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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)

2011 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 2011 as follows:

Consolidated Profit and Loss Account For the year ended 31st December 2011

US\$'000	Note	2011	2010
Revenue	4	6,011,836	6,033,402
Operating costs		<u>(5,484,258)</u>	<u>(4,671,087)</u>
Gross profit		527,578	1,362,315
Fair value gain from an investment property		5,000	5,000
Other operating income		59,443	39,911
Other operating expenses		<u>(417,423)</u>	<u>(488,419)</u>
Operating profit	5	174,598	918,807
Finance costs	6	(26,179)	(29,091)
Share of profits of jointly controlled entities		1,930	1,659
Share of profits of associated companies		<u>12,108</u>	<u>7,401</u>
Profit before taxation		162,457	898,776
Taxation	7	<u>(23,103)</u>	<u>(28,959)</u>
Profit for the year from continuing operations		139,354	869,817
Discontinued operations :			
Profit for the year from discontinued operation		-	1,004,554
Write back of provision		<u>43,000</u>	<u>-</u>
Profit for the year		<u>182,354</u>	<u>1,874,371</u>
Profit attributable to :			
Equity holders of the Company		181,645	1,866,780
Non-controlling interests		<u>709</u>	<u>7,591</u>
		<u>182,354</u>	<u>1,874,371</u>
Earnings per ordinary share (US cents)	9		
- from continuing operations		22.1	137.8
- from discontinued operations		<u>6.9</u>	<u>160.5</u>
Basic and diluted		<u>29.0</u>	<u>298.3</u>
Dividends	8	<u>43,805</u>	<u>1,776,210</u>

Consolidated Statement of Comprehensive Income
For the year ended 31st December 2011

US\$'000	2011	2010
Profit for the year	<u>182,354</u>	<u>1,874,371</u>
Other comprehensive income:		
Vessels		
- Assets revaluation reserve realised	-	(1,915)
Available-for-sale financial assets		
- Change in fair value	13,828	71,934
- Assets revaluation reserve realised	(668)	(1,314)
Share of other comprehensive income of associated companies	3,419	1,881
Share of other comprehensive income of jointly controlled entities	373	230
Currency translation adjustments	<u>2,907</u>	<u>4,847</u>
Other comprehensive income for the year	<u>19,859</u>	<u>75,663</u>
Total comprehensive income for the year	<u><u>202,213</u></u>	<u><u>1,950,034</u></u>
Total comprehensive income attributable to :		
Equity holders of the Company	201,336	1,942,336
Non-controlling interests	<u>877</u>	<u>7,698</u>
	<u><u>202,213</u></u>	<u><u>1,950,034</u></u>

**Consolidated Balance Sheet
As at 31st December 2011**

US\$'000	Note	2011	2010
ASSETS			
Non-current assets			
Property, plant and equipment		4,205,194	3,860,367
Investment property		160,000	155,000
Prepayments of lease premiums		10,249	10,122
Jointly controlled entities		2,688	3,256
Associated companies		75,670	66,222
Intangible assets		40,014	46,648
Deferred taxation assets		1,803	1,778
Pension and retirement assets		38,452	29,692
Derivative financial instruments		7,983	5,672
Restricted bank balances		11,728	4,648
Other non-current assets		335,937	333,001
		<u>4,889,718</u>	<u>4,516,406</u>
Current assets			
Inventories		150,127	96,265
Debtors and prepayments	10	470,594	454,997
Portfolio investments		119,180	151,448
Derivative financial instruments		-	155
Restricted bank balances		543	1,206
Cash and bank balances		2,098,884	3,851,902
		<u>2,839,328</u>	<u>4,555,973</u>
Total assets		<u>7,729,046</u>	<u>9,072,379</u>
EQUITY			
Equity holders			
Share capital		62,579	62,579
Reserves		4,212,569	5,510,153
		<u>4,275,148</u>	<u>5,572,732</u>
Non-controlling interests		<u>6,686</u>	<u>6,799</u>
Total equity		<u>4,281,834</u>	<u>5,579,531</u>
LIABILITIES			
Non-current liabilities			
Borrowings		2,233,095	2,416,367
Deferred taxation liabilities		41,531	39,914
Pension and retirement liabilities		2,427	2,493
Derivative financial instruments		10,358	10,157
		<u>2,287,411</u>	<u>2,468,931</u>
Current liabilities			
Creditors and accruals	11	709,449	758,212
Borrowings		439,111	247,755
Current taxation		11,241	17,950
		<u>1,159,801</u>	<u>1,023,917</u>
Total liabilities		<u>3,447,212</u>	<u>3,492,848</u>
Total equity and liabilities		<u>7,729,046</u>	<u>9,072,379</u>
Net current assets		<u>1,679,527</u>	<u>3,532,056</u>
Total assets less current liabilities		<u>6,569,245</u>	<u>8,048,462</u>

Consolidated Cash Flow Statement
For the year ended 31st December 2011

US\$'000	2011	2010
Cash flows from operating activities		
Cash generated from operations	308,322	1,212,722
Interest paid	(13,394)	(14,362)
Interest element of finance lease rental payments	(16,322)	(15,152)
Hong Kong profits tax (paid)/refunded	(1,878)	2,009
Overseas tax paid	(30,974)	(10,483)
Net cash from operating activities	<u>245,754</u>	<u>1,174,734</u>
Cash flows from investing activities		
Sale of property, plant and equipment	141,177	30,304
Sale of available-for-sale financial assets	1,560	2,399
Sale/redemption on maturity of held-to-maturity investments	14,309	32,261
Purchase of property, plant and equipment	(737,696)	(214,313)
Purchase of available-for-sale financial assets	-	(343)
Purchase of held-to-maturity investments	(85,170)	(72,776)
Repayment of loan advanced to an investee company	71,100	-
Acquisition of additional interests in subsidiaries	-	(14,123)
Decrease/(increase) in portfolio investments	43,361	(106,856)
Disposal of subsidiaries	-	2,130,402
Increase in amounts due to jointly controlled entities	1,249	1,865
Decrease/(increase) in restricted bank balances and bank deposits maturing more than three months from the date of placement	2,442,630	(2,505,485)
Purchase of intangible assets	(6,494)	(4,043)
Increase in other non-current assets	(1,390)	(563)
Interest received	36,444	18,976
Dividends received from portfolio investments	794	622
Dividends received from available-for-sale financial assets	12,137	7
Dividends received from jointly controlled entities	1,622	1,233
Dividends received from associated companies	6,079	2,797
Net cash from/(used in) investing activities	<u>1,941,712</u>	<u>(697,636)</u>
Cash flows from financing activities		
New loans	281,620	583,976
Repayment of loans	(175,692)	(561,883)
Capital element of finance lease rental payments	(98,046)	(50,431)
Dividends paid to equity holders of the Company	(1,498,920)	(322,493)
Dividends paid to non-controlling interests	(990)	(2,294)
Net cash used in financing activities	<u>(1,492,028)</u>	<u>(353,125)</u>
Net increase in cash and cash equivalents	695,438	123,973
Cash and cash equivalents at beginning of year	1,213,283	1,088,254
Currency translation adjustments	433	1,056
Cash and cash equivalents at end of year	<u>1,909,154</u>	<u>1,213,283</u>

Consolidated Statement of Changes in Equity
For the year ended 31st December 2011

US\$'000	Equity holders			Non-controlling interests	Total
	Share capital	Reserves	Sub-total		
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 interest in a subsidiary	-	8,205	8,205	(22,328)	(14,123)
Dividends paid to non-controlling interests	-	-	-	(2,294)	(2,294)
At 31st December 2010	62,579	5,510,153	5,572,732	6,799	5,579,531
Total comprehensive income for the year	-	201,336	201,336	877	202,213
Transaction 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	62,579	4,212,569	4,275,148	6,686	4,281,834

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 2011 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 2011, the Group adopted the revised standards, amendments and interpretations of HKFRS below, which are relevant to its operations.

HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 Amendment	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Annual improvements to HKFRS published in May 2010

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKAS 34 Amendment	Interim Financial Reporting
HKFRS 3 Amendment	Business Combinations
HKFRS 7 Amendment	Financial Instruments: Disclosures

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.

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 or revised standards and amendments		Effective for accounting periods beginning on or after
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
HKAS 1 Amendment	Presentation of Financial Statements	1st July 2012
HKAS 19 Amendment	Employee Benefits	1st January 2013
HKFRS 7 Amendments	Financial Instruments: Disclosures : Offsetting financial assets and financial liabilities	1st January 2013
HKAS 27 (2011)	Separate Financial Statements	1st January 2013
HKAS 28 (2011)	Associates and Joint Ventures	1st January 2013
HKFRS 10	Consolidated Financial Statements	1st January 2013
HKFRS 11	Joint Arrangements	1st January 2013
HKFRS 12	Disclosure of Interests in Other Entities	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 Disclosure	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.

The Group has not early adopted the above standards and amendments 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	2011	2010
Container transport and logistics	5,986,719	6,008,842
Others	<u>25,117</u>	<u>24,560</u>
	<u>6,011,836</u>	<u>6,033,402</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 2011 are as follows:

US\$'000	Continuing operations				Discontinued operations	
	Container transport and logistics	Others	Elimination	Sub-total	Others	Group
Revenue	<u>5,986,719</u>	<u>26,041</u>	<u>(924)</u>	<u>6,011,836</u>	<u>-</u>	<u>6,011,836</u>
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	<u>105,653</u>	<u>56,804</u>	<u>-</u>	<u>162,457</u>	<u>-</u>	<u>162,457</u>
Taxation	(19,642)	(3,461)	-	(23,103)	-	(23,103)
Profit after taxation	<u>86,011</u>	<u>53,343</u>	<u>-</u>	<u>139,354</u>	<u>-</u>	<u>139,354</u>
Write back of provision	-	-	-	-	43,000	43,000
Profit for the year	<u>86,011</u>	<u>53,343</u>	<u>-</u>	<u>139,354</u>	<u>43,000</u>	<u>182,354</u>
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 results for the year ended 31st December 2010 are as follows:

US\$'000	Continuing operations				Discontinued operations	
	Container transport and logistics	Others	Elimination	Sub-total	Property development	Group
Revenue	<u>6,008,842</u>	<u>25,539</u>	<u>(979)</u>	<u>6,033,402</u>	<u>-</u>	<u>6,033,402</u>
Operating profit	876,073	42,734	-	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
Profit before taxation	<u>856,578</u>	<u>42,198</u>	<u>-</u>	<u>898,776</u>	<u>-</u>	<u>898,776</u>
Taxation	(22,223)	(6,736)	-	(28,959)	-	(28,959)
Profit after taxation	<u>834,355</u>	<u>35,462</u>	<u>-</u>	<u>869,817</u>	<u>-</u>	<u>869,817</u>
Profit on disposal of subsidiaries	-	-	-	-	1,004,554	1,004,554
Profit for the year	<u>834,355</u>	<u>35,462</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

Note :In previous years, others mainly represented corporate level activities including central treasury management, property investment and administrative function. Net expenses of US\$11,567,000 and taxation of US\$3,260,000 in relation to administrative function are reclassified from others to container transport and logistics segment so as to conform with the current year's presentation.

4. Revenue and segment information (Continued)

(b) Segment information (Continued)

Operating segments (Continued)

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	2,688	-	2,688
Associated companies	<u>75,670</u>	<u>-</u>	<u>75,670</u>
Total assets	<u>5,248,384</u>	<u>2,480,662</u>	<u>7,729,046</u>
Segment liabilities	<u>(3,416,045)</u>	<u>(31,167)</u>	<u>(3,447,212)</u>

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

US\$'000	Container transport and logistics	Others	Group
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>-</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>(3,420,598)</u>	<u>(72,250)</u>	<u>(3,492,848)</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.

* In previous years, others segment included certain segment liabilities of US\$3,353,000 in relation to administrative function which are reclassified to container transport and logistics so as to conform with the current year's presentation.

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 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>
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>

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

5. Operating profit

US\$'000	2011	2010
Operating profit is arrived at after crediting :		
Operating lease rental income		
Land and buildings	<u>25,117</u>	<u>24,560</u>
and after charging:		
Depreciation		
Owned assets	162,049	169,029
Leased assets	80,485	85,981
Operating lease rental expense		
Vessels and equipment	463,325	353,575
Land and buildings	27,337	27,778
Rental outgoings in respect of an investment property	12,579	12,807
Amortisation of intangible assets	13,130	10,501
Amortisation of prepayments of lease premiums	285	471
Auditors' remuneration		
Audit	2,648	2,450
Non-audit	<u>1,449</u>	<u>1,809</u>

6. Finance costs

US\$'000	2011	2010
Interest expense		
Bank loans and bank overdrafts		
Wholly repayable within five years	3,948	6,281
Not wholly repayable within five years	9,151	8,131
Loans from non-controlling interests		
Wholly repayable within five years	-	276
Finance lease obligations		
Wholly repayable within five years	4,432	4,014
Not wholly repayable within five years	9,061	11,238
	<u>26,592</u>	<u>29,940</u>
Amount capitalised under assets	<u>(413)</u>	<u>(849)</u>
Net interest expense	<u>26,179</u>	<u>29,091</u>

7. Taxation

US\$'000	2011	2010
Current taxation		
Hong Kong profits tax	1,563	1,313
Overseas taxation	20,013	19,137
	<u>21,576</u>	<u>20,450</u>
Deferred taxation		
Overseas taxation	1,527	8,509
	<u>23,103</u>	<u>28,959</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 10% to 47% (2010: 12% to 47%) and the rate applicable for Hong Kong profits tax is 16.5% (2010: 16.5%).

8. Dividends

US\$'000	2011	2010
Interim paid of US7.0 cents (2010: US11.5 cents) per ordinary share	43,805	72,013
Special paid of US nil cents (2010: US40.0 cents) per ordinary share	-	250,480
Proposed final of US nil cents (2010: US23.0 cents) per ordinary share	-	143,932
Proposed special of US nil cents (2010: US209.3 cents) per ordinary share	-	<u>1,309,785</u>
	<u>43,805</u>	<u>1,776,210</u>

The Board of Directors do not recommend a final dividend in respect of 2011 (2010: US23.0 cents per ordinary share).

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	2011	2010
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	138,645	862,226
Non-controlling interests	<u>709</u>	<u>7,591</u>
	<u>139,354</u>	<u>869,817</u>
Earnings per share from continuing operations attributable to equity holders of the Company (US cents)	<u>22.1</u>	<u>137.8</u>
Profit from discontinued operations attributable to :		
Equity holders of the Company	<u>43,000</u>	<u>1,004,554</u>
Earnings per share from discontinued operations attributable to equity holders of the Company (US cents)	<u>6.9</u>	<u>160.5</u>

10. Debtors and prepayments

US\$'000	2011	2010
Group		
Trade receivables		
- Fully performing	195,947	207,356
- Past due but not impaired	95,263	90,206
- Impaired and provided for	<u>5,373</u>	<u>4,597</u>
	296,583	302,159
Less : provision for impairment	<u>(5,373)</u>	<u>(4,597)</u>
Trade receivables - net	291,210	297,562
Other debtors	64,417	60,146
Other prepayments	90,147	77,467
Utility and other deposits	7,570	7,139
Tax recoverable	<u>17,250</u>	<u>12,683</u>
	<u>470,594</u>	<u>454,997</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. 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	2011	2010
Below one month	270,539	283,418
Two to three months	18,108	13,539
Four to six months	<u>2,563</u>	<u>605</u>
	<u>291,210</u>	<u>297,562</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	2011	2010
Group		
Trade payables	247,575	198,514
Other creditors	82,209	62,532
Accrued expenses	342,915	461,620
Deferred revenue	<u>36,750</u>	<u>35,546</u>
	<u>709,449</u>	<u>758,212</u>

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

US\$'000	2011	2010
Below one month	178,514	131,765
Two to three months	64,935	61,882
Four to six months	3,416	4,697
Over six months	<u>710</u>	<u>170</u>
	<u>247,575</u>	<u>198,514</u>

Results for 2011

Despite the deterioration in trading conditions in the container transportation industry over the course of 2011, Orient Overseas (International) Limited and its subsidiaries (the “Group”) has recorded a profit attributable to shareholders for 2011 of US\$181.6 million, compared to a profit of US\$1,866.8 million in 2010 which included the US\$1,004.6 million profit on the sale of the Group’s former PRC property development business.

OOIL ANNUAL RESULTS ANALYSIS		
<i>(US\$'000)</i>	2011	2010
Profit before tax from continuing activities	157,457	893,776
Revaluation of Wall Street Plaza	5,000	5,000
Profit Before Tax for the Year Ended 31st December	162,457	898,776
Taxation on continuing activities	(23,103)	(28,959)
Net profit from sale of OODL	-	1,004,554
Write back of provision	43,000	-
Non-controlling interests	(709)	(7,591)
Profit Attributable to Equity holders	181,645	1,866,780

Review of Operations

Trading conditions deteriorated during the year mainly due to the large number of new mega size ships delivered and deployed into the Asia–Europe trade and the contraction of Trans-Pacific eastbound demand. Global demand growth slowed down from 13% in 2010 to 7% in 2011, with weak consumption growth in the United States and with the impact of austerity measures taken in Europe.

Capacity in the Asia–Europe trade increased by 16% and in the Trans-Pacific trade by 10%. With capacity growth in both trades being substantially greater than demand growth, freight rates deteriorated. The deterioration in freight rates and rising fuel costs combined to severely impact the economics of the major East-West trades.

OOCL’s operating profitability was impacted by the downwards pressure on freight rates that intensified over the second half of the year. The traditional Trans-Pacific peak season in the third quarter was disappointing in terms of both volume and prevailing freight rates. While normal competitive pressure was felt across all trades as carriers sought to maintain market share while absorbing increased capacity, the Asia-Europe trade saw extraordinary freight rate declines. With the continued high price of bunker fuel also squeezing margins, the need for greater operational efficiency saw new alliances formed for Asia-Europe, including a group of six carriers to be called the “G6 Alliance” of which OOCL is a founding member.

Despite 2011 representing a period of consistent deterioration in profitability for the industry, OOCL has made progress on many strategic fronts including the order of ten 13,200 TEU energy efficient ships and substantial progress on the development of IRIS4 as our next generation operating system.

OOCL Logistics business remains an important area for the Group in continuing to attract and hold customers through high quality service levels and a strengthened focus on domestic logistics as the platform for accelerated organic growth. Over recent years OOCL Logistics has expanded from being an adjunct to the liner business to gaining experience and good credentials in the industry as a true Third Party Logistics provider understanding the dynamics of our customers.

The Group's Information Technology Division has also made tremendous advances – not only in implementing new technologies, but also in developing various business models. CargoSmart has delivered potentially game-changing products, including those for schedule measurement and virtualized business activities. Moreover with increased investments, we expect CargoSmart to grow rapidly in 2012, providing another pillar for the Group's performance.

Looking Forward

Looking to 2012, we expect trading conditions to continue to be difficult. The major markets of North America and Europe are likely to see low levels of demand growth given the slow economic growth in those economies. Scheduled new-build capacity delivering in 2012 exceeds that of 2011, and is again dominated by the large vessels destined for deployment on the Asia-Europe trades. While there has been some freight rate improvement on both Asia-Europe and Trans-Pacific routes since the beginning of this year, freight rates for those trades do not yet fully cover costs especially given the increase in the cost of bunker fuel that has occurred.

Approximately half of OOCL's container liftings are for intra-Asia trade. Short voyage lengths and limited inter-modal transportation opportunities mean margins are low on that business, but it has provided a cushion against the poor trading conditions on the East-West trades. We may, however, see a slowing in growth rates for intra-Asia container volumes in 2012 as Asian economies are not immune to the slow growth of the export markets of Europe and North America.

Despite the poor performance in the second half of 2011, the Group remains operationally robust and well placed for the future with its alliance memberships and investment for growth. Our Group is financially strong, is well capitalised, and has sufficient liquidity and access to funding to meet its future needs.

Final Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31st December 2011.

Liquidity and Financial Resources

As at 31st December 2011, the Group had liquid assets amounting to US\$2,413.1 million and a total indebtedness of US\$2,672.2 million. The Group had a debt to equity ratio of 0.06 : 1 as at end of 2011, from a net cash position at the end of 2010.

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 2011, the Group has 8,008 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 period from 14th May 2012 to 18th May 2012, 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 Company's branch share registrar, Computershare Hong Kong Investor Services Limited, 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 11th May 2012.

No transfer of shares will be registered during this period.

Purchase, Sale or Redemption of Shares

During the year ended 31st December 2011, 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 2011, 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 2011 Annual Report.

Audit Committee

The Audit Committee has reviewed the annual results of the Group for the year ended 31st December 2011, 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 Model Code and the Code for the year ended 31st December 2011.

Annual General Meeting

The Annual General Meeting of the Company will be held on 18th May 2012. Notice of the meeting will be sent to shareholders on or around 13th April 2012.

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 2011 Annual Report will be despatched to shareholders of the Company on or around 23rd April 2012 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, TUNG Lieh Cheung Andrew, Kenneth Gilbert CAMBIE and TUNG Lieh Sing Alan; our Non-Executive Director is Professor Roger KING 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, 9th March 2012

* *For identification only*

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