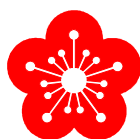


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ORIENT OVERSEAS (INTERNATIONAL) LIMITED

東方海外(國際)有限公司

(Incorporated in Bermuda with Limited Liability)

(Stock code: 316)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2012

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 2012, which have been reviewed by our auditor, PricewaterhouseCoopers whose unqualified review report is included in the Interim Report to be sent to Shareholders.

Condensed Consolidated Profit and Loss Account (unaudited) For the six months ended 30th June 2012

US\$'000	Note	2012	2011
Revenue	5	3,121,743	2,920,803
Operating costs		(2,845,428)	(2,554,174)
Gross profit		276,315	366,629
Fair value gain from an investment property		5,000	5,000
Other operating income		73,017	35,128
Other operating expenses		(214,737)	(218,351)
Operating profit	6	139,595	188,406
Finance costs	8	(17,078)	(13,267)
Share of profits of jointly controlled entities		1,391	954
Share of profits of associated companies		5,702	5,271
Profit before taxation		129,610	181,364
Taxation	9	(12,138)	(6,025)
Profit for the period		117,472	175,339
Profit attributable to :			
Equity holders of the Company		116,773	174,970
Non-controlling interests		699	369
		117,472	175,339
Earnings per ordinary share (US cents)			
Basic and diluted	11	18.6	28.0
Interim dividend	10	29,162	43,805

Condensed Consolidated Statement of Comprehensive Income (unaudited)
For the six months ended 30th June 2012

US\$'000	2012	2011
Profit for the period	<u>117,472</u>	<u>175,339</u>
Other comprehensive income:		
Available-for-sale financial assets		
- Change in fair value	(29,690)	59,261
- Assets revaluation reserve realised	-	(696)
Share of other comprehensive (loss)/income of associated companies	(443)	1,522
Share of other comprehensive (loss)/income of jointly controlled entities	(34)	289
Currency translation adjustments	(886)	1,290
Other comprehensive (loss)/income for the period	<u>(31,053)</u>	<u>61,666</u>
Total comprehensive income for the period	<u><u>86,419</u></u>	<u><u>237,005</u></u>
Total comprehensive income attributable to:		
Equity holders of the Company	85,726	236,599
Non-controlling interests	<u>693</u>	<u>406</u>
	<u><u>86,419</u></u>	<u><u>237,005</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)

As at 30th June 2012

US\$'000	Note	30th June 2012	Restated 31st December 2011
ASSETS			
Non-current assets			
Property, plant and equipment	12	4,259,116	4,205,194
Investment property	12	165,000	160,000
Prepayments of lease premiums	12	9,983	10,249
Jointly controlled entities		1,146	2,688
Associated companies		94,911	75,670
Intangible assets	12	38,385	40,014
Deferred taxation assets		1,757	1,803
Pension and retirement assets		42,134	38,452
Derivative financial instruments	14	7,707	7,983
Restricted bank balances		14,921	11,728
Other non-current assets		<u>360,767</u>	<u>335,937</u>
		<u>4,995,827</u>	<u>4,889,718</u>
Current assets			
Inventories		169,103	150,127
Debtors and prepayments	13	529,745	470,594
Portfolio investments		148,193	119,180
Restricted bank balances		2,432	543
Cash and bank balances		<u>2,159,669</u>	<u>2,098,884</u>
		<u>3,009,142</u>	<u>2,839,328</u>
Asset held for sale		<u>30,843</u>	<u>-</u>
		<u>3,039,985</u>	<u>2,839,328</u>
Total assets		<u><u>8,035,812</u></u>	<u><u>7,729,046</u></u>
EQUITY			
Equity holders			
Share capital	15	62,579	62,579
Reserves	16	<u>4,274,009</u>	<u>4,188,283</u>
		<u>4,336,588</u>	<u>4,250,862</u>
Non-controlling interests		<u>6,675</u>	<u>6,686</u>
Total equity		<u><u>4,343,263</u></u>	<u><u>4,257,548</u></u>
LIABILITIES			
Non-current liabilities			
Borrowings	18	2,361,091	2,233,095
Deferred taxation liabilities		67,491	65,817
Pension and retirement liabilities		1,196	2,427
Derivative financial instruments	14	<u>9,421</u>	<u>10,358</u>
		<u>2,439,199</u>	<u>2,311,697</u>
Current liabilities			
Creditors and accruals	17	791,357	709,449
Borrowings	18	450,981	439,111
Current taxation		<u>11,012</u>	<u>11,241</u>
		<u>1,253,350</u>	<u>1,159,801</u>
Total liabilities		<u><u>3,692,549</u></u>	<u><u>3,471,498</u></u>
Total equity and liabilities		<u><u>8,035,812</u></u>	<u><u>7,729,046</u></u>
Net current assets		<u><u>1,755,792</u></u>	<u><u>1,679,527</u></u>
Total assets less current liabilities		<u><u>6,782,462</u></u>	<u><u>6,569,245</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (unaudited)
For the six months ended 30th June 2012

US\$'000	2012	2011
Cash flows from operating activities		
Cash generated from operations	194,171	280,719
Interest paid	(7,654)	(6,841)
Interest element of finance lease rental payments	(8,700)	(9,660)
Hong Kong profits tax paid	-	(6)
Overseas taxes paid	(5,968)	(17,043)
Net cash from operating activities	<u>171,849</u>	<u>247,169</u>
Cash flows from investing activities		
Sale of property, plant and equipment	32,099	6,427
Sale of available-for-sale financial assets	-	1,560
Purchase of property, plant and equipment	(237,529)	(484,617)
Purchase of available-for-sale financial assets	(5)	-
Purchase of held-to-maturity investments	(19,400)	(46,582)
Repayment of loan advanced to an investee company	-	71,100
(Increase)/decrease in portfolio investments	(29,013)	37,669
Increase in amounts due to jointly controlled entities	2,079	1,809
(Increase)/decrease in restricted bank balances and bank deposits maturing more than three months from the date of placement	(434,363)	1,982,334
Increase of investment in an associated company	(19,837)	-
Increase in intangible assets	(4,557)	(2,811)
Increase in other non-current assets	(257)	(590)
Interest received	17,684	19,105
Dividends received from portfolio investments	275	305
Dividends received from available-for-sale financial assets	7,937	29
Dividend received from associated companies	820	6,078
Dividend received from a jointly controlled entity	5,855	688
Net cash (used in)/from investing activities	<u>(678,212)</u>	<u>1,592,504</u>
Cash flows from financing activities		
New loans	348,985	60,350
Repayment of loans	(116,746)	(70,067)
Capital element of finance lease rental payments	(92,507)	(26,809)
Dividends paid to equity holders of the Company	-	(1,455,115)
Dividend paid to non-controlling interests	(704)	(716)
Net cash from/(used in) financing activities	<u>139,028</u>	<u>(1,492,357)</u>
Net (decrease)/increase in cash and cash equivalents	(367,335)	347,316
Cash and cash equivalents at beginning of period	1,909,154	1,213,283
Currency translation adjustments	(1,035)	1,844
Cash and cash equivalents at end of period	<u>1,540,784</u>	<u>1,562,443</u>
Analysis of cash and cash equivalents		
Bank balances and deposits maturing within three months from the date of placement	1,540,894	1,562,603
Bank overdrafts	(110)	(160)
	<u>1,540,784</u>	<u>1,562,443</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(unaudited)
For the six months ended 30th June 2012

US\$'000	Equity holders			Non-controlling interests	Total
	Share capital	Reserves	Sub-total		
Balance at 31st December 2011					
As previously reported	62,579	4,212,569	4,275,148	6,686	4,281,834
Prior year adjustment (note 2)	-	(24,286)	(24,286)	-	(24,286)
As restated	62,579	4,188,283	4,250,862	6,686	4,257,548
Total comprehensive income for the period	-	85,726	85,726	693	86,419
Transactions with owners					
Dividend paid to non-controlling interests	-	-	-	(704)	(704)
Balance at 30th June 2012	62,579	4,274,009	4,336,588	6,675	4,343,263
Balance at 31st December 2010					
As previously reported	62,579	5,510,153	5,572,732	6,799	5,579,531
Prior year adjustment (note 2)	-	(24,286)	(24,286)	-	(24,286)
As restated	62,579	5,485,867	5,548,446	6,799	5,555,245
Total comprehensive income for the period	-	236,599	236,599	406	237,005
Transactions with owners					
2010 final dividend	-	(144,071)	(144,071)	-	(144,071)
2010 special dividend	-	(1,311,044)	(1,311,044)	-	(1,311,044)
Dividend paid to non-controlling interests	-	-	-	(716)	(716)
Balance at 30th June 2011	62,579	4,267,351	4,329,930	6,489	4,336,419

Notes to the Interim Financial Information

1. 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.

This interim financial information was approved by the Board of Directors on 1st August 2012.

2. Basis of Preparation

The interim financial information has 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, portfolio investments and derivative financial instruments, which are carried at fair value and in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual accounts for the year ended 31st December 2011 except as disclosed below.

2. Basis of Preparation (Continued)

The adoption of revised HKFRS

In 2012, the Group adopted the amendments of HKFRS below, which are relevant to its operations.

HKFRS 7 Amendment	Financial Instruments: Disclosures – Transfer of Financial Assets
HKAS 12 Amendment	Deferred Tax: Recovery of Underlying Assets

In December 2010, the HKICPA amended HKAS 12, ‘Income taxes’, to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1st January 2012 with early adoption permitted.

The Group has adopted this amendment retrospectively for the financial period ended 30th June 2012 and the effects of adoption are disclosed as follows.

As disclosed in Note 12, the Group has an investment property measured at its fair value of US\$160.0 million as of 1st January 2012. As required by the amendment, the Group has re-measured the deferred tax relating to the investment property according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. There is no material impact on the consolidated profit and loss account. The comparative figures for 2011 have been restated to reflect the change in accounting policy. The effect of the restatement on the 31st December 2011 consolidated balance sheet, and the consequential effect on the 30th June 2012 consolidated balance sheet are as follows:

	30th June 2012	31st December 2011
Effect on consolidated balance sheet	US\$'000	US\$'000
Increase in deferred tax liabilities	24,286	24,286
Decrease in retained profit	24,286	24,286

The Group has assessed the impact of the adoption of HKFRS 7 Amendment “Financial Instruments: Disclosures – Transfer of Financial Assets” and considered that there were no significant impact on the Group’s results and financial position and no substantial changes in the Group’s accounting policies and presentation of the accounts.

2. Basis of Preparation (Continued)

Standards and amendments to existing standards that are relevant but not yet effective to the Group

New standards and amendments		Effective for accounting periods beginning on or after
HKAS 1 Amendment	Presentation of Financial Statements	1st July 2012
HKAS 19 Amendment	Employee Benefits	1st January 2013
HKAS 27 (2011)	Separate Financial Statements	1st January 2013
HKAS 28 (2011)	Associates and Joint Ventures	1st January 2013
HKFRS 7 Amendment	Financial Instruments: Disclosure: Offsetting Financial Assets and Financial Liabilities	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
HKAS 32 Amendment	Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKFRS 7 Amendment	Financial Instruments: Disclosures – Mandatory Effective date of HKFRS 9 and Transitional Disclosures	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.

3. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual accounts for the year ended 31st December 2011.

4. Critical Accounting Estimates and Judgements

Estimates and judgements used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions applied in the preparation of the interim financial information are consistent with those used in the annual accounts for the year ended 31st December 2011.

5. Revenue

US\$'000	2012	2011
Container transport and logistics	3,107,661	2,908,241
Others	<u>14,082</u>	<u>12,562</u>
	<u>3,121,743</u>	<u>2,920,803</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.

6. Operating Profit

US\$'000	2012	2011
Operating profit is arrived at after crediting :		
Interest income from banks	12,232	10,540
Interest income from held-to-maturity investments	3,834	4,203
Gross rental income from an investment property	14,082	12,562
Net gain on disposal of property, plant and equipment		
- Containers	-	2,656
- Others	-	(232)
Income from available-for-sale financial assets		
- Profit on disposal	-	696
- Dividend income	42,633	29
Gain on interest rate swap contracts	350	289
Gain on foreign exchange forward contracts	687	2,803
Portfolio investment income	10,950	3,307
Exchange gain	<u>2,035</u>	<u>10,542</u>
and after charging :		
Depreciation		
Owned assets	80,282	79,759
Leased assets	36,179	42,544
Operating lease rental expense		
Vessels and equipment	208,295	186,207
Land and buildings	13,712	13,110
Rental outgoings in respect of an investment property	5,899	6,014
Net loss on disposal of property, plant and equipment		
- Container vessels	4,041	-
- Containers	596	-
- Others	(120)	-
Amortisation of intangible assets	6,186	6,448
Amortisation of prepayments of lease premiums	<u>229</u>	<u>241</u>

7. Key Management Compensation

US\$'000	2012	2011
Salaries and other short-term employee benefits	2,270	18,816
Pension costs - defined contribution plans	<u>211</u>	<u>1,639</u>
	<u>2,481</u>	<u>20,455</u>

The Group usually determines and pays discretionary bonuses to employees (including Directors) around April/May each year based on the actual financial results of the Group for the preceding year. The discretionary bonuses shown above represent actual payments to the Directors and individuals during the current financial period in relation to performance for the preceding year.

8. Finance Costs

US\$'000	2012	2011
Interest expense	(17,748)	(13,491)
Amount capitalised under assets	<u>670</u>	<u>224</u>
Net interest expense	<u>(17,078)</u>	<u>(13,267)</u>

9. Taxation

US\$'000	2012	2011
Current taxation		
Hong Kong profits tax	(650)	(306)
Overseas taxation	<u>(9,777)</u>	<u>(10,919)</u>
	(10,427)	(11,225)
Deferred taxation		
Overseas taxation	<u>(1,711)</u>	<u>5,200</u>
	<u>(12,138)</u>	<u>(6,025)</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 period. These rates range from 10% to 47% (2011: 12% to 47%) and the rate applicable for Hong Kong profits tax is 16.5% (2011: 16.5%).

10. Interim Dividend

US\$'000	2012	2011
Interim dividend of US4.66 cents (2011 : US7.0 cents) per ordinary share	<u>29,162</u>	<u>43,805</u>

The Board of Directors proposes an interim dividend in respect of 2012 of US4.66 cents (2011: US7.0 cents) per ordinary share. This proposed dividend will be accounted for as an appropriation of retained profit for the year ending 31st December 2012.

11. 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 period.

The basic and diluted earnings per ordinary share are the same since there are no potential dilutive shares.

US\$'000	2012	2011
Number of ordinary shares in issue (thousands)	<u>625,793</u>	<u>625,793</u>
Group's profit attributable to:		
Equity holders of the Company	116,773	174,970
Non-controlling interests	<u>699</u>	<u>369</u>
	<u>117,472</u>	<u>175,339</u>
Earnings per share attributable to equity holders of the Company (US cents)	<u>18.6</u>	<u>28.0</u>

12. Capital Expenditure

US\$'000	Property, plant and equipment	Investment property	Prepayments of lease premiums	Intangible assets	Total
Net book amounts:					
Balance at 31st December 2011	4,205,194	160,000	10,249	40,014	4,415,457
Currency translation adjustments	(357)	-	(37)	-	(394)
Fair value gain	-	5,000	-	-	5,000
Additions	238,199	-	-	4,557	242,756
Classified as asset held for sale	(33,186)	-	-	-	(33,186)
Disposals	(34,273)	-	-	-	(34,273)
Depreciation and amortisation	(116,461)	-	(229)	(6,186)	(122,876)
Balance at 30th June 2012	4,259,116	165,000	9,983	38,385	4,472,484
Balance at 31st December 2010	3,860,367	155,000	10,122	46,648	4,072,137
Currency translation adjustments	945	-	190	-	1,135
Fair value gain	-	5,000	-	-	5,000
Additions	484,841	-	-	2,811	487,652
Disposals	(4,003)	-	-	-	(4,003)
Depreciation and amortisation	(122,303)	-	(241)	(6,448)	(128,992)
Balance at 30th June 2011	4,219,847	160,000	10,071	43,011	4,432,929

13. Debtors and Prepayments

US\$'000	30th June 2012	31st December 2011
Trade receivables	363,438	296,583
Less: Provision for impairment	(4,855)	(5,373)
Trade receivables - net	358,583	291,210
Other debtors	69,073	64,417
Other prepayments	81,895	90,147
Utility and other deposits	7,632	7,570
Tax recoverable	12,562	17,250
	529,745	470,594

13. Debtors and Prepayments (Continued)

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 ageing analysis of the Group's trade receivables, net of provision for impairment, prepared in accordance with the due dates of invoices, is as follows:

US\$'000	30th June 2012	31st December 2011
Below one month	334,013	270,539
Two to three months	18,250	18,108
Four to six months	6,320	2,563
	<u>358,583</u>	<u>291,210</u>

14. Derivative Financial Instruments

US\$'000	30th June 2012	31st December 2011
Assets		
Non-current assets		
Interest rate swap contracts	<u>7,707</u>	<u>7,983</u>
Liabilities		
Non-current liabilities		
Interest rate swap contract	(4,051)	(4,328)
Foreign exchange forward contract	<u>(5,370)</u>	<u>(6,030)</u>
	<u>(9,421)</u>	<u>(10,358)</u>

15. Share Capital

US\$'000	30th June 2012	31st December 2011
Authorised :		
900,000,000 ordinary shares of US\$0.10 each	90,000	90,000
65,000,000 convertible redeemable preferred shares of US\$1 each	65,000	65,000
50,000,000 redeemable preferred shares of US\$1 each	50,000	50,000
	<u>205,000</u>	<u>205,000</u>
Issued and fully paid :		
625,793,297 (2011: 625,793,297) ordinary shares of US\$0.10 each	62,579	62,579
	<u>62,579</u>	<u>62,579</u>

16. Reserves

US\$'000	Share premium	Contributed surplus	Capital redemption reserve	Asset revaluation reserve		Retained profit	Total
				Available-for-sale financial assets	Foreign exchange translation reserve		
Balance at 31st December 2011							
As previously reported	172,457	88,547	4,696	128,178	57,945	3,760,746	4,212,569
Prior year adjustment (note 2)	-	-	-	-	-	(24,286)	(24,286)
As restated	172,457	88,547	4,696	128,178	57,945	3,736,460	4,188,283
Total comprehensive income/(loss) for the period	-	-	-	(29,690)	(1,357)	116,773	85,726
Balance at 30th June 2012	172,457	88,547	4,696	98,488	56,588	3,853,233	4,274,009
Balance at 31st December 2010							
As previously reported	172,457	88,547	4,696	115,018	51,414	5,078,021	5,510,153
Prior year adjustment (note 2)	-	-	-	-	-	(24,286)	(24,286)
As restated	172,457	88,547	4,696	115,018	51,414	5,053,735	5,485,867
Total comprehensive income for the period	-	-	-	58,565	3,064	174,970	236,599
2010 final dividend	-	-	-	-	-	(144,071)	(144,071)
2010 special dividend	-	-	-	-	-	(1,311,044)	(1,311,044)
Balance at 30th June 2011	172,457	88,547	4,696	173,583	54,478	3,773,590	4,267,351
Total comprehensive income/(loss) for the period	-	-	-	(45,405)	3,467	6,675	(35,263)
2011 interim dividend	-	-	-	-	-	(43,805)	(43,805)
Balance at 31st December 2011	172,457	88,547	4,696	128,178	57,945	3,736,460	4,188,283

17. Creditors and Accruals

US\$'000	30th June 2012	31st December 2011
Trade payables	304,768	247,575
Other creditors	53,467	82,209
Accrued expenses	385,269	342,915
Deferred revenue	47,853	36,750
	<u>791,357</u>	<u>709,449</u>

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

US\$'000	30th June 2012	31st December 2011
Below one month	258,690	178,514
Two to three months	41,299	64,935
Four to six months	4,779	3,416
Over six months	-	710
	<u>304,768</u>	<u>247,575</u>

18. Borrowings

US\$'000	30th June 2012	31st December 2011
Non-current		
Bank loans		
- Secured	1,217,215	954,208
- Unsecured	25,997	42,151
Finance lease obligations	<u>1,117,879</u>	<u>1,236,736</u>
	<u>2,361,091</u>	<u>2,233,095</u>
Current		
Bank overdrafts, unsecured	110	236
Bank loans		
- Secured	138,215	152,829
- Unsecured	32,307	32,307
Finance lease obligations	<u>280,349</u>	<u>253,739</u>
	<u>450,981</u>	<u>439,111</u>
Total borrowings	<u>2,812,072</u>	<u>2,672,206</u>

19. Commitments

(a) Capital commitments – Property, plant and equipment

US\$'000	30th June 2012	31st December 2011
Contracted but not provided for	1,622,195	1,595,176
Authorised but not contracted for	<u>61,308</u>	<u>284,447</u>
	<u>1,683,503</u>	<u>1,879,623</u>

(b) Operating lease commitments

The future aggregate minimum lease rental expenses under non-cancellable operating leases are payable in the following years :

US\$'000	Vessels and equipment	Land and buildings	Total
As at 30th June 2012			
2012/13	197,691	46,682	244,373
2013/14	151,776	42,930	194,706
2014/15	126,022	34,837	160,859
2015/16	76,940	55,924	132,864
2016/17	74,196	65,413	139,609
2017/18 onwards	<u>317,902</u>	<u>3,887,103</u>	<u>4,205,005</u>
	<u>944,527</u>	<u>4,132,889</u>	<u>5,077,416</u>
As at 31st December 2011			
2012	196,097	27,725	223,822
2013	148,235	17,928	166,163
2014	137,718	11,158	148,876
2015	88,216	2,652	90,868
2016	74,449	2,421	76,870
2017 onwards	<u>354,364</u>	<u>356</u>	<u>354,720</u>
	<u>999,079</u>	<u>62,240</u>	<u>1,061,319</u>

20. Segment Information

The principal activities of the Group are container transport and logistics. Container transport and logistics include global containerised shipping services in major trade lanes, covering Trans-Pacific, Trans-Atlantic, Asia/Europe, Asia/Australia and Intra-Asia trades, and integrated services over the management and control of effective storage and flow of goods. In accordance with the Group's internal financial reporting provided to the chief operating decision-makers, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are container transport and logistics and others.

20. Segment Information (Continued)

Operating segments

The segment results for the six months ended 30th June 2012 are as follows:

US\$'000	Container transport and logistics	Others	Elimination	Group
Revenue	3,107,661	14,499	(417)	3,121,743
Operating profit	60,867	78,728	-	139,595
Finance costs	(17,078)	-	-	(17,078)
Share of profits of jointly controlled entities	1,391	-	-	1,391
Share of profits of associated companies	5,702	-	-	5,702
Profit before taxation	50,882	78,728	-	129,610
Taxation	(7,756)	(4,382)	-	(12,138)
Profit for the period	43,126	74,346	-	117,472
Capital expenditure	242,756	-	-	242,756
Depreciation	116,461	-	-	116,461
Amortisation	6,415	-	-	6,415

20. Segment Information (Continued)

Operating segments (Continued)

The segment results for the six months ended 30th June 2011 are as follows:

US\$'000	Container transport and logistics	Others	Elimination	Group
Revenue	<u>2,908,241</u>	<u>13,044</u>	<u>(482)</u>	<u>2,920,803</u>
Operating profit	161,816	26,590	-	188,406
Finance costs	(13,267)	-	-	(13,267)
Share of profits of jointly controlled entities	954	-	-	954
Share of profits of associated companies	<u>5,271</u>	<u>-</u>	<u>-</u>	<u>5,271</u>
Profit before taxation	<u>154,774</u>	<u>26,590</u>	<u>-</u>	<u>181,364</u>
Taxation	(11,348)	5,323	-	(6,025)
Profit for the period	<u>143,426</u>	<u>31,913</u>	<u>-</u>	<u>175,339</u>
Capital expenditure	487,652	-	-	487,652
Depreciation	122,303	-	-	122,303
Amortisation	<u>6,689</u>	<u>-</u>	<u>-</u>	<u>6,689</u>

Others mainly represent corporate level activities including central treasury management and property investment. Inter-segment transfers or transactions are conducted at prices and terms mutually agreed amongst those business segments.

20. Segment Information (Continued)

Operating segments (Continued)

The segment assets and liabilities as at 30th June 2012 are as follows:

US\$'000	Container transport and logistics	Others	Group
As at 30th June 2012			
Segment assets	5,583,975	2,355,780	7,939,755
Jointly controlled entities	1,146	-	1,146
Associated companies	<u>94,911</u>	<u>-</u>	<u>94,911</u>
Total assets	<u><u>5,680,032</u></u>	<u><u>2,355,780</u></u>	<u><u>8,035,812</u></u>
Segment liabilities	<u><u>(3,633,337)</u></u>	<u><u>(59,212)</u></u>	<u><u>(3,692,549)</u></u>
As at 31st December 2011 (Restated)			
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><u>5,248,384</u></u>	<u><u>2,480,662</u></u>	<u><u>7,729,046</u></u>
Segment liabilities	<u><u>(3,416,045)</u></u>	<u><u>(55,453)</u></u>	<u><u>(3,471,498)</u></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 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.

20. 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
Six months ended 30th June 2012		
Asia	2,070,648	17,675
North America	534,872	4,809
Europe	420,408	73
Australia	95,815	17
Unallocated*	-	220,182
	<u>3,121,743</u>	<u>242,756</u>
Six months ended 30th June 2011		
Asia	1,922,047	9,053
North America	525,195	718
Europe	400,765	192
Australia	72,796	10
Unallocated*	-	477,679
	<u>2,920,803</u>	<u>487,652</u>

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

Results for First Half 2012

For the first six months of 2012 Orient Overseas (International) Limited and its subsidiaries (the “Group”) recorded a profit attributable to equity holders of US\$116.8 million, representing a US\$58.2 million decrease from the profit attributable to equity holders of US\$175.0 million for the corresponding period of 2011.

The profit attributable to equity holders for the first half of 2012 includes dividends from Hui Xian Holdings amounting to US\$42.6 million and a US\$5.0 million upward revaluation of Wall Street Plaza.

OOIL INTERIM RESULTS ANALYSIS		
<i>(US\$'000)</i>	2012	2011
Profit before tax from operating activities	82,014	176,364
Dividends from Hui Xian Holdings	42,596	-
Revaluation of Wall Street Plaza	5,000	5,000
Profit Before Tax for the Period Ended 30th June	129,610	181,364
Taxation	(12,138)	(6,025)
Non-controlling Interests	(699)	(369)
Profit Attributable to Equity Holders	116,773	174,970

Review of Operations

The first half of 2012 has been challenging with very low market freight rates at the start of the year, low demand growth on the east-west trades, and a spike up in bunker fuel prices in early January. Fortunately there has been a marked improvement in freight rates, particularly on the Asia-Europe services, to offset the low growth in demand on the East-West trades. Despite this recovery in rates, trading conditions have been, and are likely to remain, difficult and volatile given prevailing economic conditions and the continuing surplus of capacity on the major trades.

While facing low demand growth, mirroring sluggish economic activity in key consumer markets, the industry has had to absorb over 110 new container ships in the first half of the year. The pressure from the delivery of new-build capacity will continue, and the industry’s ability to absorb and judiciously deploy capacity will be key to stability for both the rest of this year and for the next few years to come.

Total lifting for the first half year increased by 6.1% and total revenue increased by 5.0% compared with corresponding period in 2011. The decline in average revenue seen in 2011 has stopped and average revenue started to recover in March, notably for Asia to Europe business. Overall capacity has increased by 9.8% and the overall load factor was 2.6% lower than the corresponding period in 2011. The formation of the G6 alliance in the early part of the year has improved service level and reduced operating costs in the Asia–Europe Trade.

Total lifting and revenue of Trans-Pacific trade increased by 5.7% and 1.3% respectively. Average revenue per TEU was down by 4.1% in the first half of this year compared to the corresponding period last year. The lower freight rate per TEU was primarily attributed to competition among carriers during the last quarter of 2011 and into the first quarter of 2012 amid the uncertain economic environment.

Lifting increased by 1.3% on Asia-Europe services compared to the corresponding period last year. Total revenue decreased by 2.8% while average revenue per TEU dropped by 4% compared with the first half year of 2011. Revenue has recovered gradually given a series of rate restoration programs implemented since March.

Cargo volume increased by 4% in the Intra-Asia sector compared with the first half of 2011. Boosted by 5.8% increase in average revenue per TEU, total revenue grew by 9.9%. Through the extension of joint services, our Australasia liftings increased by 24.3% and overall revenue increased by 22.3% compared with corresponding period in 2011.

Volume of our Trans-Atlantic trade increased by 13.5% compared to the same period in 2011 with a 6% reduction in average revenue per TEU due to the introduction of new and upgraded capacity in the market against moderate trade growth. Total revenue increased by 6.7%.

OOCL's international logistics business was greatly enhanced by the growth of our advanced product of ocean transportation services (OceanPlus). OceanPlus contributed significantly to the first half 2012 revenue. Together with supply chain management business, overall revenue and profit margin surpassed the corresponding period last year. Domestic logistics revenue grew by 22.6%. We see pleasing development in logistics business in China as well as in most of the Asian countries.

The average price of bunker recorded by OOCL in the first half of 2012 was US\$689 per ton compared with US\$593 per ton for the corresponding period in 2011. Fuel costs increased by 6.9% in the first half of 2012 compared with the corresponding period of 2011.

During the first half of 2012 no new-build vessel was delivered and no orders for new vessels were placed. The Group exercised a purchase option under a long-term charter of the 5,770 TEU vessel 'OOCL Shanghai' in January 2012. A 16-year-old 5,344 TEU vessel 'OOCL Hong Kong' was sold at end of June 2012 and leased back from the new owner for 3 years on a time-charter basis. Another 16-year-old 5,344 TEU vessel 'OOCL China' was sold in early July and was also leased back from the new owner for 3 years on a time-charter basis.

The other activities of the Group consist of support functions, including a centralised treasury and investment management. The Group's investments include its long-standing ownership of Wall Street Plaza and a minority (7.9%) investment in Hui Xian Holdings Ltd which is the ultimate majority unit holder of Hui Xian REIT, the first RMB – denominated REIT listed in Hong Kong.

Wall Street Plaza continues to perform in line with expectations, and based on an independent valuation, it has been re-valued upwards by US\$5 million as at 30th June 2012 to reflect an assessed market value of US\$165 million.

Following the successful floating of Beijing Oriental Plaza via a Real Estate Investment Trust (“REIT”) last year, the value of our 7.9% investment in the project is now largely dependent on the market value of the REIT units ultimately owned by Hui Xian Holdings Ltd. In the first half of 2012, Hui Xian Holdings Ltd declared dividends, in forms of both cash and Hui Xian REIT units, to its shareholders, of which the Group's share amounted to cash of US\$7.9 million and Hui Xian REIT units valued at US\$34.7 million. As at 30th June 2012, the Group's investment in Hui Xian Holdings Ltd was valued at US\$99.0 million, a drop of US\$29.3 million from 31st December 2011, mainly a result of distributing the REIT units to its shareholders.

The investments in Wall Street Plaza and Hui Xian are both historical in nature and the Group currently has no intention of further investment in property other than that relating to the operations of our container transportation and logistics business.

Looking Forward

Prospects of a strong third quarter, the traditional peak season for container shipping, have dimmed a little of late as a result of the poor economic data from the major consumer markets. A large number of mega-ships have still to deliver in the second half of the year and deployed capacity will need to adjust quickly to meet demand levels if freight rates are to be maintained in the seasonally weaker fourth quarter.

Despite limited ordering of new vessels over the last twelve to eighteen months, the industry needs to absorb an estimated 2.4 million TEU of new-building capacity, which is about 15% of the current global capacity, over the next eighteen months. Given the substantial new-build capacity still to deliver, and with ongoing weak demand growth, volatile fuel prices, and fragile freight rates, continued discipline in capacity deployment and cost control will be needed for the industry to rebuild stability toward profitability. The need to meet higher operating costs, and in particular high fuel costs, has seen freight rates improve this year, and it is hoped that they will now remain at these more reasonable levels.

For OOIL, operating through its OOCL brand, our focus will remain on fleet deployment flexibility, on tight cost control, and on continuous IT development to drive productivity gains and deliver ever better service to customers. Container shipping has always been a capital intensive industry but as sources of funding, particularly bank debt and non-operating ownership of vessels for charter, have contracted since the global financial crisis, access to capital is now a critical key success factor. OOIL is one of the financially stronger industry participants and we will maintain our strong balance sheet and liquidity to be able to retain access to the debt and equity capital needed to grow the business.

Putting aside the non-recurring items at the OOIL level, the performance of the liner and logistics business has been credible in the face of the difficult trading conditions experienced. OOCL's positive operating margin for the first half was adversely impacted by the unexpected increase in bunker fuel, but the recent fall in the price of crude oil, if it holds, should see an improvement in that margin to more appropriate levels. But, fundamentally, margins will remain volatile, and likely thin, until supply and demand rebalance.

Interim Dividend

The Board of Directors (the “Board”) of the Company is pleased to announce an interim dividend of US4.66 cents (HK\$0.363 at the exchange rate of US\$1 : HK\$7.8) per ordinary share for the six months ended 30th June 2012 to be paid on 15th October 2012 to the shareholders of the Company whose names appear on the register of members of the Company on 11th September 2012. Shareholders should complete the Dividend Election Form (if applicable) and return it to the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited (the “Branch Share Registrar”), not later than 4:30 p.m. on 5th October 2012.

Closure of Register of Members

The register of members of the Company will be closed from 6th September 2012 to 11th September 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, the share transfers must be accompanied with the relevant share certificates and lodged with the Branch Share Registrar 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 5th September 2012.

Purchase, Sale or Redemption of Shares

During the six-month period ended 30th June 2012, 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 laws of Bermuda in relation to the issue of new shares by the Company.

Corporate Governance

Compliance with the Corporate Governance Code

The Board 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 Hong Kong Stock Exchange’s Code on Corporate Governance Practices (the “Former SEHK Code”), Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong, took effect for accounting periods commencing from 1st January 2005 onwards.

Amendments to the Former SEHK Code were announced in October 2011. The revised Appendix 14, Corporate Governance Code and Corporate Governance Report (the “Revised SEHK Code”) became effective on 1st April 2012.

The Company has adopted its own corporate governance code (the “CG Code”), which also incorporates and conforms to local and international best practices and was recently updated in March 2012 to reflect the new requirements under the revised SEHK Code. 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 period from 1st January 2012 to 30th June 2012, the Company complied with all the code provisions of the Former SEHK Code and the Revised SEHK Code, save for there was no separation of the role of Chairman and Chief Executive Officer of the Company and Mr. CHENG Wai Sun Edward, an Independent Non-Executive Director of the Company, did not attend the annual general meeting of the Company held on 18th May 2012 due to having prior business commitment set out a year ago on the same day. 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 the principal divisions of the Group 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.

Securities Transactions by Directors

The Company has adopted its own code of conduct regarding securities transactions by Directors 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 Company’s own code and the Model Code throughout the period from 1st January 2012 to 30th June 2012.

Publication of Results Announcement and Interim Report

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (“HKEx”) at <http://www.hkexnews.hk> and the Company at <http://www.ooilgroup.com>. The 2012 Interim Report will be despatched to shareholders of the Company on or around 4th September 2012 and will also be available on the HKEx’s website and the Company’s website.

Employee Information

As at 30th June 2012, the Group had 8,280 full-time equivalent employees. Salary and benefit levels are maintained at competitive levels and employees are rewarded on a performance-related basis within the general policy and framework of the Group's salary and discretionary bonus schemes. These schemes, based on the performance of the Company and individual employees, are regularly reviewed. Other benefits are also provided including medical insurance and retirement funds. In support of the continuous development of individual employees, training and development programmes for each different level of employee are arranged. Social and recreational activities are arranged for our employees around the world.

Directors

As at the date of this announcement, our Executive Directors are Messrs. TUNG Chee Chen, TUNG Lieh Cheung Andrew, Kenneth Gilbert CAMBIE and TUNG Lieh Sing Alan; our Non-Executive Directors are Professor Roger KING and CHOW Philip Yiu Wah 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, 1st August 2012

† *For identification only*
Website : <http://www.ooilgroup.com>