



# ORIENT OVERSEAS (INTERNATIONAL) LIMITED

(Incorporated in Bermuda with Limited Liability)

## ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2001

- Profit attributable to shareholders US\$49.1 million, an improvement of US\$24.9 million
- Earnings per ordinary share US\$9.5 cents
- Turnover increased by 2.3% to US\$1,188 million
- Property development projects progressed as forecast
- 5 new container vessels ordered in first half of 2001

The Directors of Orient Overseas (International) Limited ("the Company") are pleased to announce the unaudited interim results of the Company and its subsidiaries ("the Group") for the six months ended 30th June 2001 as follows:

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

	Note	2001 US\$'000	2000 US\$'000
Turnover	3	1,187,672	1,161,052
Operating costs		(949,897)	(974,284)
Gross profit		237,775	186,768
Other operating income		3,857	5,361
Other operating expenses		(170,161)	(137,664)
Other exchange (loss)/gain		(28)	1,720
Operating profit before financing	4	71,443	56,185
Net financing charges		(25,501)	(19,581)
Share of profits less losses of jointly controlled entities		8,721	(1,446)
Profit before taxation		54,663	35,158
Taxation	5	(5,355)	(10,699)
Profit after taxation		49,308	24,459
Minority interests		(239)	(274)
Profit attributable to shareholders		49,069	24,185
		US cents	US cents
Earnings per ordinary share	6	9.5	4.7

### NOTES

1. The interim results for the six months ended 30th June 2001 are unaudited, but have been reviewed in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants, by the Company's auditors, PricewaterhouseCoopers, whose report is to be included in the interim report to be sent to shareholders.

#### 2. Changes of accounting policies

During 2000, the Group changed its accounting policies for pre-operating, dry-docking and special survey costs, details of which were given in the 2000 Annual Report and Accounts. The corresponding amounts for the six months ended 30th June 2000 have been restated to take effect of these changes.

#### 3. Turnover

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

#### 4. Operating profit before financing

Operating profit before financing by activity is as follows:

	2001 US\$'000	2000 US\$'000
International containerised transportation and logistics	76,044	42,695
Container terminals	(5,405)	15,279
Property investment and development	4,621	2,204
Others	193	(89)
	75,453	60,089
Corporate services	(4,010)	(3,904)
	71,443	56,185

In respect of the international containerised transportation and logistics 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 preclude a meaningful allocation of operating profit to specific geographical segments. Operating profit from international containerised transportation and logistics 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.

#### 5. Taxation

	2001 US\$'000	2000 US\$'000
Current overseas taxation		
Company and subsidiaries	5,313	10,654
Jointly controlled entities	42	45
	5,355	10,699

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 for the period (2000: nil).

#### 6. Earnings per ordinary share

The calculation of earnings per ordinary share is based on the profit attributable to the shareholders of US\$49.1 million (2000: US\$24.2 million), and on 517.1 million ordinary shares in issue during the period.

#### 7. Dividend

The Board of Directors declares an interim dividend in respect of 2001 of US1 cent (2000: US1 cent) per share amounting to US\$5.2 million (2000: US\$5.2 million). The amount will be accounted for as an appropriation of retained profit in the year ending 31st December 2001.

### Results for First Half 2001

In the first six months of 2001, Orient Overseas (International) Limited Group achieved a profit attributable to shareholders of US\$49.1 million, representing an increase of US\$24.9 million, or 103% over that of US\$24.2 million for the corresponding period of 2000. This result was achieved due principally to an improvement in the quality of our services, a continued tight control over operating costs, a strong US dollar, lower fuel and interest costs and therefore specifically, a better than expected performance from the international containerised transportation business but also from the property investment and development businesses.

### Review of Operations

The strong first half performance is mainly attributable to the continued success of the Group's core business of international containerised transportation trading under the "OOCL" name. The first half of last year experienced a strengthening of global growth in terms of both GDP and international trade volumes. This continued strongly into the second half of the year but as we ended the year and entered 2001 it was becoming increasingly clear that the growth in both world GDP and international trade was weakening even to the extent that the US economy was threatening to enter recession. The fear was that other economies would suffer equally as a result. Volume growth did reduce during the first six months of 2001, which, together with the pressure being exerted by the additional tonnage capacity being deployed, served to exert a downward pressure on freight rates. Importantly however, these factors have been mitigated by the effects of lower bunker costs, lower interest costs and the continued strength of the US Dollar and the weakness of the Euro, Yen and other currencies. Our performance has been further aided by the continuing reduction in our unit costs as a result of the phased delivery and introduction into service of our larger and more fuel efficient newbuilding vessels.

Our terminal activities have suffered during the first half of 2001, especially in Vancouver and New York, and have experienced a slight downturn in throughput as a result of the slowdown of the US economy. Unfortunately also, we have been obliged to make provisions against the doubtful recovery of receivables due from one former customer together with certain other but unrelated costs.

The Group's property investment and development businesses have continued to perform more or less as expected. Wall Street Plaza in New York was fully let for the period and, aided by lower costs and overheads, has delivered a result better than forecast. Our development projects in Shanghai continue on schedule. The 70,000 sq.m. Joffre Gardens project received its occupation permit and handover procedures to buyers began in January. In June, The Courtyards, a similar sized residential development, also received its occupation permit. Also during the period, Phase 1 of 63,000 sq.m. of Century Metropolis was topped out and we expect Phase 2 to begin sales during the second half of the year. We expect that this property development business will turn in a full year result close to forecast.

### Looking Forward

The slowdown in the US economy, which has now spread to other European economies, the continued economic stagnation in Japan and the consequent economic uncertainties throughout the rest of Asia have all occurred during a period in which the rate of new tonnage being introduced into service is at an all time high. The erosive effect upon freight rates of this imbalance in the simple supply and demand equation has resulted in a steeper than expected fall in freight rates. It is a situation which is likely to continue until such time as the rates of GDP growth in the major economies of the world begin to recover towards former levels and the introduction of new tonnage has subsided from 2003 onwards. As the timing of the former is uncertain, the prosperity of international container transportation remains equally uncertain.

Our future and sustained success remains dependent upon our longer term plans to achieve, through organic growth, those economies of scale necessary to maintain the process of reducing our unit costs and, at the same time, to continue in our efforts to improve our levels of operational efficiency yet further. As one of the core initiatives in our ongoing search for greater business efficiency we shall continue to develop and extend our IT capabilities. IRIS-2, our back office system, integrates the business processes of all OOCL offices, our customers' shipments and all the necessary management information into one system. It has changed the way OOCL itself operates by optimising business processes and provides integrated and tailor made logistics solutions to customers at every stage in their supply chain. They benefit from better management and distribution of their products as a result of these seamless connections. Launched in October 2000, CargoSmart, our neutral and open software platform, has become the preferred choice of over 500 customers who actively use the portal on a daily basis to manage their logistics needs effectively. CargoSmart was designed specifically to enhance customer and carrier efficiency and online it provides those customers with the ability to manage their shipments with multiple carriers and empowers them to share information with other chosen service providers in their supply chain.

We look to these improved processes to gain further operational efficiency as well as customer loyalty to alleviate the impact of the anticipated overcapacity in the near term.

### Dividend

The Directors are pleased to announce an interim dividend of US1 cent (HK7.8 cents) per ordinary share in view of the six months performance. The dividend will be paid on 28th September 2001 to the ordinary shareholders whose names appear in the register on 13th September 2001. Shareholders who wish to receive the dividend in US dollars should complete the election form and return it to the Hong Kong Branch Registrar on or before 21st September 2001.

### Closure of Register of Members

The register of members will be closed from 7th September 2001 to 13th September 2001, 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, Central Registration Hong Kong Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 6th September 2001.

### Interim Report and Disclosure of Information on the Website of The Stock Exchange of Hong Kong Limited ("HKSE")

The printed copy of the 2001 Interim Report will be sent to shareholders around 4th September 2001. The soft copy of the Interim Report will be available on the Company's website at [www.oocl.com](http://www.oocl.com) around 4th September 2001.

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 will be subsequently published on the HKSE's website [www.hkex.com.hk](http://www.hkex.com.hk) in due course.

### Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six-month period ended 30th June 2001.

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

### Company's Compliance with Code of Best Practice

In the opinion of the Directors, the Company has complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by these interim results except that the Non-Executive Directors of the Company are not appointed for a specific term as they are subject to retirement by rotation in accordance with the Company's Bye-laws.

On behalf of the Board  
**C C TUNG**  
Chairman

Hong Kong, 17th August 2001