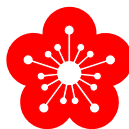


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## ORIENT OVERSEAS (INTERNATIONAL) LIMITED

東方海外(國際)有限公司\*

(Incorporated in Bermuda with Limited Liability)

(Stock code: 316)

### 2010 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 2010 as follows:

#### Consolidated Profit and Loss Account For the year ended 31st December 2010

US\$'000	Note	2010	2009
Revenue	4	6,033,402	4,350,195
Operating costs		<u>(4,671,087)</u>	<u>(4,273,782)</u>
<b>Gross profit</b>		<b>1,362,315</b>	76,413
Fair value gain/(loss) from an investment property		5,000	(25,000)
Other operating income		39,911	34,058
Other operating expenses		<u>(488,419)</u>	<u>(417,708)</u>
<b>Operating profit/(loss)</b>	5	<b>918,807</b>	(332,237)
Finance costs	6	(29,091)	(35,347)
Share of profits of jointly controlled entities		1,659	1,099
Share of profits of associated companies		<u>7,401</u>	<u>4,615</u>
<b>Profit/(loss) before taxation</b>		<b>898,776</b>	(361,870)
Taxation	7	<u>(28,959)</u>	<u>(14,234)</u>
Profit/(loss) for the year from continuing operations		<b>869,817</b>	(376,104)
Discontinued operation :			
Profit/(loss) for the year from discontinued operation		<u>1,004,554</u>	<u>(24,501)</u>
Profit/(loss) for the year		<u><b>1,874,371</b></u>	<u>(400,605)</u>
<b>Profit/(loss) attributable to :</b>			
Equity holders of the Company		1,866,780	(402,294)
Non-controlling interests		<u>7,591</u>	<u>1,689</u>
		<u><b>1,874,371</b></u>	<u>(400,605)</u>
<b>Earnings/(loss) per ordinary share (US cents)</b>	9		
- from continuing operations		137.8	(60.4)
- from discontinued operation		<u>160.5</u>	<u>(3.9)</u>
<b>Basic and diluted</b>		<u><b>298.3</b></u>	<u>(64.3)</u>
<b>Dividends</b>	8	<u><b>1,776,210</b></u>	<u>-</u>

**Consolidated Statement of Comprehensive Income**  
**For the year ended 31st December 2010**

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US\$'000	2010	2009
<b>Profit/(loss) for the year</b>	<u>1,874,371</u>	<u>(400,605)</u>
<b>Other comprehensive income:</b>		
Vessels		
- Assets revaluation reserve realised	(1,915)	(8,033)
Available-for-sale financial assets		
- Change in fair value	71,934	(7,580)
- Assets revaluation reserve realised	(1,314)	(1,407)
Currency translation adjustments	<u>6,958</u>	<u>5,080</u>
Other comprehensive income/(loss) for the year	<u>75,663</u>	<u>(11,940)</u>
<b>Total comprehensive income/(loss) for the year</b>	<u>1,950,034</u>	<u>(412,545)</u>
<b>Total comprehensive income/(loss) attributable to :</b>		
Equity holders of the Company	1,942,336	(414,200)
Non-controlling interests	<u>7,698</u>	<u>1,655</u>
	<u>1,950,034</u>	<u>(412,545)</u>

**Consolidated Balance Sheet  
As at 31st December 2010**

US\$'000	Note	2010	2009
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,860,367	3,798,048
Investment property		155,000	150,000
Prepayments of lease premiums		10,122	10,175
Jointly controlled entities		3,256	4,465
Associated companies		66,222	59,737
Intangible assets		46,648	53,104
Deferred taxation assets		1,778	847
Pension and retirement assets		29,692	27,213
Derivative financial instruments		5,672	-
Restricted bank balances		4,648	447
Other non-current assets		333,001	219,670
		<u>4,516,406</u>	<u>4,323,706</u>
<b>Current assets</b>			
Inventories		96,265	83,561
Debtors and prepayments	10	454,997	380,234
Portfolio investments		151,448	44,592
Derivative financial instruments		155	2,965
Restricted bank balances		1,206	1,760
Cash and bank balances		3,851,902	1,225,102
		<u>4,555,973</u>	<u>1,738,214</u>
Assets held for sale		-	1,268,254
		<u>4,555,973</u>	<u>3,006,468</u>
<b>Total assets</b>		<u>9,072,379</u>	<u>7,330,174</u>
<b>EQUITY</b>			
<b>Equity holders</b>			
Share capital		62,579	62,579
Reserves		5,510,153	3,882,105
		<u>5,572,732</u>	<u>3,944,684</u>
<b>Non-controlling interests</b>		<u>6,799</u>	<u>23,723</u>
<b>Total equity</b>		<u>5,579,531</u>	<u>3,968,407</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		2,416,367	2,135,967
Deferred taxation liabilities		39,914	30,697
Pension and retirement liabilities		2,493	3,130
Derivative financial instruments		10,157	-
		<u>2,468,931</u>	<u>2,169,794</u>
<b>Current liabilities</b>			
Creditors and accruals	11	758,212	601,083
Derivative financial instruments		-	6,110
Borrowings		247,755	432,055
Current taxation		17,950	10,319
		<u>1,023,917</u>	<u>1,049,567</u>
Liabilities directly associated with assets classified as held for sale		-	142,406
		<u>1,023,917</u>	<u>1,191,973</u>
<b>Total liabilities</b>		<u>3,492,848</u>	<u>3,361,767</u>
<b>Total equity and liabilities</b>		<u>9,072,379</u>	<u>7,330,174</u>
<b>Net current assets</b>		<u>3,532,056</u>	<u>1,814,495</u>
<b>Total assets less current liabilities</b>		<u>8,048,462</u>	<u>6,138,201</u>

**Consolidated Cash Flow Statement**  
**For the year ended 31st December 2010**

US\$'000	2010	2009
<b>Cash flows from operating activities</b>		
Cash generated from/(used in) operations	1,212,722	(291,049)
Interest paid	(14,362)	(17,378)
Interest element of finance lease rental payments	(15,152)	(33,981)
Dividend on preference shares	-	(3,235)
Hong Kong profits tax refunded/(paid)	2,009	(382)
Overseas tax paid	(10,483)	(7,851)
Net cash from/(used in) operating activities	<u>1,174,734</u>	<u>(353,876)</u>
<b>Cash flows from investing activities</b>		
Sale of property, plant and equipment	30,304	24,131
Sale of available-for-sale financial assets	2,399	3,971
Sale/redemption on maturity of held-to-maturity investments	32,261	6,369
Purchase of property, plant and equipment	(214,313)	(363,821)
Purchase of available-for-sale financial assets	(343)	(60)
Purchase of held-to-maturity investments	(72,776)	(50,065)
Acquisition of additional interests in subsidiaries	(14,123)	(34,527)
(Increase)/decrease in portfolio investments	(106,856)	9,451
Disposal of subsidiaries	2,130,402	-
Increase/(decrease) in amounts due to jointly controlled entities	1,865	(1,409)
(Increase)/decrease in restricted bank balances and bank deposits maturing more than three months from the date of placement	(2,505,485)	63,352
Purchase of intangible assets	(4,043)	(12,401)
(Increase)/decrease in other non-current assets	(563)	6,723
Interest received	18,976	14,290
Dividends received from portfolio investments	622	535
Income from available-for-sale financial assets	7	83
Dividends received from jointly controlled entities	1,233	1,881
Dividends received from associated companies	2,797	2,098
Net cash used in investing activities	<u>(697,636)</u>	<u>(329,399)</u>
<b>Cash flows from financing activities</b>		
New loans	583,976	525,154
Repayment of loans	(561,883)	(132,451)
Redemption of preference shares	-	(45,689)
Capital element of finance lease rental payments	(50,431)	(70,549)
Dividends paid to equity holders of the Company	(322,493)	(28,187)
Dividends paid to non-controlling interests	(2,294)	(1,296)
Net cash (used in)/from financing activities	<u>(353,125)</u>	<u>246,982</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>123,973</b>	<b>(436,293)</b>
Cash and cash equivalents at beginning of year	1,088,254	1,778,453
Cash and cash equivalents of disposal group classified as held for sale	-	(262,124)
Currency translation adjustments	1,056	8,218
Cash and cash equivalents at end of year	<u>1,213,283</u>	<u>1,088,254</u>

**Consolidated Statement of Changes in Equity**  
**For the year ended 31st December 2010**

US\$'000	Equity holders			Non-controlling interests	Total
	Share capital	Reserves	Sub-total		
At 31st December 2008	62,579	4,324,492	4,387,071	34,292	4,421,363
Total comprehensive income/(loss) for the year	-	(414,200)	(414,200)	1,655	(412,545)
Transaction with owners					
2008 final dividend	-	(28,187)	(28,187)	-	(28,187)
Acquisition of additional interest in a subsidiary	-	-	-	(10,928)	(10,928)
Dividends paid to non-controlling interests	-	-	-	(1,296)	(1,296)
At 31st December 2009	62,579	3,882,105	3,944,684	23,723	3,968,407
Total comprehensive income for the year	-	1,942,336	1,942,336	7,698	1,950,034
Transaction with owners					
2010 interim dividend	-	(72,013)	(72,013)	-	(72,013)
2010 special dividend	-	(250,480)	(250,480)	-	(250,480)
Acquisition of additional interests in subsidiaries	-	8,205	8,205	(22,328)	(14,123)
Dividends paid to non-controlling interests	-	-	-	(2,294)	(2,294)
At 31st December 2010	<u>62,579</u>	<u>5,510,153</u>	<u>5,572,732</u>	<u>6,799</u>	<u>5,579,531</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 2010 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft 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.

On 18th January 2010, the Board announced that the Company had entered into the Sale and Purchase Agreement with CapitaLand China (RE) Holdings Co., Ltd. to sell its entire interest in Orient Overseas Developments Limited ("OODL") and its subsidiaries and jointly controlled entities (collectively referred to as the "Disposal Group") and the assignment and transfer of the shareholder's loan for an aggregate consideration of US\$2.2 billion, receivable in cash. The transaction was completed on 10th February 2010. After transaction costs, the profit arising on the disposal was approximately US\$1.0 billion which had been recognised in the consolidated profit and loss account in 2010.

### 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 property, 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 revised HKFRS

In 2010, the Group adopted the revised standards, amendments and interpretations of HKFRS below, which are relevant to its operations.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 5 Amendment	Non-current Assets Held for Sale and Discontinued Operations
HK – Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause

#### **Annual improvements to HKFRS published in May 2009**

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HKAS 1 Amendment	Presentation of Financial Statements
HKAS 7 Amendment	Statement of Cash Flows
HKAS 17 Amendment	Leases
HKAS 18 Amendment	Revenue
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKFRS 5 Amendment	Non-current Assets Held for Sale and Discontinued Operations
HKFRS 8 Amendment	Operating Segments

The Group has assessed the impact of the adoption of these revised standards, amendments 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 and presentation of the accounts except for HKAS 27 (Revised) and HK-Interpretation 5 as set out below:

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests that do not result in the change of control to be recorded as equity transactions and these transactions will no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the entity is remeasured to fair value, the difference between its fair value and carrying amount is recognised in the consolidated profit and loss account.

The adoption of HKAS 27 (Revised) has resulted in the difference between the consideration paid and the relevant share of the net asset value acquired from the non-controlling interests of US\$8,205,000 which is now recorded in equity.

### 3. Accounting policies and basis of preparation (Continued)

#### The adoption of revised HKFRS (Continued)

HK-Interpretation 5 is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability irrespective of the probability that the lender will invoke the clause without cause. The adoption of this interpretation has no effect on the balance sheet of the Group as at 31st December 2010 and 2009.

#### Standards, interpretations and amendments to existing standards that are relevant but not yet effective to the Group

<b>New or revised standards, amendments and interpretations</b>		<b>Effective for accounting periods beginning on or after</b>
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments	1st July 2010
HKAS 24 (Revised)	Related Party Disclosures	1st January 2011
HK(IFRIC) – Int 14 Amendment	Prepayments of a Minimum Funding Requirement	1st January 2011
HKFRS 7 Amendment	Financial Instruments : Disclosures – Transfer of Financial Assets	1st July 2011
HKAS 12 Amendment	Deferred tax : Recovery of Underlying Assets	1st January 2012
HKFRS 9	Financial Instruments	1st January 2013
<b>Annual improvements to HKFRS published in May 2010</b>		<b>Effective for accounting periods beginning on or after</b>
HKFRS 3 Amendment	Business Combinations	1st July 2010
HKAS 27 Amendment	Consolidated and Separate Financial Statements	1st July 2010
HKAS 1 Amendment	Presentation of Financial Statements	1st January 2011
HKAS 34 Amendment	Interim Financial Reporting	1st January 2011
HKFRS 7 Amendment	Financial Instruments : Disclosure	1st January 2011

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 accounts will result.

#### 4. Revenue and segment information

##### (a) Revenue

US\$'000	2010	2009
Container transport and logistics	6,008,842	4,325,998
Others	<u>24,560</u>	<u>24,197</u>
	<u>6,033,402</u>	<u>4,350,195</u>

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

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

#### 4. Revenue and segment information (Continued)

##### (b) Segment information

##### Operating segments

The segment results for the year ended 31st December 2010 are as follows:

US\$'000	Continuing operations				Discontinued operation	
	Container transport and logistics	Others	Elimination	Sub-total	Property development	Group
<b>Revenue</b>	<u>6,008,842</u>	<u>25,539</u>	<u>(979)</u>	<u>6,033,402</u>	-	<u>6,033,402</u>
Operating profit	887,640	31,167	-	918,807	-	918,807
Finance costs (note 6)	(28,555)	(536)	-	(29,091)	-	(29,091)
Share of profits of jointly controlled entities	1,659	-	-	1,659	-	1,659
Share of profits of associated companies	7,401	-	-	7,401	-	7,401
<b>Profit before taxation</b>	<u>868,145</u>	<u>30,631</u>	<u>-</u>	<u>898,776</u>	<u>-</u>	<u>898,776</u>
Taxation	(18,963)	(9,996)	-	(28,959)	-	(28,959)
<b>Profit after taxation</b>	<u>849,182</u>	<u>20,635</u>	<u>-</u>	<u>869,817</u>	<u>-</u>	<u>869,817</u>
Profit on disposal of subsidiaries	-	-	-	-	1,004,554	1,004,554
<b>Profit for the year</b>	<u>849,182</u>	<u>20,635</u>	<u>-</u>	<u>869,817</u>	<u>1,004,554</u>	<u>1,874,371</u>
Capital expenditure	345,255	-	-	345,255	-	345,255
Depreciation	255,010	-	-	255,010	-	255,010
Amortisation	10,972	-	-	10,972	-	10,972

#### 4. Revenue and segment information (Continued)

##### (b) Segment information (Continued)

##### Operating segments (Continued)

The segment results for the year ended 31st December 2009 are as follows:

US\$'000	Continuing operations				Discontinued operation	
	Container transport and logistics	Others	Elimination	Sub-total	Property development	Group
<b>Revenue</b>	<u>4,325,998</u>	<u>25,193</u>	<u>(996)</u>	<u>4,350,195</u>	<u>4,435</u>	<u>4,354,630</u>
Operating loss	(331,181)	(1,056)	-	(332,237)	(22,230)	(354,467)
Finance costs (note 6)	(34,606)	(741)	-	(35,347)	(2,981)	(38,328)
Share of profits of jointly controlled entities	1,099	-	-	1,099	1,080	2,179
Share of profits of associated companies	4,615	-	-	4,615	-	4,615
<b>Loss before taxation</b>	<u>(360,073)</u>	<u>(1,797)</u>	<u>-</u>	<u>(361,870)</u>	<u>(24,131)</u>	<u>(386,001)</u>
Taxation (expense)/credit	(15,002)	768	-	(14,234)	(370)	(14,604)
<b>Loss for the year</b>	<u>(375,075)</u>	<u>(1,029)</u>	<u>-</u>	<u>(376,104)</u>	<u>(24,501)</u>	<u>(400,605)</u>
Capital expenditure	375,567	-	-	375,567	4,594	380,161
Depreciation	203,826	-	-	203,826	3,449	207,275
Amortisation	6,882	-	-	6,882	96	6,978

Others mainly represent corporate level activities including central treasury management, property investment and administrative function.

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 information (Continued)

##### Operating segments (Continued)

The segment assets and liabilities at 31st December 2010 are as follows:

US\$'000	<b>Container transport and logistics</b>	<b>Others</b>	<b>Group</b>
Segment assets	4,685,887	4,317,014	9,002,901
Jointly controlled entities	3,256	-	3,256
Associated companies	<u>66,222</u>	-	<u>66,222</u>
Total assets	<u>4,755,365</u>	<u>4,317,014</u>	<u>9,072,379</u>
Segment liabilities	<u>(3,417,245)</u>	<u>(75,603)</u>	<u>(3,492,848)</u>

The segment assets and liabilities at 31st December 2009 are as follows:

US\$'000	<b>Container transport and logistics</b>	<b>Others</b>	<b>Group</b>
Segment assets	4,698,468	1,299,250	5,997,718
Jointly controlled entities	4,465	-	4,465
Associated companies	<u>59,737</u>	-	<u>59,737</u>
	<u>4,762,670</u>	<u>1,299,250</u>	6,061,920
Assets held for sale			<u>1,268,254</u>
Total assets			<u>7,330,174</u>
Segment liabilities	<u>(3,152,987)</u>	<u>(66,374)</u>	(3,219,361)
Liabilities directly associated with assets held for sale			<u>(142,406)</u>
Total liabilities			<u>(3,361,767)</u>

Others primarily include assets and liabilities of property and corporate level activities. Other assets consist primarily of investment property, available-for-sale financial assets, held-to-maturity investments, loan to an investee company and portfolio investments together with cash and bank balances that are managed at corporate level. Other liabilities primarily include creditors and accruals, deferred taxation liabilities and derivative financial instruments related to corporate level activities.

#### 4. Revenue and segment information (Continued)

##### (b) Segment information (Continued)

###### Geographical information

The Group's two reportable operating segments operate in four main geographical areas, even though they are managed on a worldwide basis. Freight revenues from container transport and logistics are analysed based on the outbound cargoes of each geographical territory.

The Group's total assets mainly include container vessels and containers which are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, non-current assets by geographical areas are not presented.

US\$'000	Revenue	Capital expenditure
Year ended 31st December 2010		
Continuing operations :		
Asia	4,086,343	9,913
North America	1,039,666	853
Europe	771,023	258
Australia	136,370	80
Unallocated *	-	334,151
	<u>6,033,402</u>	<u>345,255</u>
Year ended 31st December 2009		
Continuing operations :		
Asia	2,770,420	19,080
North America	880,785	2,672
Europe	582,633	219
Australia	116,357	12
Unallocated *	-	353,584
	<u>4,350,195</u>	<u>375,567</u>
Discontinued operation	<u>4,435</u>	<u>4,594</u>
	<u>4,354,630</u>	<u>380,161</u>

\* Unallocated capital expenditure comprises additions to vessels, dry-docking, containers and intangible assets.

## 5. Operating profit/(loss)

US\$'000	2010		2009	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Operating profit/(loss) is arrived at after crediting :				
Operating lease rental income				
Land and buildings	<u>24,560</u>	-	<u>24,197</u>	-
and after charging:				
Depreciation				
Owned assets	169,029	-	126,809	3,449
Leased assets	85,981	-	77,017	-
Operating lease rental expense				
Vessels and equipment	353,575	-	469,892	-
Land and buildings	27,778	-	28,055	1,408
Rental outgoings in respect of an investment property	12,807	-	14,413	-
Amortisation of intangible assets	10,501	-	6,395	-
Amortisation of prepayments of lease premiums	471	-	487	96
Auditors' remuneration				
Audit	2,450	-	2,337	148
Non-audit	<u>1,809</u>	-	<u>959</u>	-

## 6. Finance costs

US\$'000	2010	2009
Interest expense		
Bank loans and bank overdrafts		
Wholly repayable within five years	6,281	6,346
Not wholly repayable within five years	8,131	4,235
Loans from non-controlling interests		
Wholly repayable within five years	276	85
Not wholly repayable within five years	-	2,730
Finance lease obligations		
Wholly repayable within five years	4,014	6,122
Not wholly repayable within five years	<u>11,238</u>	<u>16,249</u>
	<u>29,940</u>	<u>35,767</u>
Amount capitalised under assets	<u>(849)</u>	<u>(2,024)</u>
Net interest expense	<u>29,091</u>	<u>33,743</u>
Dividend on preference shares	-	1,604
	<u>29,091</u>	<u>35,347</u>

## 7. Taxation

US\$'000	2010	2009
Current taxation		
Hong Kong profits tax	1,313	5
Overseas taxation	<u>19,137</u>	<u>10,232</u>
	20,450	10,237
Deferred taxation		
Overseas taxation	<u>8,509</u>	<u>3,997</u>
	<u>28,959</u>	<u>14,234</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 12% to 47% (2009: 12% to 47%) and the rate applicable for Hong Kong profits tax is 16.5% (2009: 16.5%).

## 8. Dividends

US\$'000	2010	2009
Interim paid of US11.5 cents (2009: nil) per ordinary share	72,013	-
Special paid of US40.0 cents (2009: nil) per ordinary share	250,480	-
Proposed final of US23.0 cents (2009: nil) per ordinary share	143,932	-
Proposed special of US209.3 cents (2009: nil) per ordinary share	<u>1,309,785</u>	-
	<u>1,776,210</u>	-

The Board of Directors proposes a final dividend in respect of 2010 of US23.0 cents (2009: nil) per ordinary share. In addition, the Board of Directors proposes a special dividend of US209.3 cents per ordinary share from the proceeds of the OODL sale. These proposed dividends will be accounted for as an appropriation of retained profit in the year ending 31st December 2011.

## 9. Earnings/(loss) per ordinary share

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

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

US\$'000	2010	2009
Number of ordinary shares in issue (thousands)	<u>625,793</u>	<u>625,793</u>
Group's profit/(loss) from continuing operations attributable to :		
Equity holders of the Company	862,226	(377,891)
Non-controlling interests	<u>7,591</u>	<u>1,787</u>
	<u>869,817</u>	<u>(376,104)</u>
Earnings/(loss) per share from continuing operations attributable to equity holders of the Company (US cents)	<u>137.8</u>	<u>(60.4)</u>
Profit/(loss) from discontinued operation attributable to :		
Equity holders of the Company	1,004,554	(24,403)
Non-controlling interests	<u>-</u>	<u>(98)</u>
	<u>1,004,554</u>	<u>(24,501)</u>
Earnings/(loss) per share from discontinued operation attributable to equity holders of the Company (US cents)	<u>160.5</u>	<u>(3.9)</u>

## 10. Debtors and prepayments

US\$'000	2010	2009
<b>Group</b>		
Trade receivables		
- Fully performing	207,356	158,832
- Past due but not impaired	90,206	77,171
- Impaired and provided for	4,597	5,664
	<u>302,159</u>	<u>241,667</u>
Less : provision for impairment	<u>(4,597)</u>	<u>(5,664)</u>
Trade receivables - net	297,562	236,003
Other debtors	60,146	39,364
Other prepayments	77,467	80,321
Utility and other deposits	7,139	7,518
Tax recoverable	12,683	17,028
	<u>454,997</u>	<u>380,234</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	2010	2009
Below one month	283,418	223,184
Two to three months	13,539	12,397
Four to six months	605	422
	<u>297,562</u>	<u>236,003</u>

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

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

## 11. Creditors and accruals

US\$'000	2010	2009
<b>Group</b>		
Trade payables	<b>198,514</b>	171,111
Other creditors	<b>62,532</b>	61,328
Accrued expenses	<b>461,620</b>	306,988
Deferred revenue	<b>35,546</b>	61,656
	<b><u>758,212</u></b>	<u>601,083</u>

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

US\$'000	2010	2009
Below one month	<b>131,765</b>	117,856
Two to three months	<b>61,882</b>	49,532
Four to six months	<b>4,697</b>	3,463
Over six months	<b>170</b>	260
	<b><u>198,514</u></b>	<u>171,111</u>

## Results for 2010

2010 was another extraordinary year for the container shipping industry. From the depths of the industry crisis in 2009, the extent of the rebound has been beyond all expectations. Unusually strong demand in the first half of 2010 year, and positive trading conditions throughout the remainder of the year, saw our lifting volumes nearing 2008 levels. Improvements in freight rates across all trades, combined with cost savings implemented in 2009, have produced a record profit for our liner operation in 2010.

With the strong liner performance last year, Orient Overseas (International) Limited and its subsidiaries (the “Group”) has recorded a profit attributable to shareholders for 2010 of US\$1,866.8 million, compared to a loss of US\$402.3 million reported for 2009.

This result includes the net profit of US\$1,004.6 million from the sale of OODL, the Group’s former PRC property development business. The profit attributable to shareholders from our container transportation and logistics business was US\$841.6 million, compared to a loss of US\$376.9 million for the equivalent activities in 2009. Management of the Group’s liquidity and investments at the OOIL level contributed the remaining US\$20.6 million of profit attributable to shareholders.

<b>OOIL ANNUAL RESULTS ANALYSIS</b>		
<i>(US\$'000)</i>	<b>2010</b>	<b>2009</b>
Profit/(loss) before tax from continuing activities	893,776	(336,870)
Loss before tax from discontinued activities	-	(24,131)
Revaluation of Wall Street Plaza	5,000	(25,000)
<b>Profit/(Loss) Before Tax for the Year Ended 31st December</b>	<b>898,776</b>	<b>(386,001)</b>
Taxation on continuing activities	(28,959)	(14,234)
Taxation on discontinued activities	-	(370)
Net profit from sale of OODL	1,004,554	-
Non-controlling interests	(7,591)	(1,689)
<b>Profit/(Loss) Attributable to Equity holders</b>	<b>1,866,780</b>	<b>(402,294)</b>

## Review of Operations

Trading conditions and container transportation rebounded sharply at the end of 2009 and robust growth continued in 2010. Global demand increased 12% (Transpacific EB: 16%; Asia-Europe WB: 17%; Trans Atlantic WB: 12%). Capacity grew by only 9% – which was still significantly higher than the market expectation of around 6% at the beginning of the year.

The sudden increase in cargo volume caught carriers by surprise. Over 1.5m TEU or 11.6% of capacity was idled at the beginning of 2010. Vessels were re-deployed quickly and the idled capacity came down to below 7% in April.

The continued increase in fuel price was a clear and concerning trend in 2010. By the end of the year, 100% of our Asia-Europe loops and 78% of our Pacific loops, by loop count, were being slow-steamed. Apart from cost savings and a reduction in emissions, slow steaming provided additional margin to maintain vessel schedules when impacted by weather or operational delays. Slow steaming continued to expand in 2010.

OOCL lifting increased 15% year-on-year. Volume and revenue increases were amplified in the last three quarters of 2010 due to the very low base of the previous year.

In the first half of year 2010, OOCL took delivery of nine new vessels from Samsung Heavy Industries Co Ltd in South Korea – being five P-class vessels of 4,578 TEU and four SX-class vessels 8,063 TEU capacity. Two units of 3,161 TEU were sold at the beginning of the year. As at the end of 2010, OOCL owned 46 vessels with an average age of 5.3 years and an average size of 5,933 TEU – one of the most efficient and modern fleets in the industry.

Near the end of 2010, OOCL placed an order for two additional vessels with capacity of 8,888 TEU each from Hudong-Zhonghua Shipyard (Group) Co. Ltd. in China. With this new order, it has a total of eight new buildings of 8,888 TEU each from Hudong for delivery between 2011 and 2014, with the first two vessels due in the first half of 2011.

During the year, seven additional ships were chartered for new services and expansions.

Following the sale of OODL in 2010, the Group is now focused solely on its container transportation and logistics business under the OOCL brand. The Group is well positioned to grow the OOCL business - enhancing its market position and maintaining superior profit margins through ongoing development and delivery of products and services to meet customer needs.

## **Looking Forward**

The immediate outlook for 2011 remains positive though the level of demand growth seen in 2010 on the East-West trades is unlikely to be repeated in 2011. While global economic growth in 2011 is likely to be muted, we do expect supply and demand to be in near-balance. This should see a return to a normalised seasonal pattern in volumes and freight rates in 2011 compared to 2009 and 2010.

The Group remains operationally robust and financially strong being well capitalised and with sufficient liquidity and funding to meet future needs. Given the strong financial condition that the Group is in, and with the unflagging efforts of our outstanding staff, we are confident of our ability to continuing growing and meeting our goals.

## **Final and Special Dividends**

The Directors have recommended the payment of a total dividend of US232.3 cents (HK\$18.12 at the exchange rate of US\$1 : HK\$7.8) which is comprised of a final dividend of US23 cents (HK\$1.79) and a special dividend of US209.3 cents (HK\$16.33) per ordinary share to be paid on 20th May 2011 to the shareholders of the Company whose names appear on the register of members of the Company on 3rd May 2011. Shareholders should complete the Dividend Election Form (if applicable) and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited ("Branch Share Registrar"), not later than 4:30 p.m. on 6th May 2011.

## **Liquidity and Financial Resources**

As at 31st December 2010, the Group had liquid assets amounting to US\$4,132.9 million and a total indebtedness of US\$2,664.1 million. The Group changed from a net debt to equity ratio of 0.31 : 1 as at end of 2009 to a net cash position at the end of 2010 with the receipt of proceeds from the OODL sale.

The indebtedness of the Group mainly comprises bank loans and finance leases 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 2010, the Group has 7,688 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 2011 to 3rd May 2011, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the proposed final and special dividends, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 26th April 2011.

## **Purchase, Sale or Redemption of Shares**

During the year ended 31st December 2010, 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 applied by the Group and is constantly reviewed to ensure transparency, accountability and independence.

Throughout the year of 2010, 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 2010 Annual Report.

#### *Audit Committee*

The Audit Committee currently comprises four Independent Non-Executive Directors of the Company, 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 2010, 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 for the year ended 31st December 2010.

### **Annual General Meeting**

The Annual General Meeting of the Company will be held on 3rd May 2011. Notice of the meeting will be sent to shareholders on or around 25th March 2011.

### **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 2010 Annual Report will be despatched to shareholders of the Company on or around 8th April 2011 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, CHOW Philip Yiu Wah, Kenneth Gilbert CAMBIE and TUNG Lieh Sing Alan; our Non-Executive Director is Mr. KING Roger and our Independent Non-Executive Directors are Mr. Simon MURRAY, Mr. CHANG Tsann Rong Ernest, Professor WONG Yue Chim Richard and Mr. CHENG Wai Sun Edward.

## **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, 11th March 2011

*\* For identification only*

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