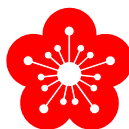


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ORIENT OVERSEAS (INTERNATIONAL) LIMITED

東方海外(國際)有限公司*

(Incorporated in Bermuda with Limited Liability)

(Stock code: 316)

2008 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 2008 as follows:

US\$'000	Note	2008	2007
Revenue	4	6,545,140	5,651,030
Operating costs		<u>(5,668,906)</u>	<u>(4,645,842)</u>
Gross profit		876,234	1,005,188
Fair value loss from an investment property		(25,000)	-
Other operating income		63,944	163,871
Other operating expenses		<u>(526,911)</u>	<u>(481,622)</u>
Operating profit	5	388,267	687,437
Finance costs	6	(90,884)	(99,078)
Share of profits less losses of jointly controlled entities		3,209	4,756
Share of profits/(losses) of associated companies		<u>3,697</u>	<u>(1,091)</u>
Profit before taxation		304,289	592,024
Taxation	7	<u>(28,760)</u>	<u>(38,275)</u>
Profit for the year from continuing operations		275,529	553,749
Discontinued operation :			
Profit for the year from discontinued operation		-	1,994,653
Profit for the year		<u>275,529</u>	<u>2,548,402</u>
Attributable to :			
Equity holders of the Company		272,337	2,546,979
Minority interests		<u>3,192</u>	<u>1,423</u>
		<u>275,529</u>	<u>2,548,402</u>
Dividends	8	<u>68,894</u>	<u>644,613</u>
Earnings per ordinary share (US cents)	9		
- from continuing operations		43.5	88.3
- from discontinued operation		<u>-</u>	<u>318.7</u>
Basic and diluted		<u>43.5</u>	<u>407.0</u>

**Consolidated Balance Sheet
As at 31st December 2008**

US\$'000	Note	2008	2007
ASSETS			
Non-current assets			
Property, plant and equipment		3,780,945	3,350,844
Investment property		175,000	200,000
Prepayments of lease premiums		14,201	8,710
Jointly controlled entities		10,748	9,914
Associated companies		57,163	49,982
Intangible assets		47,098	39,696
Deferred taxation assets		1,008	895
Pension and retirement assets		21,868	4,233
Restricted bank balances		92,759	63,822
Bank deposit		55,200	-
Other non-current assets		195,427	124,337
		<u>4,451,417</u>	<u>3,852,433</u>
Current assets			
Properties under development and for sale		826,889	385,303
Inventories		89,905	100,953
Debtors and prepayments	10	440,237	694,602
Portfolio investments		54,043	287,720
Derivative financial instruments		6,126	7,099
Restricted bank balances		28,108	10,145
Cash and bank balances		1,804,910	1,875,389
		<u>3,250,218</u>	<u>3,361,211</u>
Total assets		<u>7,701,635</u>	<u>7,213,644</u>
EQUITY			
Equity holders			
Share capital		62,579	62,579
Reserves		4,324,492	4,113,789
		<u>4,387,071</u>	<u>4,176,368</u>
Minority interests		<u>34,292</u>	<u>14,937</u>
Total equity		<u>4,421,363</u>	<u>4,191,305</u>
LIABILITIES			
Non-current liabilities			
Borrowings		2,218,251	1,864,436
Deferred taxation liabilities		37,689	33,475
Pension and retirement liabilities		3,931	11,505
		<u>2,259,871</u>	<u>1,909,416</u>
Current liabilities			
Creditors and accruals	11	836,535	752,343
Derivative financial instruments		13,937	-
Borrowings		153,895	341,748
Current taxation		16,034	18,832
		<u>1,020,401</u>	<u>1,112,923</u>
Total liabilities		<u>3,280,272</u>	<u>3,022,339</u>
Total equity and liabilities		<u>7,701,635</u>	<u>7,213,644</u>
Net current assets		<u>2,229,817</u>	<u>2,248,288</u>
Total assets less current liabilities		<u>6,681,234</u>	<u>6,100,721</u>

Consolidated Cash Flow Statement
For the year ended 31st December 2008

US\$'000	2008	2007
Cash flows from operating activities		
Cash generated from operations	463,341	563,143
Interest paid	(35,579)	(39,352)
Interest element of finance lease rental payments	(62,721)	(53,893)
Dividend on preference shares	(3,975)	(4,645)
Hong Kong profits tax paid	-	(3,253)
Overseas tax paid	(16,188)	(46,589)
Net cash from operating activities	<u>344,878</u>	<u>415,411</u>
Cash flows from investing activities		
Sale of property, plant and equipment	24,964	32,139
Sale of available-for-sale financial assets	36	7,976
Purchase of property, plant and equipment	(394,444)	(502,674)
Purchase of available-for-sale financial assets	(123)	(163)
Purchase of held-to-maturity investments	(10,015)	-
Decrease/(increase) in portfolio investments	207,155	(23,206)
Investment in an associated company	-	(6,169)
Disposal of subsidiaries	-	2,298,266
Overseas tax paid on disposal of subsidiaries	-	(76,373)
Payment of lease premiums	(5,485)	-
Decrease in amounts due by jointly controlled entities	445	67
Increase in restricted bank balances and bank deposits maturing more than three months from the date of placement	(108,376)	(1,526)
Decrease in other deposits	-	3,000
Purchase of intangible assets	(14,107)	(14,703)
Increase in other non-current assets	(232)	(1,186)
Interest received	51,957	108,229
Dividends received from portfolio investments	1,077	747
Income from available-for-sale financial assets	17	18
Dividends received from jointly controlled entities	2,477	17,204
Net cash (used in)/from investing activities	<u>(244,654)</u>	<u>1,841,646</u>
Cash flows from financing activities		
New loans	504,419	174,860
Repayment of loans	(495,420)	(187,202)
Redemption of preference shares	(10,145)	(9,680)
Capital element of finance lease rental payments	(60,315)	(62,631)
Contribution from minority interests	15,224	10
Dividends paid to shareholders	(125,167)	(1,135,504)
Dividend paid to minority interests	(383)	(288)
Net cash used in financing activities	<u>(171,787)</u>	<u>(1,220,435)</u>
Net (decrease)/increase in cash and cash equivalents	(71,563)	1,036,622
Cash and cash equivalents at beginning of year	1,855,289	810,903
Currency translation adjustments	(5,273)	7,764
Cash and cash equivalents at end of year	<u>1,778,453</u>	<u>1,855,289</u>

Consolidated Statement of Changes in Equity
For the year ended 31st December 2008

US\$'000	Equity holders			Minority interests	Total
	Share capital	Reserves	Sub-total		
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	62,579	4,113,789	4,176,368	14,937	4,191,305
Currency translation adjustments	-	31,260	31,260	1,322	32,582
Deferred taxation on currency translation adjustments	-	(2,049)	(2,049)	-	(2,049)
Change in fair value	-	34,322	34,322	-	34,322
Profit for the year	-	272,337	272,337	3,192	275,529
2007 final dividend	-	(84,433)	(84,433)	-	(84,433)
2008 interim dividend	-	(40,734)	(40,734)	-	(40,734)
Contribution from minority interests	-	-	-	15,224	15,224
Dividend paid to minority interests	-	-	-	(383)	(383)
At 31st December 2008	<u>62,579</u>	<u>4,324,492</u>	<u>4,387,071</u>	<u>34,292</u>	<u>4,421,363</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 2008 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.

3. Accounting policies and basis of preparation

The consolidated accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They 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 2008, the Group adopted the following amendments and interpretation of HKFRS, which are relevant to its operations.

HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets

The adoption of HKAS 39 & HKFRS 7 (Amendments) resulted in the reclassification of certain financial assets from portfolio investments to held-to-maturity investments. The amendments are effective prospectively from 1st July 2008. If the Group had not reclassified financial assets during the current year, fair value losses recognised for the year in the consolidated profit and loss account would have amounted to US\$4.3 million.

Other than the above, no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the accounts is resulted from the adoption of HK(IFRIC) – Int 14.

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

Certain new standards, amendments and interpretations 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 2009 or later periods as follows :

New or revised standards, interpretations and amendments		Effective for accounting periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1st January 2009
HKAS 23 (Revised)	Borrowing Costs	1st January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st July 2009
HKFRS 3 (Revised)	Business Combinations	1st July 2009
HKFRS 8	Operating Segments	1st January 2009
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate	1st January 2009
HK(IFRIC)-Int 17	Distributions of non-cash assets to owners	1st July 2009

3. Accounting policies and basis of preparation (Continued)

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

Improvements to HKFRS published in October 2008		Effective for accounting periods beginning on or after
HKAS 1 Amendment	Presentation of Financial Statements	1st January 2009
HKAS 16 Amendment	Property, Plant and Equipment	1st January 2009
HKAS 19 Amendment	Employee Benefits	1st January 2009
HKAS 23 Amendment	Borrowing Costs	1st January 2009
HKAS 27 Amendment	Consolidated and Separate Financial Statements	1st January 2009
HKAS 28 Amendment	Investments in Associates	1st January 2009
HKAS 31 Amendment	Interests in Joint Ventures	1st January 2009
HKAS 36 Amendment	Impairment of Assets	1st January 2009
HKAS 38 Amendment	Intangible Assets	1st January 2009
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement	1st January 2009
HKAS 40 Amendment	Investment Property	1st January 2009

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

4. Revenue and segment information

(a) Revenue

US\$'000	2008	2007
Container transport and logistics	6,502,631	5,616,179
Property investment and development	<u>42,509</u>	<u>34,851</u>
	<u>6,545,140</u>	<u>5,651,030</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 2008 are as follows:

US\$'000	Continuing operations				Group
	Container transport and logistics	Property investment and development	Unallocated	Elimination	
Revenue	<u>6,502,631</u>	<u>43,447</u>	<u>-</u>	<u>(938)</u>	<u>6,545,140</u>
Operating profit/(loss)	392,115	(24,092)	20,244	-	388,267
Finance costs (note 6)					(90,884)
Share of profits less losses of jointly controlled entities					3,209
Share of profits of associated companies					<u>3,697</u>
Profit before taxation					<u>304,289</u>
Taxation					<u>(28,760)</u>
Profit for the year					<u>275,529</u>
Capital expenditure	596,666	53,902	-	-	650,568
Depreciation	180,907	991	-	-	181,898
Amortisation	<u>7,047</u>	<u>416</u>	<u>-</u>	<u>-</u>	<u>7,463</u>

4. Revenue and segment information (Continued)

(b) Segment reporting (Continued)

Primary reporting – business segment (Continued)

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>(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

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 2008 are as follows:

US\$'000	Container transport and logistics	Property investment and development	Unallocated	Group
Segment assets				
Property, plant and equipment	3,676,360	104,585	-	3,780,945
Jointly controlled entities	3,831	6,917	-	10,748
Associated companies	57,163	-	-	57,163
Other assets	577,208	1,166,321	2,109,250	3,852,779
Total assets	<u>4,314,562</u>	<u>1,277,823</u>	<u>2,109,250</u>	<u>7,701,635</u>
Segment liabilities				
Creditors and accruals	(618,705)	(217,006)	(824)	(836,535)
Other liabilities	(3,931)	-	(2,439,806)	(2,443,737)
Total liabilities	<u>(622,636)</u>	<u>(217,006)</u>	<u>(2,440,630)</u>	<u>(3,280,272)</u>

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>

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 2008			
Asia	4,349,101	(12,716)	93,144
North America	1,182,093	(11,376)	20,284
Europe	894,646	-	864
Australia	119,300	-	65
Unallocated *	-	412,359	536,211
	<u>6,545,140</u>	<u>388,267</u>	<u>650,568</u>
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	(5,773)	-	-
	<u>5,698,644</u>	<u>697,301</u>	<u>752,903</u>

4. Revenue and segment information (Continued)

(b) Segment reporting (Continued)

Secondary reporting – geographical segment (Continued)

US\$'000	2008	2007
Total assets		
Asia	1,290,462	912,548
North America	311,168	325,454
Europe	57,848	38,288
Australia	1,188	1,862
Unallocated *	<u>6,040,969</u>	<u>5,935,492</u>
	<u>7,701,635</u>	<u>7,213,644</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, held-to-maturity investments, 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	2008		2007	
	Continuing operations	Continuing operations	Discontinued operation	
Operating profit is arrived at after crediting :				
Operating lease rental income				
Land and buildings	<u>28,224</u>	<u>24,227</u>		-
and after charging:				
Depreciation				
Owned assets	118,593	122,489		1,867
Leased assets	63,305	49,632		-
Operating lease rental expense				
Vessels and equipment	573,618	505,047		-
Land and buildings	28,222	22,756		3,099
Rental outgoings in respect of				
an investment property	14,573	13,670		-
Amortisation of intangible assets	6,705	4,371		-
Amortisation of leasehold land and land use rights	758	1,729		-
Auditors' remuneration				
Audit	2,937	2,915		-
Non-audit	<u>1,768</u>	<u>1,564</u>		<u>2,666</u>

6. Finance costs

US\$'000	2008	2007
Interest expense		
Bank loans, overdrafts and other loans		
Wholly repayable within five years	27,136	27,376
Not wholly repayable within five years	4,797	12,808
Loans from minority interests		
Wholly repayable within five years	262	493
Not wholly repayable within five years	5,987	3,837
Finance lease obligations		
Wholly payable within five years	12,799	8,908
Not wholly payable within five years	42,440	55,953
	<u>93,421</u>	<u>109,375</u>
Amount capitalised under assets	<u>(6,150)</u>	<u>(14,577)</u>
Net interest expense	87,271	94,798
Dividend on preference shares	3,613	4,280
	<u>90,884</u>	<u>99,078</u>

7. Taxation

US\$'000	2008	2007
Current taxation		
Hong Kong profits tax	(123)	1,262
Overseas taxation	27,118	41,332
	<u>26,995</u>	<u>42,594</u>
Deferred taxation		
Overseas taxation	1,765	(4,319)
	<u>1,765</u>	<u>(4,319)</u>
	<u>28,760</u>	<u>38,275</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 8% to 52% (2007: 7% to 52%) and the rate applicable for Hong Kong profits tax is 16.5% (2007: 17.5%).

8. Dividends

US\$'000	2008	2007
Interim paid of US6.5 cents (2007: US9.5 cents) per ordinary share	40,734	59,455
Special paid of nil (2007: US80 cents) per ordinary share	-	500,676
Proposed final of US4.5 cents (2007: US13.5 cents) per ordinary share	<u>28,160</u>	<u>84,482</u>
	<u>68,894</u>	<u>644,613</u>

The Board of Directors proposes a final dividend in respect of 2008 of US4.5 cents (2007: US13.5 cents) per ordinary share. The proposed dividend will be accounted for as an appropriation of retained profit in the year ending 31st December 2009.

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.

	2008	2007
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>272,337</u>	<u>552,326</u>
Earnings per share from continuing operations (US cents)	<u>43.5</u>	<u>88.3</u>
Profit from discontinued operation attributable to equity holders (US\$'000)	<u>-</u>	<u>1,994,653</u>
Earnings per share from discontinued operation (US cents)	<u>-</u>	<u>318.7</u>

10. Debtors and prepayments

US\$'000	2008	2007
Group		
Trade receivables		
- Fully performing	187,757	234,684
- Past due but not impaired	97,374	115,409
- Impaired and provided for	4,072	5,474
	<u>289,203</u>	<u>355,567</u>
Less : provision for impairment	<u>(4,072)</u>	<u>(5,474)</u>
Trade receivables - net	285,131	350,093
Other debtors	50,594	85,006
Prepayments of purchase of property	-	165,021
Other prepayments	72,349	51,698
Utility and other deposits	9,208	6,224
Tax recoverable	22,955	36,560
	<u>440,237</u>	<u>694,602</u>

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	2008	2007
Below one month	255,626	318,834
Two to three months	24,693	28,099
Four to six months	4,812	3,160
	<u>285,131</u>	<u>350,093</u>

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

The carrying amounts of the Group's trade receivables are mainly denominated in US dollar.

11. Creditors and accruals

US\$'000	2008	2007
Group		
Trade payables	159,436	169,536
Other creditors	43,728	71,464
Accrued expenses	586,744	470,621
Deferred revenue	46,627	40,722
	<u>836,535</u>	<u>752,343</u>

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

US\$'000	2008	2007
Below one month	103,227	150,254
Two to three months	47,894	17,015
Four to six months	7,873	1,791
Over six months	442	476
	<u>159,436</u>	<u>169,536</u>

Results for 2008

China's accession to the WTO in late 2001 saw a six-year upswing in the fortunes of container shipping as American and European consumption growth was met by Asian based production. With the deepening global economic downturn and increasing capacity in the industry, those buoyant conditions ended during the later part of 2008. We have now entered what I expect will be a protracted downturn for the container shipping industry.

Despite the increased costs and falling freight rates in 2008, Orient Overseas (International) Limited and its subsidiaries (the "Group") recorded a profit attributable to shareholders for the year of 2008 of US\$272.3 million. As the prior year's result of US\$2,547.0 million included a one-time profit of US\$1,994.7 million from the sale of the Terminal Division, the appropriate comparison is of profit from continuing operations. The 2008 Profit from Continuing Operations is US\$275.5 million, which is a US\$278.2 million (50%) reduction from the equivalent US\$553.7 million reported for 2007

Review of Operations

Going into last year our Container Transport and Logistics business faced a challenging environment with increasing costs and weakening demand as global economic conditions deteriorated. The scheduled delivery of substantial new capacity into the industry also contributed to negative pressure on freight rates.

The sub-prime issues that emerged in 2007 developed into a turmoil far exceeding most predictions and the financial landscape today looks vastly different from that of a year ago. The impact of the financial crisis on the global economy has seen trade growth slow dramatically.

In the first half of 2008, we took delivery of three new build P-Class vessels of 4,583 TEU each. We did not place any orders for new buildings in 2008 and outstanding committed orders at year-end were for ten P-class vessels and ten SX-class (8,000 TEU) vessels, which will be delivered over the next three years. We have flexibility in managing our capacity through the mix of owned and chartered vessels making up our fleet.

Our Property Development and Investment business ("OODL") continued on plan through 2008. We completed construction of the Hilton Double-Tree Hotel in Kunshan during the year and it opened in January 2009. As at the end of 2008, the Group had 1.4 million square meters of Total Gross Floor Area ("GFA") under development under OODL, with no new sites having been acquired during the year. With the favourable location, cost structure, and market outlook for each of OODL's projects, we continue to be confident in the success of the individual developments and of realising the full potential value of the division's ongoing activities.

The Group continues to hold an 8% interest in Beijing Oriental Plaza. Wall Street Plaza, the Group's investment property in New York City's financial district maintained a high occupancy rate of 90% in 2008. While the performance of Wall Street Plaza has been satisfactory in 2008, the weakening of the market has resulted in a reduction in the assessed value of the property of US\$25 million in total for the year, leaving the property valued at US\$175 million as at year-end 2008.

Final Dividend

The Directors have recommended the payment of a final dividend for the year ended 31st December 2008 of US4.5 cents (HK\$0.35 at the exchange rate of US\$1 : HK\$7.8) per ordinary share to be paid on 18th May 2009 to the shareholders of the Company whose names appear on the register of members of the Company on 30th April 2009. 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 6th May 2009.

Liquidity and Financial Resources

As at 31st December 2008, the Group had liquid assets amounting to US\$2,077.1 million and a total indebtedness of US\$2,372.1 million. The Group had a net debt to equity ratio of 0.07 : 1 as at end of year 2008, compared with a net cash position at end of 2007.

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 2008, the Group has 8,236 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 27th April 2009 to 30th April 2009, 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 24th April 2009.

Purchase, Sale or Redemption of Shares

During the year ended 31st December 2008, 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 2008, the Company has complied with the SEHK Code, except that there is no separation of the role of Chairman and Chief Executive Officer. 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.

Further information on the CG Code will be set out in the Corporate Governance Report to be contained in the Company's 2008 Annual Report.

Audit Committee

The Audit Committee currently comprises five 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 2008, in conjunction with the external and internal auditors.

Remuneration Committee

The Remuneration Committee currently comprises the Chairman and three 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 for the year ended 31st December 2008.

Annual General Meeting

The annual general meeting (the "Annual General Meeting") of the Company will be held on 30th April 2009. Notice of the meeting will be sent to shareholders on or around 27th March 2009.

Amendments to the Bye-laws of the Company

The Board of Directors of the Company proposes to put forward a special resolution to the shareholders for approval at the Annual General Meeting to amend the Bye-laws of the Company to allow shareholders (including a recognised clearing house or its nominee) to appoint multiple proxies to attend and vote on their behalf at any general meeting of the Company.

Further information on the amendments to the Bye-laws is set out in the circular which will be sent to the shareholders on or around 27th March 2009.

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.oilgroup.com>. The 2008 Annual Report will be despatched to shareholders of the Company on or around 7th April 2009 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. TUNG Chee Chen, Kenneth Gilbert CAMBIE, CHOW Philip Yiu Wah and TUNG Lieh Sing Alan; our Non-Executive Director is Mr. KING Roger and our Independent Non-Executive Directors are Mr. Simon MURRAY, Dr. FUNG Kwok King Victor, Professor WONG Yue Chim Richard, Mr. CHENG Wai Sun Edward and Mr. CHANG Tsann Rong Ernest.

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

TUNG Chee Chen
Chairman
Hong Kong, 19th March 2009

* *For identification only*
Website : <http://www.oilgroup.com>