



ORIENT OVERSEAS (INTERNATIONAL) LIMITED

東方海外(國際)有限公司*

(Incorporated in Bermuda with Limited Liability)

(Stock code: 316)

2007 RESULTS ANNOUNCEMENT

The Directors of Orient Overseas (International) Limited (the “Company”) announce the results of the Company and its subsidiaries (the “Group”) for the year ended 31st December 2007 as follows:

US\$'000	Note	2007	2006
Revenue	4	5,651,030	4,609,751
Operating costs		<u>(4,645,842)</u>	<u>(3,718,778)</u>
Gross profit		1,005,188	890,973
Fair value gain from an investment property		-	100,000
Other operating income		163,871	102,938
Other operating expenses		<u>(481,622)</u>	<u>(472,547)</u>
Operating profit	5	687,437	621,364
Finance costs	6	(99,078)	(71,721)
Share of profits less losses of jointly controlled entities		4,756	4,346
Share of losses of associated companies		<u>(1,091)</u>	<u>(771)</u>
Profit before taxation		592,024	553,218
Taxation	7	<u>(38,275)</u>	<u>(24,883)</u>
Profit for the year from continuing operations		553,749	528,335
Discontinued operation :			
Profit for the year from discontinued operation	2	<u>1,994,653</u>	<u>52,805</u>
Profit for the year		<u>2,548,402</u>	<u>581,140</u>
Attributable to :			
Equity holders of the Company		2,546,979	580,603
Minority interests		<u>1,423</u>	<u>537</u>
		<u>2,548,402</u>	<u>581,140</u>
Dividends	8	<u>644,613</u>	<u>644,669</u>
Earnings per ordinary share (US cents)	9		
- from continuing operations		88.3	84.4
- from discontinued operation		<u>318.7</u>	<u>8.4</u>
Basic and diluted		<u>407.0</u>	<u>92.8</u>

Consolidated Balance Sheet
As at 31st December 2007

US\$'000	Note	2007	2006
ASSETS			
Non-current assets			
Property, plant and equipment		3,350,844	2,777,004
Investment property		200,000	200,000
Prepayments of lease premiums		8,710	5,416
Jointly controlled entities		9,914	21,848
Associated companies		49,982	41,820
Intangible assets		39,696	29,363
Deferred taxation assets		895	1,053
Pension and retirement assets		4,233	4,068
Available-for-sale financial assets		25,420	22,409
Restricted bank balances and other deposits		75,647	88,519
Other non-current assets		87,092	85,906
		<u>3,852,433</u>	<u>3,277,406</u>
Current assets			
Properties under development and for sale		385,303	378,493
Inventories		100,953	57,605
Debtors and prepayments	10	694,602	382,527
Portfolio investments		287,720	264,514
Derivative financial instruments		7,099	3,510
Cash and bank balances		1,885,534	829,716
		<u>3,361,211</u>	<u>1,916,365</u>
Assets held for sale		-	406,232
		<u>3,361,211</u>	<u>2,322,597</u>
Total assets		<u><u>7,213,644</u></u>	<u><u>5,600,003</u></u>
EQUITY			
Equity holders			
Share capital		62,579	62,579
Reserves		4,113,789	2,664,627
		<u>4,176,368</u>	<u>2,727,206</u>
Minority interests		<u>14,937</u>	<u>12,827</u>
Total equity		<u><u>4,191,305</u></u>	<u><u>2,740,033</u></u>
LIABILITIES			
Non-current liabilities			
Borrowings		1,864,436	1,870,890
Deferred taxation liabilities		33,475	33,996
Pension and retirement liabilities		11,505	10,305
		<u>1,909,416</u>	<u>1,915,191</u>
Current liabilities			
Creditors and accruals	11	752,343	560,535
Derivative financial instruments		-	715
Borrowings		341,748	197,908
Current taxation		18,832	6,629
		<u>1,112,923</u>	<u>765,787</u>
Liabilities directly associated with assets classified as held for sale		-	178,992
		<u>1,112,923</u>	<u>944,779</u>
Total liabilities		<u><u>3,022,339</u></u>	<u><u>2,859,970</u></u>
Total equity and liabilities		<u><u>7,213,644</u></u>	<u><u>5,600,003</u></u>
Net current assets		<u><u>2,248,288</u></u>	<u><u>1,377,818</u></u>
Total assets less current liabilities		<u><u>6,100,721</u></u>	<u><u>4,655,224</u></u>

Consolidated Cash Flow Statement
For the year ended 31st December 2007

US\$'000	2007	2006
Cash flows from operating activities		
Cash generated from operations	563,143	465,368
Interest paid	(39,352)	(37,519)
Interest element of finance lease rental payments	(53,893)	(49,111)
Dividend on preference shares	(4,645)	(5,293)
Hong Kong profits tax paid	(3,253)	(2,388)
Overseas tax paid	(46,589)	(33,654)
Net cash from operating activities	<u>415,411</u>	<u>337,403</u>
Cash flows from investing activities		
Sale of property, plant and equipment	32,139	25,364
Sale of available-for-sale financial assets	7,976	522
Purchase of property, plant and equipment	(502,674)	(401,316)
Purchase of available-for-sale financial assets	(163)	(243)
Increase in portfolio investments	(23,206)	(27,510)
Investment in associated companies	(6,169)	(33,845)
Disposal of subsidiaries	2,298,266	-
Overseas tax paid on disposal of subsidiaries	(76,373)	-
Sale of lease premiums	-	100
Payment of lease premiums	-	(194)
Decrease in amounts due by jointly controlled entities	67	1,930
(Increase)/decrease in bank deposits maturing more than three months from the date of placement	(1,526)	9,763
Decrease in other deposits	3,000	-
Purchase of intangible assets	(14,703)	(15,834)
(Increase)/decrease in other non-current assets	(1,186)	7,076
Interest received	108,229	42,152
Dividends received from portfolio investments	747	1,458
Income from available-for-sale financial assets	18	17
Dividends received from jointly controlled entities	17,204	1,037
Net cash from/(used in) investing activities	<u>1,841,646</u>	<u>(389,523)</u>
Cash flows from financing activities		
New loans	174,860	287,612
Repayment of loans	(187,202)	(113,492)
Redemption of preference shares	(9,680)	(9,237)
Capital element of finance lease rental payments	(62,631)	(45,189)
Contribution from minority interests	10	4,017
Dividends paid to shareholders	(1,135,504)	(162,970)
Dividend paid to minority interests	(288)	(253)
Net cash used in financing activities	<u>(1,220,435)</u>	<u>(39,512)</u>
Net increase/(decrease) in cash and cash equivalents	1,036,622	(91,632)
Cash and cash equivalents at beginning of year	810,903	947,370
Classified as assets held for sale	-	(65,635)
Currency translation adjustments	7,764	20,800
Cash and cash equivalents at end of year	<u>1,855,289</u>	<u>810,903</u>

Consolidated Statement of Changes in Equity
For the year ended 31st December 2007

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

NOTES

1. Scope of work of PricewaterhouseCoopers

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2007 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated accounts for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

2. General information

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

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

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

3. Accounting policies and basis of preparation

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

3. Accounting policies and basis of preparation (Continued)

The adoption of new / revised HKFRS

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

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

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

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

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

Effective from 1st January 2008

HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
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Effective from 1st January 2009

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

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

4. Revenue and segment information

(a) Revenue

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

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

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

4. Revenue and segment information (Continued)

(b) Segment reporting

Primary reporting – business segment

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

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

4. Revenue and segment information (Continued)

(b) Segment reporting (Continued)

Primary reporting – business segment (Continued)

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

US\$'000	Continuing operations					Discontinued operation		Group
	Container transport and logistics	Property investment and development	Unallocated	Elimination	Sub-total	Terminal	Elimination	
Revenue	<u>4,580,186</u>	<u>30,413</u>	<u>-</u>	<u>(848)</u>	<u>4,609,751</u>	<u>500,402</u>	<u>(53,520)</u>	<u>5,056,633</u>
Operating profit	453,668	110,666	57,030	-	621,364	87,402	-	708,766
Finance costs (note 6)					(71,721)	(7,085)		(78,806)
Share of profits less losses of jointly controlled entities					4,346	-		4,346
Share of losses of associated companies					(771)	-		(771)
Profit before taxation					553,218	80,317		633,535
Taxation					(24,883)	(27,512)		(52,395)
Profit for the year					528,335	52,805		581,140
Capital expenditure	581,689	152	-	-	581,841	51,287	-	633,128
Depreciation	150,028	75	-	-	150,103	28,658	-	178,761
Amortisation	3,034	1,328	-	-	4,362	925	-	5,287

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

4. Revenue and segment information (Continued)

(b) Segment reporting (Continued)

Primary reporting – business segment (Continued)

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

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

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

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

4. Revenue and segment information (Continued)

(b) Segment reporting (Continued)

Secondary reporting – geographical segment

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

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

4. Revenue and segment information (Continued)

(b) Segment reporting (Continued)

Secondary reporting – geographical segment (Continued)

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

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

5. Operating profit

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

6. Finance costs

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

7. Taxation

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

Taxation has been provided at the appropriate tax rates prevailing in the countries in which the Group operates on the estimated assessable profits for the year. These rates range from 7% to 52% (2006: 7% to 52%) and the rate applicable for Hong Kong profits tax is 17.5% (2006: 17.5%).

8. Dividends

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

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

9. Earnings per ordinary share

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

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

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

10. Debtors and prepayments

US\$'000	2007	2006
Group		
Trade receivables		
- Fully performing	234,684	143,526
- Past due but not impaired	115,409	111,538
- Impaired and provided for	<u>5,474</u>	<u>4,939</u>
	355,567	260,003
Less : provision for impairment	<u>(5,474)</u>	<u>(4,939)</u>
Trade receivables - net	350,093	255,064
Other debtors	85,006	56,594
Prepayments of purchase of property	165,021	5,160
Other prepayments	51,698	45,328
Utility and other deposits	6,224	3,272
Tax recoverable	<u>36,560</u>	<u>17,109</u>
	<u>694,602</u>	<u>382,527</u>

10. Debtors and prepayments (Continued)

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

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

US\$'000	2007	2006
Below one month	318,834	227,635
Two to three months	28,099	21,841
Four to six months	3,160	4,212
Over six months	-	1,376
	<u>350,093</u>	<u>255,064</u>

11. Creditors and accruals

US\$'000	2007	2006
Group		
Trade payables	169,536	139,327
Other creditors	71,464	69,916
Accrued expenses	470,621	320,751
Deferred revenue	40,722	30,541
	<u>752,343</u>	<u>560,535</u>

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

US\$'000	2007	2006
Below one month	150,254	87,770
Two to three months	17,015	48,554
Four to six months	1,791	1,605
Over six months	476	1,398
	<u>169,536</u>	<u>139,327</u>

Results for 2007

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

With the performance of the liner operation and the profit from the Terminal Division sales as stand-out features, I am pleased to report that Orient Overseas (International) Limited and its subsidiaries (the "Group") recorded a profit attributable to shareholders for the year of 2007 of US\$2,547.0 million compared with US\$580.6 million reported for 2006. This result includes the net profit of US\$1.99 billion from the sale of the Terminal Division as reported at the half year.

Review of Operations

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

During the year, we took delivery of two 8,063 TEU and three 4,578 TEU vessels from Samsung Shipyard. Four new 5,888 TEU ships under charter with purchase options were also introduced to the fleet. We expect to take delivery of 3 x 4,506 TEU ships from Samsung in 2008. In the fourth quarter of 2007, the Group placed orders with Hudong - Zhonghua Shipyard (Group) Co, Ltd for a total of six newbuild 8,600 TEU vessels scheduled for delivery from late October 2010 through to the end of 2011. Based on the existing fleet and orders, these vessels will be the largest in the OOCL fleet when delivered. These orders followed the placing of an order for six 4,500 TEU vessels with Samsung Heavy Industries Co Ltd in the first half of the year. During the year our oldest vessel, the *OOCL Envoy*, was disposed for US\$9 million. Built in 1979, the ship had a capacity of 2,544 TEU.

Good progress was made during the year in our plan to strengthen our property development business and as at the end of 2007, the Group had 1.4 million square meters of Total Gross Floor Area under development. Given the complexities of real estate development and investment business in the PRC, we have defined our business to be

geographically focused on the Greater Shanghai and Greater Bohai (Beijing / Tianjin) areas over the medium term. The focus of the property development division in the short to near term is on furthering progress of its existing projects, and resuming the earnings flow that should commence in 2010 as projects come to completion. In total, the Group's pipeline of real estate projects remains solid, and we continue to expect them to contribute positively and significantly to the Group's real estate development and investment profits going forward. The Group continues to hold an 8% interest in Beijing Oriental Plaza. While the project is achieving modest profits at the project level, we do not expect it to contribute to Group profitability in the near term. Wall Street Plaza, the Group's investment property in New York City's financial district, maintained an occupancy rate of 100% for the better part of the year and was fully leased going into 2008. While the performance of Wall Street Plaza remains solid, the weakening of credit markets resulted in a year-end reversal of the US\$25 million revaluation as at the half year – leaving the property valued at US\$200 million as at year-end 2007.

Final Dividend

The Directors have recommended the payment of a final dividend for the year ended 31st December 2007 of US13.5 cents (HK\$1.05 at the exchange rate of US\$1 : HK\$7.8) per ordinary share to be paid on 5th May 2008 to the shareholders of the Company whose names appear on the register of members of the Company on 18th April 2008. Shareholders who wish to receive the proposed final dividend in US Dollars should complete the Dividend Election Form and return it to the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong ("Hong Kong Branch Registrar") not later than 4:30 p.m. on 24th April 2008.

Liquidity and Financial Resources

As at 31st December 2007, the Group had cash and portfolio investments amounting to US\$2,237.1 million and a total indebtedness of US\$2,206.2 million. The Group was in net cash as at end of year 2007, compared with a net debt to equity ratio of 0.33 :1 at end of 2006.

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 2007, the Group has 7,200 full time employees whose salary and benefit levels are maintained at competitive levels. Employees are rewarded on a performance related basis within the general policy and framework of 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 of the Company will be closed from 15th April 2008 to 18th April 2008, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar not later than 4:30 p.m. on 14th April 2008.

Purchase, Sale or Redemption of Shares

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

Pre-emptive Rights

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

Corporate Governance

Compliance with the Code on Corporate Governance Practices

The Board of Directors 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 had adopted its own code on corporate governance practices (the "CG Code") which in addition to applying the principles as set out in the Code on Corporate Governance Practices (the "SEHK Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), also incorporates and conforms to local and international best practices. The CG Code sets out the corporate governance principles to be applied by the Group and is constantly reviewed to ensure transparency, accountability and independence.

Throughout the year of 2007, the Company has complied with the SEHK Code, except that there is no separation of the role of Chairman and Chief Executive Officer. Mr Chee

Chen TUNG currently assumes the role of both Chairman and Chief Executive Officer of the Company. The executive members of the Board currently consist of chief executive officers of its principal divisions and there is effective separation of the roles between chief executives of its principal divisions and the Chief Executive Officer of the Company. The Board considers that further separation of the roles of Chief Executive Officer and Chairman would represent duplication and is not necessary for the time being.

Further information on the CG Code will be set out in the Corporate Governance Report to be contained in the Company's 2007 Annual Report.

Audit Committee

The Audit Committee currently comprises three Independent Non-Executive Directors, with the Head of Internal Audit of the Company as the secretary and the Company Secretary as the assistant secretary.

The Audit Committee has reviewed the annual results of the Group for the year ended 31st December 2007, in conjunction with the external and internal auditors.

Remuneration Committee

The Remuneration Committee currently comprises the Chairman and two Independent Non-Executive Directors of the Company, with the Company Secretary as the secretary of the Committee.

Securities Transactions by Directors

The Company has adopted its own code of conduct regarding securities transactions by Directors (the "Code") 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 Model Code and the Code throughout the year of 2007.

Annual General Meeting

The annual general meeting (the "Annual General Meeting") of the Company will be held on 18th April 2008. Notice of the meeting will be sent to shareholders together with the Annual Report on or around 26th March 2008.

Publication of Results Announcement and Annual Report

This annual results announcement is available for viewing on the websites of The Stock Exchange of Hong Kong Limited (“HKEx”) at <http://www.hkex.com.hk> and the Company at <http://www.ooilgroup.com>. The 2007 Annual Report will be despatched to shareholders of the Company on or around 26th March 2008 and will also be available on the HKEx’s website and the Company’s website.

Directors

As at the date of this announcement, our Executive Directors are Messrs Chee Chen TUNG, Kenneth Gilbert CAMBIE, Philip Yiu Wah CHOW and Alan Lieh Sing TUNG; our Non-Executive Directors are Messrs Roger KING and Tsann Rong CHANG and our Independent Non-Executive Directors are Mr Simon MURRAY, Dr Victor Kwok King FUNG and Professor Richard Yue Chim WONG.

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.

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

Hong Kong, 4th March 2008

** For identification only*

Website : <http://www.ooilgroup.com>