The Directors announce the unaudited consolidated results of Orient Overseas (International) Limited as set out below:

	Note	Six months ended 30th June 1999 US$'000	1998 US$'000
Turnover	1	**969,314**	875,199
Operating profit before financing	2	**23,577**	14,241
Net finance expense	3	**(18,959)**	(23,219)
Operating profit/(loss) after financing		**4,618**	(8,978)
Exceptional items	4	**—**	(3,041)
Net non-operating exchange profit		**2,165**	836
Share of losses less profits of jointly controlled entities	5	**(1,086)**	(728)
Profit/(loss) before taxation		**5,697**	(11,911)
Taxation	6	**(7,016)**	(2,659)
Loss after taxation		**(1,319)**	(14,570)
Minority interests		**(230)**	(244)
Loss attributable to shareholders		**(1,549)**	(14,814)
Dividends	7	**—**	(1,450)
Loss after dividends		**(1,549)**	(16,264)
		US cents	US cents
Loss per ordinary share	8	**(0.3)**	(3.1)

NOTES

1. TURNOVER

Turnover represents gross freight, charterhire, service and other income from the operation of the international containerised transportation and container terminal businesses and rental income from the investment property.

2. OPERATING PROFIT BEFORE FINANCING

	Six months ended 30th June 1999 US$'000	1998 US$'000
Operating profit before financing by activity is as follows:		
International containerised transportation	**11,206**	(5,610)
Container terminals	**12,045**	8,301
Investment property	**3,351**	2,648
Others	**851**	13,706
	27,453	19,045
Corporate services	**(3,876)**	(4,804)
	23,577	14,241

3. NET FINANCE EXPENSE

	Six months ended 30th June 1999 US$'000	1998 US$'000
Interest expense	**(26,244)**	(29,321)
Interest income	**5,484**	6,393
Portfolio investment income/(loss)	**1,801**	(291)
	(18,959)	(23,219)

4. EXCEPTIONAL ITEMS

	Six months ended 30th June 1999 US$'000	1998 US$'000
Transition costs for shifting from Global Alliance to Grand Alliance	**—**	(1,388)
Reorganisation costs for rationalisation of offices in the United States	**—**	(1,653)
	—	(3,041)

5. JOINTLY CONTROLLED ENTITIES

In previous years, these entities were classified as associated companies. The change in classification has been made in conformity with Statement of Accounting Practice No. 21 issued by the Hong Kong Society of Accountants.

6. TAXATION

	Six months ended 30th June 1999 US$'000	1998 US$'000
Overseas current taxation		
Subsidiaries	**(7,016)**	(2,654)
Jointly controlled entities	**—**	(5)
	(7,016)	(2,659)

Current taxation has been provided at the appropriate rates of taxation prevailing in the countries in which the Group operates on the estimated assessable profits for the period. No provision for Hong Kong profits tax has been made as the Group does not have any assessable profit in Hong Kong for the period (1998: nil).

7. DIVIDENDS

	Six months ended 30th June 1999 US$'000	1998 US$'000
Preferred		
Interim - Nil (1998: US4.83 cents) per share	**—**	1,450
Ordinary		
Interim - Nil	**—**	—
	—	1,450

8. LOSS PER ORDINARY SHARE

The calculation of loss per ordinary share is based on a loss of US$1.5 million (1998: loss of US$16.3 million), being the loss attributable to ordinary shareholders, and on 517.1 million ordinary shares in issue during the period.

By Order of the Board
C C Tung
Chairman

Hong Kong, 20th August 1999

ORIENT OVERSEAS (INTERNATIONAL) LIMITED

(Incorporated in Bermuda with limited liability)

"The profit before taxation of US$5.7 million represents an improvement in our performance of US$17.6 million from the first half of 1998 and brings a better outlook for the remainder of the year."

C. C. Tung, Chairman

•

Turnover increased by 11% to US$969.3 million

•

Operating result before financing - profit of US$23.6 million

•

Operating result before tax - profit of US$5.7 million

RESULTS

In the first half of 1999, the Orient Overseas (International) Limited ("Company") Group made a profit before taxation of US$5.7 million compared with a loss before taxation of US$11.9 million in the same period last year. After taxation, the Group reported a loss of US$1.3 million. For the same period in 1998, the after taxation loss was US$14.6 million.

OPERATIONAL REVIEW

Operating profit before financing for the six months ended 30th June 1999 was US$23.6 million compared with US$14.2 million in the corresponding period in 1998.

The improvement arises from the Group's core business of international containerised transportation. Orient Overseas Container Lines operates on four major international trade routes. The Trans-Pacific trade remains vibrant due to the strength of U.S. economy and the export of goods from Asia to North America. The Intra-Asia trade has been improving largely due to the recovering Asian economies from the economic turmoil of 1997. The Asia-Europe trade has reached encouraging levels and is expected to further improve on the strength of the European recovery. While volumes from Europe to North America have increased, due in part to comparative weakness of the European currency, the North Atlantic trade remains very competitive and we do not anticipate a positive 1999 result for that trade.

Average revenue per TEU increased in the first half of 1999 on all major trade routes except the North Atlantic and Australasia trades. Increases in both freight rate and total liftings contributed to improved year-to-year results in the Trans-Pacific, Asia-Europe, and Intra-Asia trades. While performance on the outbound legs from Asia to Europe and North America can be described as healthy and improving, return voyages from Europe and North America continue to be weak in terms of both cargo volume and price. Notwithstanding the above, load factors on the Europe to Asia leg have improved from the first half of last year.

Our container terminals group improved its operating profit over the corresponding period of last year. The performance reflects a higher rate of utilisation at our terminals in Vancouver and continued good performance at our Global Terminal in New Jersey.

Our non-containerised activities have been developing according to plan. In Shanghai, we commenced pre-sale of our domestic housing project in Nanchang Lu. We are very encouraged by an enthusiastic response to initial sales in the first of four blocks. In Hangzhou, the pre-sale of our "Hangzhou Orient Garden" project is making modest but satisfactory progress. In Beijing, construction of Beijing Oriental Plaza is proceeding forward according to schedule. We continue to hold an 8% stake in the project, and expect the project to make a future contribution to the Company. Our "Foody's" brand soft drinks business in Shanghai continues to struggle despite efforts at cost management. Excess supply of beverages on the market continues to result in an unsatisfactory price per beverage. A strategic review of this business is in progress.

With a better second half in our containerised transportation business, and continued performance according to budget in our non-containerised activities, we anticipate improved results in the latter half of the year, and expect 1999 full year results to outperform that of 1998.

DIVIDENDS

The Directors are not recommending an interim dividend in view of the six months performance. The current trend in business operations is positive, and the Directors will consider a dividend for the full year if the current trend is maintained.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES AND DEBT SECURITIES

As at 30th June 1999, none of the Directors or Chief Executive of the Company (or any of their spouses or children under 18 years of age) had any right to acquire shares in or debt securities of the Company. No such rights were exercised by any Director or Chief Executive (or any of their spouses or children under 18 years of age) during the six-month period ended 30th June 1999.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30th June 1999, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Directors are not aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months period ended 30th June 1999, in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that independent non-executive directors are not appointed for a specific term. However, they are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company.

YEAR 2000 COMPLIANCE

Further to the statement contained in 1998 published interim report and the last published annual report, the Project Team has completed review of a group-wide inventory of computerised and embedded systems and services of its business units of the Group to achieve Year 2000 compliance. The implementation plans on its major new system is progressing on schedule and modification work on systems already identified as critical to the business by the business units of the Group, are close to 90% completed. With the programme progressing currently on schedule, the Group expects that the systems and equipment critical to the business will be Year 2000 compliant by the third quarter of 1999.

Notwithstanding the Group's effort in implementing its Year 2000 programme, there is no absolute assurance that its Year 2000 programme will be completely successful, and there is also the possibility that the Group may experience disruptions to some of its operations caused by non-compliant systems utilised by third parties. Any of these failures, could have a material adverse effect to its business.

Business continuity and contingency plans have been established by each business unit of the Group, and are being reviewed and updated to deal with disruptions caused by systems or equipment failure or third party non-compliance critical to the continuity of the business. The Group is, however, unable to predict the effect if any, of the efforts in the programme including the business continuity and contingency plan to address the Year 2000 issue.

An element of remedial expenditure has been avoided because the Group has been implementing replacement of its systems and equipment as part of regular and budgeted enhancements to its business systems. For the six months ended 30th June 1999, the Group has spent US$0.7 million in implementation plans on its major new system changes. The cost of these new system changes has been capitalised in the accounts whereas other costs directly relating to the Year 2000 programme are expensed through profit and loss as and when incurred. As at 30th June 1999, the aggregate of commitments authorised by the Directors of the Company and contracted for in respect of the other incremental costs directly related to the Year 2000 programme is US$1.5 million, of which US$1.4 million has been provided for in the accounts. A further US$0.7 million in aggregate has been authorised by the Directors but not contracted for in respect of the other incremental costs directly related to Year 2000 programme. The aggregate of the total of the other incremental costs directly related to Year 2000 compliance are estimated to be not less than US$2.2 million.