



ORIENT OVERSEAS (INTERNATIONAL) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 316)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2004

The Directors of Orient Overseas (International) Limited ("the Company") announce the unaudited interim results of the Company and its subsidiaries ("the Group") for the six months ended 30th June 2004, which have been reviewed by our auditors, PricewaterhouseCoopers, as follows:

Consolidated Profit and Loss Account For The Six Months Ended 30th June 2004

		2004	2003
	Note	US\$'000	US\$'000
Turnover		1,889,292	1,440,528
Operating costs		(1,391,364)	(1,179,547)
Gross profit		497,928	260,981
Other operating income		5,268	6,470
Other operating expenses		(210,680)	(177,211)
Operating profit before financing	3	292,516	90,240
Net financing charges		(11,084)	(9,685)
Share of profits less losses of jointly controlled entities		1,879	8,138
Profit before taxation		283,311	88,693
Taxation	4	(14,782)	(9,155)
Profit after taxation		268,529	79,538
Minority interests		(83)	(44)
Profit attributable to shareholders		268,446	79,494
		US cents	US cents
Earnings per ordinary share	5	48.4	14.0

Consolidated Balance Sheet As At 30th June 2004

		30th June 2004	31st December 2003
		US\$'000	US\$'000
Property, plant and equipment		1,891,098	1,579,798
Jointly controlled entities		24,786	24,298
Long-term investments		97,749	99,218
Intangible assets		30,439	29,817
Other non-current assets		35,170	36,907
Non-current assets		2,079,242	1,770,038
Properties under development and for sale		84,005	78,224
Debtors and prepayments		277,716	246,644
Portfolio investments		117,921	108,165
Bank balances and deposits		777,367	551,839
Current assets		1,257,009	984,872
Creditors and accruals		522,694	486,244
Current portion of long-term liabilities		197,128	218,527
Bank overdrafts and short-term loans		12,366	38,958
Current taxation		4,865	3,159
Current liabilities		737,053	746,888
Net current assets		519,956	237,984
Long-term liabilities		(1,077,487)	(840,677)
Other non-current liabilities		(49,046)	(48,741)
		1,472,665	1,118,604
Capital employed			
Share capital		56,890	47,018
Reserves		1,408,033	1,063,736
Shareholders' funds		1,464,923	1,110,754
Minority interests		7,742	7,850
		1,472,665	1,118,604

NOTES

1. Accounting policies

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain property, plant and equipment, and in conformity with Hong Kong Financial Reporting Standards.

The accounting policies adopted for the preparation of these accounts are consistent with those described in the 2003 Annual Accounts.

2. Turnover

Turnover represents gross freight, charterhire, service and other income from the operation of the container transport and container terminal businesses, sales of properties and rental income from the investment property.

3. Operating profit before financing

	2004	2003
	US\$'000	US\$'000
Container transport and logistics	271,486	66,965
Container terminals	21,936	22,869
Property investment and development	5,013	3,850
Others	99	966
	298,534	94,650
Corporate services	(6,018)	(4,410)
	292,516	90,240

In respect of the container transport activities which cover the world's major shipping lanes, the Directors consider that the nature of the trade and the way in which costs are allocated precludes a meaningful allocation of operating profit to specific geographical segments. Operating profit from container transport includes the results from the operations of the terminals at Long Beach and Kaohsiung which form an integral part of that business. The other container terminals and the investment property are located in North America. The Group has no other significant identifiable components in one geographical location for the purpose of carrying on a distinct and separate business.

4. Taxation

	2004	2003
	US\$'000	US\$'000
Current (overseas)		
Company and subsidiaries	12,282	3,794
Jointly controlled entities	122	1,773
	12,404	5,567
Deferred		
Company and subsidiaries	2,378	3,588
	14,782	9,155

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 period. These rates range from 10% to 53% and the rate applicable for Hong Kong profits tax is 17.5% (2003: 16%).

5. Earnings per ordinary share

The calculation of earnings per ordinary share is based on the profit attributable to ordinary shareholders of US\$268.4 million (2003: US\$79.5 million) and the weighted average of 554.7 million ordinary shares (2003: 568.9 million ordinary shares after adjusting for the bonus issue) in issue during the period.

6. Dividend

	2004	2003
	US\$'000	US\$'000
Final dividend in respect of 2003 of US11.64 cents (2002: US2.27 cents) after adjusting for the bonus issue per ordinary share	66,231	12,929

The Board of Directors declares an interim dividend of US12 cents per ordinary share for 2004 (2003: US3.50 cents after adjusting for the bonus issue).

Results for First Half 2004

The trading environment during the first half of 2004 has remained strong, showing further improvements when compared with the preceding trading period. These beneficial market conditions have resulted in the Group attaining a profit before tax of US\$283.3 million for the first six months of this year. After tax and minority interests a profit attributable to shareholders of US\$268.4 million was recorded. At the interim stage this level of profitability constitutes a significant achievement for the Group when

compared with the US\$79.5 million profit attributable to shareholders recorded for the first half of 2003 and is a record level for the Group. The earnings per ordinary share of US48.4 cents compare with the earnings per ordinary share of US14.0 cents for the first half of 2003 when restated to account for the bonus issue made earlier this year.

Review of Operations

The core international container transport business of the Group, trading under the "OOCL" name, has continued to benefit from buoyant market conditions and the sustained improvements in the trading environment over the past eighteen months. The combination of the processes of containerisation, globalisation and outsourcing of production and assembly together with strengthening global economic growth has resulted in container volumes increasing at unprecedented rates and in excess of the rate at which new tonnage has been deployed.

Operational Statistics of Orient Overseas Container Line

	CURRENT QUARTER			YEAR-TO-DATE		
	Q2 2004	Q2 2003	change	1H 2004	1H 2003	change
LIFTINGS (TEU'S):						
Trans-Pacific	251,238	215,619	+16.5%	479,681	409,356	+17.2%
Asia / Europe	134,633	94,222	+42.9%	253,027	186,755	+35.5%
Transatlantic	79,464	72,079	+10.2%	151,442	134,139	+12.9%
Intra-Asia / Australasia	358,140	282,724	+26.7%	665,273	515,016	+29.2%
Total all services	823,475	664,644	+23.9%	1,549,423	1,245,266	+24.4%
TOTAL REVENUES (US\$000'S):						
Trans-Pacific	385,325	312,023	+23.5%	720,490	561,058	+28.4%
Asia / Europe	182,828	123,642	+47.9%	338,072	231,502	+46.0%
Transatlantic	100,398	88,982	+12.8%	191,647	157,744	+21.5%
Intra-Asia / Australasia	206,494	146,266	+41.2%	377,643	269,921	+39.9%
Total all services	875,045	670,913	+30.4%	1,627,852	1,220,225	+33.4%

For the first half of 2004, OOCL's total volumes increased by 24.4% over the same period last year and total revenue recorded a 33.4% increase. The overall load factor was 2.3% higher than for the first half of 2003 despite an increase of 21.1% in loadable capacity during the first half of this year. Overall average revenue per TEU increased by 7.2% compared with the same period last year. The deployment during the first half of this year of four of our total series of twelve 8,063 TEU "SX" Class newbuildings resulted in a 21.1% increase in loadable capacity. However, and despite this significant increase in fleet size, the strength in volume growth has been such that our overall load factor improved as compared with the first half of 2003.

During the first half of 2004 our terminal operations have again enjoyed mixed fortunes although all have derived benefits from the continuing general increase in the number of container movements. Total throughput increased by 4.2% to a total of 580,807 lifts. Global Terminal in New Jersey continues to suffer from inadequate business volumes. It is however, in the process of re-establishing its customer base and an improvement in throughput is expected during the second half of 2004. At Deltaport and Vanterm in Vancouver, throughput numbers have risen 3% compared with the same period last year and, average revenues per box increased slightly due mostly to the weakening US Dollar. Howland Hook Terminal on Staten Island, New York, has continued to improve its underlying performance after many years of significant under achievement.

The Group's wholly owned and majority owned property investment and development businesses have continued to perform well in the first half of the year and once again have achieved results ahead of budget. Wall Street Plaza in New York continues to perform well and ahead of budget with its vacancy rate falling and standing at just 1.5%.

In Shanghai, the residential housing market has retained its strength during the first half of the year and the sales price of our Century Metropolis units remained firm. Our Changle Lu project in the Luwan district of Shanghai is progressing as planned and we continue to monitor the market closely and endeavour to position our portfolio against any volatility in the marketplace. Our current projects remain soundly positioned and we remain committed to building a long-term development and investment real estate business in Shanghai and beyond. In this respect a number of further projects are under evaluation and are at various stages of negotiation.

The performance of Beijing Oriental Plaza and its prospects are expected to show further improvements as higher occupancy levels at increased rates under renewed leases begin to have their effects.

Looking Forward

At this time last year the outlook remained somewhat uncertain with doubt being cast on the sustainability of the US economy and on the general state of health of the global economy as a whole. However, the strong growth in container volumes continued into the second half of 2003 and through into the first half of 2004. At the time of writing there are few if any signs of this growth abating. The unrelenting processes of containerisation and globalisation continue and the levels of global consumer demand for goods sourced from China and the Far East remain stronger than have been forecast. I always hesitate to make predictions but, at present, there are no signs of any change to the fundamental supply and demand balance. The unprecedented length of the shipyard orderbook, which fixes the supply of new tonnage capacity into what is now possibly 2008, and the demand side strength in container volume growth give us confidence as we move towards and into 2005. There will be temporary negative influences upon container freight rates in some trades since the delivery schedule for new tonnage is not an even one and the consequent step increase in available capacity

may serve to push spot freight rates slightly lower. In the longer term, the recent record level of oil prices, if sustained and without corresponding increases in production, have the potential to influence overall levels of economic growth and to significantly slow the growth in container volumes from the levels to which we have lately become accustomed.

Dividend

The Directors are pleased to announce an interim dividend of US12 cents (HK94 cents at the exchange rate of US\$1: HK\$7.8) per ordinary share in view of the six months performance. The dividend will be paid on 17th September 2004 to the ordinary shareholders whose names appear in the register on 6th September 2004. Shareholders who wish to receive the dividend in US dollars should complete the election form and return it to the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 10th September 2004.

Closure of Register of Members

The register of members will be closed from 3rd September 2004 to 6th September 2004, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar not later than 4:00 p.m. on 2nd September 2004.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six-month period ended 30th June 2004.

Pre-emptive Rights

No pre-emptive rights exist under Bermudan law in relation to the issue of new shares by the Company.

Share Capital

During the accounting period covered by these interim results, the number of issued ordinary shares of the Company was increased from 470,184,544 shares to 568,902,998 shares following the completion of (i) the placing of 47,000,000 new ordinary shares of US\$0.10 each ("Placing Shares") at an issue price of HK\$25.75 per share for cash in February 2004; and (ii) the allotment and issue of new ordinary shares of the Company on the basis of one (1) new share of US\$0.10 for every ten (10) issued ordinary shares ("Bonus Shares") in May 2004. The Placing Shares and the Bonus Shares rank pari passu in all respects with the existing issued ordinary shares of the Company.

The board lot size of the issued ordinary shares of the Company for trading on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was changed from 2,000 shares to 1,000 shares with effect from 15th April 2004.

Corporate Governance

Compliance with the Code of Best Practice

None of the Directors is aware of any information that would reasonably indicate that the Company is not or was not, in compliance with the Code of Best Practice as set out in Appendix 14 of The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), during the accounting period covered by these interim results except that the Non-Executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and election at the Annual General Meeting of the Company in accordance with the provisions of the Company's Bye-laws.

Audit Committee

The Company has set up an Audit Committee with written terms of reference, comprising three Independent Non-executive Directors of the Company, namely Dr Victor Fung (Chairman), Mr Simon Murray and Prof Richard Wong. The Audit Committee meets not less than twice a year to review and supervise the Company's financial reporting process and internal controls. A meeting of the Audit Committee was held on 2nd August 2004 to review the Group's interim results for the period ended 30th June 2004 before they were presented to the Board of Directors for approval.

Adoption of Code of Conduct regarding Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 - Model Code for Securities Transactions by Directors of Listing Companies of the Listing Rules. The Directors have complied with such code of conduct throughout the accounting period covered by these interim results.

Interim Report and Disclosure of Information on Stock Exchange's Website

A detailed results announcement containing all the information required by paragraphs 46(1) to 46(9) of Appendix 16 of the Listing Rules will be subsequently published on the Stock Exchange's website at www.hkex.com.hk in due course.

The printed copy of the 2004 Interim Report will be sent to shareholders on or about 25th August 2004. The soft copy of the Interim Report will be available on the Company's website at www.ooilgroup.com on or about 25th August 2004.

Directors

As at the date hereof, our Executive Directors are Messrs. Chee Chen TUNG, Tsann Rong CHANG, Robert Hcheun SUAN, Nicholas David SIMS and Philip Yiu Wah CHOW; our Non-Executive Director is Mr. Roger KING; and our Independent Non-Executive Directors are Mr. Simon MURRAY, Dr. Victor Kwok King FUNG and Prof. Richard Yue Chim WONG.

On behalf of the Board
C C TUNG
Chairman

Hong Kong, 6th August 2004