

Corporate Governance Report

Corporate Governance Practices

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

Throughout the year 2011, the Company has complied with the SEHK Code, except for the following:

- **Code Provision**

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

- **Recommended Best Practices**

- Nomination Committee was not established during the year 2011 and is established on 9th March 2012
- the remuneration of senior management is disclosed in bands
- operational results are announced and published quarterly instead of financial results

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We have set out in this report our guiding principles and rationale for implementation of the CG Code as well as the status of the Company's compliance with Appendix 23 to the Listing Rules during the year 2011:

A. BOARD OF DIRECTORS

1. Board Composition

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

Executive Directors

Mr. TUNG Chee Chen (*Chairman, President and Chief Executive Officer*)

Mr. CHOW Philip Yiu Wah

Mr. TUNG Lieh Cheung Andrew*

Mr. Kenneth Gilbert CAMBIE (*Chief Financial Officer*)

Mr. TUNG Lieh Sing Alan

* appointed as an Executive Director on 2nd November 2011

Non-Executive Director

Professor Roger KING

Independent Non-Executive Directors

Mr. Simon MURRAY

Mr. CHANG Tsann Rong Ernest

Professor WONG Yue Chim Richard

Mr. CHENG Wai Sun Edward

The biographical details of the Directors and the relevant relationships between them are set out on the Company's website at <http://www.ooilgroup.com> and on pages 39 to 42 of this annual report.

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

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

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

During the year 2011, the Board has complied with the Listing Rules' requirement in having at least three Independent Non-Executive Directors, including one with appropriate professional qualifications or accounting or related financial management expertise.

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

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

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2. Board Responsibilities

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

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

The Board delegates day-to-day management of the business of the Group to the management of the relevant principal divisions and certain specific responsibilities to seven committees (Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee (as of 9th March 2012), Finance Committee, Share Committee and Compliance Committee). The composition and functions of each committee are described below. These committees have specific functions and authority to examine issues and report to the Board with their recommendations (if appropriate). The final decision rests with the Board, unless otherwise provided for in the terms of reference of the relevant committees.

The Company Secretary provides the Directors with updates on developments regarding the Listing Rules and other applicable regulatory requirements. Any Director may request the Company Secretary to organise independent professional advice at the expense of the Company to assist the Directors to effectively discharge their duties to the Company. No such independent professional advice was requested by any Director in 2011.

3. Chairman and Chief Executive Officer

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

- a. The primary role of the Chairman is to provide leadership to the Board and to ensure that the Board functions effectively in the discharge of its responsibilities. His duties include to:
 - ensure that Directors are briefed and have received timely, accurate, complete and clear information on issues to be discussed at Board meetings;
 - ensure that the Board works effectively and performs its responsibilities, and that all key and appropriate issues were discussed in a timely manner and that good corporate governance practices and procedures are established, implemented and maintained;
 - approve the agenda drawn up by the Company Secretary for each Board meeting taking into account any matters proposed by other Directors for inclusion in the agenda;
 - promote a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors in particular and ensuring constructive relations between Executive and Non-Executive Directors; and encourage Directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that Board decisions fairly reflect Board consensus;
 - at least annually to hold meetings with the Non-Executive Directors (including Independent Non-Executive Directors) without the presence of the other Executive Directors;
 - ensure effective communication with shareholders and that their views are communicated to the Board; and to

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

In case of an equality of votes at any Board meetings, the Chairman shall be entitled to a second or casting vote.

- b. The primary role of the Chief Executive Officer is to be responsible for the day-to-day management and operations of the Company and Group business. These duties include to:
- provide leadership and supervise the effective management of the principal divisions of the Group;
 - monitor and control the operational and financial performance of the various principal divisions of the Group;
 - implement and report to the Board on the adoption of the Company's strategy, policies and objectives by the principal divisions of the Group;
 - provide information to the Board (as necessary) to enable the Board to monitor the performance of management and operation of the various principal divisions of the Group; and to
 - set up programmes for management development and succession planning for the principal divisions of the Group.

4. Board Meetings

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

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

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

5. Supply of and Access to Information

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

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6. Nomination of Directors

The Company did not have a Nomination Committee during the year 2011. A Nomination Committee was established on 9th March 2012.

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

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

At the annual general meeting of the Company held on 3rd May 2011 (the "2010 AGM"), Mr. Kenneth Gilbert CAMBIE, Professor Roger KING and Mr. Simon MURRAY retired and were re-elected as Directors of the Company.

7. Board Committees

In addition to the Audit Committee, the Remuneration Committee and the Nomination Committee (established on 9th March 2012) established in compliance with the Listing Rules, the other committees comprise the Executive Committee, the Finance Committee, the Share Committee and the Compliance Committee. Each committee has its own well defined scope of duties and terms of reference. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the Company's website and the HKExnews website. The Company Secretary shall also make available the terms of reference of all the committees to any shareholder upon receipt of a written request from such shareholder. The members of a committee are empowered to make decisions on matters within the terms of reference of such committee. Copies of all signed minutes of the committees are sent to the members of the respective committees and the Directors of the Company for their record.

a. Executive Committee

The Executive Committee was established in 1996. All its members are Executive Directors. It currently comprises of Mr. TUNG Chee Chen (chairman of the Executive Committee), Mr. CHOW Philip Yiu Wah, Mr. TUNG Lieh Cheung Andrew (elected as member on 2nd November 2011) and Mr. Kenneth Gilbert CAMBIE, with Ms. Lammy LEE as the secretary of the Executive Committee.

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

- formulate strategy and policies and to set corporate and management targets and operational initiatives and policies on risk management for the principal divisions of the Group and plans and operational directions for the Group;
- monitor, control and manage operational and financial performance and business affairs of the principal divisions of the Group;
- review, discuss and approve (if appropriate) (i) announcements, circulars and other documents (including price sensitive and financial information) required to be disclosed pursuant to the Listing Rules, regulatory or statutory requirements; (ii) submissions from the Finance Committee, the Share Committee and the Compliance Committee and, if appropriate, to recommend to the Board for consideration and approval;
- approve capital expenditure for a specified amount;

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- liaise and consult with, advise and make recommendations to its subsidiaries and make such decisions with regard thereto as the Executive Committee shall in its absolute discretion think fit, and refer such matters as it thinks fit to the Board of the Company for consideration, approval and/or ratification, if necessary; and to
- report to the Board on its decisions, and any matters in respect of which it considers that action is needed, and its recommendations as to the steps to be taken.

b. Audit Committee

The Audit Committee was established in 1992. All its members are Independent Non-Executive Director. It currently comprises of Professor WONG Yue Chim Richard (chairman of the Audit Committee), Mr. Simon MURRAY, Mr. CHANG Tsann Rong Ernest and Mr. CHENG Wai Sun Edward, with Mr. FUNG Yee Chung Vincent, the Head of Internal Audit as the secretary and Ms. Lammy LEE as the assistant secretary.

The primary duties of the Audit Committee include to:

- recommend to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- act as the key representative body overseeing the Company's relations with the external auditor;
- seek from the external auditor, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including provision of non-audit services and requirements regarding rotation of audit partners and staff;
- discuss with the external auditor any recommendation arising from the audit, and to review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and management's response, and to ensure that the Board will provide timely response to the issues raised in the external auditor's management letter;
- establish and review from time to time the procedure to review and monitor the external auditor's independence and objectivity, and the effectiveness of the audit process and the scope of the external auditor, and to discuss and understand the factors considered by the external auditor in determining the scope of the audit and reporting obligations before the audit commences;
- establish and review from time to time the policy relating to hiring of employees or former employees of the external auditors and monitor the application of such policy; and to consider whether as a result of such hiring there has been any impairment of the auditor's judgement or independence in respect of the audit;
- establish and review from time to time the policy on engaging external auditors to supply non-audit services and to review such services do not impair the external auditor's independence or objectivity in relation to non-audit services including whether the skills and experience of the external auditor make it a suitable supplier of non-audit services; whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit because the external auditor provides non-audit services; and the nature of the non-audit services, the related fee levels and fee levels individually and in total relative to the external auditor;
- review the Group's financial and accounting policies and practices;

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- review the Company's annual, quarterly (if prepared for publication) and interim financial reports and significant financial reporting judgments contained in them, with particular focus on changes in accounting policies and practices, major judgmental areas, any significant audit adjustments, the going concern assumption and any qualifications, compliance with any applicable legal requirements and accounting standards, and compliance with the requirements of the Listing Rules and other legal requirements in relation to financial reporting;
- consider any significant or unusual items that are, or may need to be, reflected in the report and accounts and to give due consideration to any matters that have been raised by the Financial Compliance Officer of the Company, the external auditor, the Head of Internal Audit Department or the staff responsible for the accounting and financial reporting function;
- review with the Group's management, the external auditor and the internal auditor, the adequacy of the Group's policies and procedures regarding internal control system (including financial, operational and compliance controls) and risk management system to ensure that such systems are effective with audit trails to protect the accuracy and integrity of financial data and to pursue relevant enquiries into matters having, or likely to have, a material effect on the business and financial conditions of the Group. The result of the review is to be reported in the Corporate Governance Report of the Company, including a Directors' statement that they have conducted a review of its internal control system;
- discuss with the management the scope and quality of the internal control system and to ensure that management has performed its duty to have an effective internal control system including the adequacy of resources, staff qualifications and experience, training programmes and budget and experience of staff of the accounting and financial reporting function;
- review findings of internal investigation and management's response into any suspected frauds or irregularities or failures of internal controls or infringements of laws, rules and regulations;
- review the scope and effectiveness of the internal audit functions and to review the results of the internal audit functions regularly with the internal auditor matters including planning of the Audit Committee meetings and, if required by the internal auditor, the internal audit programme; and to ensure co-ordination between the internal and external auditors and that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and monitor its effectiveness;
- review the effectiveness and monitor the use of the whistleblowing policy and procedures for employees to raise concerns, in confidence, to the Audit Committee about improprieties in financial reporting, internal control and other matters; and to ensure that proper arrangements are in place for fair and independent investigation of these improprieties and for appropriate follow-up action;
- report to the Board on the matters raised in the SEHK Code; and to
- report to the Board, identifying and making recommendations on any matters where action or improvement is needed and to consider other topics identified and referred to the Audit Committee by the Board.

Under the Group's whistleblowing policy, employees may report any concern regarding accounting, internal accounting controls and auditing matters to the Audit Committee without fear of dismissal or retaliation, in order to ensure that the Group complies with all the applicable laws and regulations, accounting standards, accounting controls and audit practices. The Audit Committee will review each complaint and decide on how the investigation should be conducted. In 2011, the Audit Committee received no complaint from employees.

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The Audit Committee held two meetings during the year ended 31st December 2011. The following is a summary of work performed by the Audit Committee during 2011:

- (i) reviewed the annual accounts for 2010 and the interim accounts for 2011 with recommendations to the Board for approval;
- (ii) reviewed the significant audit and accounting issues arising from the external auditor's statutory audit of the 2010 annual accounts and issues arising from the review of the 2011 interim accounts;
- (iii) reviewed the impact of the new and revised accounting standards on the Company;
- (iv) reviewed the external auditor's audit strategy and approach;
- (v) reviewed the non-audit services provided by the external auditor in 2010;
- (vi) met with the external auditor without the presence of management to discuss issues arising from the audits and any other matters the external auditor might care to raise;
- (vii) reviewed the Internal Audit Department's audit objectives and approval of the annual internal audit plan;
- (viii) reviewed the findings and recommendations of the Internal Audit Department on the audits carried out on the principal activities of the Group during the year 2010;
- (ix) reviewed the effectiveness of the internal control systems;
- (x) reviewed the relevant sections in the Corporate Governance Report for the year ended 31st December 2010 concerning the Audit Committee;
- (xi) reviewed the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (xii) reviewed the continuing connected transactions and their annual caps; and
- (xiii) reviewed the continuous implementation of the whistleblowing policy.

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

c. Remuneration Committee

The Remuneration Committee was established in 2005. A majority of its members are Independent Non-Executive Directors. It currently comprises of Mr. TUNG Chee Chen (chairman of the Remuneration Committee up to 8th March 2012), Mr. CHANG Tsann Rong Ernest and Professor WONG Yue Chim Richard, with Ms. Lammy LEE as the secretary of the Remuneration Committee. Mr. CHANG Tsann Rong Ernest is appointed chairman of the Remuneration Committee effective as of 9th March 2012.

The primary duties of the Remuneration Committee include to:

- review and recommend to the Board on the Company's policy and structure for the Directors of the Company, senior management and employees of the Group;

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- establish and review a formal and transparent procedure for developing remuneration policy;
- (i) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and determine with delegated responsibilities the remuneration packages of individual Executive Directors of the Company and senior management; and (ii) recommend to the Board on the remuneration of the Non-Executive Directors of the Company;
- consult the Chairman of the Board and/or Chief Executive Officer of the Company about their remuneration proposals for the other Executive Directors of the Company and senior management;
- review and approve compensation payable to the Executive Directors of the Company and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and to
- ensure that no Director or any of his associates or senior management is involved in deciding his own remuneration.

In 2011, the Board accepted the recommendations of the Remuneration Committee:

- (i) that the emoluments of the Executive Directors of the Company for the year 2011 should continue to be comprised of their respective remunerations as determined by reference to market terms, their individual experience, duties and responsibilities within the Company and its subsidiaries (if applicable) and the Executive Directors also participate in a performance-based discretionary bonus scheme determined by reference to the Company's and the individual's performance;
- (ii) the bonus package for the Chairman and the Executive Directors for the year 2010; and
- (iii) the directors' fee of the Non-Executive Director and the Independent Non-Executive Directors of the Company and the fees for acting as committee members of the Company for the year 2011.

No Director is involved in determining his own remuneration.

d. Finance Committee

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

The primary duties of the Finance Committee include to:

- assist in the financial requirements of the Group including financing, refinancing, leasing, purchase and sale of vessels, properties and equipment and the financing of the business operations of the Group;
- report to the Board on its decisions, and any matters in respect of which it considers that action is needed, and its recommendations as to the steps to be taken; and to
- discuss and review the disclosure obligations of the Company on financial, accounting or related issues on compliance with the Listing Rules and refer transactions with their recommendations to the Executive Committee of the Company for its approval.

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e. Share Committee

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

The primary duties of the Share Committee include to:

- deal with and grant approval on the removal of the ordinary shares of the Company from the Principal Register in Bermuda to the Branch Register in Hong Kong or vice versa;
- deal with share transactions including, but not limited to, share repurchases, issue of bonus shares, scrip dividend schemes, top up placings, share subscriptions and placement of the Company's shares;
- give authorisation to the Company's Principal Registrar and Branch Registrar to issue share certificates to shareholders who have reported loss of share certificates and in connection with the above share transactions; and to
- discuss and review the disclosure obligations of the Company on share transactions and compliance with the Listing Rules.

f. Compliance Committee

The Compliance Committee was established in 2004 and currently comprises of Ms. Lammy LEE (chairperson of Compliance Committee), Mr. Kenneth Gilbert CAMBIE, Mr. MOK Yun Lee Paul and Mr. FUNG Yee Chung Vincent.

The primary duties of the Compliance Committee include to:

- review, monitor and provide administrative support on the compliance control of the Group and compliance of the following corporate governance functions of the Company:
 - (a) on the Company's policies and practices on corporate governance and make recommendations to the Board;
 - (b) on the training and continuous professional development of Directors and senior management of the Group;
 - (c) on the Company's policies and practices on compliance with legal and regulatory requirements;
 - (d) on the development of the code of conduct and compliance manuals (if any) applicable to employees and Directors;
 - (e) on the Company's compliance with the CG Code and the SEHK Code;
 - (f) to report the above items (a) to (e) to the Board regularly;
 - (g) to prepare (i) the Corporate Governance Report covering all mandatory disclosure requirements as set out in the Listing Rules; and/or (ii) information required to be disclosed by the Compliance Committee in the Company's results announcements, the annual reports, the interim reports and any other documents, pursuant to the Listing Rules;

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- review and report to the Board regularly the shareholders' communication policy to ensure its effectiveness; and to
- ensure the Company is in compliance with the Listing Rules including disclosure and compliance obligations for matters including notifiable transactions, connected transactions, continuing connected transactions, advance to an entity, financial assistance and guarantees to affiliated companies of the Company, loan agreements with covenants relating to specific performance of the controlling shareholder of the Company, breach of a loan agreement by the Company, disclosure of financial information pursuant to Appendix 16 to the Listing Rules, and general obligations of disclosure under Rule 13.09 of the Listing Rules.

g. Nomination Committee

The Nomination Committee was established on 9th March 2012. A majority of the members of the Nomination Committee are Independent Non-Executive Directors and currently comprises of Mr. TUNG Chee Chen (chairman of the Nomination Committee), Mr. CHANG Tsann Rong Ernest and Professor WONG Yue Chim Richard, with Ms. Lammy LEE as the secretary of the Nomination Committee.

The primary duties of the Nomination Committee include to:

- review and recommend to the Board the Company's policy for the nomination of Directors;
- establish and review a formal, considered and transparent procedures for the appointment of new directors and plans in place for orderly succession for appointments;
- review the structure, size and composition of the Board at least annually and recommend on any proposed changes to the Board to complement the Company's corporate strategy;
- identify, nominate and recommend to the Board suitably qualified candidate to become a director of the Company either to fill a casual vacancy or as an addition to the existing Board;
- recommend to the Board on the appointment or re-appointment/re-election of Directors and succession planning for Directors;
- assess and report to the Board the qualifications of any person proposed by a shareholder of the Company for election as a director of the Company to ensure compliance with the nomination policy of the Company and the requirements as provided in the Listing Rules are satisfied;
- assess the independence of Independent Non-Executive Directors of the Company; and to
- regularly review and report to the Board the contribution required from a Director of the Company to perform his responsibilities and whether he is spending sufficient time performing them.

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

The attendance records of each Director and each member of the six* Board Committees at the relevant meetings held in year 2011 are as follows:

	Meetings Attended/Held in 2011							2010 AGM
	Board	Executive Committee	Audit Committee	Remuneration Committee	Finance Committee	Share Committee	Compliance Committee	
No. of meetings held during the year	6	12	2	1	4	1	3	1
Executive Directors								
Mr. TUNG Chee Chen <i>(Chairman, President and Chief Executive Officer)</i>	6/6	12/12	-	1/1	-	-	-	1/1
Mr. CHOW Philip Yiu Wah	6/6	12/12	-	-	4/4	1/1	-	1/1
Mr. TUNG Lieh Cheung Andrew **	1/1	2/2	-	-	-	-	-	-
Mr. Kenneth Gilbert CAMBIE <i>(Chief Financial Officer)</i>	6/6	12/12	-	-	4/4	1/1	3/3	1/1
Mr. TUNG Lieh Sing Alan	5/6	-	-	-	-	-	-	1/1
Non-Executive Director								
Professor Roger KING	5/6	-	-	-	4/4	-	-	1/1
Independent Non-Executive Directors								
Mr. Simon MURRAY	5/6	-	1/2	-	-	-	-	0/1
Mr. CHANG Tsann Rong Ernest	6/6	-	2/2	1/1	4/4	1/1	-	1/1
Professor WONG Yue Chim Richard	6/6	-	2/2	1/1	-	-	-	1/1
Mr. CHENG Wai Sun Edward	4/6	-	2/2	-	-	-	-	1/1
Others								
Ms. Lammy LEE <i>(Company Secretary)</i>	-	-	-	-	-	-	3/3	-
Mr. MOK Yun Lee Paul <i>(Group Financial Controller)</i>	-	-	-	-	-	-	3/3	-
Mr. FUNG Yee Chung Vincent <i>(Chief Auditor)</i>	-	-	-	-	-	-	3/3	-
Average attendance rate	91.67%	100%	87.50%	100%	100%	100%	100%	88.89%

* other than Nomination Committee which was not established in year 2011

** appointed as an Executive Director and elected as a member of Executive Committee of the Company with effect from 2nd November 2011.

9. Securities Transactions by Directors

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

All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standards set out in both the Company's own code and the Model Code for the year ended 31st December 2011.

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10. Share Interests of Directors and Senior Management

(a) Directors

Directors' interests in the shares of the Company are set out on pages 66 and 67 of this annual report.

(b) Senior Management

As at 31st December 2011, the number of shares of the Company held by the senior management of the Company are as follows:

Name	Number of shares held
Mr. Allan WONG	310,000
Mr. Bosco LOUIE	120,000
Mr. Steve SIU	–
Mr. Erxin YAO	5,000
Mr. Michael KWOK	–
Mr. Stephen NG	–
Ms. Lammy LEE	–

11. Emoluments of Directors and Senior Management[#]

(a) Emoluments of Directors

The emoluments of the Directors of the Company for the year ended 31st December 2011 are set out on pages 98 and 99 of this annual report.

(b) Emoluments of Senior Management

The emoluments of the senior management of the Company for the year ended 31st December 2011 are set out below:

Emolument bands (US\$)		Number of individuals 2011
1,025,601 ~ 1,089,700	(HK\$8,000,001 ~ HK\$8,500,000)	1
1,282,001 ~ 1,346,100	(HK\$10,000,001 ~ HK\$10,500,000)	1
1,346,101 ~ 1,410,200	(HK\$10,500,001 ~ HK\$11,000,000)	1
1,602,501 ~ 1,666,600	(HK\$12,500,001 ~ HK\$13,000,000)	1
1,666,601 ~ 1,730,700	(HK\$13,000,001 ~ HK\$13,500,000)	2
2,051,201 ~ 2,115,300	(HK\$16,000,001 ~ HK\$16,500,000)	1
2,371,701 ~ 2,435,800	(HK\$18,500,001 ~ HK\$19,000,000)	1
Total		8

[#] biographical details of senior management are set out on page 43 of this annual report

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B. ACCOUNTABILITY AND AUDIT

1. External Auditor

PricewaterhouseCoopers was re-appointed as the Company's external auditor by shareholders at the 2010 AGM until the conclusion of the next annual general meeting.

The Company has established a policy on appointment of external auditor in providing non-audit services, setting out the principles by which an external auditor may be appointed to provide non-audit services, with a view to ensuring the independence of the external auditor.

The fee in respect of audit and non-audit services provided by the external auditors to the Company for the year ended 31st December 2011 is set out on page 99 note 11 to the consolidated accounts of this annual report.

2. Directors' and Auditor's Acknowledgement

All Directors acknowledge their responsibility for preparing the accounts for the year ended 31st December 2011.

PricewaterhouseCoopers, the auditor of the Company, acknowledges the reporting responsibilities in the auditor's report on the financial statements for the year ended 31st December 2011.

3. Internal Controls

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

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

- A distinct organisational structure for each principal division with defined authority responsibilities and control/measures.
- An annual budget for each principal division allocating resources in accordance with identified and prioritised business opportunities. The annual budget for each principal division is approved by the Board on an annual basis.
- A comprehensive management accounting system for each principal division to provide financial and operational performance indicators to the relevant management, and financial information for reporting and disclosure purposes. Actual operational results are measured against budget each month. Detailed forecasts for the year and long-term forecasts of profit and loss, cash flow and balance sheets are regularly reviewed and updated. Variances to budget are analysed and explained and appropriate action taken, if necessary.
- Systems and procedures are in place to identify, measure, manage and control risks including business, compliance, operational, financial and information services risks that may have an impact on the Group and each principal division. Exposure to these risks is monitored by the Executive Committee and the management of the respective principal divisions.

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- Clearly defined procedures are in place for the control of capital and major expenditure commitments, off-balance sheet financial instruments and the supervision, control and review of the investment portfolio.
- The Internal Audit Department performs independent reviews of the risks and controls identified to provide reasonable assurance to management of the Company and principal divisions and the Audit Committee that controls have been set in place and adequately addressed.

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

The Audit Committee on behalf of the Board assesses the effectiveness of the internal control system including detecting fraud and other irregularities by reviewing the Internal Audit Department's work and findings. On a yearly basis, the Internal Audit Department summarises the major audit findings and other relevant information that have come to the Internal Audit Department's attention during the course of the audits and reports to the Audit Committee.

According to the 2011 Internal Audit report, the Group's internal control system is functioning effectively and there was no significant weakness found in the course of the audits carried out during the year. The Audit Committee has concluded that the Group has maintained sound and effective internal controls to safeguard the Group's assets, and there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group. The Board, therefore, is of the view that there are no suspected frauds, irregularities, internal control deficiencies or suspected infringement of laws, rules and regulations that cause the Board to believe that the systems of internal control are ineffective or inadequate, and there are no significant areas of concern which may affect shareholders. The Board is satisfied that the Company and the Group have fully complied with the code provisions on internal control as set forth in the SEHK Code for the year ended 31st December 2011.

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

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

- (a) it monitors any price sensitive information and makes appropriate announcement as required by the Listing Rules;
- (b) it conducts its affairs by reference to the "Guide on disclosure of price-sensitive information" issued by the Stock Exchange;
- (c) it has established procedures for handling external affairs about the Group; and
- (d) it has established guidelines to be followed by senior management and employees in dealing with confidential and insider information.

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C. COMMUNICATION WITH SHAREHOLDERS

The Company attaches great importance to communications with shareholders. Extensive information on the Group's activities, business strategies and developments is provided in the Company's annual reports and interim reports. Shareholders of the Company are encouraged to attend the annual general meetings of the Company which offer a valuable forum for dialogue and interaction with management. The Chairman of the Board and the chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee (established on 9th March 2012) and other Board committees, or in their absence, another member of the relevant committee, are available at the annual general meetings to answer questions from shareholders on the business of the Group. A separate resolution is proposed by the Chairman in respect of each issue at the general meetings.

The Company has also established a shareholders' communication policy to ensure shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company. The policy is regularly reviewed to ensure its effectiveness and is available on written request to the Company Secretary.

The most recent shareholders' meeting of the Company was the 2010 AGM held at the Renaissance Harbour View Hotel, Wanchai, Hong Kong on 3rd May 2011, at which the following ordinary resolutions were passed with the voting results as follows:

Ordinary Resolutions	Number of Votes (%)	
	For	Against
1. To consider and adopt the audited Financial Statements and the Reports of the Directors and the Auditor for the year ended 31st December 2010.	515,503,046 (100%)	0 (0%)
2(a). To declare a final dividend for the year ended 31st December 2010.	516,203,264 (99.99962%)	1,964 (0.00038%)
2(b). To declare a special dividend for the year ended 31st December 2010.	516,211,264 (100%)	0 (0%)
3(a). To re-elect Mr. Kenneth Gilbert CAMBIE as Director.	511,065,512 (99.019577%)	5,060,216 (0.980423%)
3(b). To re-elect Professor Roger KING as Director.	510,028,294 (98.952382%)	5,399,716 (1.047618%)
3(c). To re-elect Mr. Simon MURRAY as Director.	446,438,183 (86.496192%)	69,698,045 (13.503808%)
4. To authorise the Board of Directors to fix the Directors' remuneration.	515,863,764 (99.934231%)	339,500 (0.065769%)
5. To re-appoint PricewaterhouseCoopers as Auditor and to authorise the Board of Directors to fix their remuneration.	511,132,653 (99.080962%)	4,741,075 (0.919038%)
6(a). To grant a general mandate to the Directors to allot, issue and deal with the Company's shares.	442,216,350 (85.665443%)	73,996,878 (14.334557%)
6(b). To grant a general mandate to the Directors to repurchase the Company's shares.	516,117,228 (99.982953%)	88,000 (0.017047%)
6(c). To extend the general mandate to issue shares to cover the shares repurchased by the Company under Resolution 6(b) above.	442,113,887 (85.646252%)	74,095,377 (14.353748%)

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

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Since the publication of the Company's 2010 interim report, the Company has offered to the shareholders of the Company the following options to choose the language and means of receipt of the corporate communications of the Company in support of environment protection and for the purpose of saving printing and mailing costs:

- (1) to read the corporate communication published on the Company's website at <http://www.ooilgroup.com> in place of receiving printed copies, and receive an e-mail notification or a printed notification letter (as the case may be) of the publication of the corporate communication on website; or
- (2) to receive either the printed English version, the printed Chinese version or both the printed English and Chinese versions of the Company's corporate communication.

D. INVESTOR RELATIONS

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

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

1. Shareholdings Information

As at 31st December 2011:

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

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

Details of the shareholding of the ordinary shares of the Company by category as at 31st December 2011 are as follows:

Category	Number of Shareholders	Shareholders % of total	Number of Shares
Corporate	29	2.7103%	619,449,785
Untraceable Shareholders registered in name of Computershare Hong Kong Investor Services Limited	1	0.0934%	2,740
Individual	1,040	97.1963%	6,340,772
Total	1,070	100.00%	625,793,297

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Details of the shareholding of the ordinary shares of the Company by range as at 31st December 2011 are as follows:

Number of Shares held	Number of Shareholders	Shareholders % of total
1 – 10,000	990	92.5234%
10,001 – 100,000	71	6.6355%
100,001 – 1,000,000	5	0.4673%
1,000,001 or above	4	0.3738%
Total	1,070	100.00%

2. Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the percentage of its public float exceeds 25% as at 31st December 2011.

3. Financial Calendar

Important dates for the coming financial year are set out on page 44 of this annual report.

4. Memorandum of Association and Bye-Laws

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