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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)

2012 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 2012 as follows:

Consolidated Profit and Loss Account For the year ended 31st December 2012

US\$'000	Note	2012	2011
Revenue	4	6,459,059	6,011,836
Operating costs		<u>(5,806,718)</u>	<u>(5,484,258)</u>
Gross profit		652,341	527,578
Fair value gain from an investment property		543	5,000
Other operating income		117,566	59,443
Other operating expenses		<u>(441,829)</u>	<u>(417,423)</u>
Operating profit	5	328,621	174,598
Finance costs	6	(32,877)	(26,179)
Share of profits of jointly controlled entities		3,016	1,930
Share of profits of associated companies		<u>12,091</u>	<u>12,108</u>
Profit before taxation		310,851	162,457
Taxation	7	<u>(13,562)</u>	<u>(23,103)</u>
Profit for the year from continuing operations		297,289	139,354
Discontinued operation :			
Write back of provision		<u>-</u>	<u>43,000</u>
Profit for the year		<u>297,289</u>	<u>182,354</u>
Profit attributable to :			
Equity holders of the Company		296,359	181,645
Non-controlling interests		<u>930</u>	<u>709</u>
		<u>297,289</u>	<u>182,354</u>
Earnings per ordinary share (US cents)	9		
- from continuing operations		47.3	22.1
- from discontinued operation		<u>-</u>	<u>6.9</u>
Basic and diluted		<u>47.3</u>	<u>29.0</u>
Dividends	8	<u>74,130</u>	<u>43,805</u>

Consolidated Statement of Comprehensive Income
For the year ended 31st December 2012

US\$'000	2012	2011
Profit for the year	<u>297,289</u>	<u>182,354</u>
Other comprehensive income:		
Available-for-sale financial assets		
- Change in fair value	(9,628)	13,828
- Assets revaluation reserve realised	(936)	(668)
Share of other comprehensive income of associated companies	192	3,419
Share of other comprehensive income of jointly controlled entities	7	373
Currency translation adjustments	<u>1,563</u>	<u>2,907</u>
Other comprehensive (loss)/income for the year	<u>(8,802)</u>	<u>19,859</u>
Total comprehensive income for the year	<u><u>288,487</u></u>	<u><u>202,213</u></u>
Total comprehensive income attributable to :		
Equity holders of the Company	287,562	201,336
Non-controlling interests	<u>925</u>	<u>877</u>
	<u><u>288,487</u></u>	<u><u>202,213</u></u>
Total comprehensive income attributable to equity holders of the Company arises from:		
Continuing operations	287,562	158,336
Discontinued operation	<u>-</u>	<u>43,000</u>
	<u><u>287,562</u></u>	<u><u>201,336</u></u>

Consolidated Balance Sheet

US\$'000	Note	31st December 2012	Restated 31st December 2011	Restated 1st January 2011
ASSETS				
Non-current assets				
Property, plant and equipment		4,664,773	4,205,194	3,860,367
Investment property		165,000	160,000	155,000
Prepayments of lease premiums		9,793	10,249	10,122
Jointly controlled entities		7,610	6,741	6,060
Associated companies		111,917	75,670	66,222
Intangible assets		38,916	40,014	46,648
Deferred taxation assets		1,711	1,803	1,778
Pension and retirement assets		44,427	38,452	29,692
Derivative financial instruments		7,022	7,983	5,672
Restricted bank balances		18,030	11,728	4,648
Available-for-sale financial assets		154,463	130,566	118,275
Held-to-maturity investments		253,956	182,092	121,737
Other non-current assets		22,158	23,279	92,989
		<u>5,499,776</u>	<u>4,893,771</u>	<u>4,519,210</u>
Current assets				
Inventories		153,785	150,127	96,265
Debtors and prepayments	10	543,982	470,594	454,997
Portfolio investments		205,427	119,180	151,448
Derivative financial instruments		-	-	155
Restricted bank balances		460	543	1,206
Cash and bank balances		1,861,650	2,098,884	3,851,902
		<u>2,765,304</u>	<u>2,839,328</u>	<u>4,555,973</u>
Total assets		<u>8,265,080</u>	<u>7,733,099</u>	<u>9,075,183</u>
EQUITY				
Equity holders				
Share capital		62,579	62,579	62,579
Reserves		4,446,911	4,188,283	5,485,867
		<u>4,509,490</u>	<u>4,250,862</u>	<u>5,548,446</u>
Non-controlling interests		<u>5,778</u>	<u>6,686</u>	<u>6,799</u>
Total equity		<u>4,515,268</u>	<u>4,257,548</u>	<u>5,555,245</u>
LIABILITIES				
Non-current liabilities				
Borrowings		2,325,777	2,233,095	2,416,367
Deferred taxation liabilities		63,924	65,817	64,200
Pension and retirement liabilities		301	2,427	2,493
Derivative financial instruments		7,418	10,358	10,157
		<u>2,397,420</u>	<u>2,311,697</u>	<u>2,493,217</u>
Current liabilities				
Creditors and accruals	11	784,500	709,449	758,212
Amounts due to jointly controlled entities		5,948	4,053	2,804
Borrowings		555,753	439,111	247,755
Current taxation		6,191	11,241	17,950
		<u>1,352,392</u>	<u>1,163,854</u>	<u>1,026,721</u>
Total liabilities		<u>3,749,812</u>	<u>3,475,551</u>	<u>3,519,938</u>
Total equity and liabilities		<u>8,265,080</u>	<u>7,733,099</u>	<u>9,075,183</u>
Net current assets		<u>1,412,912</u>	<u>1,675,474</u>	<u>3,529,252</u>
Total assets less current liabilities		<u>6,912,688</u>	<u>6,569,245</u>	<u>8,048,462</u>

Consolidated Cash Flow Statement
For the year ended 31st December 2012

US\$'000	2012	2011
Cash flows from operating activities		
Cash generated from operations	478,032	308,322
Interest paid	(20,029)	(13,394)
Interest element of finance lease rental payments	(15,039)	(16,322)
Hong Kong profits tax paid	(2,684)	(1,878)
Overseas tax paid	(15,430)	(30,974)
Net cash from operating activities	<u>424,850</u>	<u>245,754</u>
Cash flows from investing activities		
Sale of property, plant and equipment	74,354	141,177
Sale of available-for-sale financial assets	793	1,560
Sale/redemption on maturity of held-to-maturity investments	3,000	14,309
Purchase of property, plant and equipment	(727,662)	(737,696)
Addition of investment property	(4,457)	-
Purchase of available-for-sale financial assets	(51)	-
Purchase of held-to-maturity investments	(73,597)	(85,170)
Repayment of loan advanced to an investee company	-	71,100
Acquisition of additional interest in a subsidiary	(550)	-
Increase of investment in an associated company	(29,820)	-
(Increase)/decrease in portfolio investments	(86,247)	43,361
Increase in amounts due to jointly controlled entities	1,895	1,249
(Increase)/decrease in restricted bank balances and bank deposits maturing more than three months from the date of placement	(81,185)	2,442,630
Increase in intangible assets	(9,761)	(6,494)
Decrease/(increase) in other non-current assets	1,121	(1,390)
Interest received	39,298	36,444
Dividends received from portfolio investments	623	794
Dividends received from available-for-sale financial assets	7,937	12,137
Distribution from available-for-sale financial assets	1,101	-
Dividends received from jointly controlled entities	2,154	1,622
Dividends received from associated companies	5,856	6,079
Net cash (used in)/from investing activities	<u>(875,198)</u>	<u>1,941,712</u>
Cash flows from financing activities		
New loans	627,125	281,620
Repayment of loans	(204,422)	(175,692)
Capital element of finance lease rental payments	(254,533)	(98,046)
Dividends paid to equity holders of the Company	(29,198)	(1,498,920)
Dividends paid to non-controlling interests	(1,019)	(990)
Net cash from/(used in) financing activities	<u>137,953</u>	<u>(1,492,028)</u>
Net (decrease)/increase in cash and cash equivalents	(312,395)	695,438
Cash and cash equivalents at beginning of year	1,909,154	1,213,283
Currency translation adjustments	259	433
Cash and cash equivalents at end of year	<u>1,597,018</u>	<u>1,909,154</u>

Consolidated Statement of Changes in Equity
For the year ended 31st December 2012

US\$'000	Equity holders			Non-controlling interests	Total
	Share capital	Reserves	Sub-total		
At 31st December 2010					
As previously reported	62,579	5,510,153	5,572,732	6,799	5,579,531
Prior year adjustment (note 3)	-	(24,286)	(24,286)	-	(24,286)
As restated	62,579	5,485,867	5,548,446	6,799	5,555,245
Total comprehensive income for the year	-	201,336	201,336	877	202,213
Transactions with owners					
2010 final dividend	-	(144,071)	(144,071)	-	(144,071)
2010 special dividend	-	(1,311,044)	(1,311,044)	-	(1,311,044)
2011 interim dividend	-	(43,805)	(43,805)	-	(43,805)
Dividends paid to non-controlling interests	-	-	-	(990)	(990)
At 31st December 2011	<u>62,579</u>	<u>4,188,283</u>	<u>4,250,862</u>	<u>6,686</u>	<u>4,257,548</u>
At 31st December 2011					
As previously reported	62,579	4,212,569	4,275,148	6,686	4,281,834
Prior year adjustment (note 3)	-	(24,286)	(24,286)	-	(24,286)
As restated	62,579	4,188,283	4,250,862	6,686	4,257,548
Total comprehensive income for the year	-	287,562	287,562	925	288,487
Transactions with owners					
2012 interim dividend	-	(29,198)	(29,198)	-	(29,198)
Dividends paid to non-controlling interests	-	-	-	(1,019)	(1,019)
Acquisition of additional interest in a subsidiary	-	264	264	(814)	(550)
At 31st December 2012	<u>62,579</u>	<u>4,446,911</u>	<u>4,509,490</u>	<u>5,778</u>	<u>4,515,268</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 2012 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.

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 2012, the Group adopted the amendments of HKFRS below, which are relevant to its operations.

HKFRS 7 Amendment	Financial Instruments: Disclosures – Transfer of Financial Assets
HKAS 12 Amendment	Deferred Tax: Recovery of Underlying Assets

In December 2010, the HKICPA amended HKAS 12, ‘Income Taxes’, to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1st January 2012 with early adoption permitted.

The Group has adopted this amendment retrospectively for the financial year ended 31st December 2012 and the effects of adoption are disclosed as follows.

The Group has an investment property measured at its fair value of US\$160.0 million as of 1st January 2012. As required by the amendment, the Group has re-measured the deferred tax relating to the investment property according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. There is no material impact on the consolidated profit and loss account. The comparative figures for 2011 have been restated to reflect the change in accounting policy. The effect of the restatement on the 31st December 2011 consolidated balance sheet, and the consequential effect on the 31st December 2012 consolidated balance sheet are as follows:

	31st December 2012 US\$'000	31st December 2011 US\$'000	1st January 2011 US\$'000
Effect on consolidated balance sheet			
Increase in deferred tax liabilities	24,286	24,286	24,286
Decrease in retained profit	24,286	24,286	24,286

The Group has assessed the impact of the adoption of HKFRS 7 Amendment “Financial Instruments: Disclosures – Transfer of Financial Assets” and considered that there were no significant impact on the Group’s results and financial position and no substantial changes in the Group’s accounting policies and presentation of the accounts.

3. Accounting policies and basis of preparation (Continued)

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

New standards and amendments		Effective for accounting periods beginning on or after
HKAS 1 Amendment	Presentation of Financial Statements	1st July 2012
HKAS 19 Amendment	Employee Benefits	1st January 2013
HKAS 27 (2011)	Separate Financial Statements	1st January 2013
HKAS 28 (2011)	Associates and Joint Ventures	1st January 2013
HKFRS 7 Amendment	Financial Instruments : Disclosures – Offsetting Financial Assets and Financial Liabilities	1st January 2013
HKFRS 10	Consolidated Financial Statements	1st January 2013
HKFRS 10 Amendment	Consolidated Financial Statements – Transition Guidance	1st January 2013
HKFRS 11	Joint Arrangements	1st January 2013
HKFRS 11 Amendment	Joint Arrangements – Transition Guidance	1st January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1st January 2013
HKFRS 12 Amendment	Disclosure of Interests in Other Entities – Transition Guidance	1st January 2013
HKFRS 13	Fair Value Measurements	1st January 2013
HKFRS 32 Amendments	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKFRS 7 Amendments	Financial Instruments: Disclosures – Mandatory Effective date of HKFRS 9 and Transitional Disclosures	1st January 2015*
HKFRS 9	Financial Instruments	1st January 2015

* Effective for annual periods beginning 1st January 2015 for those in connection with HKFRS 9.

3. Accounting policies and basis of preparation (Continued)

Annual improvements to HKFRS published in June 2012		Effective for annual periods beginning on or after
HKAS 1 Amendment	Presentation of Financial Statements	1st January 2013
HKAS 16 Amendment	Property, Plant and Equipment	1st January 2013
HKAS 32 Amendment	Financial Instruments: Presentation	1st January 2013
HKAS 34 Amendment	Interim Financing Reporting	1st January 2013

The Group has not early adopted the above standards and amendments. None of these is expected to have a significant effect on the consolidated accounts of the Group, except the following:

HKAS 19, "Employee Benefits", was amended in June 2011. The impact on the Group will be to immediately recognise all past service costs and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability. The Group has yet to assess the full impact of the amendments.

4. Revenue and segment information

(a) Revenue

US\$'000	2012	2011
Container transport and logistics	6,432,955	5,986,719
Others	<u>26,104</u>	<u>25,117</u>
	<u>6,459,059</u>	<u>6,011,836</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 2012 are as follows:

US\$'000	Continuing operations			Group
	Container transport and logistics	Others	Elimination	
Revenue	6,432,955	26,887	(783)	6,459,059
Operating profit	229,546	99,075	-	328,621
Finance costs (note 6)	(32,877)	-	-	(32,877)
Share of profits of jointly controlled entities	3,016	-	-	3,016
Share of profits of associated companies	12,091	-	-	12,091
Profit before taxation	211,776	99,075	-	310,851
Taxation	(14,594)	1,032	-	(13,562)
Profit for the year	197,182	100,107	-	297,289
Capital expenditure	780,105	4,457	-	784,562
Depreciation	235,346	-	-	235,346
Amortisation	11,338	-	-	11,338

4. Revenue and segment information (Continued)

(b) Segment information (Continued)

Operating segments (Continued)

The segment results for the year ended 31st December 2011 are as follows:

US\$'000	Continuing operations				Discontinued operations	
	Container transport and logistics	Others	Elimination	Sub-total	Others	Group
Revenue	5,986,719	26,041	(924)	6,011,836	-	6,011,836
Operating profit	117,794	56,804	-	174,598	-	174,598
Finance costs (note 6)	(26,179)	-	-	(26,179)	-	(26,179)
Share of profits of jointly controlled entities	1,930	-	-	1,930	-	1,930
Share of profits of associated companies	12,108	-	-	12,108	-	12,108
Profit before taxation	105,653	56,804	-	162,457	-	162,457
Taxation	(19,642)	(3,461)	-	(23,103)	-	(23,103)
Profit after taxation	86,011	53,343	-	139,354	-	139,354
Write back of provision	-	-	-	-	43,000	43,000
Profit for the year	86,011	53,343	-	139,354	43,000	182,354
Capital expenditure	744,603	-	-	744,603	-	744,603
Depreciation	242,534	-	-	242,534	-	242,534
Amortisation	13,415	-	-	13,415	-	13,415

4. Revenue and segment information (Continued)

(b) Segment information (Continued)

Operating segments (Continued)

The segment assets and liabilities at 31st December 2012 are as follows:

US\$'000	Container transport and logistics	Others	Group
Segment assets	5,926,160	2,219,393	8,145,553
Jointly controlled entities	7,610	-	7,610
Associated companies	111,917	-	111,917
Total assets	<u>6,045,687</u>	<u>2,219,393</u>	<u>8,265,080</u>
Segment liabilities	<u>(3,687,770)</u>	<u>(62,042)</u>	<u>(3,749,812)</u>

The segment assets and liabilities at 31st December 2011 are as follows:

US\$'000	Container transport and logistics	Others	Group
Segment assets	5,170,026	2,480,662	7,650,688
Jointly controlled entities	6,741	-	6,741
Associated companies	75,670	-	75,670
Total assets	<u>5,252,437</u>	<u>2,480,662</u>	<u>7,733,099</u>
Segment liabilities	<u>(3,420,098)</u>	<u>(55,453)</u>	<u>(3,475,551)</u>

The segment of “Others” primarily includes assets and liabilities of property and corporate level activities. Assets under the segment of “Others” consist primarily of investment property, available-for-sale financial assets, held-to-maturity investments and portfolio investments together with cash and bank balances that are managed at corporate level. Liabilities under the segment of “Others” 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 2012		
Continuing operations:		
Asia	4,295,526	67,260
North America	1,069,317	15,086
Europe	887,979	196
Australia	206,237	20
Unallocated *	-	702,000
	<u>6,459,059</u>	<u>784,562</u>
Year ended 31st December 2011		
Continuing operations:		
Asia	3,942,912	23,636
North America	1,071,035	2,906
Europe	839,130	458
Australia	158,759	27
Unallocated *	-	717,576
	<u>6,011,836</u>	<u>744,603</u>

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

5. Operating profit

US\$'000	2012	2011
Operating profit is arrived at after crediting :		
Operating lease rental income		
Land and buildings	<u>26,104</u>	<u>25,117</u>
and after charging:		
Depreciation		
Owned assets	163,118	162,049
Leased assets	72,228	80,485
Operating lease rental expense		
Vessels and equipment	388,132	433,397
Terminals and berths	31,816	29,928
Land and buildings	27,308	27,337
Rental outgoings in respect of an investment property	12,328	12,579
Amortisation of intangible assets	10,859	13,130
Amortisation of prepayments of lease premiums	479	285
Auditors' remuneration		
Audit	2,654	2,648
Non-audit	<u>1,776</u>	<u>1,449</u>

6. Finance costs

US\$'000	2012	2011
Interest expense		
Bank loans and bank overdrafts		
Wholly repayable within five years	8,247	3,948
Not wholly repayable within five years	14,471	9,151
Finance lease obligations		
Wholly repayable within five years	7,792	4,432
Not wholly repayable within five years	5,239	9,061
	<u>35,749</u>	<u>26,592</u>
Amount capitalised under assets	<u>(2,872)</u>	<u>(413)</u>
Net interest expense	<u>32,877</u>	<u>26,179</u>

7. Taxation

US\$'000	2012	2011
Current taxation		
Hong Kong profits tax	1,310	1,563
Overseas taxation	14,295	20,013
	<u>15,605</u>	<u>21,576</u>
Deferred taxation		
Overseas taxation	<u>(2,043)</u>	<u>1,527</u>
	<u>13,562</u>	<u>23,103</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% (2011: 10% to 47%) and the rate applicable for Hong Kong profits tax is 16.5% (2011: 16.5%).

8. Dividends

US\$'000	2012	2011
Interim paid of US4.66 cents (2011: US7.0 cents) per ordinary share	29,198	43,805
Proposed final of US7.18 cents (2011: US nil) per ordinary share	<u>44,932</u>	<u>-</u>
	<u>74,130</u>	<u>43,805</u>

The Board of Directors proposes a final dividend in respect of 2012 of US7.18 cents (2011: US nil) per ordinary share. The proposed dividend will be accounted for as an appropriation of retained profit in the year ending 31st December 2013.

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 of the Company 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.

US\$'000	2012	2011
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 of the Company	296,359	138,645
Non-controlling interests	<u>930</u>	<u>709</u>
	<u>297,289</u>	<u>139,354</u>
Earnings per share from continuing operations attributable to equity holders of the Company (US cents)	<u>47.3</u>	<u>22.1</u>
Group's profit from discontinued operations attributable to:		
Equity holders of the Company	<u>-</u>	<u>43,000</u>
Earnings per share from discontinued operations attributable to equity holders of the Company (US cents)	<u>-</u>	<u>6.9</u>

10. Debtors and prepayments

US\$'000	2012	2011
Group		
Trade receivables		
- Fully performing	225,042	195,947
- Past due but not impaired	112,786	95,263
- Impaired and provided for	<u>7,365</u>	<u>5,373</u>
	345,193	296,583
Less: provision for impairment	<u>(7,365)</u>	<u>(5,373)</u>
Trade receivables - net	337,828	291,210
Other debtors	87,819	64,417
Other prepayments	95,519	90,147
Utility and other deposits	8,107	7,570
Tax recoverable	<u>14,709</u>	<u>17,250</u>
	<u>543,982</u>	<u>470,594</u>

Trade receivables are normally due for payment on presentation of invoices or granted with an approved credit period ranging mainly from 10 to 30 days. Debtors with overdue trade receivables 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 old. The ageing analysis of the Group's trade receivables, net of provision for impairment, prepared in accordance with the due dates of invoices, is as follows:

US\$'000	2012	2011
Below one month	308,787	270,539
Two to three months	23,700	18,108
Four to six months	<u>5,341</u>	<u>2,563</u>
	<u>337,828</u>	<u>291,210</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.

11. Creditors and accruals

US\$'000	2012	2011
Group		
Trade payables	279,040	247,575
Other creditors	72,728	82,209
Accrued expenses	374,892	342,915
Deferred revenue	57,840	36,750
	<u>784,500</u>	<u>709,449</u>

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

US\$'000	2012	2011
Below one month	169,860	178,514
Two to three months	102,961	64,935
Four to six months	5,378	3,416
Over six months	841	710
	<u>279,040</u>	<u>247,575</u>

Results for 2012

Orient Overseas (International) Limited and its subsidiaries (the “Group”) recorded a profit attributable to shareholders of US\$296.4 million for 2012, compared to a profit of US\$181.6 million in 2011.

OOIL ANNUAL RESULTS ANALYSIS		
<i>(US\$'000)</i>	2012	2011
Profit before tax from continuing activities	310,308	157,457
Revaluation of Wall Street Plaza	543	5,000
Profit Before Tax for the Year Ended 31st December	310,851	162,457
Taxation on continuing activities	(13,562)	(23,103)
Write back of provision	-	43,000
Non-controlling interests	(930)	(709)
Profit Attributable to Equity Holders	296,359	181,645

Review of Operations

While 2012 was a profitable year for the Group, the container transportation market continued to be challenging as the industry struggled to absorb substantial new-build vessel capacity while facing ongoing weak demand growth. Freight rates were particularly low at the start of the year but did recover over the first half and into the second half of 2012. During that period the industry was able to absorb the new capacity being delivered, but by the fourth quarter, the further deterioration in the Eurozone economies and the muted growth in the United States saw a deterioration in both freight rates and load factors as excess capacity chased inadequate demand, resulting in a disappointing end to the year.

OOCL's liftings increased 3.7% year-on-year. Global trade demand growth slowed in the second half, mainly due to depressed imports to North Europe and the Mediterranean which affected our Asia-Europe and Trans-Atlantic trades.

After a strong first half performance and a pleasing third-quarter, OOCL's operating profitability was impacted by the downwards pressure on freight rates during the last quarter of the year. Competitive pressure was most intense on the Asia-Europe trade as carriers sought to maintain volumes despite a reduction in trade levels.

There was some partial offset to this pressure with bunker fuel prices coming down from the very high levels experienced in the first half of the year and remaining stable through and past the year end.

In 2012, no newbuilding vessels were delivered, and no new vessel orders were placed. During the year, OOCL exercised an option to purchase one 12-year old 5,560 TEU vessel previously operated under long-term charter, and sold out two 16-year old 5,344 TEU vessels and then time-chartered them back for a 3-year period.

Our logistics business continues to build and strengthen and is an important area element in continuing to attract and hold customers through high quality service levels. The business has gained the experience and credentials within the industry to be a true 3PL provider, understanding the dynamics of our customers. Its focus on domestic logistics as the platform for accelerated organic growth is proving successful and its improving profitability is providing an increasingly meaningful contribution to the performance of our Group.

Our ongoing investment in Information Technology continues to give us a state of the art information system for the business management and provision of services to customers. Our investment in IT gives us a significant competitive advantage by supporting employees with the right skills and capabilities to make data-driven decisions to provide superior service to customers. Our IT Division also continues to develop various business models such as CargoSmart which showed good growth in 2012 and is developing as another pillar of the Group's performance.

Looking Forward

The year ahead looks as though it will be as difficult as 2012. More than other industries, container shipping is affected by global economic conditions impacting trade volumes and we expect a further protracted period of low economic growth to continue after the past four years of economic downturn. While economic conditions in the United States are improving, the pace of economic recovery remains slow and consumer demand continues to be muted. Prolonged deflation in Europe has caused a decline in imports from Asia, and with Eurozone economies continuing to struggle, there is a possibility of further contraction before recovery occurs.

Recently higher employment levels in the US manufacturing sector suggests that there may be a trend of "re-shoring" of production in the United States. Combined with the increasing domestic consumer market in China, this may see Chinese manufacturers focusing further on their own domestic markets, resulting in a slowdown China's export growth rates.

With a further increase in new build vessel capacity delivering in 2013, competition and resultant pressure on freight rates will continue to be intense. The industry's ability to further absorb additional capacity are being tested and there are risks to service levels given the reduced number of loops being run on the major trade lanes.

Final Dividend

The Board of Directors has recommended the payment of a final dividend of US7.18 cents (HK\$0.56 at the exchange rate of US\$1 : HK\$7.8) per ordinary share for the year ended 31st December 2012 to be paid on 6th June 2013 to the shareholders of the Company whose names appear on the register of members of the Company on 8th May 2013. 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 (the "Branch Share Registrar"), not later than 4:30 p.m. on 29th May 2013.

Liquidity and Financial Resources

As at 31st December 2012, the Group had liquid assets amounting to US\$2,339.5 million and a total indebtedness of US\$2,881.5 million. The Group had a net debt to equity ratio of 0.12 : 1 as at end of 2012, compared with 0.06 : 1 at the end of 2011.

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 2012, the Group has 8,626 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 during the following periods:

- (a) from 22nd April 2013 to 26th April 2013, both days inclusive, to ascertain the shareholders entitled to attend and vote at the Annual General Meeting of the Company. To be eligible to attend and vote at the Annual General Meeting, the share transfers must be accompanied with the relevant share certificates and lodged with the Branch Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 19th April 2013; and
- (b) from 6th May 2013 to 8th May 2013, both days inclusive, to ascertain the shareholders entitled to the proposed final dividend. To qualify for the proposed final dividend, the share transfers must be accompanied with the relevant share certificates and lodged with the Branch Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 3rd May 2013.

No transfers of shares will be registered during the periods mentioned in sub-paragraphs (a) and (b) above.

Purchase, Sale or Redemption of Shares

During the year ended 31st December 2012, 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 Corporate Governance Code

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 has adopted its own corporate governance code (the “CG Code”), which was updated in March 2012 to reflect the new requirements under the revised Corporate Governance Code and Corporate Governance Report (the “Revised 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”) which was effective on 1st April 2012. In addition to applying the principles as set out in the Revised SEHK Code, the CG Code 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 2012, the Company has complied with the former Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the period from 1st January 2012 to 31st March 2012 and the Revised SEHK Code during the period from 1st April 2012 to 31st December 2012, save for the followings:-

- (i) there was no separation of the role of Chairman and Chief Executive Officer of the Company during the year 2012. 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 the principal division of the Group and there is effective separation of the roles between chief executives of the principal division 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; and
- (ii) Mr. CHENG Wai Sun Edward, an Independent Non-Executive Director of the Company, did not attend the annual general meeting of the Company held on 18th May 2012 as he had to chair another annual general meeting on the same day set a year ago.

Further information on the CG Code will be set out in the Corporate Governance Report to be contained in the Company’s 2012 Annual Report.

Audit Committee

The Audit Committee has reviewed the annual results of the Group for the year ended 31st December 2012, in conjunction with the external and internal auditors.

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 Code and the Model Code for the year ended 31st December 2012.

Annual General Meeting

The Annual General Meeting of the Company will be held on 26th April 2013. Notice of the meeting will be sent to shareholders on or around 20th March 2013.

Publication of Results Announcement and Annual Report

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (“HKEx”) at <http://www.hkexnews.hk> and the Company at <http://www.ooilgroup.com>. The 2012 Annual Report will be despatched to shareholders of the Company on or around 3rd April 2013 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, TUNG Lieh Cheung Andrew, Kenneth Gilbert CAMBIE and TUNG Lieh Sing Alan; our Non-Executive Directors are Professor Roger KING and Mr. CHOW Philip Yiu Wah 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, 6th March 2013

* *For identification only*

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