquid funds, other than funds allocated for investments in bonds and listed equity securities, in cash and bank deposits. The Group incurs interest expenses on bank loans, finance leases and, to a very small extent, on bank overdrafts which are variously secured against vessels, containers, chassis, terminal equipment and the investment property owned by the Group. The Group also incurs financing charges on the asset securitisation programme and finance arrangement fees.

Interest Income

Interest income arises from the deposit of available Group cash balances on a short-term basis with banks and other financial institutions. Interest income may vary year to year with the cash flows of the business, the level of capital expenditure and new investments (particularly in relation to China investments) and the amount which the Group commits to its investment portfolio. In 2000, interest income increased slightly to US$14.0 million when compared with US$11.7 million in 1999.

Interest Expense

Interest expense increased by US$12.1 million in 2000 principally as a result of new leases on container and terminal assets plus additional interest on loans drawn upon the delivery of new vessels during the year. The average cost of finance rose from 7.3% in 1999 to 7.8% in 2000.

Financing Charges

Financing charges mainly included loan arrangement fees and charges for the asset securitisation programme. With a further assignment of US$15.3 million of receivables in 2000, charges also increased by US$0.8 million for the year.

Profit Before Taxation

Profit before taxation for 2000 rose to US$131.5 million compared with US$80.3 million for 1999. The international transportation, logistics and terminals business continued to display a healthy profit growth in 2000 despite a volatile bunker market and a down turn in the US economy towards the end of the year. The year 2000 results also benefited from profits produced by property development projects in China. The performance of portfolio investments in 2000 was impaired by the provision for possible credit losses on fixed income bonds and some long-term investments.

REVIEW OF CONSOLIDATED BALANCE SHEET

Summary of Consolidated Balance Sheet

US$'000	2000	1999	Variance
Fixed assets	**1,286,197**	1,006,412	279,785
Jointly controlled entities	**50,829**	38,705	12,124
Long-term investments	**97,272**	91,471	5,801
Cash, portfolio and bond investments	**458,025**	455,954	2,071
Accounts receivable and properties held for sale	**247,603**	254,968	(7,365)
Deferred expenditure	**15,328**	15,354	(26)
GROSS ASSETS	**2,155,254**	1,862,864	292,390
Accounts payable and accruals	**(389,230)**	(405,016)	15,786
Other payables	**(22,169)**	(19,934)	(2,235)
GROSS ASSETS LESS TRADING LIABILITIES	**1,743,855**	1,437,914	305,941
Long-term liabilities	**753,761**	560,457	193,304
Bank loan, overdrafts and current portion of long-term liabilities	**198,292**	172,579	25,713
Total debt	**952,053**	733,036	219,017
Minority interests and provisions	**10,569**	11,939	(1,370)
Ordinary shareholders' funds	**781,233**	692,939	88,294
CAPITAL EMPLOYED	**1,743,855**	1,437,914	305,941
Debt to equity ratio	**1.2**	1.1	
Net debt to equity ratio	**0.6**	0.4	
Accounts payable as a % of turnover	**16.3**	18.9	
Accounts receivable as a % of turnover	**10.2**	11.7	
% return on average ordinary shareholders' funds	**15.2**	10.0	
Net asset value per ordinary share (US$)	**1.51**	1.34	
Cash, portfolio and bond investments per ordinary share (US$)	**0.89**	0.88	
Share price at 31st December (US$)	**0.43**	0.39	
Price earnings ratio based on share price at 31st December	**2.0**	3.0	

Fixed Assets

Fixed assets additions were US$378.5 million (1999: US$46.3 million) and mainly comprised final payments for two new container vessels (US$121.2 million), purchases, largely through finance leases, of containers and chassis (US$163.1 million) and the assets acquired for terminal operations (US$68.0 million). The depreciation charge for the year was US$84.1 million (1999: US$69.5 million).

Jointly Controlled Entities

The total investment in jointly controlled entities was US$50.8 million at 31st December 2000 (1999: US$38.7 million). Jointly controlled entities mainly consist of:

– a 25% interest in a joint venture company which was formed pursuant to arrangements of the old Global Alliance to own and then charter vessels to alliance partners.

– a 59% interest in a joint venture for the operation of a container depot and transportation business in Qingdao.

– a 47.5% interest in a domestic housing project located at Nan Chang Lu, Shanghai (the "Joffre Gardens"). The development consists of four residential towers with approximately 72,000 square meters of gross floor area. The total project cost was approximately US$65 million. The project was completed in 2000 and approximately 85% of total gross floor area was sold by the year end.

– a 47.5% interest in a domestic housing project located at Zhen Ning Lu, Shanghai ("The Courtyard"). The planned development consists of three to four residential towers. The total gross floor area is approximately 66,000 square meters. The completion of the project is planned to be in the third quarter 2001. The total project cost is estimated to be US$54 million and finance representing approximately 60% of the cost has been arranged. Pre-sale commenced in February 2000, and approximately 50% of the total gross floor area was sold by the end of the year 2000.

– a 47.5% interest in a domestic housing project located at Zi Yang Lu, Shanghai. The planned development consists of 11 to 13 residential towers with a small portion for commercial use. The total gross floor area is approximately 240,000 square meters. This project will be developed in phases with an estimated final completion date in 2004. The total project cost is estimated to be US$164 million and finance of approximately 50% of the cost has been arranged. Pre-sale commenced in January 2000 and Phase 1A is expected to be completed by the end of 2001. Approximately 89% of the total gross floor area of Phase 1A has sold.

Long-Term Investments

Long-term investments of the Group at 31st December 2000 amounted to US$97.3 million principally represented by the Group's 8% interest in Beijing Oriental Plaza. Total investment at the end of 2000 amounted to US$91.2 million (1999: US$77.6 million). Finance for this project was arranged in 2000 and there will be no significant capital injection required for this project in the coming year.

Long-term investments also include a minority interest of US$0.8 million in an unlisted China fund (1999: US$2.2 million). A provision of US$1.4 million was made in 2000 to reflect the diminution in value of this investment.

Cash, Portfolio and Bond Investments

The amount of cash and portfolio investment balances is basically affected by the level of outlay on asset acquisitions, the gearing ratio, capital requirements for China projects, and normal operating requirements. Funds surplus to planned requirements are set aside for portfolio investment or fixed income bonds. Cash, portfolio investments and fixed income bonds totalled US$458.0 million at the end of 2000 compared with US$455.9 million at the end of 1999.

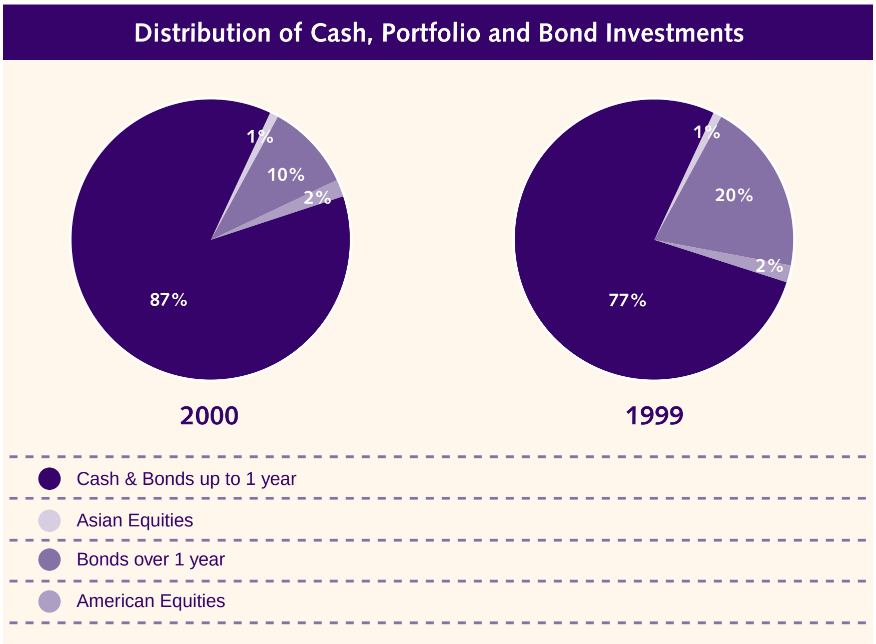
Certain fixed income bonds were sold or matured during the year. At 31st December 2000, fixed income bonds amounted to US$47.8 million (1999: US$60.9 million) after the provision of US$8.5 million for possible credit losses.

Cash, portfolio and bond investments per ordinary share at 31st December 2000 amounted to US$0.89 compared with US$0.88 at 31st December 1999.

Distribution of Cash, Portfolio and Bond Investments

The Group's investment portfolios are largely invested in US dollar convertible bonds, short to medium term US dollar bonds and similar instruments, and short-term cash deposits. No investments are made in derivative investment products.

The amount and distribution of cash, portfolio and bond investments at the end of 2000 and 1999 was:



Accounts Receivable and Accounts Payable

Accounts receivable and properties held for sale decreased by US$7.4 million to US$247.6 million at the end of 2000 as a result of a further assignment of US$15.3 million of accounts receivable during the year pursuant to a receivables purchase agreement concluded in 1998.

Accounts payable at the end of 2000 were US$15.8 million lower than that of 1999. Accounts payable as a percentage of turnover of 16.3% were also lower than that of 1999.

Shareholders' Funds

The Group's shareholders' funds, increased in 2000 by US$88.3 million as a result of the retained profit for the year. Consequently, net asset value per ordinary share increased by US17 cents to US$1.51 per share.

The return on average shareholders' funds is calculated at 15.2% for 2000 with a dividend pay out ratio of 18.5%.

Total Debt

Total debt increased during the year by US$219.0 million as a result of indebtedness drawn in 2000 to finance the capital expenditure on asset acquisitions, notably two new container vessels, containers and chassis, offset in part by the scheduled repayment of loans and bank indebtedness during the year. The repayment profile of the Group's long-term liabilities is set out in Note 23 to the Accounts. Repayments are spread evenly over the residual terms of the related financing subject to balloon repayments at the end of the terms of certain loans. Total debt is a mixture of fixed and floating rate indebtedness.

Debt Profile

As at the end of 2000, over 87% (1999 : 85%) of the Group's total debts were denominated in US$ which effectively reduces the risk of exchange fluctuations. Loans in currencies other than US$ are hedged with comparable amount of assets in local currencies.

Of the total US$952.1 million debt outstanding at the end of 2000, US$211.5 million was fixed rate debt comprised mainly of container and terminal equipment leases. The fixed rates range from 6.23% to 14.57% dependent upon the cost of money at the time each transaction was entered into. The remaining US$740.6 million of loans was subject to floating interest rates at various competitive spreads over three months LIBOR (or equivalent) and relates principally to indebtedness on vessels and the investment property, Wall Street Plaza. In order to reduce the impact on the Group's profitability of fluctuating interest rates, the Group entered into interest rate swap and collar contracts for US$350 million of its floating rate debt with contract rates ranging from 5.6% to 7.3%. These contracts expired in January 2001 and the Group has not entered into new contracts for interest hedging in view of the lowering of interest rates. The Group's average cost of debt at 31st December 2000 was 7.8%, inclusive of the interest rate hedging contracts.

Net Debt to Equity Ratio

This ratio increased from 0.4 to 0.6 during 2000 due to the increased indebtedness in financing capital expenditure on asset acquisitions, offset in part by profits generated for the year and the proceeds from the asset securitisation programme. The ratio will be maintained during 2001 as only a moderate increase in net debt is expected for the coming year. Moreover, the forecasts for the business over the next five years, based on the assumptions used in preparing those forecasts, indicate that the Group's objective to keep this key ratio below the 1.0 threshold will be achieved.

Operating Leases and Commitments

In addition to the operating assets owned by the Company and its subsidiaries, the Group also manages and utilises assets through operating lease arrangements. The total rental payment in respect of these leases for 2001 amounted to US$235.2 million as detailed in Note 27(b) to the Accounts of this report. Assets under operating lease arrangements consist primarily of container boxes, chassis, container vessels and certain terminals in North America.

At the end of 2000, the Group had outstanding capital commitments amounting US$182.6 million, principally represented by the orders placed for two new container vessels to be delivered in 2003.

Review of Consolidated Cash Flow Statement

Summary of Consolidated Cash Flow Statement

US$'000	2000	1999	Variance
Net cash inflow from operating activities	**254,749**	239,762	14,987
Investing and financing inflow:			
Interest and investment income	**25,650**	21,101	4,549
Sale of fixed assets and investments	**10,916**	7,078	3,838
New loan drawdown	**110,529**	35,441	75,088
Others	**1,479**	1,172	307
	148,574	64,792	83,782
Investing and financing outflow:			
Interest paid	**(69,212)**	(62,440)	(6,772)
Dividends paid to shareholders	**(20,685)**	–	(20,685)
Taxation paid	**(16,686)**	(11,489)	(5,197)
Purchase of fixed assets and investments	**(182,596)**	(51,359)	(131,237)
Loan repayments	**(100,694)**	(84,564)	(16,130)
Deferred expenditure incurred	**(7,544)**	(10,064)	2,520
Others	**(1,461)**	(357)	(1,104)
	(398,878)	(220,273)	(178,605)
Net cash inflow	**4,445**	84,281	(79,836)
Beginning cash, bonds and portfolio balances	**455,954**	375,531	80,423
Changes in exchange rates	**(2,374)**	(3,858)	1,484
Ending cash, bonds and portfolio balances	**458,025**	455,954	2,071
Represented by:			
Unrestricted bank balances and deposits	**250,586**	201,974	48,612
Restricted bank balances and deposits	**106,356**	117,151	(10,795)
Portfolio investments	**53,243**	75,907	(22,664)
Debt securities held as long-term investments	**47,840**	60,922	(13,082)
	458,025	455,954	2,071

A net cash inflow of US$4.4 million was recorded in 2000 as compared with a net inflow of US$84.3 million for 1999. The favourable operating results and the US$15.3 million proceeds received from the receivable purchase agreement principally accounted for the operating inflow. Purchases of fixed assets and investments in 2000 principally represented the acquisition of two new vessels, purchases of container equipment and further investments in China projects. Other outlays mainly include deferred expenditure on leasehold improvements and leasing expenses for the investment property.

Liquidity

As at 31st December 2000, the Group had total cash, bond and portfolio investment balances of US$458.0 million compared with debt obligations of US$130.6 million repayable in 2001. Total current assets at the end of 2000 amounted to US$615.0 million against total current liabilities of US$609.7 million. The Group's shareholders' funds are now entirely ordinary shareholders' equity and no loan capital is in issue. The Group prepares and updates cashflow forecasts for asset acquisitions, project development requirements, as well as working capital needs, from time to time with the objective of maintaining a proper balance between a cautious liquidity level and efficient investment of surplus funds.

Board of Directors

C C Tung

Was appointed chairman, president and chief executive officer of OOIL in 19th October 1996. Mr C C Tung is also chairman or director of various subsidiary companies of OOIL.

Mr Tung chairs the Executive Committee and serves on the Investment Committee of the Board of OOIL.

Mr C C Tung is aged 58. He received his Bachelor of Science degree from the University of Liverpool in the United Kingdom and acquired a Masters degree in Mechanical Engineering at the Massachusetts Institute of Technology in the United States. Mr Tung is the Chairman of the Hong Kong General Chamber of Commerce and a member of the Port Maritime Board; a Council member of Hong Kong Trade Development Council; an International Councillor of Center for Strategic & International Studies. Mr C C Tung is also a non-executive director of Sing Tao Holdings Limited; non-executive director of Zhejiang Expressway Co Ltd and PetroChina Co Ltd; Chairman of the Hong Kong-America Centre; Chairman of the Institute for Shipboard Education Foundation; Chairman of the Court and a member of the Council of The Hong Kong Polytechnic University, a member of Board Trustee of the University of Pittsburg and a member of Board of Visitors of School of Foreign Service of the Georgetown University.

Tsann-Rong Chang

Aged 61, has been a director of OOIL since 1988 and is a director of several OOIL subsidiary companies. He is a member of the OOIL Executive and Finance Committees. Mr Chang is a qualified CPA in Taiwan and holds an MBA degree from Indiana State University, USA. Mr Chang has served the Group in various capacities for 32 years and is currently the chief executive officer of OOCL.

Roger King

Aged 60, was managing director and chief operating officer of Orient Overseas (Holdings) Limited for the period September 1985 to January 1987 and a director from 1983 until 1992. He has been a director of OOIL since 1992 and is also a director of certain of its subsidiary companies but devotes the majority of his time to personal business interests. Mr King is a graduate of the University of Michigan, New York University and Harvard Business School. Prior to joining OOHL in 1974 he served in the United States Navy and worked in computer research and management consultancy. Mr King is a director of a number of other companies including Arrow Electronics Corporation, a company listed on the New York Stock Exchange. He is also the former executive chairman of System-pro Computers Limited, one of the largest personal computer retailers in Hong Kong. On 2nd August 1999, Mr King was appointed to be the President and Chief Executive Officer of Sa Sa International Holdings Limited, a listed company in Hong Kong, one of the largest cosmetics retailer in Hong Kong. Mr King is the brother-in-law of Mr C C Tung.

Robert H Suan

Aged 61, appointed a director of OOIL since May 1997. He is a member of OOIL Finance Committee. Mr Suan is the managing director of Orient Overseas Developments Ltd, a wholly owned subsidiary of OOIL and which is the holding company for the Group's China investments. Mr Suan has been with the Group for 31 years, has held various positions involving US investments, real estate and shipping related activities. He holds a Ph.D. in civil engineering from the University of London and was educated in the United Kingdom. Mr Suan is married to a cousin of Mr C C Tung.

Nicholas D Sims

Aged 47, has been a director and chief financial officer of OOIL since October 2000 when he succeeded Mr Harry R Wilkinson. Mr Sims was previously Managing Director of Wayfoong Shipping Services, a member of HSBC Group responsible for ship finance business throughout the Asia Pacific region. Mr Sims joined HSBC in 1973 and served the international banking group in Hong Kong and London. He serves on the Investment Committee and Audit Committee of the Board of OOIL and is a director of various subsidiary companies of OOIL.

Simon Murray

Aged 60, has been a non-executive director of OOIL since 1992 and was from 1989 until 1992 a non-executive director of OOHL. He serves on the Investment Committee and Audit Committee of OOIL. He has until recently been the Executive Chairman of Asia Pacific of Deutsche Bank Group and is currently the Chairman of General Enterprise Management Services, a private equity fund management company sponsored by Simon Murray And Associates. He is also a director of a number of public companies including Hutchison Whampoa Limited and Cheung Kong Holdings Limited. Mr Murray is a member of the Former Directors Committee of the Community Chest of Hong Kong and is involved in a number of other charitable organisations including Save The Children Fund and The China Coast Community Association. In 1994, Mr Murray was awarded the CBE (Commander of the British Empire) by HM The Queen for his contribution to the Hong Kong community.

Dr Victor K Fung

Aged 55, has been a non-executive director of OOIL since July 1996. He is chairman of the Audit Committee of OOIL. Dr Fung is the Chairman of the Li & Fung Group and is also the Chairman of Prudential Asia Investments Limited. Dr Fung holds a Bachelor of Science and a Master of Science degree in electrical engineering from the Massachusetts Institute of Technology and a doctorate from Harvard University. Dr Fung is currently the Chairman of Airport Authority Hong Kong and is active on a number of Government advisory boards including the Judicial Officers Recommendation Committee and the Commission on Strategic Development.

Financial Calendar

Announcement of results for the half year ended 30th June 2000	18th August 2000
Despatch of 2000 Interim Report to shareholders	4th September 2000
Payment of ordinary dividend for the six months ended 30th June 2000	29th September 2000
Announcement of results for the year ended 31st December 2000	16th March 2001
Despatch of 2000 Annual Report to shareholders	4th April 2001
Closure of the Register of Members to determine entitlements to a final dividend on ordinary shares in respect of the year ended 31st December 2000	25th April 2001 to 4th May 2001 both days inclusive
2000 Annual General Meeting	4th May 2001
Payment of 2000 final ordinary dividend	18th May 2001

Shareholder Information

Ordinary Shareholder Information at 31st December 2000 :

Category	Shareholders Number	Shareholders % of total	Shares of US$0.10 each Number	Shares of US$0.10 each % of total
Corporate	49	3.78%	494,118,112	95.55%
Untraceable shareholders				
Registered in name of Central Registration Hong Kong Ltd	1	0.08%	384,595	0.07%
Individual	1,245	96.14%	22,638,925	4.38%
	1,295	100.00%	517,141,632	100.00%
Number of Shares Held				
1 – 2,000	1,027	79.30%	440,221	0.09%
2,001 – 5,000	116	8.96%	356,791	0.07%
5,001 – 10,000	51	3.94%	372,036	0.07%
10,001 – 20,000	37	2.86%	548,425	0.11%
20,001 – 100,000	36	2.78%	1,551,633	0.30%
100,001 – 200,000	8	0.62%	1,133,988	0.22%
200,001 – 500,000	4	0.31%	1,192,595	0.23%
500,001 – 1,000,000	4	0.31%	2,141,869	0.41%
1,000,001 – 2,000,000	2	0.15%	2,171,744	0.42%
2,000,001 – 5,000,000	1	0.08%	4,699,291	0.91%
5,000,001 – 10,000,000	2	0.15%	15,858,102	3.07%
10,000,001 or above	7	0.54%	486,674,937	94.10%
	1,295	100.00%	517,141,632	100.00%

Ten Largest Ordinary Shareholders

At 31st December 2000 the interests of the 10 largest ordinary shareholders of the Company, as recorded in the Company's principal register and Hong Kong branch register of members, were as follows:

Name of ordinary shareholder	Number of ordinary shares held	Percentage of issued ordinary shares
Wharncliff Limited	214,203,662	41.42%
HKSCC Nominees Limited	82,879,594	16.03%
Springfield Corporation	55,409,576	10.71%
HSBC Nominees (Hong Kong) Limited	39,356,965	7.61%
Bank of China (Nominees) Limited	38,988,000	7.54%
Wayfoong Nominees Limited	30,411,168	5.88%
Monterrey Limited	25,425,972	4.92%
Hongkong & Shanghai Banking Corporation Bahamas	9,638,642	1.86%
The Chase Manhattan Bank	6,219,460	1.20%
Leung Hok Pang	4,699,291	0.91%

Corporate Governance

Code of Best Practice

The Board is supportive of high standards of corporate governance. The Group has complied throughout the financial year with the Code of Best Practice issued by The Stock Exchange of Hong Kong Limited, with the exception that the independent non-executive directors have not been appointed for a specific term and are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws. The Board, in addition, acknowledges its responsibility for the Group's systems of internal control and has pursued this responsibility through formalised Group financial and legal procedures, the Group's Internal Audit Department and the Audit Committee.

The Board

The Board currently comprises seven directors of which two are independent non-executive directors and one is a non-executive director. The Board meets at least four times each year and has a formal schedule of matters referred to it for consideration and decision. This includes the approval of strategy recommendations and budgets as well as significant operational and financial management matters. Full minutes of board meetings are kept by the Company Secretary and are available for inspection, at any time during office hours, on reasonable notice, by any director. Any director may, in furtherance of his duties, take independent professional advice, where necessary, at the expense of the Company. All directors have access to the Chief Financial Officer and the Company Secretary, whose appointments and removal are matters for the Board as a whole. The Chief Financial Officer and the Company Secretary are responsible to the Board for ensuring that agreed procedures, rules and regulations, as applicable, are observed.

The Audit Committee

The Audit Committee is chaired by Dr Victor Fung, an independent non-executive director and is comprised of Dr Victor Fung, Mr Simon Murray, an independent non-executive director and the Chief Financial Officer with the head of the Internal Audit Department as the secretary and the Company Secretary as the assistant secretary of the committee. The committee meets not less than twice a year to review the completeness, accuracy and fairness of the half-year and the annual financial statements before submission to the Board, to consider the nature and scope of internal audit programmes and audit reviews and to review the effectiveness of the financial reporting process and internal control system of the Company. The external auditors, the Group Financial Controller and the General Manager – Finance of OOCL attend the Committee meetings at the invitation of the committee.

Internal Control

The Group has an established internal financial control framework which is documented in the form of Group financial and legal procedures, compliance with which is mandatory. Actual operational results are reported against budget each month. Detailed forecasts for the year and long-term forecasts of profit and loss, cash flow and balance sheet are regularly reviewed and updated. There are also clearly defined procedures for the control of capital and major expenditure commitments and off balance sheet financial instruments, and the supervision, control and review of the investment portfolio. The Group has appointed a Compliance Officer to monitor connected transactions.

Going Concern

After making due enquiries the Directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Notice of Annual General Meeting

NOTICE is hereby given that the Fifteenth Annual General Meeting of ORIENT OVERSEAS (INTERNATIONAL) LIMITED (the "Company") will be held at the Concord Room, 8th Floor, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on 4th May 2001 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited Statement of Accounts and the Reports of the Directors and the Auditors for the year ended 31st December 2000;
2. To declare the payment of a final dividend for the year ended 31st December 2000;
3. To re-elect Directors and to fix their remuneration;
4. To determine the maximum number of Directors at twelve for the time being and to authorise the Directors to appoint additional Directors up to such maximum number;
5. To re-appoint PricewaterhouseCoopers as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company and that their remuneration be fixed by the Directors; and
6. To consider and, if thought fit, pass the following resolutions as ordinary resolutions:-

   (1) **"THAT:**

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

   (b) for the purposes of this resolution:

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

   (i) the conclusion of the next Annual General Meeting of the Company;

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

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

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

(2) **"THAT:**

(a) a general mandate be and is hereby generally and unconditionally given to the Directors to exercise during the Relevant Period (defined below) all the powers of the Company to purchase shares of all classes in the capital of the Company, securities convertible into shares and options, warrants or similar rights to subscribe for or purchase any shares or such convertible securities, provided however that the aggregate nominal amount of such shares, or (as the case may be) conversion, subscription or purchase rights attaching to the respective security, to be purchased shall not exceed ten per cent. of the aggregate nominal amount of such shares, or (as the case may be) conversion, subscription or purchase rights attaching to that security, in issue as at the date of the passing of this resolution; and

(b) for the purposes of this resolution :

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

(i) the conclusion of the next Annual General Meeting of the Company;

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

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

(3) **"THAT** the general mandate granted to the Directors to allot Shares pursuant to the resolution set out in item 6(1) of the Notice of this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company purchased, or that share capital which would fall to be subscribed or purchased pursuant to the conversion, subscription or purchase rights attaching to any other securities purchased, by the Company pursuant to the authority granted by the resolution set out in item 6(2) of the Notice of this meeting, provided that such amount shall not exceed ten per cent. of the aggregate nominal amount of the shares, or (as the case may be) conversion, subscription or purchase rights attaching to that security, in issue as at the date of the passing of this resolution."

By Order of the Board
Lammy Lee
Secretary

Hong Kong, 16th March 2001

Notes:

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

(ii) A proxy form is enclosed and to be valid, the proxy form must be deposited at the principal place of business of the Company in Hong Kong, 33rd Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) as soon as possible but in any event not less than 48 hours before the time appointed for holding the above meeting or any adjournment thereof.

(iii) The register of members of the Company will be closed from 25th April 2001 to 4th May 2001, both days inclusive, during which period no transfer of shares can be registered.

Report of the Directors

The Directors present their report together with the audited accounts of Orient Overseas (International) Limited (the "Company") for the year ended 31st December 2000.

Principal Activities

The principal activity of the Company is investment holding and the activities of its principal subsidiaries and jointly controlled entities are shown on pages 83 to 89.

Group Results

The consolidated results of the Company and its subsidiaries (the "Group") and jointly controlled entities are shown on page 51.

Dividends

The Directors declared an interim dividend of US1 cent (HK7.8 cents) per ordinary share, which was paid on 29th September 2000.

The Directors have recommended a final dividend in respect of the ordinary shares for the year ended 31st December 2000 of US3 cents (HK23.4 cents) per ordinary share to be paid on 18th May 2001 to the shareholders of the Company whose names appear on the register of members of the Company on 4th May 2001. Shareholders who wish to receive the dividend in US Dollars should complete the US Dollars Election Form which accompanies this Annual Report and return it to the Branch Registrar on or before 11th May 2001.

Directors

The Directors of the Company are shown on pages 36 to 38.

Mr Harry R Wilkinson retired from the Group and resigned as a Director and Chief Financial Officer of the Company with effect from 1st November 2000.

Mr Nicholas D Sims was appointed a Director and Chief Financial Officer of the Company with effect from 23rd October 2000 and 1st November 2000 respectively.

In accordance with the Bye-laws of the Company, Mr Roger King and Dr Victor Fung retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Mr Nicholas D Sims has a service contract with the Company which expires on 22nd October 2002. There are no other service contracts between any of the Directors of the Company and the Company or any of its subsidiaries.

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

As at 31st December 2000, none of the Directors nor the Chief Executive of the Company (or any of their spouses or children under 18 years of age) had been granted any right to acquire shares in or debt securities of the Company. No such rights were exercised by any Director or Chief Executive (or any of their spouses or children under 18 years of age) during the year.

Directors' Interest

1. Significant Contracts

The Group continues to share the rental of offices at Harbour Centre, Hong Kong and at Shin Osaki Kangyo Building, Sinagawa-ku, Tokyo, Japan on an actual cost reimbursement basis with Island Navigation Corporation International Limited ("INCIL") and Island Navigation Corporation ("INC") respectively, both companies owned by a Tung family trust. The total amount of rental on an actual cost reimbursement basis paid by INCIL and INC for the year ended 31st December 2000 was approximately US$611,514.

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

2. Shares

As at 31st December 2000, Directors and their associates had the following interests in the ordinary shares of the Company as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance:

	Personal Interests	Family Interests	Other Interests Beneficial	Other Interests Voting Trustee	Total
C C Tung	–	–	80,835,548 (Note 1)	253,641,662 (Notes 2 & 3)	334,477,210
Roger King	–	–	80,835,548 (Note 1)	–	80,835,548
T R Chang	506,390	–	–	–	506,390

Note 1: C C Tung and Roger King have an interest in the Tung Trust which, through Springfield Corporation ("Springfield"), beneficially owns 55,409,576 ordinary shares and, through Monterrey Limited ("Monterrey"), beneficially owns 25,425,972 ordinary shares.

Note 2: Wharncliff Limited ("Wharncliff"), a company owned by a discretionary trust established by the Tung family, beneficially holds 253,641,662 ordinary shares of the Company and the voting rights in respect of such holdings are held by C C Tung through Tung Holdings (Trustee) Inc. ("Tung Trustee"), which include 6,265,247 ordinary shares of the Company derived from the surrender of 100% interest held by Wharncliff in THT (defined below) and 11,965,249 ordinary shares purchased from the market by Wharncliff during the year.

Note 3: C C Tung controls Tung Trustee, the voting trustee of Tung Holdings Trust ("THT"), a trust created pursuant to an amended and restated trust deed dated 19th May 1992 for the benefits of the remaining THT certificate holders. THT was terminated in January 2000 as the result of the surrender of 100% interest in THT by Wharncliff in exchange for 6,265,247 ordinary shares of the Company as described in Note 2.

Note 4: Wharncliff, Springfield and Monterrey together be referred to as the controlling shareholders.

Substantial Shareholders

1. Shares

As at 31st December 2000, the register of substantial shareholders maintained under Section 16(1) of the Securities (Disclosure of Interests) Ordinance showed the following interests being 10 per cent. or more of the Company's issued ordinary shares:

Name	Beneficially held	%
Wharncliff Limited	253,641,662	49.05
Springfield Corporation	55,409,576	10.71

2. Disclosure

As at 31st December 2000, the Group had the following bank borrowings requiring the controlling shareholders of the Company to retain sufficient voting power in the Company to pass ordinary resolutions during the tenure of the respective loans.

Aggregate outstanding loan amount as at 31st December 2000	Tenure
US$276,500,000	12 years from April 1997
US$34,625,970.50	12 years and 7 months from February 1998

Connected Transactions

During the year, the Group companies entered into the following transactions on normal commercial terms, and in the ordinary and usual course of the Group's activities :

1) The Group had set up a Taiwanese subsidiary, OOCL (Taiwan) Co, Ltd ("OTWL") and since 1st January 2000 it has acted as the general agent for the three carriers of the Group (together referred to as the "Carriers") in Taiwan. OTWL came into full operation as of 1st July 2000, and thereafter Chinese Maritime Transport, Limited ("CMT") ceased to act as OTWL's sub-agent. However, in order to provide a stable customer familiar environment, CMT has continued to provide office facilities and ancillary services, administrative and other supporting functions including crew manning services to OTWL. The aggregate amount of fees paid to CMT for these office services during the year were approximately US$280,000.

   During 2000, the aggregate amount of remuneration paid to CMT as the sub-agent of OTWL was approximately US$4,483,000 and was at market rate largely based on the amount of outward and inward cargoes from and to Taiwan. The Group paid CMT approximately US$2,290,000 for disbursement to CMT's staff a one-off payment (approximately US$2,286,000) as compensation for termination of CMT's appointment as general agent and for purchase of motor vehicles (approximately US$4,000).

2) OTWL has replaced CMT in certain chassis, trucking, tractors and equipment contracts previously entered into by CMT with related or associated companies of the CMT Group as general agent for the Carriers in Taiwan. The aggregate amount paid by the Group during 2000 was approximately US$14,020,000.

3) To maintain the Group's presence and to increase the Group's competitiveness in Taiwan, the Group had slot chartered certain spaces on a vessel operated by CMT, which were terminated in September 2000. The slot hire payments during 2000 were approximately US$1,084,000.

4) There was no staff secondment between CMT and the Group in year 2000.

5) During 2000, the Group purchased containers from Associated Industries China, Inc., ("AIC") and the total consideration for the containers purchased during 2000 was approximately US$2,953,000.

6) Companies associated with Mr John Peng have provided the Group with container freight station depot and/or container storage facilities in Taiwan. The aggregate amount paid by the Group during 2000 was approximately US$2,907,000.

Mr John Peng is the controlling shareholder of CMT and AIC and is a brother-in-law of Mr C C Tung, the Chairman and Chief Executive Officer of the Company. Mr Peng's wife is the sister of the wife of Mr Roger King, who is also a Director of the Company. The above transactions therefore constitute connected transactions under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited.

The independent non-executive Directors of the Company, Mr Simon Murray and Dr Victor K Fung, have reviewed the above transactions and confirm that such transactions have complied with the conditions set by The Stock Exchange of Hong Kong Limited in 1997 in granting the waiver to the Company from the requirement of disclosure by press notice and circular to shareholders on each occasion they arise and that they were conducted on normal commercial terms, in the ordinary and usual course of business of the Group, and also within the annual limit of 6% of the consolidated net tangible assets of the Company for the year ended 31st December 2000 and the transactions were fair and reasonable so far as the shareholders of the Company were concerned. PricewaterhouseCoopers, the Auditors, have also reviewed the transactions as disclosed above.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

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

Compliance with Code of Best Practice

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by this annual report except that the Non-Executive Directors of the Company are not appointed for a specific term as they are subject to retirement by rotation in accordance with the Company's Bye-laws.

Fixed Assets

Particulars of the movements in fixed assets are set out in note 12 to the accounts.

Donations

Donations made by the Group during the year amount to US$69,000.

Annual General Meeting

The notice of Annual General Meeting is shown on pages 42 and 43. A circular which accompanies this Annual Report gives details of the general mandate to authorise the allotment of and otherwise dealing with shares of all classes in the capital of the Company and securities convertible into shares and options, warrants or similar rights to subscribe for shares or such convertible securities (the "Shares") and the general mandate to authorise the repurchase of Shares (all as set out in the Notice of Annual General Meeting).

Auditors

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

On behalf of the Board
C C Tung
Chairman

Hong Kong, 16th March 2001

Information Technology

We lead the industry in the application of IT.
We will continue to commit ourselves to the innovative and effective use of technology to provide superior transport and logistics solutions to our customers.

Report of the Auditors

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

We have audited the accounts on pages 51 to 89 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of Directors and Auditors

The Directors of the Company are responsible for the preparation of accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31st December 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16th March 2001

Consolidated Profit and Loss Account

For the year ended 31st December 2000

US$'000	Note	2000	1999
Turnover	2	**2,395,160**	2,139,071
Operating costs	3	**(1,914,394)**	(1,731,926)
Gross profit		**480,766**	407,145
Other operating income	4	**11,935**	10,513
Other operating expenses	5	**(327,893)**	(289,384)
Revaluation deficit of the investment property		**–**	(10,000)
Other exchange gain		**1,591**	4,455
Operating profit before financing	6	**166,399**	122,729
Net financing charges	8	**(48,246)**	(41,421)
Share of profits less losses of jointly controlled entities		**13,311**	(967)
Profit before taxation		**131,464**	80,341
Taxation	9	**(18,987)**	(12,718)
Profit after taxation		**112,477**	67,623
Minority interests		**(614)**	(402)
Profit attributable to shareholders		**111,863**	67,221
Dividends	10	**(20,685)**	(15,514)
Retained profit for the year	26	**91,178**	51,707
		US cents	US cents
Earnings per ordinary share	11	**21.6**	13.0

Consolidated Balance Sheet

As at 31st December 2000

US$'000	Note	2000	1999
Fixed assets	12	**1,286,197**	1,006,412
Jointly controlled entities	14	**50,829**	38,705
Long-term investments	15	**145,112**	152,393
Other non-current assets	17	**58,078**	58,192
Non-current assets		**1,540,216**	1,255,702
Properties held for sale		**3,671**	3,447
Debtors and prepayments	18	**243,410**	251,019
Current portion of investments in finance leases	16	**522**	502
Portfolio investments		**53,243**	75,907
Bank balances and deposits	20	**314,192**	276,287
Current assets		**615,038**	607,162
Creditors and accruals	21	**389,230**	405,016
Current portion of long-term liabilities	23	**130,579**	88,771
Bank loans and overdrafts	22	**67,713**	83,808
Current taxation		**6,655**	4,420
Proposed dividend		**15,514**	15,514
Current liabilities		**609,691**	597,529
Net current assets		**5,347**	9,633
Long-term liabilities	23	**(753,761)**	(560,457)
Other non-current liabilities	24	**(6,037)**	(6,431)
		785,765	698,447
Capital employed			
Share capital	25	**51,714**	51,714
Reserves	26	**729,519**	641,225
Shareholders' funds		**781,233**	692,939
Minority interests		**4,532**	5,508
		785,765	698,447

C C Tung
Nicholas D Sims
Directors

Balance Sheet

As at 31st December 2000

US$'000	Note	2000	1999
Subsidiaries	13	**410,047**	375,237
Other non-current assets	17	**22,739**	22,737
Non-current assets		**432,786**	397,974
Debtors and prepayments	18	**1,058**	159
Portfolio investments		**–**	27,515
Dividend receivable		**19,000**	16,000
Bank balances and deposits	20	**13,045**	26,311
Current assets		**33,103**	69,985
Creditors and accruals	21	**959**	3,967
Proposed dividend		**15,514**	15,514
Current liabilities		**16,473**	19,481
Net current assets		**16,630**	50,504
		449,416	448,478
Capital employed			
Share capital	25	**51,714**	51,714
Reserves	26	**397,702**	396,764
Shareholders' funds		**449,416**	448,478

C C Tung
Nicholas D Sims
Directors

Consolidated Cash Flow Statement

For the year ended 31st December 2000

US$'000	Note	2000	1999
Net cash inflow from operating activities	31(a)	**254,749**	239,762
Returns on investments and servicing of finance			
Interest received		**13,727**	11,567
Interest paid		**(46,643)**	(51,972)
Interest element of finance lease rental payments		**(15,588)**	(4,303)
Financing charges paid		**(6,981)**	(6,165)
Long-term investment income		**3,936**	5,348
Portfolio investment income		**7,987**	4,186
Gross earnings from investments in finance leases		**354**	388
Dividend received from jointly controlled entities		**609**	–
Dividends paid to shareholders		**(20,685)**	–
Dividends paid to minority interests		**(433)**	(357)
Net cash outflow from returns on investments and servicing of finance		**(63,717)**	(41,308)
Taxation			
Overseas tax paid		**(16,686)**	(11,489)
Investing activities			
Sale of fixed assets		**7,945**	7,061
Sale of long-term investments		**13,746**	16,415
Purchase of fixed assets		**(163,728)**	(19,673)
Purchase of long-term investments		**(17,264)**	(35,609)
Capital element from investments in finance leases		**481**	409
Proceeds from liquidation of a jointly controlled entity		**3,146**	–
Disposal of subsidiaries (net of cash and cash equivalents)	31(b)	**35**	–
Acquisition of a subsidiary (net of cash and cash equivalents)	31(c)	**–**	375
Increase in amounts due by jointly controlled entities		**(2,443)**	(3,630)
Decrease in bank deposits maturing more than three months from the date of placement		**22,092**	32,622
Deferred expenditure incurred		**(7,544)**	(10,064)
Net cash outflow from investing activities		**(143,534)**	(12,094)
Net cash inflow before financing		**30,812**	174,871
Financing			
New long-term loans		**110,529**	35,441
Repayment of long-term loans		**(61,402)**	(59,756)
Capital element of finance lease rental payments		**(23,197)**	(23,692)
Repayment of capital to minority interests		**(1,028)**	–
Decrease in short-term loans repayable more than three months from the date of advance		**(4,495)**	(3,368)
Net cash inflow/(outflow) from financing	31(d)	**20,407**	(51,375)
Increase in cash and cash equivalents		**51,219**	123,496
Cash and cash equivalents at beginning of year		**275,818**	156,180
Changes in exchange rates		**(2,374)**	(3,858)
Cash and cash equivalents at end of year	31(e)	**324,663**	275,818

Consolidated Statement of Recognised Gains and Losses

For the year ended 31st December 2000

US$'000	2000	1999
Exchange differences arising on translation of overseas operations	**(2,884)**	(1,138)
Acquisition of a subsidiary	**–**	68
Net loss not recognised in the profit and loss account	**(2,884)**	(1,070)
Net profit for the year	**111,863**	67,221
Total recognised gain	**108,979**	66,151
Cumulative effect of changes in accounting policies to opening reserves brought forward at 1st January 1999		(14,024)

Notes to the Accounts

1. Principal Accounting Policies

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in conformity with generally accepted accounting principles in Hong Kong.

Pursuant to the Interpretation 9 "Accounting for Pre-operating Costs" and Draft Interpretation 11 "Property, Plant and Equipment - Major Inspection or Overhaul Costs" issued by the Hong Kong Society of Accountants, the Group has changed its accounting policies for pre-operating, dry-docking and special survey costs as detailed in notes (h) and (i) below. The changes in accounting policies have been applied retrospectively by means of a prior year adjustment and as a result, reserves of the Group as at 31st December 1999 have been reduced by US$8.7 million and profit for the year then ended has been increased by US$5.3 million.

In addition, the Group applies the revised Statement of Standard Accounting Practice No 2.114 "Leases" issued by the Hong Kong Society of Accountants with effect from 1st January 2000.

The principal accounting policies adopted in the preparation of these accounts are set out below:

(a) Basis of 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.

Results attributable to subsidiaries acquired or disposed of during the year are included from the date of acquisition or to the date of disposal as applicable.

(b) Goodwill on consolidation

Goodwill arising on acquisition of subsidiaries and jointly controlled entities represents the excess of purchase consideration over the fair values ascribed to the net tangible assets acquired and is taken directly to reserves in the year of acquisition.

(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) Fixed assets and depreciation

Fixed assets are stated at cost or valuation less depreciation and provision for significant permanent diminution in values.

No depreciation is provided for vessels under construction, the investment property and freehold land.

The investment property, being a commercial building, is held for long-term yields and is not occupied by the Group. The investment property is carried at fair value, representing open market value determined annually based on Directors' or independent valuation. A deficit in valuation is charged to the profit and loss account; an increase is first credited to the profit and loss account to the extent of valuation deficit previously charged and thereafter is credited to the assets revaluation reserve. Upon disposal of the investment property, any revaluation surplus is transferred to the profit and loss account.

Other fixed assets are depreciated, using the straight line method, to write off their cost or valuation over their estimated useful lives or if shorter, the relevant finance lease periods, to their estimated residual values. Estimated useful lives are summarised as follows:

Container vessels	25 years
Containers	5 to 12 years
Chassis	10 to 12 years
Terminal equipment	10 to 15 years
Freehold buildings	Not exceeding 75 years
Medium-term leasehold land and buildings	Unexpired period of the lease
Vehicles, furniture, computer and other equipment	5 to 10 years

1. Principal Accounting Policies (Continued)

(d) Fixed assets and depreciation (Continued)

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group. The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have permanently declined below their carrying amounts. Expected future cash flows have not been discounted in determining the recoverable amount.

Interest costs on borrowings to finance the construction or acquisition of fixed assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

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

(e) Investments

Debt securities expected to be held until maturity and equity shares intended to be held for the long term are included in the balance sheet under long-term investments and are carried at cost, as adjusted for the amortisation of the premiums and discounts on acquisition, less provisions. Provision is made when, in the opinion of the Directors, there is a permanent diminution in value.

Premiums or discounts on the acquisition of long-term debt securities are amortised through the profit and loss account over the period from the date of purchase to the expected date of maturity. Any profit or loss on the realisation of long-term investments is recognised as it arises and is included in the profit and loss account under other operating income.

Portfolio investments comprising mainly marketable securities, which are managed either internally or by independent investment managers and are readily convertible into cash, are included in the balance sheet under current assets and are carried at their realisable values. Income from portfolio investments, together with surplus or deficit, including exchange differences, arising from the sale or revaluation is included in the profit and loss account under net financing charges.

(f) Investments in finance leases

Leases that transfer substantially all the risks and rewards incident to ownership of the relevant assets to the lessees are accounted for as investments in finance leases. Finance lease debtors are included in the balance sheet net of gross earnings allocated to future periods.

Gross earnings under finance leases are allocated to accounting periods to give a constant periodic rate of return on the net investment in the leases in each period.

(g) Leased assets

Leases that transfer substantially all the risks and rewards incident to ownership of the relevant assets to the Group are accounted for as finance leases. At the inception of a finance lease, the fair value of the asset or, if lower, the present value of the minimum lease payments, derived by discounting them at the interest rate implicit in the lease, is recorded as a fixed asset; the corresponding liability, net of finance charges, is recorded as finance lease obligations. Assets held under finance leases are depreciated on the basis described in note (d) above. Amounts payable in respect of finance leases are apportioned between interest charges and a reduction of the lease obligations based on the interest rates implicit in the relevant leases.

All other leases are accounted for as operating leases and rentals payable are charged to the profit and loss account over the periods of the respective leases on a straight line basis or another systematic basis which is representative of the time pattern of the benefit to the lessees.

1. Principal Accounting Policies (Continued)

(h) Vessel repairs and surveys

Dry-docking and special survey costs for vessels are written off as incurred.

In previous years, dry-docking and special survey costs were deferred and amortised over the dry-docking cycle of two to five years. Upon disposal of vessels, any relevant unamortised costs were written off to the profit and loss account under operating costs. This accounting policy has been changed to conform with the Draft Interpretation 11 "Property, Plant and Equipment - Major Inspection or Overhaul Costs" issued by the Hong Kong Society of Accountants.

(i) Deferred expenditure

Costs associated with the development of identifiable and unique computer software products controlled by the Group and have probable economic benefit exceeding the cost beyond one year are deferred and capitalised as fixed assets on completion of development and then depreciated on the basis described in note (d) above. Financing expenses are amortised on a straight line basis over the relevant loan periods. Property leasing and other deferred expenses are amortised on a straight line basis over a period of up to five years. Pre-operating costs are expensed as they are incurred.

In previous years, pre-operating costs were deferred and amortised over a period of five years from the date of commencement of operations. This accounting policy has been changed to conform with the Interpretation 9 "Accounting for Pre-operating Costs" issued by the Hong Kong Society of Accountants.

(j) Properties held for sale

Properties under development for sale are included under current assets and comprise land at cost, construction costs and any interest capitalised, less provisions for foreseeable losses. Completed properties held for sale are carried at the lower of cost and net realisable value.

(k) Deferred taxation

Deferred taxation is provided at the current tax rates using the liability method in respect of all significant timing differences, principally accelerated depreciation allowances, which are expected to reverse in the foreseeable future.

(l) Revenue recognition

Freight revenues from the operation of the international containerised transportation business are recognised on a percentage of completion basis, which is determined on the time proportion method of each individual vessel voyage. Revenues from the operation of container terminals and provision of other services are recognised when services are rendered or on an accrual basis. Rental income is recognised over the periods of the respective leases on a straight line basis. Revenues from sale of properties are recognised based on the proportion of construction work completed or if lower, the proportion of sales proceeds received.

(m) Pensions and retirement benefits

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.

Contributions under the defined contribution schemes are charged to the profit and loss account in the year to which the contributions relate. For the defined benefit schemes, annual contributions are made in accordance with the advice of qualified actuaries for the funding of retirement benefits in order to build up reserves for each scheme member during the employee's service life and which are used to pay to the employee or dependent a pension after retirement. The costs of providing these benefits are recognised in the profit and loss account on a systematic basis over the average remaining lives of the employees.

(n) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, amounts repayable on demand from banks and financial institutions within three months from the date of placement and portfolio investments which are readily convertible into cash, less advances from banks and financial institutions repayable within three months from the date of advance.

1. Principal Accounting Policies (Continued)

(o) Financial instruments

The Group undertakes off balance sheet financial instruments, including futures, forward, swap and option transactions, to manage its exposure to fluctuations in foreign exchange, interest rates and other operating costs. These financial instruments are entered as part of the Group's risk management strategy against assets, liabilities, position or cash flows measured on an accrued basis and are accounted for on an equivalent basis to the underlying assets, liabilities or net positions at the balance sheet date. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or positions. Premiums on options are however charged to the profit and loss account as they are incurred. A net unrealised loss at the balance sheet date on open exchange contracts for future obligations is charged to the profit and loss account, whereas a net unrealised gain is deferred.

(p) Foreign currencies

The accounts are expressed in US dollars.

Transactions in other currencies during the year are converted at rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in other currencies at the balance sheet date and the accounts of subsidiaries expressed in other currencies are translated at rates of exchange ruling at that date.

Exchange differences arising from the translation of the accounts of subsidiaries expressed in other currencies are taken directly to reserves. All other exchange differences are dealt with in the profit and loss account.

2. Turnover

US$'000	2000	1999
International transportation and logistics		
Asia	**1,439,745**	1,265,783
North America	**390,522**	388,053
Europe	**303,276**	249,645
Australia	**34,740**	32,781
	2,168,283	1,936,262
Container terminals		
North America	**209,040**	184,779
Property investment and development		
North America	**17,837**	18,030
	2,395,160	2,139,071

The principal activities of the Group are international transportation and logistics, container terminal, property investment and development.

2. Turnover (Continued)

Turnover represents gross freight, charterhire, service and other income from the operation of the international containerised transportation and container terminal businesses and rental income from the investment property.

Freight revenues from international transportation and logistics are analysed based on the outbound cargoes of each geographical territory.

3. Operating Costs

US$'000	2000	1999
Cargo	**957,196**	927,408
Vessel and voyage	**458,793**	364,677
Equipment and repositioning	**333,757**	300,666
Terminal operating	**156,638**	129,308
Property management	**8,010**	9,867
	1,914,394	1,731,926

4. Other Operating Income

US$'000	2000	1999
Long-term investment income		
Listed	**3,936**	4,520
Unlisted	**–**	828
Profit on disposal of fixed assets, including vessels	**1,217**	1,612
Exchange gain and others	**4,347**	3,536
Write back of provision for closure cost of subsidiaries	**2,435**	–
Profit on disposal of long-term investments	**–**	17
	11,935	10,513

5. Other Operating Expenses

US$'000	2000	1999
Business and administrative	**306,668**	274,861
Corporate	**8,887**	7,523
Provision for diminution in value of long-term investments	**9,877**	–
Payment for early termination of an agent	**2,286**	–
Loss on disposal of long-term investments	**175**	–
Provision for closure cost of subsidiaries	**–**	7,000
	327,893	289,384

6. Operating Profit Before Financing

US$'000	2000	1999
(a) Operating profit before financing is arrived at after crediting :		
Operating lease rental income		
Vessels and equipment	**–**	435
Land and buildings	**17,837**	18,030
Gross earnings on finance leases	**354**	388
Payment for early termination of property leases	**70**	1,019
and after charging :		
Depreciation		
Owned fixed assets	**59,160**	56,600
Leased fixed assets	**24,958**	12,944
Operating lease rental expense		
Vessels and equipment	**309,580**	317,039
Land and buildings	**20,971**	17,524
Staff costs		
General and administrative staff	**216,892**	213,471
Terminal workers	**103,209**	99,913
Crew and seamen	**17,869**	17,922
Amortisation of deferred expenditure	**4,896**	4,720
Auditors' remuneration	**1,731**	1,834
(b) Operating profit before financing by activity is as follows :		
International transportation and logistics	**159,207**	114,859
Container terminals	**24,583**	22,042
Property investment and development	**6,007**	(4,474)
Others	**(14,511)**	(2,175)
	175,286	130,252
Corporate services	**(8,887)**	(7,523)
	166,399	122,729

In respect of the international transportation and logistics activities which cover the world's major shipping lanes, the Directors consider that the nature of the trade and the way in which costs are allocated precludes a meaningful allocation of operating profit to specific geographical segments. Operating profit from international transportation and logistics includes the results from the operations of the terminals at Long Beach and Kaohsiung which form an integral part of that business. The other container terminals and the investment property are located in North America. The Group has no other significant identifiable components in one geographical location for the purpose of carrying on a distinct and separate business.

7. Directors' Remuneration

US$'000	2000	1999
Fees	**261**	231
Salaries and other emoluments	**1,780**	1,882
Discretionary bonuses	**478**	–
Retirement benefits	**106**	97
	2,625	2,210

The emoluments of individual Directors fall within the following bands :

		Number of directors	
Emoluments bands (US$)		**2000**	1999
Nil ~ 128,200	(Nil ~ HK$1,000,000)	**4**	3
320,501 ~ 384,600	(HK$2,500,001 ~ HK$3,000,000)	**1**	1
384,601 ~ 448,700	(HK$3,000,001 ~ HK$3,500,000)	**1**	–
448,701 ~ 512,800	(HK$3,500,001 ~ HK$4,000,000)	**–**	1
512,801 ~ 576,900	(HK$4,000,001 ~ HK$4,500,000)	**–**	1
641,001 ~ 705,100	(HK$5,000,001 ~ HK$5,500,000)	**–**	1
769,201 ~ 833,300	(HK$6,000,001 ~ HK$6,500,000)	**1**	–
833,301 ~ 897,400	(HK$6,500,001 ~ HK$7,000,000)	**1**	–
		8	7

None of the Directors has waived the right to receive their emoluments. Fees and other emoluments paid to non-executive directors amount to US$13,000 (1999: US$13,000) and US$32,000 (1999: US$32,000), respectively.

Details of the emoluments paid to the five individuals, including two (1999: three) Directors, whose emoluments were the highest in the Group are :

US$'000	2000	1999
Salaries and other emoluments	**2,170**	2,368
Discretionary bonuses	**1,238**	–
Retirement benefits	**198**	164
	3,606	2,532

7. Directors' Remuneration (Continued)

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

Emoluments bands (US$)		Number of individuals 2000	1999
384,601 ~ 448,700	(HK$3,000,001 ~ HK$3,500,000)	–	2
448,701 ~ 512,800	(HK$3,500,001 ~ HK$4,000,000)	–	1
512,801 ~ 576,900	(HK$4,000,001 ~ HK$4,500,000)	–	1
576,901 ~ 641,000	(HK$4,500,001 ~ HK$5,000,000)	1	–
641,001 ~ 705,100	(HK$5,000,001 ~ HK$5,500,000)	2	1
769,201 ~ 833,300	(HK$6,000,001 ~ HK$6,500,000)	1	–
833,301 ~ 897,400	(HK$6,500,001 ~ HK$7,000,000)	1	–
		5	5

8. Net Financing Charges

US$'000	2000	1999
Interest expense		
Bank loans, overdrafts and other loans wholly repayable within five years	46,682	45,612
Other loans not wholly repayable within five years	1,030	1,292
Finance lease obligations		
Wholly payable within five years	6,298	2,641
Not wholly payable within five years	9,270	1,630
	63,280	51,175
Interest income	(14,028)	(11,733)
Net interest expense	49,252	39,442
Financing charges	6,981	6,165
Portfolio investment income	(7,987)	(4,186)
	48,246	41,421

Financing charges include the funding costs reimbursed to TAPCO (note 19) amounting to US$5.9 million (1999: US$4.2 million).

9. Taxation

US$'000	2000	1999
Current overseas taxation		
Company and subsidiaries	**18,974**	12,441
Jointly controlled entities	**13**	277
	18,987	12,718

Current taxation has been provided at the appropriate rates of taxation prevailing in the countries in which the Group operates on the estimated assessable profits for the year. The rate applicable for Hong Kong profits tax is 16% (1999: 16%).

Deferred taxation charges/(credit) for the year has not been accounted for in respect of the following:

US$'000	2000	1999
Accelerated depreciation allowances	**1,870**	1,009
Taxation losses and others	**8,999**	(14,326)
	10,869	(13,317)

10. Dividends

US$'000	2000	1999
Ordinary		
Interim of US1 cent per share (1999: nil)	**5,171**	–
Proposed final of US3 cents (1999: US3 cents) per share	**15,514**	15,514
	20,685	15,514

11. Earnings Per Ordinary Share

The calculation of earnings per ordinary share is based on a profit of US$111.9 million (1999: US$67.2 million), being the profit attributable to ordinary shareholders, and on 517.1 million ordinary shares in issue during the year.

12. Fixed Assets

US$'000	Container vessels	Vessels under construction	Containers	Chassis	Terminal equipment	Land and buildings outside Hong Kong Freehold	Land and buildings outside Hong Kong Medium-term leasehold	Vehicles, furnitures, computer and other equipment	Total
Group									
Cost or valuation									
At 31st December 1999	846,360	12,046	170,870	83,260	127,779	163,880	22,329	124,869	1,551,393
Changes in exchange rates	–	–	–	(80)	(1,705)	(169)	166	(1,063)	(2,851)
Additions	2,384	118,777	143,230	19,875	67,976	–	10,651	15,565	378,458
Reclassification	115,193	(115,193)	–	–	–	–	–	–	–
Disposals	(35,166)	–	(13,364)	(98)	(586)	(5,157)	(281)	(3,045)	(57,697)
Disposal of subsidiaries	–	–	–	–	–	–	(5,180)	(4,279)	(9,459)
At 31st December 2000	928,771	15,630	300,736	102,957	193,464	158,554	27,685	132,047	1,859,844
Accumulated depreciation									
At 31st December 1999	220,529	–	115,992	58,648	52,866	20,963	4,452	71,531	544,981
Changes in exchange rates	–	–	–	(26)	(715)	(40)	223	(647)	(1,205)
Charge for the year	29,884	–	19,192	5,796	10,271	1,503	2,401	15,071	84,118
Disposals	(32,728)	–	(13,225)	(77)	(548)	(2,491)	(9)	(1,891)	(50,969)
Disposal of subsidiaries	–	–	–	–	–	–	(668)	(2,610)	(3,278)
At 31st December 2000	217,685	–	121,959	64,341	61,874	19,935	6,399	81,454	573,647
Net book amount									
At 31st December 2000	711,086	15,630	178,777	38,616	131,590	138,619	21,286	50,593	1,286,197
At 31st December 1999	625,831	12,046	54,878	24,612	74,913	142,917	17,877	53,338	1,006,412
Net book amount of leased assets									
At 31st December 2000	–	–	162,211	32,689	57,011	–	–	574	252,485
At 31st December 1999	–	–	39,379	20,525	19,488	–	–	848	80,240

12. Fixed Assets (Continued)

(a) Freehold land and buildings include the investment property, "Wall Street Plaza", which is a commercial property located at 88 Pine Street, New York, USA. The property is situated on three parcels of land, of which two parcels, representing approximately 34% of the site, are under long-term leases expiring in the year 2066. The property is stated at Directors' valuation of US$110.0 million (1999: US$110.0 million), by reference to a professional valuation made in December 2000 on an open market basis.

(b) Container vessels include three (1999: three) vessels which were previously operated under finance lease terms and direct ownership was acquired by the Group in May 1990. These vessels are carried at Directors' valuation, representing the then purchase consideration which was determined by reference to professional valuations on a cum-charter open market basis of US$87.0 million. Subsequent revaluations of these vessels are not required to be made in accordance with paragraph 72 of Hong Kong Statement of Standard Accounting Practice No 17. Had these vessels been carried at cost, the net book amount of the container vessels would have been reduced by US$3.9 million (1999: US$4.3 million).

(c) Apart from the investment property and container vessels mentioned under (a) and (b) above, all other fixed assets are carried at cost.

(d) The aggregate net book amount of assets pledged as securities for loans amounts to US$888.3 million (1999: US$780.1 million).

13. Subsidiaries

US$'000	**2000**	1999
Company		
Unlisted shares, at cost less provision	**169,482**	16,938
Amounts receivable	**604,657**	605,450
Amounts payable	**(364,092)**	(247,151)
	410,047	375,237

Particulars of the principal subsidiaries at 31st December 2000 are shown on pages 83 to 88.

14. Jointly Controlled Entities

US$'000	2000	1999
Group		
Unlisted shares, at cost less provision	**8,314**	11,314
Share of retained post-acquisition profits/(losses)	**10,405**	(2,276)
Share of net assets	**18,719**	9,038
Amounts receivable	**32,110**	29,667
	50,829	38,705

Particulars of the principal jointly controlled entities at 31st December 2000 are shown on page 89.

15. Long-Term Investments

US$'000	2000	1999
Group		
Investment in Hui Xian, at cost (note (a))	**91,201**	77,601
Debt securities, at cost less provisions		
Listed outside Hong Kong (note (b))	**41,540**	56,144
Unlisted	**6,300**	4,778
Investments in finance leases (note 16)	**4,137**	4,798
Others, at cost less provisions		
Unlisted	**1,934**	9,072
	145,112	152,393

(a) The investment in Hui Xian represents the Group's approximately 8% (1999: 8%) unlisted equity interest in and advances to Hui Xian Holdings Limited ("Hui Xian"), incorporated in Hong Kong and the holding company for the Beijing Oriental Plaza project. The project comprises a commercial, retail and residential complex of approximately six million square feet, with total estimated development costs of approximately US$1.9 billion.

The major shareholder of Hui Xian, which holds approximately 52% of the issued equity, has also been appointed the project manager of the development. Under the Hui Xian shareholders' agreement, the shareholders agreed to finance the development costs up to US$1.9 billion in proportion to their shareholdings. If the development costs exceed US$1.9 billion and any shareholders decide not to provide their share of the finance, the Group's percentage of shareholding in Hui Xian will be adjusted in accordance with the proportion of finance provided by the shareholders.

(b) Market value of listed debt securities was US$38.6 million (1999: US$47.1 million).

16. Investments In Finance Leases

US$'000	2000	1999
Group		
Gross rental receivable	**5,469**	6,489
Gross earnings allocated to future periods	**(810)**	(1,189)
	4,659	5,300
Current portion included in current assets	**(522)**	(502)
	4,137	4,798

The cost of assets acquired for finance lease purposes amounted to US$6.4 million (1999 : US$6.4 million). The finance leases are receivable in the following years :

US$'000	Net investment	Gross earnings	Gross rental
2001	522	309	831
2002	560	271	831
2003	3,577	230	3,807
	4,659	810	5,469

17. Other Non-Current Assets

US$'000	2000	1999
Group		
Deferred expenditure		
Property leasing expenses	**13,374**	12,354
Financing charges	**1,232**	1,380
Computer software development costs	**417**	836
Others	**305**	784
	15,328	15,354
Restricted bank balances and deposits (note 20)	**42,750**	42,838
	58,078	58,192
Company		
Restricted bank balances and deposits (note 20)	**22,739**	22,737

18. Debtors And Prepayments

US$'000	2000	1999
Group		
Trade debtors (note 19)	**125,961**	136,457
Other debtors	**25,291**	28,906
Prepayments	**49,328**	47,900
Utility and other deposits	**25,551**	23,683
Bunker	**17,080**	13,821
Tax recoverable	**199**	252
	243,410	251,019
Company		
Other debtors	**22**	58
Prepayments	**1,036**	101
	1,058	159

19. Trade Debtors

Group

In 1998, the Group entered into a receivables purchase agreement (the "Agreement") under which the Group agreed to assign, from time to time, certain specific trade receivables to The Rhino Receivables Company Limited ("Rhino"), a Channel Island unrelated special purpose company. The Group can offer to sell, at the time of each aforesaid assignment, a certain portion of those receivables, subject to a specified accumulated maximum amount, to Tulip Asset Purchase Company BV ("TAPCO"), a Netherlands unrelated special purpose company. Rhino holds all such trade receivables on trust for the benefit of the Group and TAPCO. Under the Agreement, TAPCO will settle in cash on the date of sale a fixed portion of the purchase price of the trade receivables, representing approximately 91% of those trade receivables on the date of sale with the balance on final settlement. TAPCO funds the purchases of the receivables by cash advances from Tulip Funding Corporation, a United States unrelated special purpose company, which in turn issues US dollar floating rate commercial papers backed by such receivables, supplemented by letter of credit and liquidity arrangements from a bank. The Group continues to manage the trade receivables and acts as collection agent for Rhino. The Group also agrees to reimburse all funding costs incurred by TAPCO in relation to the purchases of the trade receivables from the Group. Upon collection of all trade receivables sold, TAPCO will settle the balance of the purchase price, after deducting any funding costs not yet reimbursed and bad debts arising from those trade receivables.

19. Trade Debtors (Continued)

Group

As at 31st December 2000, trade debtors of the Group includes the following trade receivables:

US$'000	2000	1999
Gross trade receivables assigned to Rhino	**121,384**	126,492
Less non-returnable proceeds received from TAPCO	**(89,100)**	(73,800)
	32,284	52,692

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. Debtors with overdue balances are requested to settle all outstanding balances before any further credit is granted. The ageing analysis of the Group's trade debtors, including those assigned to Rhino but net of provision for bad and doubtful debts, prepared in accordance with date of invoices, is as follows :

US$'000	2000	1999
Below one month	**159,561**	144,802
Two to three months	**36,707**	52,845
Four to six months	**17,507**	10,878
Over six months	**1,286**	1,732
	215,061	210,257

20. Bank Balances And Deposits

US$'000	2000	1999
Group		
Restricted	**106,356**	117,151
Not restricted	**250,586**	201,974
	356,942	319,125
Less restricted and included in non-current assets (note 17)	**(42,750)**	(42,838)
	314,192	276,287

20. Bank Balances And Deposits (Continued)

US$'000	2000	1999
Company		
Restricted	**22,739**	22,737
Not restricted	**13,045**	26,311
	35,784	49,048
Less restricted and included in non-current assets (note 17)	**(22,739)**	(22,737)
	13,045	26,311

Restricted bank balances and deposits are funds which are pledged as securities for banking facilities or required to be utilised for specific purpose. A restricted deposit of the Group amounting to US$63.6 million (1999: US$74.3 million), which has been pledged as security for a short-term bank loan of the same amount (note 22), is not classified as a non-current asset.

21. Creditors And Accruals

US$'000	2000	1999
Group		
Trade creditors	**120,744**	82,463
Other creditors	**23,413**	26,123
Accrued operating expenses	**239,147**	284,563
Deferred revenue	**5,926**	11,867
	389,230	405,016
Company		
Accrued operating expenses	**959**	3,967

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

US$'000	2000	1999
Below one month	**50,306**	24,438
Two to three months	**68,414**	50,724
Four to six months	**1,735**	7,169
Over six months	**289**	132
	120,744	82,463

22. Bank Loans And Overdrafts

US$'000	2000	1999
Group		
Secured	**64,606**	79,809
Unsecured	**3,107**	3,999
	67,713	83,808

A secured bank loan of US$63.6 million (1999: US$74.3 million) is secured by a bank deposit of the same amount (note 20).

23. Long-Term Liabilities

US$'000	2000	1999
Group		
Bank loans		
Secured	**583,434**	548,967
Unsecured	**–**	1,500
Other secured loans		
Wholly repayable within five years	**22,861**	7,663
Not wholly repayable within five years	**15,198**	14,394
Finance lease obligations		
Wholly payable within five years	**150,940**	66,413
Not wholly payable within five years	**111,907**	10,291
	884,340	649,228
Current portion included in current liabilities	**(130,579)**	(88,771)
	753,761	560,457

23. Long-Term Liabilities (Continued)

(a) The maturity of the Group's bank loans, other loans and finance lease obligations is as follows:

US$'000	Bank loans	Other loans	Finance leases Present value	Finance leases Minimum payments
As at 31st December 2000				
2001	84,616	14,472	31,491	49,111
2002	39,173	9,699	43,863	62,564
2003	80,939	4,567	29,976	44,882
2004	40,232	3,886	31,474	43,916
2005	35,972	2,888	24,999	35,117
2006 onwards	302,502	2,547	101,044	111,938
	583,434	38,059	262,847	347,528
As at 31st December 1999				
2000	67,600	4,132	17,039	22,284
2001	59,996	3,721	14,164	18,744
2002	37,255	3,899	22,137	25,515
2003	67,915	3,083	6,421	8,092
2004	32,732	2,317	10,008	10,877
2005 onwards	284,969	4,905	6,935	8,414
	550,467	22,057	76,704	93,926

(b) The bank loans, other loans and finance lease obligations carry interest at fixed rates, ranging from 6.23% to 14.57% per annum, or variable rates, varying from 0.5% to 2.0% over stipulated market rates per annum.

24. Other Non-Current Liabilities

US$'000	Pensions	Other provisions	Total
Group			
At 31st December 1998	4,323	834	5,157
Changes in exchange rates	442	23	465
Provided	822	208	1,030
Utilised	(122)	(99)	(221)
At 31st December 1999	5,465	966	6,431
Changes in exchange rates	(560)	(75)	(635)
Provided	1,395	36	1,431
Utilised	(474)	(716)	(1,190)
At 31st December 2000	5,826	211	6,037

25. Share Capital

US$'000	**2000**	1999
Authorised :		
900,000,000 ordinary shares of US$0.10 each	**90,000**	90,000
65,000,000 convertible redeemable preferred shares of US$1 each	**65,000**	65,000
50,000,000 redeemable preferred shares of US$1 each	**50,000**	50,000
	205,000	205,000
Issued and fully paid :		
517,141,632 ordinary shares of US$0.10 each	**51,714**	51,714

26. Reserves

US$'000	Contributed surplus	Share premium	Assets revaluation reserve	Retained Profit	Total
Group					
At 31st December 1998					
As previously reported	148,286	35,073	9,948	411,305	604,612
Prior year adjustments (note 1)	–	–	–	(14,024)	(14,024)
As restated	148,286	35,073	9,948	397,281	590,588
Changes in exchange rates	–	–	–	(1,138)	(1,138)
Acquisition of a subsidiary	–	–	–	68	68
Profit for the year retained	–	–	–	51,707	51,707
At 31st December 1999					
As previously reported	148,286	35,073	9,948	456,602	649,909
Prior year adjustments (note 1)	–	–	–	(8,684)	(8,684)
As restated	148,286	35,073	9,948	447,918	641,225
Changes in exchange rates	–	–	–	(2,884)	(2,884)
Profit for the year retained	–	–	–	91,178	91,178
At 31st December 2000	148,286	35,073	9,948	536,212	729,519
Company					
At 31st December 1998	148,286	35,073	–	202,002	385,361
Profit for the year retained	–	–	–	11,403	11,403
At 31st December 1999	148,286	35,073	–	213,405	396,764
Profit for the year retained	–	–	–	938	938
At 31st December 2000	148,286	35,073	–	214,343	397,702

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$362.6 million (1999: US$361.7 million) as at 31st December 2000.

27. Commitments

Group

(a) Capital commitments

US$'000	**2000**	1999
Contracted but not provided for	**168,417**	155,435
Authorised but not contracted for	**14,202**	11,697
	182,619	167,132

The commitments as at 31st December 2000 include the balance of the purchase cost of two 7,400 TEU container vessels (1999 : two 5,500 TEU container vessels) to be delivered in 2003.

In addition, the Group has a long-term investment plan in respect of the Beijing property development as set out in note 15(a).

(b) Operating lease commitments

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

US$'000	Vessels and equipment	Land and buildings	Total
As at 31st December 2000			
2001	216,736	18,475	235,211
2002	193,307	14,742	208,049
2003	165,214	14,716	179,930
2004	149,696	23,008	172,704
2005	139,330	22,547	161,877
2006 onwards	400,886	352,963	753,849
	1,265,169	446,451	1,711,620
As at 31st December 1999			
2000	231,275	16,227	247,502
2001	195,196	14,080	209,276
2002	171,104	11,436	182,540
2003	129,925	11,943	141,868
2004	111,629	17,442	129,071
2005 onwards	333,164	318,915	652,079
	1,172,293	390,043	1,562,336

28. Contingent Liabilities

Group

(a) Guarantees in respect of loan facilities given for :

US$'000	Facilities 2000	Facilities 1999	Utilised 2000	Utilised 1999
Jointly controlled entities	**57,000**	80,000	**24,700**	43,000
Hui Xian (note 15)	**43,100**	–	**1,353**	–
	100,100	80,000	**26,053**	43,000

(b) Certain jointly controlled entities, Orient Overseas Property (Hangzhou) Company Limited, Shanghai Orient Overseas Real Estates Company Limited, Shanghai Orient Overseas Xujiahui Real Estate Company Limited and Shanghai Orient Overseas Zhenning Real Estate Company Limited (together the "JVs") have entered into agreements with certain banks in China in relation to the mortgage financing arrangement for end purchasers of their property development project in Shanghai and Hangzhou. Pursuant to the terms of the agreements, the JVs have provided guarantees in respect of the outstanding loans and accrued interest owed by the purchasers to the financing banks. These guarantees will be discharged upon obtaining the legal title for each property unit and completion of mortgage registration by the financing banks. As at 31st December 2000, the outstanding guarantee for such mortgage loans amounted to US$34.6 million (1999 : US$8.2 million). The Group's share of the contingent liabilities of the JVs is US$16.4 million (1999 : US$4.1 million).

(c) Contingent taxation liabilities

At 31st December 2000, there were unprovided deferred taxation (benefits)/liabilities which consisted of the following timing differences:

US$'000	2000	1999
Accelerated depreciation allowances	**9,032**	7,162
Taxation losses and others	**(19,383)**	(28,382)
	(10,351)	(21,220)

In addition, if the Group's investment property in the USA were sold, a taxation liability would arise. Based on the carrying value of the property of US$110.0 million and the available taxation losses of the relevant subsidiaries as at 31st December 2000, this taxation liability would amount to approximately US$21.4 million. No provision has been made in the accounts for this liability as the property is held for long-term investment purposes.

28. Contingent Liabilities (Continued)

(d) Litigation

The Group joined the Trans-Atlantic Agreement, subsequently amended as the Trans-Atlantic Conference Agreement ("TACA"), in respect of its US East Coast/Northern Europe trade in 1992 and also entered into vessel sharing agreements with four other major operators in 1993. In October 1994, the European Commission ("EC") adopted a decision, which found the price agreements of the TACA infringed EC competition rules in a number of identified respects, including the rate-making authority in respect of the inland proportions within the European Union of through-intermodal transport services. Since then, the parties to the TACA have applied and taken various actions for the annulment and suspension of that decision.

In September 1998, the EC adopted a decision ("Decision") concerning the lawfulness of certain practices of the TACA. The Decision finds that the members of the TACA committed various infringements of the EC rules on competition, which prohibits agreements and practices restrictive of competition (Article 85 of the EC Treaty) and the abuse of a dominant position (Article 86 of the EC Treaty). The Decision also finds that the TACA parties infringed the equivalent provisions of the European Economic Area Agreement. The total fines imposed by EC on all the TACA parties for the infringement under Article 86 of the EC Treaty alone is Euro 272.9 million (approximately US$257.0 million), of which the Group's share is Euro 20.6 million (approximately US$19.4 million).

In December 1998, the TACA parties lodged an appeal to the European Court of First Instance for the annulment of the Decision. As security for the appeal, the Group has provided a bank guarantee in favour of the court for an amount equivalent to its share of the fine imposed. The exact liabilities of the Group are dependent upon the final outcome of the results of the appeal, which would expect to take at least several years. While the Directors cannot predict with certainty the final outcome of the appeal, it is their opinion, based on legal advice, that it is very likely that the court will annul or significantly reduce the fines imposed in the Decision. Accordingly, no provision has been made in the accounts.

Company

(a) Guarantees in respect of loans, finance lease obligations and bank overdraft facilities given for :

	Facilities		Utilised	
US$'000	**2000**	1999	**2000**	1999
Subsidiaries	**763,512**	665,330	**760,754**	566,304
Jointly controlled entities	**57,000**	80,000	**24,700**	43,000
Hui Xian (note 15)	**43,100**	–	**1,353**	–
	863,612	745,330	**786,807**	609,304

28. Contingent Liabilities (Continued)

(b) The Company has given guarantees for its subsidiaries in respect of future payment of operating lease rentals amounting US$425.2 million (1999: US$581.1 million).

(c) The Company has given a guarantee for a subsidiary in respect of its commitment and obligations towards the Beijing Oriental Plaza project as set out in note 15(a).

(d) The Company has given a guarantee to a bank in respect of the guarantee in favour of the European Court detailed in note 28(d).

29. Financial Instruments

	Contract amount		Replacement cost	
US$'000	**2000**	1999	**2000**	1999
Interest rate swap agreements *	**250,000**	350,000	**–**	(1,752)
Forward foreign exchange contracts	**–**	16,961	**–**	(533)
Bunker fuel swap agreements	**–**	3,360	**–**	605
	250,000	370,321	**–**	(1,680)

* All interest rate agreements expired and closed in January 2001.

The Group manages its exposure to fluctuations of foreign currencies, interest rates and bunker prices through a comprehensive set of procedures, policies and limits approved by the Committees of the Board of Directors. The Group does not engage in any transactions for speculative or dealing purposes. The above financial instruments arise from future, forward, swap and option transactions undertaken by the Group to hedge against assets, liabilities or positions.

The notional or contractual amounts of these instruments indicate the volume of these transactions outstanding at the balance sheet date and they do not represent amounts at risk. The exposure to credit risk is limited to the settlement amount owing by counterparties, which are reputable financial institutions.

The replacement cost of contracts represents the mark to market value of all contracts, which is estimated by reference to indicative market rates for these contracts, at the balance sheet date. The majority of the results relating to the unexpired contracts are recognised with the underlying transactions. In accordance with the Group's accounting policies, any net unrealised loss on open exchange contracts at the balance sheet date is charged to the profit and loss account whereas a net gain is not recognised.

30. Pension And Retirement Benefits

The Group operates a number of retirement schemes in the main countries in which it operates. The total cost charged to the profit and loss account of these schemes was US$7.9 million (1999: US$7.9 million).

The principal defined benefit schemes are operated in the USA, United Kingdom and Canada. The defined benefit schemes cover approximately 10% of the Group's employees and are fully funded, with the exception of two smaller schemes for which provisions have been made (note 24). The assets of the funded schemes are held in trust funds separate from the Group. The pension charge relating to these schemes was US$0.5 million (1999: US$1.1 million with a refund from a scheme of US$1.2 million), and is assessed in accordance with the advice of qualified actuaries in accordance with local practice and regulations. The actuarial assumptions used to calculate the projected benefit obligations of the Group's pension schemes vary according to the economic conditions of the country in which they are situated. The main actuarial assumptions made in the principal defined benefit schemes were rates of return ranging between 2.9% and 8.0%, price inflation ranging between 3.5% and 10.0%, and salary increases ranging between 3.4% and 8.0%. The total value of the assets of the principal defined benefit schemes at their latest available valuation dates is approximately US$154 million. These valuations, which were made by independent professionally qualified actuaries between December 1999 and December 2000, also showed that in aggregate total surpluses amounted to US$1.3 million and total deficits amounted to US$0.4 million.

The principal defined contribution schemes are operated in Hong Kong, the USA and Canada. Contributions to the defined contribution schemes, all the assets of which are held in trust funds separate from the Group, are based on a percentage of employee 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 charge for the defined contribution schemes, which cover approximately 52% of the Group's employees, was US$7.4 million (1999: US$8.0 million), after netting off forfeitures of US$0.3 million (1999: US$0.3 million).

31. Notes To Consolidated Cash Flow Statement

(a) Reconciliation of operating profit before financing to net cash inflow from operating activities

US$'000	2000	1999
Operating profit before financing	**166,399**	122,729
Depreciation	**84,118**	69,544
Profit on sales of fixed assets	**(1,217)**	(1,612)
Long-term investment income	**(3,936)**	(5,348)
Loss/(profit) on sale of long-term investments	**175**	(17)
(Write back)/provision for closure cost of subsidiaries	**(2,435)**	7,000
Provision for diminution in value of long-term investments	**9,877**	–
Revaluation deficit of the investment property	**–**	10,000
Amortisation of deferred expenditure	**4,896**	4,720
(Decrease)/increase in provisions	**(394)**	1,274
(Increase)/decrease in properties held for sales	**(224)**	883
Decrease/(increase) in debtors and prepayments	**6,450**	(13,881)
(Decrease)/increase in creditors and accruals	**(8,960)**	44,470
Net cash inflow from operating activities	**254,749**	239,762

31. Notes To Consolidated Cash Flow Statement (Continued)

(b) Disposal of subsidiaries

US$'000	2000	1999
Net assets disposed		
Fixed assets	6,181	–
Non-current assets	182	–
Debtors and prepayments	1,407	–
Cash and bank balances	439	–
Creditors and accruals	(875)	–
Short-term loans	(2,295)	–
	5,039	–
Loss on disposal	(4,565)	–
Cash consideration	474	–
Cash and bank balances disposed	439	–
Net cash inflow on disposal of subsidiaries	35	–

(c) Acquisition of a subsidiary

US$'000	2000	1999
Net assets acquired		
Fixed assets	–	82
Non-current assets	–	26
Debtors and prepayments	–	509
Cash and bank balances	–	773
Creditors and accruals	–	(458)
Interest held in a jointly controlled entity	–	(466)
	–	466
Capital reserve on acquisition	–	(68)
Cash consideration	–	398
Cash and bank balances acquired	–	773
Net cash inflow on acquisition of a subsidiary	–	375

31. Notes To Consolidated Cash Flow Statement (Continued)

(d) Analysis of changes in financing during the year

US$'000	Share capital and premium	Minority interests	Loans and finance lease obligations	Total
At 31st December 1998	86,787	5,463	695,929	788,179
Changes in exchange rates	–	–	(121)	(121)
Inception of finance leases	–	–	10,291	10,291
Minority interests' share of profit	–	402	–	402
Dividends paid to minority interests	–	(357)	–	(357)
Net cash outflow from financing	–	–	(51,375)	(51,375)
At 31st December 1999	86,787	5,508	654,724	747,019
Changes in exchange rates	–	(129)	(769)	(898)
Inception of finance leases	–	–	212,246	212,246
Minority interests' share of profit	–	614	–	614
Dividends paid to minority interests	–	(433)	–	(433)
Disposal of subsidiaries	–	–	(2,295)	(2,295)
Net cash inflow/(outflow) from financing	–	(1,028)	21,435	20,407
At 31st December 2000	86,787	4,532	885,341	976,660

(e) Analysis of cash and cash equivalents

US$'000	**2000**	1999
Bank balances and deposits maturing within three months from the date of placement	**338,132**	278,223
Portfolio investments	**53,243**	75,907
Overdrafts and bank loans repayable within three months from the date of advance	**(66,712)**	(78,312)
	324,663	275,818

32. Approval Of Accounts

The accounts were approved by the Board of Directors on 16th March 2001.

Principal Subsidiaries and Jointly Controlled Entities

As at 31st December 2000

Name of Company	Effective percentage held by Group	Particulars of issued share and loan capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries					
Beaufort Shipping Ltd	100	500 shares of no par value US$5,000	Ship owning	Liberia +	Worldwide
Betterment International Ltd	100	5,000 shares of US$1 each US$5,000	Property investment	British Virgin Islands	China
Cargo System (Asia Pacific) Ltd	100	200 shares of US$100 each US$20,000	Investment holding	Bermuda	Asia Pacific
Cargo System (Hong Kong) Ltd	100	50,000 shares of HK$10 each HK$500,000	Freight forwarding	Hong Kong	Hong Kong
Cargo System (UK) Ltd	100	2 shares of £1 each £2	Cargo consolidation and forwarding	United Kingdom	Europe
Cargo System Logistics Inc.	100	100 shares of no par value US$200	Cargo consolidation and transportation consultancy	USA	Worldwide
Cargo System Warehouse and Transport Ltd	100	3,000 shares of HK$100 each HK$300,000	Equipment owning	Hong Kong	Hong Kong
CargoSmart Limited	100	2 shares of US$10 each US$20	Computer software provider	British Virgin Islands	Worldwide
Consolidated Leasing & Terminals, Inc.	100	1 share of no par value US$100	Equipment owning and leasing	USA	USA
Crown Power Ltd	100	2 shares of HK$1 each HK$2	Financial services	Hong Kong	China
Croydon Investment Ltd	100	500 shares of no par value US$5,000	Investment holding	Liberia +	Worldwide
Dongguan Orient Container Co Ltd	100	Registered capital HK$29,000,000	Container depot	China	China
Far Gain Investment Ltd	100	2 shares of HK$1 each HK$2	Investment holding	Hong Kong	Hong Kong
Far Glory Ltd	100	2 shares of HK$1 each HK$2	Investment holding	Hong Kong	China
Global Terminal & Container Services, Inc.	100	24,750 shares of no par value US$5,500,000	Terminal operating	USA	USA
Goodlink Shipping Ltd	100	500 shares of no par value US$5,000	Ship chartering	Liberia +	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share and loan capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Hai Dong Transportation Co Ltd	100	100,000 shares of HK$1 each HK$100,000	Container transportation	Hong Kong	Hong Kong
Hillingdon Steamship and Navigation Company Ltd	100	200 shares of US$100 each US$20,000	Investment holding	Bermuda	Worldwide
Hope Award International Ltd	100	5,000 shares of US$1 each US$5,000	Property investment	British Virgin Islands	China
Howland Hook Container Terminal, Inc.	80 100	1,000,000 shares of US$1 each 5,200 cumulative preferred shares of US$1,000 each US$6,200,000	Terminal operating	USA	USA
IRIS Systems Ltd	100	2 shares of US$1 each US$2	Computer software provider	British Virgin Islands	Worldwide
Island Securing and Maintenance, Inc.	100	1,000 shares of no par value US$10,000	Lashing and maintenance of container equipment	USA	USA
Joyocean Navigation Ltd	100	500 shares of no par value US$5,000	Ship chartering	Liberia +	Worldwide
Kenwake Ltd	100 100	1,600,000 shares of £1 each 520,000 5% cumulative preference shares of £1 each £2,120,000	Investment holding	United Kingdom	United Kingdom
Laronda Company Ltd	100	5,000 shares of US$1 each US$5,000	Portfolio investment	British Virgin Islands	Worldwide
Long Beach Container Terminal, Inc.	100	5,000 shares of no par value US$500,000	Terminal operating	USA	USA
Loyalton Shipping Ltd	100	500 shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide
Millerian Company Ltd	100	5,000 shares of US$1 each US$5,000	Portfolio investment	British Virgin Islands	Worldwide
Newcontainer No 1 Shipping Inc.	100	500 shares of no par value US$5,000	Ship owning	Liberia +	Worldwide
Newcontainer No 2 Shipping Inc.	100	500 shares of no par value US$5,000	Ship owning	Liberia +	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share and loan capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Newcontainer No 3 Shipping Inc.	100	500 shares of no par value US$5,000	Ship owning	Liberia +	Worldwide
Newcontainer No 4 Shipping Inc.	100	500 shares of no par value US$5,000	Ship owning	Liberia +	Worldwide
Newcontainer No 5 Shipping Inc.	100	500 shares of no par value US$5,000	Ship owning	Liberia +	Worldwide
Newcontainer No 6 Shipping Inc.	100	500 shares of no par value US$5,000	Ship owning	Liberia +	Worldwide
Newcontainer No 7 Shipping Inc.	100	500 shares of no par value US$5,000	Ship owning	Liberia +	Worldwide
Newcontainer No 9 (Marshall Islands) Shipping Inc.	100	500 shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide
Newcontainer No 10 (Marshall Islands) Shipping Inc.	100	500 shares of no par value US$5,000	Ship owning	Marshall Islands	Worldwide
OHKL (Macau) Ltd	100	50 quotas of MOP1,000 each MOP50,000	Liner agency	Macau	Macau
OOCL (Asia Pacific) Ltd	100	2 shares of HK$1 each HK$2	Liner territorial office	Hong Kong	Asia Pacific
OOCL (Assets) Holdings Inc.	100	500 shares of no par value US$5,000	Investment holding	Liberia +	Worldwide
OOCL (Australia) Pty Ltd	100	200,000 shares of A$1 each A$200,000	Liner agency	Australia	Australia
OOCL (Benelux) NV	100	33,131 shares of no par value BEF8,995,798	Liner agency	Belgium	Belgium
OOCL (Canada) Inc.	100	10,000 shares of no par value C$91,000	Liner agency	Canada	Canada
OOCL (China) Investment Ltd	100	2 shares of HK$1 each HK$2	Investment holding	Hong Kong	China
OOCL (China) Ltd	100	2 shares of HK$1 each HK$2	Representative office	Hong Kong	China
OOCL (Deutschland) GmbH	100	Registered capital DM250,000	Liner agency	Germany	Germany

Name of Company	Effective percentage held by Group	Particulars of issued share and loan capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL (Europe) Ltd	100	5,000,000 shares of £1 each £5,000,000	Investment holding	United Kingdom	Europe
OOCL (Finland) Ltd	100	150 shares of FIM100 each FIM15,000	Liner agency	Finland	Finland
OOCL (France) SA	100	60,000 shares of FFr100 each FFr6,000,000	Liner agency	France	France
OOCL (HK) Ltd	100	500 shares of HK$100 each HK$50,000	Liner agency	Hong Kong	Hong Kong
OOCL (Ireland) Ltd	100	100 shares of IR£1 each IR£100	Liner agency	Ireland	Ireland
OOCL (Japan) Ltd	100	160,000 shares of Yen500 each Yen80,000,000	Liner agency	Japan	Japan
OOCL (Korea) Ltd	100	16,000 shares of Won10,000 each Won160,000,000	Liner agency	Korea	Korea
OOCL (Logistics) Holdings Ltd	100	2 shares of US$1 each US$2	Investment holding	British Virgin Islands	Worldwide
OOCL (Philippines), Inc.	100	25,000 shares of Peso 100 each Peso 2,500,000	Liner agency	Philippines	Philippines
OOCL (Scan-Baltic) SA	100	1,000 shares of DKK500 each DKK500,000	Liner agency	Denmark	Northern Europe
OOCL (Singapore) Pte Ltd	100	100,000 shares of S$1 each S$100,000	Liner agency	Singapore	Singapore
OOCL (Taiwan) Company Ltd	100	1,350,000 shares of NT$10 each NT$13,500,000	Liner agency	Taiwan	Taiwan
OOCL (Thailand) Ltd	100	40,000 shares of Baht100 each Baht4,000,000	Liner agency	Thailand	Thailand
OOCL (UK) Ltd	100	1,100,000 shares of £10 each £11,000,000	Liner agency	United Kingdom	United Kingdom
OOCL (USA) Inc.	100	1,030 shares of US$1 each US$1,030	Liner agency	USA	USA
# OOIL (Investments) Inc.	100	500 shares of no par value US$5,000	Investment holding	Liberia +	Worldwide

Name of Company	Effective percentage held by Group	Particulars of issued share and loan capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
OOCL Logistics (China) Ltd	100	Registered capital US$1,720,000	Cargoes handling	China	China
# OOCL Transport & Logistics Holdings Ltd	100	169,477,152 shares of US$1 each US$169,477,152	Investment holding	Bermuda	Worldwide
Orient Container No 1 Shipping Inc.	100	100 shares of no par value US$100	Ship owning	Liberia +	Worldwide
Orient Container No 3 Shipping Inc.	100	100 shares of no par value US$100	Ship owning	Liberia +	Worldwide
Orient Container No 4 Shipping Inc.	100	100 shares of no par value US$100	Ship owning	Liberia +	Worldwide
Orient Overseas Associates	100	Limited partnership	Property owning	USA	USA
Orient Overseas Building Corporation	100	10 shares of no par value US$150,000	Property owning	USA	USA
Orient Overseas Container Line Inc.	100	500 shares of no par value US$25,000,000	Liner operating	Liberia	Worldwide
Orient Overseas Container Line Ltd	100	10,000 shares of HK$100 each HK$1,000,000	Liner operating	Hong Kong	Worldwide
Orient Overseas Container Line (China) Co Ltd	100	Registered capital US$1,720,000	Liner agency	China	China
Orient Overseas Container Line (Malaysia) Sdn Bhd	100	100,000 shares of M$1 each M$100,000	Liner agency	Malaysia	Malaysia
Orient Overseas Container Line (UK) Ltd	100	66,000,000 shares of £1 each £66,000,000	Liner operating	United Kingdom	Worldwide
# Orient Overseas Developments Ltd	100	10,000 shares of HK$10 each HK$100,000	Investment holding	Hong Kong	Hong Kong
Orient Overseas Property (Shanghai) Co Ltd	100	Registered capital US$2,100,000	Property development	China	China

Name of Company	Effective percentage held by Group	Particulars of issued share and loan capital	Principal activities	Country of incorporation	Area of operations
Subsidiaries (Continued)					
Overseas Chinese Maritime Inc.	100 100 100	100 A shares of no par value 100 B shares of no par value 70 6% cumulative preferred shares of US$100,000 each US$7,010,000	Investment holding	Liberia +	Worldwide
Shanghai OOCL Container Transportation Co Ltd	60	Registered capital US$9,350,000	Container depot	China	China
Soberry Investments Ltd	100	5,000 shares of US$1 each US$5,000	Portfolio investment	British Virgin Islands	Worldwide
Surbiton Ltd	100	500 shares of no par value US$5,000	Portfolio investment	Liberia +	Worldwide
Treasure King Shipping Ltd	100	500 shares of no par value US$5,000	Ship chartering	Liberia +	Worldwide
* TSI Terminal Systems Inc.	100	233,400 shares of C$1 each C$233,400	Terminal operating	Canada	Canada
Wall Street Plaza, Inc.	100 100 100 100	40 A shares of US$1 each 160 B shares of US$1 each 58,500 12% non-cumulative preferred stock of US$1,000 each 18,000 11% non-cumulative preferred stock of US$1,000 each US$76,500,200	Investment holding	USA	USA
Wall Street Property Investment Co Inc.	100	50,000 shares of US$1 each US$50,000	Investment holding	Liberia +	USA
Wandworth Ltd	100	500 shares of no par value US$5,000	Portfolio investment	Liberia +	Worldwide
Warrender Ltd	100	2 shares of HK$10 each HK$20	Ship owning	Hong Kong	Worldwide
Wayton Ltd	100	2 shares of HK$1 each HK$2	Ship owning	Hong Kong	Worldwide
Wealth Capital Corporation	100	500 shares of no par value US$5,000	Investment holding	Liberia +	Worldwide
Winning Assets International Ltd	100	5,000 shares of US$1 each US$5,000	Property investment	British Virgin Islands	China

Name of Company	Effective percentage held by Group	Particulars of issued share and loan capital	Principal activities	Country of incorporation	Area of operations
Jointly controlled entities					
* Global Alliance K BV	25	8,000 shares of Dfl1,000 each Dfl8,000,000	Ship chartering	Netherlands	Worldwide
Hui Dong Investment Ltd	50	1,000 shares of HK$1 each HK$1,000	Investment holding	Hong Kong	China
Hui Han Investment Ltd	50	1,000 shares of HK$1 each HK$1,000	Investment holding	Hong Kong	China
Jointco Investment Ltd	50	1,000 shares of HK$1 each HK$1,000	Investment holding	Hong Kong	China
Qingdao Orient International Container Storage & Transportation Co Ltd	59	Registered capital RMB69,900,000	Container depot	China	China
Shanghai Orient Overseas Real Estate Co Ltd	47.5	Registered capital US$15,000,000	Property development	China	China
Shanghai Orient Overseas Xujiahui Real Estate Co Ltd	47.5	Registered capital US$30,000,000	Property development	China	China
Shanghai Orient Overseas Zhenning Real Estate Co Ltd	47.5	Registered capital US$13,000,000	Property development	China	China
* Shanghai Xinhua Iron and Steel Co Ltd	27.5	Registered capital US$6,911,000	Ship breaking	China	China

* Subsidiaries and jointly controlled entities whose accounts have been audited by firms other than PricewaterhouseCoopers.
\# Direct subsidiaries of the Company.
\+ Companies incorporated in Liberia but redomiciled to the Marshall Islands in 1999.

Major Customers and Suppliers

Approximately 5.7% and 17.5% of the Group's total expenditure on purchases of goods and services for the year are attributable to the largest supplier and five largest suppliers respectively.

Approximately 1.7% and 6.2% of the Group's total revenues for the year are attributable to the largest customer and five largest customers respectively.

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

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

10 Years Financial Summary

US$'000	1991	1992	1993	1994	1995	1996	1997	1998	1999	**2000**
Consolidated Profit and Loss Data										
Turnover										
Continuing businesses	1,218,090	1,341,770	1,379,738	1,516,018	1,671,628	1,882,322	1,895,997	1,832,764	2,139,071	**2,395,160**
Discontinued businesses	31,917	–	–	–	–	–	–	–	–	**–**
Operating profit before financing										
Continuing businesses	51,952	18,667	146,852	119,543	91,594	157,447	68,033	48,327	122,729	**166,399**
Discontinued businesses	6,775	–	–	–	–	–	–	–	–	**–**
Net financing charges	(28,282)	(33,115)	(8,126)	(59,620)	(21,038)	(42,899)	(42,471)	(42,911)	(41,421)	**(48,246)**
Profit/(loss) before taxation	31,838	(13,893)	136,744	60,106	70,579	115,078	26,548	3,674	80,341	**131,464**
Profit after taxation	31,147	1,706	137,190	57,648	66,788	107,233	24,204	170	67,623	**112,477**
Preferred share dividends	10,251	9,671	9,097	9,097	9,097	9,003	4,875	2,564	–	**–**
Profit/(loss) attributable to										
ordinary shareholders	20,629	(8,138)	127,415	48,113	56,108	97,149	18,790	(2,867)	67,221	**111,863**
Ordinary share dividends	19,658	–	5,985	7,412	9,576	12,878	8,532	–	15,514	**20,685**
Retained profits/(losses)	971	(8,138)	121,430	40,701	46,532	84,271	10,258	(2,867)	51,707	**91,178**
Per Ordinary Share										
Earnings/(loss) (US cents)	3.9	(1.6)	27.7	10.4	12.2	21.0	3.6	(0.6)	13.0	**21.6**
Dividends (US cents)	3.7	–	1.3	1.61	2.08	2.60	1.65	–	3.0	**4.0**
Weighted average number of										
ordinary shares in issue ('000)	523,032	495,638	460,369	460,369	460,369	462,065	517,142	517,142	517,142	**517,142**

Notes:

(1) The 1991 per ordinary share figures have been adjusted for the changes in issued ordinary share capital during 1992.

(2) The accounting policy in recognition of freight revenue from the operation of the international containerised transportation business was changed in 1994. The figures prior to that year have not been restated to reflect this change in accounting policies.

(3) The estimated useful life of container vessels was revised from 20 years to 25 years in 1998. The depreciation of container vessels prior to 1998 has not been restated to reflect this change.

(4) The accounting policy on dry-docking and special survey costs was changed in 1997 and again in 2000. The figures prior to 1996 and 1999 respectively have not been restated to reflect these changes.

(5) The accounting policy on pre-operating costs was changed in 2000 and the figures prior to 1998 have not been restated to reflect this change.

US$'000	1991	1992	1993	1994	1995	1996	1997	1998	1999	**2000**
Consolidated Balance Sheet Data										
Fixed assets	738,072	750,708	658,247	672,911	891,336	936,309	992,807	1,042,076	1,006,412	**1,286,197**
Cash, portfolio and bond investments	310,621	260,121	477,654	419,307	384,056	447,440	458,944	375,531	455,954	**458,025**
Other net current liabilities	(241,331)	(197,260)	(178,724)	(182,278)	(193,422)	(196,593)	(252,718)	(304,157)	(342,561)	**(362,088)**
Gross assets	1,336,176	1,282,050	1,377,126	1,336,618	1,565,905	1,776,737	1,871,842	1,800,625	1,862,864	**2,155,254**
Long-term debt	444,313	493,369	470,884	405,444	533,787	592,020	646,726	587,210	560,457	**753,761**
Total long and short-term debt	547,247	567,961	544,963	494,609	633,914	682,375	800,452	771,989	733,036	**952,053**
Net debt	236,626	307,840	67,309	75,302	249,858	234,935	341,508	396,458	277,082	**494,028**
Shareholders' funds	474,692	407,911	538,200	560,516	606,973	702,200	690,883	656,326	692,939	**781,233**
Ordinary shareholders' funds	361,442	308,237	438,526	460,842	507,299	652,200	660,883	656,326	692,939	**781,233**
Other Financial Information										
Depreciation charge of continuing businesses	73,630	75,041	80,076	75,646	73,827	83,139	75,364	65,590	69,544	**84,118**
Capital expenditure	110,441	120,761	33,568	97,599	309,767	272,245	216,785	95,077	46,276	**378,458**
Consolidated Financial Ratios/Percentages										
Debt to equity ratio	1.2	1.4	1.0	0.9	1.0	1.0	1.2	1.2	1.1	**1.2**
Net debt to equity ratio	0.5	0.8	0.1	0.1	0.4	0.3	0.5	0.6	0.4	**0.6**
Return on average ordinary shareholders' funds (%)	5.7	(2.4)	34.1	10.7	11.6	16.7	2.9	(0.4)	10.0	**15.2**
Accounts Payable as a % of turnover	21.5	20.4	18.8	16.7	17.3	19.3	19.2	19.5	18.9	**16.3**
Accounts Receivable as a % of turnover	12.1	11.8	12.0	11.1	11.8	14.0	13.6	12.9	11.7	**10.2**
Net asset value per ordinary share (US$)	0.69	0.62	0.95	1.00	1.10	1.26	1.28	1.27	1.34	**1.51**

Fleet and Container Information

Fleet

The following table sets out the Group's vessels deployed in all its services at 31st December 2000.

VESSEL NAME	TEU CAPACITY	OWNERSHIP	SERVICE IN WHICH USED	DATE PLACED IN SERVICE	SERVICE SPEED IN KNOTS	FLAG
OOCL New York	5,560	Chartered	Trans-Pacific	1999	24.7	Liberia
OOCL Netherlands	5,390	Chartered	Trans-Pacific	1997	24.6	Hong Kong
OOCL Singapore	5,390	Owned	Trans-Pacific	1997	24.6	Hong Kong
OOCL America	5,344	Owned	Trans-Pacific	1995	24.6	Hong Kong
OOCL Britain	5,344	Owned	Trans-Pacific	1996	24.6	Hong Kong
OOCL California	5,344	Owned	Trans-Pacific	1995	24.6	Hong Kong
OOCL Hong Kong	5,344	Owned	Trans-Pacific	1995	24.6	Hong Kong
OOCL Japan	5,344	Owned	Trans-Pacific	1996	24.6	Hong Kong
OOCL Belgium	2,808	Owned	Transatlantic	1998	21.0	Hong Kong
OOCL Canada	2,330	Owned	Transatlantic	1996	20.0	Hong Kong
OOCL Los Angeles	5,560	Chartered	Asia-Europe	2000	24.7	Liberia
OOCL Malaysia	5,560	Chartered	Asia-Europe	2000	24.7	Liberia
OOCL Shanghai	5,560	Chartered	Asia-Europe	1999	24.7	Liberia
OOCL Chicago	5,714	Owned	Asia-Europe	2000	24.6	Hong Kong
OOCL San Francisco	5,714	Owned	Asia-Europe	2000	24.6	Hong Kong
OOCL China	5,344	Owned	Asia-Europe	1996	24.6	Hong Kong
OOCL Fair	3,161	Owned	Asia-Europe	1987	20.5	Hong Kong
OOCL Fidelity	3,161	Owned	Asia-Europe	1987	20.5	Hong Kong
OOCL Fortune	3,161	Owned	Asia-Europe	1987	20.5	Hong Kong
OOCL Friendship	3,218	Chartered	Asia-Europe	1996	20.5	Hong Kong
OOCL Faith	3,161	Chartered	Asia-Europe	1996	20.5	Hong Kong
OOCL Freedom	3,161	Chartered	Asia-Europe	1996	20.5	Hong Kong
OOCL Neva	660	Chartered	Intra-Europe	1998	18.0	German
OOCL Nevskity	660	Chartered	Intra-Europe	1998	18.0	German
OOCL Ace	1,560	Chartered	Asia/Australia	2000	19.1	Panama
OOCL Affinity	1,560	Chartered	Asia/Australia	2000	19.1	Panama
OOCL Envoy	2,544	Owned	Asia/Australia	1979	20.5	Hong Kong
OOCL Exporter	2,535	Owned	Asia/Australia	1976	20.5	Hong Kong
OOCL Harmony	2,959	Chartered	Intra-Asia	2000	21.0	Antigua
Mira	1,645	Chartered	Intra-Asia	2000	21.0	Singapore
Kindia	1,630	Chartered	Intra-Asia	1999	20.5	Douglas
OOCL Ability	1,560	Chartered	Intra-Asia	1996	18.5	Panama
OOCL Acclaim	1,560	Chartered	Intra-Asia	1996	18.5	Panama
OOCL Ambition	1,560	Chartered	Intra-Asia	1996	18.5	Panama
OOCL Authority	1,560	Chartered	Intra-Asia	1996	18.5	Panama
Kuo Wei	1,471	Chartered	Intra-Asia	2000	18.2	Panama
Kuo Yang	1,405	Chartered	Intra-Asia	2000	18.2	Panama
Barbarossa	1,271	Chartered	Intra-Asia	2000	18.0	Antigua
OOCL Applause	853	Chartered	Intra-Asia	2000	17.0	Belize
Marcape	519	Chartered	Intra-Asia	2000	16.0	Antigua
Happy Island	500	Chartered	Intra-Asia	2000	14.0	Panama
OOCL Kyushu	455	Chartered	Intra-Asia	2000	14.0	Bahamas
OOCL Seto	455	Chartered	Intra-Asia	2000	14.0	Bahamas
Asian Glory	357	Chartered	Intra-Asia	1999	14.3	Liberia
Jin Man He	332	Chartered	Intra-Asia	1999	13.5	St Vincent
TOTAL 45 VESSELS	**130,284**					

Container Information

The Group owned, purchased on finance lease terms or leased under operating lease agreements 189,896 units (313,977 TEU) at 31st December 2000. Approximately 43% of the container fleet in TEU capacity at 31st December 2000 was owned or purchased under finance leases with the remainder leased under operating lease agreements.

In addition, at 31st December 2000 the Group owned, purchased on finance lease terms or leased under operating lease terms 23,185 trailer chassis.

Terminal Information

TSI TERMINAL SYSTEMS INC.

VANTERM

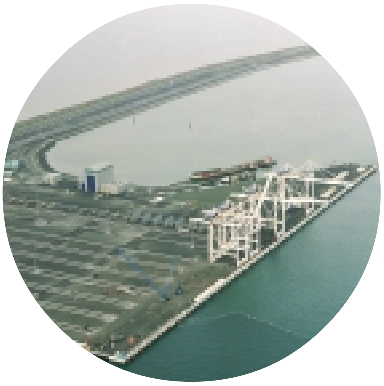
Location: Vancouver, British Columbia, Canada.

Status of Terminal: A 76 acre, three berth container terminal facility operated under a long-term lease agreement from the Vancouver Port Authority, which expires in 2012.

Equipment/Facilities: Two container vessel berths 564 metres long; one combined berth, 228 metres long; two conventional berths 90-183 metres long; four post-Panamax 16-wide quayside gantry cranes and one Super post-Panamax 18-wide quayside gantry crane; 12 RTGs capable of five over four; eight toppicks; eight empty container handlers; 29 yard tractors; 35 yard chassis; various lift trucks, pick-ups and other vehicles; on-dock intermodal yard consisting of five tracks totalling 2,200 metres serviced by two major railways: Canadian National and Canadian Pacific.

Building Facilities: 30,000 sq ft main office building; 125,000 sq ft transit shed; 25,000 sq ft maintenance building.

Principal Customers: "K" Line, Maruba, Columbus Line, TMM, OOCL, NYK, COSCO, Hapag Lloyd, P&O Nedlloyd, Yang Ming.



DELTAPORT

Location: Roberts Bank, British Columbia, Canada.

Status of Terminal: A 160 acre, two berth container terminal facility operated under a Terminal Services Agreement with the Vancouver Port Authority which expires in 2003 and thereafter under a long-term lease agreement with Vancouver Port Authority for 2004-2023.

Opening Date: June 1997.

Equipment/Facilities: Two container vessel berths 670 metres in length; four post-Panamax 18-wide quayside gantry cranes and two Super post-Panamax 20-wide gantry cranes; three rail-mounted gantries capable of loading/discharging containers over four rail tracks of 1,070 metres each; 16 RTGs capable of five over four; five reach stackers; five empty container handlers; 13 4x4 yard tractors capable of pulling three unit multi-trailer systems; 13 MTS units; 13 4x2 yard tractors; 13 yard chassis; auto reefer monitoring system; position determining system; various pick-ups and other vehicles; on-dock intermodal yard providing capacity for two 2,134 metres double-stacked trains (440 TEUs per train) serviced by two major railways: Canadian National and Canadian Pacific.

Building Facilities: 33,300 sq ft main office building; 22,000 sq ft maintenance building.

Principal Customers: APL/NOL, MOSK, Hyundai Merchant Marine, Evergreen, Lloyd Triestino, China Shipping Container Lines, NYK, OOCL, P&O Nedlloyd, Hapag Lloyd.

LONG BEACH CONTAINER TERMINAL, INC

Location: Long Beach, California, USA.

Status of Terminal: A 104 acre, three berth container terminal facility operated under a long-term preferential use agreement from the Port of Long Beach, which expires in 2011.

Equipment/Facilities: Three container vessel berths; five post-Panamax quayside container gantry cranes; two transtainers; 57 yard tractors; two top handlers; three side picks and four utility forklifts; 12 yard chassis; various pick-up trucks and other vehicles and handling equipment.

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

Principal Customers: OOCL, NYK, PON, HLC.

GLOBAL TERMINAL & CONTAINER SERVICES, INC.

Location: Jersey City, New Jersey, USA.

Status of Terminal: A freehold 98.2 acre, two berth container facility.

Equipment/Facilities: 20 receiving/delivery gates; Closed-circuit television system through-out the Terminal to monitor operations; two deep water container vessel berths (1,800 ft); six quayside gantry cranes including four new super post-Panamax cranes; eight rubber-tyred gantry cranes (RTGs) capable of stacking one over five containers high and six wide plus a truck lane. The RTGs are GPS guided for steering and container positioning; 44 yard tractors; eight toploaders; nine side pickers; 24 yard chassis; various terminal vehicles for use by supervision.

Building Facilities: 28,000 sq ft main office building, 4,000 sq ft marine operations building and 25,000 sq ft repair facility.

Principal Customers: DSR/Senator Line, Hanjin Shipping Co Ltd, Cho-Yang Shipping Co Ltd, United Arab Shipping, Chilean Line, Columbia Coastal Transport, Evergreen.

HOWLAND HOOK CONTAINER TERMINAL, INC.

Location: Staten Island, New York, USA (Port of New York / New Jersey).

Status of Terminal: A 187 acre, three berth container terminal facility operated under a long-term lease agreement from the Port Authority of New York and New Jersey, which expires in 2020.

Equipment/Facilities: Three deep water container vessel berths; seven quayside gantry cranes; 24 paperless computerised truck gates; 60 yard tractors; 22 full container handlers; 10 empty container handlers and other heavy forklifts; 42 stevedoring chassis; various computer equipped pickups and other vehicles; on-dock rail service (37 acre intermodal rail yard scheduled for construction); on-dock Container Freight Station; on-dock US Customs Inspections; terminal operated chassis pool of 1,200 chassis.

Building Facilities: 39,000 sq ft main office building, 200,000 sq ft container freight station, 28,785 sq ft equipment maintenance and repair shop, 20,000 sq ft deep freeze warehouse, 66,000 sq ft refrigerated warehouse.

Principal Customers: Maersk SeaLand, NYK, APL, Hapag Lloyd, P&O Nedlloyd, Mitsui OSK, Hyundai Merchant Marine, Chilean Lines/CSAV, CCNI, OOCL, Evergreen, Turkon Container Line, Crowley American Transport, Ecuadorian Line and United States Military Traffic Management Command.

Property Information

Property Development

a) Completed Projects - Residential

Project Name	Location	Group's Interest %	Year of Completion	Gross Floor Area (in square meter)
Orient Garden	Shang Tang Lu, Hangzhou	50	1999	39,884
Fontainebleau	Xing Guo Lu, Shanghai	100	1999	2,600
Joffre Gardens	Nan Chang Lu, Shanghai	47.5	2000	72,226

b) Projects Under Construction - Residential

Project Name	Location	Group's Interest %	To be Completed in	Gross Floor Area (in square meter)
The Courtyards	Zhenning Lu, Shanghai	47.5	2001	65,836
Century Metropolis	Ziyang Lu, Shanghai	47.5		
	– Phase 1A		2001	63,123
	– Phase 1B		2003	84,244
	– Phase 2		2002	35,380
	– Phase 3		2004	60,015

Corporate Information

Principal Office

33rd Floor
Harbour Centre
25 Harbour Road
Hong Kong

Registered Office

Clarendon House
Church Street West
Hamilton HM11
Bermuda

Principal Registrar

Butterfield Corporate Services Ltd
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

Branch Registrar

Central Registration Hong Kong Ltd
19th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

Listing Exchange

The Stock Exchange of Hong Kong Limited
Stock Code : 0316

Major Bankers

HSBC Holdings plc
ABN AMRO Bank NV
Deutsche Bank AG
Deutsche Schiffsbank AG
ING Bank NV
Citibank NA

Solicitors

Conyers Dill & Pearman
Clarendon House
Church Street West
Hamilton HM11
Bermuda
and at
2901 One Exchange Square
8 Connaught Place
Central
Hong Kong

Ince & Co
Rooms 3801-6, 38th Floor
Asia Pacific Finance Tower
Citibank Plaza
3 Garden Road
Hong Kong

Slaughter and May
27th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Auditors

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

Designed by:
Man Leung, Corporate Marketing, OOCL
Monopoly Design Limited

Produced and Printed by:
IFN Corporate Printing Limited