



ORIENT OVERSEAS (INTERNATIONAL) LIMITED

(Incorporated in Bermuda with Limited Liability)

(Stock code: 316)

2004 RESULTS ANNOUNCEMENT

- Turnover increased by 28% to US\$4.14 billion
- Profit before tax US\$700.7 million, up 98%
- Profit attributable to shareholders increased by 104% to US\$670 million
- Earnings per share US119.3 cents
- Return on average equity for 2004 at 46%
- Proposed final dividend of US18 cents (HK\$1.4) per share
- Bonus share issue of one for ten

The Directors of Orient Overseas (International) Limited (the "Company") are pleased to announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2004 as follows:

Consolidated Profit and Loss Account For the year ended 31st December 2004

	Note	2004 US\$'000	2003 US\$'000
Turnover	1	4,140,328	3,241,113
Operating costs		(3,012,758)	(2,520,202)
Gross profit		1,127,570	720,911
Other operating income		6,945	14,875
Other operating expenses		(435,652)	(376,402)
Operating profit before financing	2	698,863	359,384
Net financing charges		(13,642)	(18,740)
Share of profits less losses of jointly controlled entities		15,518	12,662
Profit before taxation		700,739	353,306
Taxation	3	(30,141)	(24,145)
Profit after taxation		670,598	329,161
Minority interests		(149)	(117)
Profit attributable to shareholders		670,449	329,044
Proposed final dividend at US18.00 cents (2003: US11.64 cents) per ordinary share		102,403	60,184
Earnings per ordinary share (US cents)	5	119.3	59.3

Consolidated Balance Sheet As at 31st December 2004

	2004 US\$'000	2003 US\$'000
Property, plant and equipment	2,235,176	1,579,798
Jointly controlled entities	31,255	24,298
Long-term investments	95,938	99,218
Intangible assets	33,315	29,817
Other non-current assets	43,515	36,907
Non-current assets	2,439,199	1,770,038
Current assets	1,398,868	984,872
Current liabilities	(707,590)	(746,888)
Net current assets	691,278	237,984
Long-term liabilities	(1,258,953)	(840,677)
Other non-current liabilities	(54,307)	(48,741)
	1,817,217	1,118,604
Capital employed		
Share capital	56,890	47,018
Reserves	1,752,519	1,063,736
Shareholders' funds	1,809,409	1,110,754
Minority interests	7,808	7,850
	1,817,217	1,118,604

NOTES

1. Turnover

Turnover represents gross freight, charterhire, service and other income from the operation of the container transport and logistics and container terminal businesses, sales of properties and rental income from the investment property.

2. Segment information

	2004 US\$'000	2003 US\$'000
Business segment		
Turnover		
Container transport and logistics	3,827,893	2,969,554
Container terminals	289,185	251,025
Property investment and development	23,250	20,534
	4,140,328	3,241,113
Operating profit before financing		
Container transport and logistics	650,670	325,308
Container terminals	48,017	35,034
Property investment and development	9,212	6,228
Investments and corporate services	(9,036)	(7,186)
	698,863	359,384
Geographical segment		
Turnover		
Asia	2,710,669	2,043,205
North America	885,326	752,356
Europe	480,450	399,068
Australia	63,883	46,484
	4,140,328	3,241,113

Given the nature of the Group's operations and the way in which costs are allocated, it is not considered meaningful to provide a geographical analysis of operating profit.

3. Taxation

	2004 US\$'000	2003 US\$'000
Current (overseas)		
Company and subsidiaries	28,784	16,349
Jointly controlled entities	4,402	6,047
	33,186	22,396
Deferred		
Company and subsidiaries	(3,045)	1,749
	30,141	24,145

Taxation has been provided at the appropriate tax rates prevailing in the countries in which the Group operates on the estimated assessable profits for the year. These rates range from 10% to 53% and the rate applicable for Hong Kong profits tax is 17.5% (2003: 17.5%).

4. Dividends

	2004 US\$'000	2003 US\$'000
Interim paid of US12.00 cents (2003: US3.50 cents) per ordinary share	68,354	18,099
Proposed final of US18.00 cents (2003: US11.64 cents) per ordinary share	102,403	60,184
	170,757	78,283

The Board of Directors proposes a final dividend in respect of 2004 of US18.00 cents per ordinary share (2003: US11.64 cents after adjusting for the bonus issue). This dividend will be accounted for as an appropriation of retained profit in the year ending 31st December 2005.

5. Earnings per ordinary share

The calculation of earnings per ordinary share is based on the profit attributable to ordinary shareholders of US\$670.4 million (2003: US\$329.0 million) and the weighted average number of 561.8 million ordinary shares (2003: 555.0 million ordinary shares after adjusting for the bonus issue) in issue during the year.

Results for 2004

2004 has exceeded all expectations and we have outperformed 2003. Orient Overseas (International) Limited and its subsidiaries (the "Group") recorded a profit before tax and minorities of US\$700.7 million for the financial year ended 31st December 2004, 98% higher than for the year before. A profit attributable to shareholders of US\$670.4 million was recorded which represents an increase of 104% over the attributable profit of US\$329 million which we recorded in 2003.

Review of Operations

Our Container Transport, Logistics and Terminals division enjoyed an unprecedented trading environment during 2004 as volume growth kept pace with or indeed, outpaced the rate at which new tonnage was deployed. Business confidence continued to remain buoyant throughout the year and, as a result, total liftings were increased by 21.6% compared with 2003 in which year they had increased by 18.7%. Importantly also, the average load factor for 2004 showed a 2.4% improvement over 2003.

Between January and May 2004, OOCL took delivery of the "OOCL Rotterdam", "OOCL Hamburg", "OOCL Qingdao" and "OOCL Ningbo". All are 8,063 TEU vessels built by Samsung Heavy Industries Co., Ltd ("Samsung") in South Korea and were deployed within our Trans-Pacific and Asia to Europe services. They were numbers three to six in our total series of twelve. Numbers seven and eight, the "OOCL Atlanta" and "OOCL Tianjin", have been or will be delivered during the first quarter of this year. Completion of this series of "SX" Class vessels will take place with the delivery of numbers nine and ten in early 2006 and the final two in early 2007. In addition to this "SX" Class series, our "S" Class series is to be augmented by the delivery, as previously announced, of eight 5,888 TEU vessels, to be built by Imabari Shipbuilding Co., Ltd. in Japan and to be delivered, one later this year, three in early 2006, one in late 2006 and the remaining three during the first half of 2007. During 2004 we also contracted for six panamax sized newbuilding vessels. Four of 4,506 TEU capacity are to be built by Samsung in South Korea. Three are scheduled for delivery during the second half of 2007 with the fourth due in early 2008. Two others, of a similar size, are to be built by Hudong - Zhonghua Shipyard, our first venture into China for containership newbuildings, and are scheduled for delivery in late 2006 and early 2007. These various newbuilding programmes are in line with our long-term business plans.

Our container terminals in North America, two in the Port of Vancouver and two in the Port of New York and New Jersey, made substantial progress in 2004. Combined revenue grew by 15.2% on a 10.4% rise in container box throughput volumes and pre-tax earnings eclipsed 2003 results by 47% as margins expanded. We continue to explore expansion opportunities at our North American terminals and remain alert to opportunities that may arise from time to time to invest in other terminal projects, particularly in Asia.

In line with this policy, Letters of Intent have been signed with the Port Authorities of both Tianjin and Ningbo related to investment in the expansion of container terminal capacity in both of these ports. As a result, we shall continue to benefit from the ongoing growth of Chinese trade.

Our Property Development and Investment division experienced a solid performance during 2004. Performance was satisfactory and ahead of expectations. In addition, we were successful in the acquisition of new projects during the year. In particular, we have assembled land parcels for further projects in Kunshan, Jiangsu Province and central Shanghai. These acquisitions bring our pipeline in total to over 900,000 sq m of gross floor area. Our property investment business produced a result in line with expectations. We continue to hold an 8% interest in Beijing Oriental Plaza and we expect the project to continue to yield a positive result at the project level in the near term. As at 31st December 2004, Wall Street Plaza was valued at US\$100 million, no change from the prior year.

Looking Forward

The outlook for our core container transport, logistics and terminals business remains positive. During the course of 2004 the supply and demand balance remained firmly in our favour and at the present time it is hard to find any data to suggest that this favourable situation will alter in the near term. On the horizon however, are some predictions that during 2006 volume growth will slow at a time that a peak in newbuilding deliveries is expected to occur. Until now estimates by independent commentator and analysts have been for a supply side increase in tonnage during 2006 of up to 15% of the existing global container fleet. Evidence shows that tonnage increase estimates are more often than not over-estimates since they relate to static slots only and take no account of, for example, changing trade patterns or indeed of the effects of congestion. This latter problem with which the industry is presently having to contend is due to the lack of investment over the recent past in the land based infrastructure necessary to cope with the higher volume growth levels experienced over the past few years. As a result, on both the west coast of North America and, to some extent, in northern Europe significant delays have been experienced especially during the peak shipping season as the terminals, the road systems and the railways reach saturation levels. Today's estimates for demand side volume growth in 2006 put the increase as low as 9.7% compared with close to 13% for the preceding three years. These estimates tend to be based upon global GDP growth estimates and, as a result, take no account, for example, of the continuing effects of the outsourcing of production and assembly processes to the Far East or for the opening up of the markets of the former Eastern Europe to Far East produced consumer goods. More importantly perhaps, they cannot account for the potential further erosion in the unit cost of consumer goods which leads to volume growth at significantly higher levels than value growth. Therefore, even were a supply surplus to arise it is likely to be less severe than some are predicting and therefore, is likely to have only a marginal effect upon freight rates. Indeed, some of these same independent commentators and analysts are now starting to come around to this point of view once they account for the congestion factor and its potential impact upon effective tonnage supply, especially on the Trans-Pacific trade lanes. With business conditions currently healthy at most North American container terminals, 2005 should be another profitable year for the Group's terminal division. During 2004, we achieved almost 100% sales of Phase 2B of Century Metropolis totalling 58,000 sq m. We expect final completion and handover to take place during 2005. Of the entire 220,000 sq m of the gross floor area of the Century Metropolis Project, only the 3,000 sq m of the high end terraced houses remain to be launched. We expect sale of these units to be launched during 2005.

Dividends

The Directors have recommended a final dividend for the year ended 31st December 2004 of US18.00 cents (HK\$1.4 at the exchange rate of US\$1:HK\$7.8) per ordinary share to be paid on 5th May 2005 to the shareholders of the Company whose names appear on the register of members of the Company on 22nd April 2005. Shareholders who wish to receive the dividend in US Dollars should complete the US Dollars Election Form and return it to the Company's Hong Kong Branch Registrar on or before 27th April 2005.

Proposed Bonus Issue

The Directors have recommended a bonus share issue (the "Proposed Bonus Issue") of new shares (individually a "Bonus Share" and collectively the "Bonus Shares") to the shareholders of the Company on the basis of one (1) Bonus Share of US\$0.10 for every ten (10) issued ordinary shares held by such shareholders whose names appear on the register of members of the Company on 22nd April 2005. The Bonus Shares will be fully paid at par and will rank pari passu with the existing issued ordinary shares of the Company in all respects from the date of issue, except that they will not rank for the recommended final dividend or the Proposed Bonus Issue. The Proposed Bonus Issue is conditional upon:

- (i) an ordinary resolution to approve the Proposed Bonus Issue at the 2005 Annual General Meeting being duly passed; and

- (ii) the listing of and permission to deal in the Bonus Shares being granted by the Listing Committee of The Stock Exchange of Hong Kong Limited.

Application will be made to the Listing Committee of The Stock Exchange of Hong Kong Limited for listing of, and permission to deal in, the Bonus Shares to be issued pursuant to the Proposed Bonus Issue after the ordinary resolution referred in (i) above has been duly passed at the 2005 Annual General Meeting.

A circular setting out further details of the Proposed Bonus Issue will be despatched to the shareholders of the Company as soon as practicable.

Liquidity and Financial Resources

As at 31st December 2004, the Group had cash and portfolio investments amounting to US\$1,021.4 million and a total indebtedness of US\$1,405.0 million. The net debt to equity ratio was improved to 0.2:1 at end of year 2004, compared with that of 2003.

The indebtedness of the Group mainly comprises bank loans, finance leases and other obligations which are largely denominated in US dollars. The Group's borrowings are monitored to ensure a smooth repayment schedule to maturity.

Employee Information

As at 31st December 2004 the Group has 5,546 full time employees whose salary and benefit levels are maintained at competitive levels. Employees are rewarded on a performance related basis within the general policy and framework of the Group's salary scheme, and discretionary bonus schemes based on the performance of the Company, which are regularly reviewed. Other benefits are also provided including medical insurance and pension funds, and social and recreational activities are arranged around the world.

Closure of Register of Members

The register of members will be closed from 19th April 2005 to 22nd April 2005, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the final dividend and the bonus shares, transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 18th April 2005.

Amendment to Bye-laws

The recent changes to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") relating to corporate governance practices require, among other things, all directors of listed companies should retire by rotation at regular intervals. The Board of Directors of the Company proposes to put forward a special resolution to the shareholders for approval at the 2005 Annual General Meeting to amend Bye-law 87(2) of the Company's Bye-laws such that at each annual general meeting of the Company, one-third of the Directors (or, if it is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation.

Annual General Meeting and Annual Report

The annual general meeting of the Company will be held on 22nd April 2005. Notice of the meeting will be sent to shareholders together with the annual report on or before 30th March 2005.

Both the English and Chinese versions of the annual report will always be available from our Hong Kong Branch Registrar on request and on the Company's website at www.ooilgroup.com.

Disclosure of Information on the Website of The Stock Exchange of Hong Kong Limited

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules in force prior to 31st March 2004, which remain applicable to results announcements in respect of accounting periods commencing before 1st July 2004 under the transitional arrangements, will be published on the The Stock Exchange of Hong Kong Limited's website www.hkex.com.hk within 14 days following the date of this announcement.

Purchase, Sale or Redemption of Shares

On 13th February 2004, the Company placed an aggregate of 47,000,000 ordinary shares at the price of HK\$25.75 per share.

Except for the above, neither the Company nor any of its subsidiaries, has purchased or sold any of the Company's shares during the year.

Corporate Governance

The Board is committed to high standards of corporate governance. Throughout 2004, the Group has complied with the provisions of Appendix 14 to the Listing Rules on the Code of Best Practice.

Appendix 14 to the Listing Rules was substantially revised during 2004. The new provisions of Appendix 14 will apply for subsequent reporting periods.

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 Audit Committee has reviewed the annual results of 2004.

Directors' Compliance with the Model Code

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out by The Stock Exchange of Hong Kong Limited in the Model Code in Appendix 10 to the Listing Rules and all Directors have complied with the required standard of dealings set out therein.

Forward looking Statements

This announcement contains forward looking statements. Statements which are not of historical facts, including statements of the Company's beliefs and expectations, are forward looking statements. They are based upon current plans, estimates and projections and, therefore, no undue reliance should be placed upon them. Forward looking statements are correct only as of the day on which they are made. The Company has no obligation and does not undertake to update any of them publicly in the light of fresh information or of future events. Forward looking statements contain inherent risks, uncertainties and assumptions. The Company warns that should any of these risks or uncertainties ever materialise or that any of the assumptions should prove incorrect or should any number of important factors or events occur or not occur, then the actual results of the Company may differ materially from those either expressed or implied in any of these forward looking statements.

By Order of the Board
C C TUNG
Chairman

Hong Kong, 10th March 2005

As at the date of this announcement, our Executive Directors are Messrs Chee Chen Tung, Tsann Rong Chang, Nicholas David Sims and Philip Yiu Wah Chow; our Non-Executive Director is Mr Roger King; and our Independent Non-Executive Directors are Mr Simon Murray, Dr Victor Kwok King Fung and Prof Richard Yue Chim Wong.