



Orient Overseas (International) Limited

Press Release

Hong Kong, 19th March 2010

Orient Overseas International Announces Results For 2009

- Revenue decreased 33% for 2009
- Loss for the Year of US\$401 million
- No final dividend for 2009

Financial Highlights – Full year 2009

US\$M	2009	2008	% ▲
Revenue	4,350	6,531	-33%
EBITDA From Core Operations	(91)	617	-115%
(Loss) / profit before Tax from Core Operations	(337)	348	-197%
(Loss) / Profit for the Year	(401)	276	-245%
Core (Loss) / Profit before Tax Margin	(7.7%)	5.3%	-13%
(Loss) / earnings per share from Continuing Operations (US\$ Cents)	(60.4)	47.1	-228%

- The fair value loss for Wall Street Plaza for the full year was US\$25 million
- The disposal and associated profit of OODL will appear in 2010 accounts
- The loss for the year was US\$401 million for 2009, compared to a profit of US\$276 million for 2008
- Loss per share in 2009 was US60.4 cents versus earnings of US47.1 cents in 2008 excluding discontinued operation

Financial Highlights – 2H09

US\$M	2H09	1H09	% ▲
Revenue	2,285	2,065	11%
EBIT	(127)	(175)	-27%
Loss After Tax	(170)	(231)	-26%
EBIT Margin (%)	-5.5%	-8.5%	3%

- Revenue rose by US\$220 million or 11% to US\$2,285 million in the second half of 2009
- Loss before Interest and Tax decreased by US\$48 million or 27% from US\$175M in 1st Half to US\$127M in the 2nd Half
- EBIT Margin was up 3% to -5.5% in 2H09 from -8.5% in 1H09

Balance Sheet Highlights

US\$M	31-Dec-09	31-Dec-08	% ▲
Total Assets	7,330	7,702	-5%
Total Liabilities	3,362	3,280	3%
Total Equity	3,968	4,421	-10%
Total Debts	2,568	2,372	8%
Total Liquid Assets	1,354	2,077	-35%
Net Debts	1,214	295	312%
Total Debts / Liquid Assets	1.90	1.14	67%
Total Debts to Equity Ratio	0.65	0.54	20%
Net Debts to Equity Ratio	0.31	0.07	343%

- Total Equity decreased by US\$453 million in 2009
- Liquid Assets exceed US\$1.6 billion as at 31st December 2009 (including OODL cash balances)
- Net Debt of US\$1,214 million as at year end

Operational Highlights

Container Transportation and Logistics

US\$ / TEU	2009	2008	% ▲	2H09	2H08	% ▲
Liftings ('000)	4,158	4,835	-14%	2,159	2,419	-11%
Revenue ('000)	4,325,998	6,502,631	-33%	2,272,730	3,326,938	-32%
Revenue Per TEU*	924	1,227	-25%	935	1,252	-25%
Net Operating Capacity	313,126	373,096	-16%	N/A	N/A	N/A
Load Factor	74%	77%	-3%	78%	75%	3%

* Revenue from OOCL Only

- Lifting increased by 8% from 2M TEU in 1H09 to 2.1M TEU in 2H09
- Delivery of five vessels of 4,583 TEU and scrapping one vessel of 3,161 TEU in 2009
- Reduction of net operating capacity by 16% in 2009 through redelivery of chartered ships to owners

Details

OOIL Financial Results – Full Year and Second Half of 2009

US\$'000	2009	2008	% ▲	2H09	2H08	% ▲
<u>Continuing Operations</u>						
Revenue	4,350,195	6,530,855	(33%)	2,285,057	3,340,976	(32%)
E.B.I.T.D.A.	(90,815)	616,516	(115%)	(10,796)	284,750	(104%)
E.B.I.T.	(301,523)	428,562	(170%)	(126,619)	196,460	(164%)
(Loss)/profit Before Tax & Revaluation	(336,870)	347,546	(197%)	(140,853)	155,329	(191%)
Revaluation of Wall Street Plaza	(25,000)	(25,000)	-	(10,000)	(15,000)	33%
(L)/PAT from Continuing Operations*	(377,891)	294,640	(228%)	(157,742)	127,194	(224%)
LAT from Discontinued Operation	(24,403)	(22,303)	9%	(12,704)	(13,107)	3%
(Loss)/profit Attributable to Shareholders	(402,294)	272,337	(248%)	(170,446)	114,087	(249%)
(Loss) / profit the Year	(400,605)	275,529	(245%)	(169,539)	115,564	(247%)

* Net of Minority Interest

Orient Overseas (International) Ltd. ("OOIL") today announced a loss of US\$400.6 million for the year ended 31st December 2009, compared to the profit of US\$275.5 million recorded in 2008.

"2009 presented the worst market conditions ever experienced in the container shipping industry. The year opened with a collapse in container freight rates as excess shipping capacity chased a dearth of demand volume. An improvement in freight rates occurred in various trade lanes over the second half of the year as capacity in excess of demand was removed and the first tentative signs of a pick-up in global economic activity were seen. Unfortunately, the second half of the year also saw increases in energy prices," commented Mr. C C Tung, the Chairman of OOIL, when announcing the Group's 2009 financial results.

The container transport and logistics arm of the Group, OOCL, suffered a double-digit decline in lifting in the first three quarters, and stabilized to a 4% drop in the last quarter. Overall, 2009 volume was 14% lower than that in 2008 and revenue was 33% lower.

"The recovery in the global economy and the pick-up in OECD consumer demand are likely to be sluggish," noted Mr. Tung. "On the supply side, there continues to be an excess of capacity in the form of outstanding new-build orders and laid-up vessels that will need to be absorbed over the next three to four years. An imprudent re-introduction of capacity currently idling or laid-up, if mismatched to demand, could see fresh rounds of rate cutting."

“The industry’s challenge between short-term cash flow and longer-term stability will test the market’s capacity discipline over the next couple of years until trade growth eventually absorbs the surplus capacity,” Mr. Tung continued.

On 18th January 2010, OOIL announced the sale of Orient Overseas Developments Ltd (“OODL”) to CapitaLand China (RE) Holdings Co. Ltd. for US\$2.2 billion. The sale was of the PRC property development business conducted under OODL and excluded the investments in Wall Street Plaza and Beijing Oriental Plaza. With the sale having occurred after year-end, the disposal and associated profit will appear in the 2010 accounts.

“Our exit from the property development sector in China allows the Group to redeploy capital and to strategically reposition and focus the Group as a well-capitalised container transportation and logistics business,” said Mr Tung.

“Even with the extremely difficult operating environment in 2009, we held to the Group’s Core Values. We maintained our commitment to deliver superior customer service, working with our customers to sustain and enhance their supply chains in a rapidly changing environment. Our commitments to deliver superior customer service to our customers have served us well and our staff rose to the challenge of getting us through the storm in solid financial and operational condition – and in good shape to prosper as the industry recovers over the next two to three years. While 2010 will be another challenging year, our remaining core business of container transportation and logistics remains well placed to endure and emerge stronger from this period of adverse demand and supply dynamics,” concluded Mr. Tung.

Mr. Kenneth Cambie, the Group Chief Financial Officer, said that “the Group’s net debt to equity ratio as at 31st December 2009 was 0.31 : 1, compared with a ratio of 0.07 : 1 as at the end of 2008. The Group’s net debt to equity ratio has been further improved with the disposal of OODL in February 2010, making the Group one of the strongest container transport company financially,” he commented.

OOIL owns one of the world’s largest international integrated containerised transportation businesses and trades under the name OOCL. With more than 280 offices in 55 countries the Group is one of Hong Kong’s most international of businesses. OOIL is listed on The Stock Exchange of Hong Kong Limited.

C.C. Tung, Chairman, Orient Overseas (International) Limited

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RESULTS ANNOUNCEMENT

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31st December 2009

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

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

Note:

(1) The information shown is for **reference only** (and may be based on data obtained from sources provided by the relevant information provider(s)) and is subject to change without notice. Orient Overseas (International) Limited ("OOIL") and its affiliates and the relevant information provider(s) make no representation and accept no responsibility as to the accuracy, completeness, timeliness and fitness for a particular purpose and expressly disclaims any liability whatsoever for any loss whatsoever arising from or in reliance upon the whole or any part of the information. This information is neither a recommendation, an offer nor solicitation of an offer to buy, sell or trade in any investment. **It is not intended to be a statement concerning investment, legal, tax, accounting financial or other professional or expert advice and should not be relied upon as such.**

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