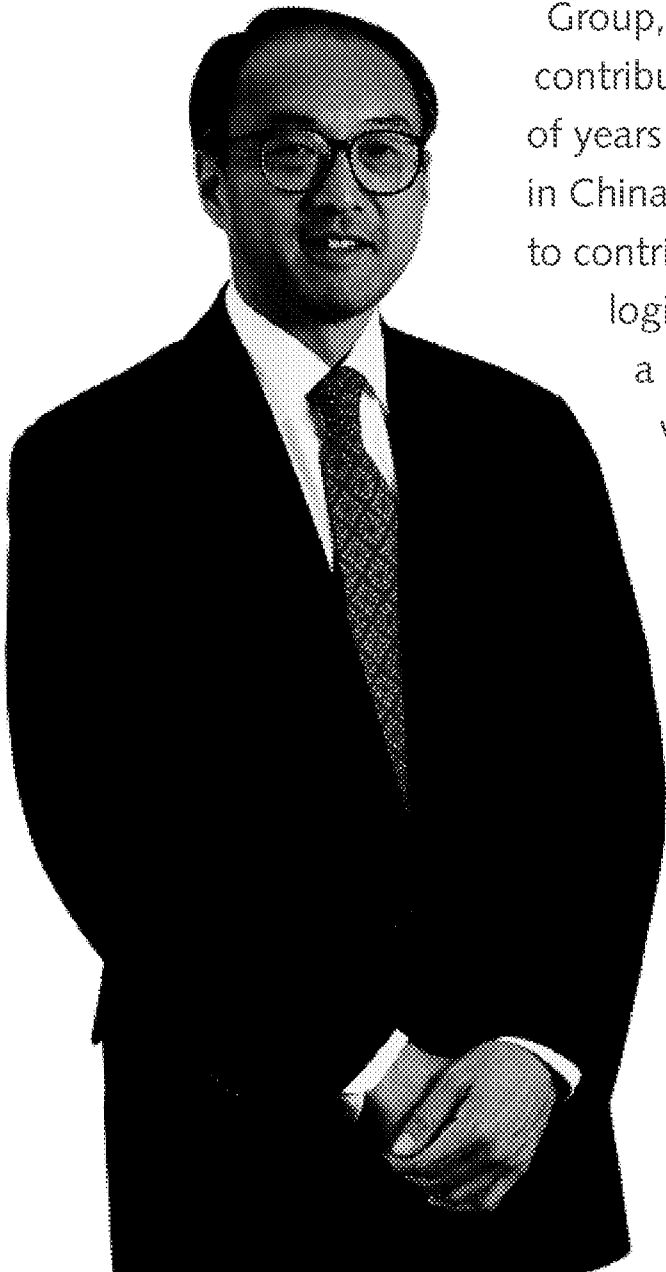


Chairman's Letter

Results for 2000

I am pleased to report that, building upon the successes of 1999, Orient Overseas (International) Limited ("OOIL") and its subsidiaries (the "Group") enjoyed a highly successful year in 2000. International transportation, logistics and terminal operations, the principal business of the Group, performed well and continued to contribute the majority of profits. After a number of years of active development, our investments in China-related property projects have begun to contribute to earnings. OOIL's transportation, logistics and terminal operations, backed by a highly efficient fleet of modern container vessels operating within a major alliance, are well positioned for future growth. Combined with property investments in the rapidly growing China market, prudent financial management, a responsive market strategy and an integrated IT infrastructure unique within the industry, we are confident of another positive performance in 2001.



For the year 2000 the Group achieved a profit after tax and minority interests of US\$111.9 million, a substantial 67% increase over 1999's US\$67.2 million.

This is far in excess of the rise in turnover and reflects a strong contribution from each of the Group's businesses. Group turnover increased by 12% to US\$2.4 billion on the back of continued buoyant demand for transportation from Asia to the United States and Europe, as well as higher export volumes from Europe to North America. Operating profit before financing increased from US\$122.7 million in 1999 to US\$166.4 million. Earnings per ordinary share were US21.6 cents as compared with US13 cents in 1999.

The Board of Directors recommends the payment of a final dividend of US3 cents (HK23.4 cents) per share to ordinary shareholders. Together with the interim dividend of US1 cent (HK7.8 cents) paid on 29th September 2000, this represents a total dividend per ordinary share for the year of US4 cents (HK31.2 cents), an increase of 33% over that for 1999.

Our businesses are organised into two distinct groupings. This gives each one the required structural independence and business focus to benefit further from their competitive advantages. Our International Transportation, Logistics and Terminal division continued to enjoy a significant improvement in performance during 2000 despite a considerable increase in bunker prices and a softening US economy in the latter part of the year. The strength of US imports for most of the year was one of the main factors in rising container traffic volumes on our key trade routes and for rising freight rates. These factors also ensured strong

growth in revenues and profits at our five container terminals in North America.

The positive aspects of our operations outweigh the concerns of a more general nature. The Eastbound legs of the Trans-Pacific trades, having enjoyed double-digit growth over the past three years, are forecast to soften in 2001. This is expected to be at least partially offset by growth in European exports and continuing recovery of the Asian economies, benefiting the Intra-Asia and Asia/Europe trades. Whether the notable rise in Transatlantic trade during 2000 will continue in 2001 will depend, among other things, on the Euro exchange rate and US consumer demand. While we cannot predict the extent to which the US economy will decelerate, the consensus view is of slower growth in US imports during the first half of 2001, followed by a recovery in the second half. This pattern is mirrored by the projections for container traffic but we continue to expect a near equilibrium in supply and demand during the important peak shipping season, and hence stability in freight rates, despite the forecast that total newbuilding deliveries will outweigh the rate of demand growth during 2001.

Our terminals in North America are expected to produce a stable income in 2001. We expect consolidation at our operations in Vancouver which have demonstrated rapid growth since the new terminal in Deltaport opened in 1997. However, demand for container terminal capacity in the ports of New York and New Jersey is high and additional capacity is quickly absorbed, a situation that should continue to benefit our Global and Howland Hook terminals.

Positive developments for the Group include the likelihood of greater stability in bunker costs at lower average levels than in 2000. The Group will take delivery of two new 5,700 TEU container ships during 2001. These, together with the four delivered during 2000, will increase operational efficiency and lower unit costs, more than compensating for the resultant increase in fixed costs and interest charges. In addition, declining interest rates should support our performance as financing costs begin to fall.

The year also benefited from the decision taken some years ago to completely redesign the Group's IT infrastructure, which is now beginning to produce dividends. The adoption of object-oriented technology as the basis for our back office system, IRIS-2, has proven far-sighted. This application was considered revolutionary at the time to the extent that OOIL was a finalist for the highly prestigious Innovation Award at the Computerworld Smithsonian Awards. The technology has allowed us to build enterprise-wide and integrated systems significantly more easily and speedily. The time now necessary to complete original application developments, enhancements and maintenance cycles has been reduced to a fraction of what was previously achievable. We are justifiably proud of these achievements which we are now introducing to the market considerably in advance of our competitors. The initial response from potential users, both shippers and other carriers, to both IRIS-2 and CargoSmart, the Group's open and one-stop internet portal, has been encouraging. It is this IT capability which allows us to co-ordinate and integrate the various logistical activities of the Group thereby providing the competitive edge upon which we can

profitably build our business. This is nowhere more true than in China where we are already firmly established nationwide. China's consistently high levels of economic growth and shortly expected membership of World Trade Organisation ("WTO") give us every reason for optimism. We are excited by the prospects for these IT and logistics businesses, IRIS-2/CargoSmart and Cargo System. After many years of development they are now adding a significant competitive edge to our Group. We expect these businesses to begin accruing income during 2001 and envisage significant potential for each to evolve further as an individually profitable entity over the coming years. They will complement the successes of our other operations and serve to cement customer relationships yet further. As a result, we are enthusiastic in relation to the future of our transport, logistics and terminals business for 2001 and beyond.

During the year, our Property Development and Investment division also enjoyed continued success. Our domestic housing developments in China have now begun to produce returns. The Joffre Gardens development in Shanghai was completed during the year and, as at the year end, more than 85% of the units had been sold within our targeted price range. Orient Garden in Hangzhou was fully completed and the units sold on schedule and on target. Pre-sales activities for our new The Courtyards and Century Metropolis developments in Shanghai have been encouraging. These investments in property developments in mainland China will show increasing returns as the different phases of the various joint

venture projects come to completion during 2001 and 2002. We are also alert to the benefits and improvements in market sentiment arising from China's imminent entry to the WTO. We continually seek further opportunities and are in active negotiations in relation to a number of other development sites seeking to build further upon our established reputation for high quality housing.

Growth within the China markets will also benefit Beijing Oriental Plaza in which the Group continues to hold an 8% interest. Phase I of the project was completed during 2000 and the occupancy rate proved to be within expectations. Our Wall Street Plaza investment, in New York's financial district, was fully occupied, although rental income was subdued by rent-free periods. During 2001 this investment is expected to produce another solid performance. We expect Beijing Oriental Plaza to increase its contribution.

Mr Harry R Wilkinson retired from the Board with effect from 31st October 2000 after four years service. His successor, Mr Nicholas D Sims, joined the Board on 23rd October 2000. Mr Wilkinson has returned to the United States with our thanks and best wishes for the future.

Our performance and aspirations continue to depend upon the skills, dedication, discipline and teamwork of all OOIL's 4,414 employees throughout the world. The Board of Directors and senior management are proud of the efforts they have made during this successful year.

On balance, we expect a good year in

2001 as we continue to build upon our competitive advantages. The emphasis will be placed especially upon the achievement of substantial growth in our international logistics business from the solid foundation already established. Through this initiative and the exploitation of other opportunities, we will continue our efforts to enhance shareholder value.

C C Tung

Chairman and Chief Executive Officer

Hong Kong, 16th March 2001

Supply Chain

As a total logistics service provider, drawing on the strengths of our powerful information system, we offer customers integrated and tailor-made logistics solutions at every stage in the supply chain.

