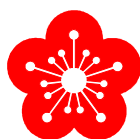


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## ORIENT OVERSEAS (INTERNATIONAL) LIMITED

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 2013

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 2013, 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 2013

US\$'000	Note	2013	Restated 2012
Revenue	5	3,025,005	3,121,743
Operating costs		<u>(2,821,385)</u>	<u>(2,845,428)</u>
<b>Gross profit</b>		<b>203,620</b>	276,315
Fair value (loss)/gain from an investment property		<b>(4,560)</b>	5,000
Other operating income		<b>32,282</b>	73,017
Other operating expenses		<u>(228,064)</u>	<u>(215,114)</u>
<b>Operating profit</b>	6	<b>3,278</b>	139,218
Finance costs	8	<b>(18,592)</b>	(17,078)
Share of profits of jointly controlled entities		<b>1,901</b>	1,391
Share of profits of associated companies		<u>5,332</u>	<u>5,702</u>
<b>(Loss)/profit before taxation</b>		<b>(8,081)</b>	129,233
Taxation	9	<u>(7,056)</u>	<u>(12,003)</u>
<b>(Loss)/profit for the period</b>		<u><b>(15,137)</b></u>	<u>117,230</u>
<b>(Loss)/profit attributable to :</b>			
Equity holders of the Company		<b>(15,264)</b>	116,531
Non-controlling interests		<u>127</u>	<u>699</u>
		<u><b>(15,137)</b></u>	<u>117,230</u>
<b>(Loss)/earnings per ordinary share (US cents)</b>			
<b>Basic and diluted</b>	11	<u><b>(2.4)</b></u>	<u>18.6</u>
<b>Interim dividend</b>	10	<u><b>-</b></u>	<u>29,162</u>

**Condensed Consolidated Statement of Comprehensive Income (unaudited)**  
**For the six months ended 30th June 2013**

US\$'000	2013	Restated 2012
<b>(Loss)/profit for the period</b>	<u>(15,137)</u>	<u>117,230</u>
<b>Other comprehensive income:</b>		
Item that will not be subsequently reclassified to profit or loss:		
Actuarial losses on defined benefit schemes	<u>(6,554)</u>	<u>(7,234)</u>
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
- Change in fair value	(8,414)	(29,690)
- Assets revaluation reserve realised	(112)	-
Share of other comprehensive income/(loss)		
- Associated companies	1,829	(443)
- Jointly controlled entities	134	(34)
Currency translation adjustments		
- Foreign subsidiaries	3,005	(918)
- Non-controlling interests	<u>103</u>	<u>(6)</u>
Total items that may be reclassified subsequently to profit or loss	<u>(3,455)</u>	<u>(31,091)</u>
Other comprehensive loss for the period, net of tax	<u>(10,009)</u>	<u>(38,325)</u>
<b>Total comprehensive (loss)/income for the period</b>	<u><u>(25,146)</u></u>	<u><u>78,905</u></u>
<b>Total comprehensive (loss)/income attributable to:</b>		
Equity holders of the Company	(25,376)	78,212
Non-controlling interests	<u>230</u>	<u>693</u>
	<u><u>(25,146)</u></u>	<u><u>78,905</u></u>

**CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)**

**As at 30th June 2013**

US\$'000	Note	30th June 2013	Restated 31st December 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	5,091,810	4,664,773
Investment property	12	170,000	165,000
Prepayments of lease premiums	12	9,685	9,793
Jointly controlled entities		8,684	7,610
Associated companies		127,907	111,917
Intangible assets	12	39,550	38,916
Deferred taxation assets		1,597	1,711
Pension and retirement assets		6,142	10,386
Derivative financial instruments	14	5,309	7,022
Restricted bank balances		20,360	18,030
Available-for-sale financial assets		146,575	154,463
Held-to-maturity investments		251,709	253,956
Other non-current assets		<u>22,048</u>	<u>22,158</u>
		<u>5,901,376</u>	<u>5,465,735</u>
<b>Current assets</b>			
Inventories		145,410	153,785
Debtors and prepayments	13	532,774	543,982
Portfolio investments		222,385	205,427
Restricted bank balances		1,265	460
Cash and bank balances		<u>1,878,515</u>	<u>1,861,650</u>
		<u>2,780,349</u>	<u>2,765,304</u>
<b>Total assets</b>		<u>8,681,725</u>	<u>8,231,039</u>
<b>EQUITY</b>			
<b>Equity holders</b>			
Share capital	15	62,579	62,579
Reserves	16	<u>4,348,873</u>	<u>4,419,236</u>
		4,411,452	4,481,815
<b>Non-controlling interests</b>		<u>6,056</u>	<u>5,778</u>
<b>Total equity</b>		<u>4,417,508</u>	<u>4,487,593</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	18	2,964,851	2,325,777
Deferred taxation liabilities		53,970	57,558
Pension and retirement liabilities		289	301
Derivative financial instruments	14	<u>7,578</u>	<u>7,418</u>
		<u>3,026,688</u>	<u>2,391,054</u>
<b>Current liabilities</b>			
Creditors and accruals	17	803,074	784,500
Amounts due to jointly controlled entities		8,927	5,948
Borrowings	18	420,668	555,753
Current taxation		4,860	6,191
		<u>1,237,529</u>	<u>1,352,392</u>
<b>Total liabilities</b>		<u>4,264,217</u>	<u>3,743,446</u>
<b>Total equity and liabilities</b>		<u>8,681,725</u>	<u>8,231,039</u>
<b>Net current assets</b>		<u>1,542,820</u>	<u>1,412,912</u>
<b>Total assets less current liabilities</b>		<u>7,444,196</u>	<u>6,878,647</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (unaudited)**  
**For the six months ended 30th June 2013**

US\$'000	2013	2012
<b>Cash flows from operating activities</b>		
Cash generated from operations	164,776	194,171
Interest paid	(13,252)	(7,654)
Interest element of finance lease rental payments	(5,487)	(8,700)
Overseas taxes paid	(13,568)	(5,968)
Net cash from operating activities	<u>132,469</u>	<u>171,849</u>
<b>Cash flows from investing activities</b>		
Sale of property, plant and equipment	15,341	32,099
Sale of available-for-sale financial assets	116	-
Purchase of property, plant and equipment	(167,885)	(237,529)
Addition of investment property	(9,560)	-
Purchase of available-for-sale financial assets	-	(5)
Purchase of held-to-maturity investments	-	(19,400)
Increase in portfolio investments	(16,958)	(29,013)
Increase in amounts due to jointly controlled entities	2,979	2,079
Increase in restricted bank balances and bank deposits maturing more than three months from the date of placement	(179,061)	(434,363)
Increase of investment in an associated company	(10,051)	(19,837)
Increase in intangible assets	(4,848)	(4,557)
Decrease/(increase) in other non-current assets	110	(257)
Interest received	16,786	17,684
Dividends received from portfolio investments	164	275
Dividends received from available-for-sale financial assets	7,906	7,937
Dividend received from associated companies	-	820
Dividend received from a jointly controlled entity	961	5,855
Capital contribution from non-controlling interests	48	-
Net cash used in investing activities	<u>(343,952)</u>	<u>(678,212)</u>
<b>Cash flows from financing activities</b>		
New loans	464,100	348,985
Repayment of loans	(242,095)	(116,746)
Capital element of finance lease rental payments	(125,791)	(92,507)
Dividends paid to equity holders of the Company	(44,987)	-
Dividend paid to non-controlling interests	-	(704)
Net cash from financing activities	<u>51,227</u>	<u>139,028</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(160,256)</b>	<b>(367,335)</b>
Cash and cash equivalents at beginning of period	1,597,018	1,909,154
Currency translation adjustments	1,241	(1,035)
Cash and cash equivalents at end of period	<u><u>1,438,003</u></u>	<u><u>1,540,784</u></u>
Analysis of cash and cash equivalents		
Bank balances and deposits maturing within three months from the date of placement	1,438,129	1,540,894
Bank overdrafts	(126)	(110)
	<u><u>1,438,003</u></u>	<u><u>1,540,784</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**(unaudited)**  
**For the six months ended 30th June 2013**

US\$'000	Equity holders			Non-controlling interests	Total
	Share capital	Reserves	Sub-total		
<b>Balance at 31st December 2012</b>					
As previously reported	62,579	4,446,911	4,509,490	5,778	4,515,268
Prior year adjustment (note 2)	-	(27,675)	(27,675)	-	(27,675)
As restated	62,579	4,419,236	4,481,815	5,778	4,487,593
Total comprehensive (loss)/income for the period	-	(25,376)	(25,376)	230	(25,146)
Transactions with owners					
2012 final dividend	-	(44,987)	(44,987)	-	(44,987)
Capital contribution from non-controlling interests	-	-	-	48	48
<b>Balance at 30th June 2013</b>	<b>62,579</b>	<b>4,348,873</b>	<b>4,411,452</b>	<b>6,056</b>	<b>4,417,508</b>
<b>Balance at 31st December 2011</b>					
As previously reported	62,579	4,188,283	4,250,862	6,686	4,257,548
Prior year adjustment	-	(17,394)	(17,394)	-	(17,394)
As restated	62,579	4,170,889	4,233,468	6,686	4,240,154
Total comprehensive income for the period	-	78,212	78,212	693	78,905
Transaction with owners					
Dividend paid to non-controlling interests	-	-	-	(704)	(704)
<b>Balance at 30th June 2012</b>	<b>62,579</b>	<b>4,249,101</b>	<b>4,311,680</b>	<b>6,675</b>	<b>4,318,355</b>

## **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 7th August 2013.

### **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, and financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, 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 2012 except as disclosed below.

## 2. Basis of Preparation (Continued)

### The adoption of revised HKFRS

In 2013, the Group adopted the following new standards, amendments and improvements to HKFRS below, which are relevant to its operations.

#### **New standards and amendments**

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HKAS 1 Amendment	Presentation of Financial Statements
HKAS 19 Amendment	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Associates and Joint Ventures
HKFRS 7 Amendment	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 10 Amendment	Consolidated Financial Statements – Transition Guidance
HKFRS 11	Joint Arrangements
HKFRS 11 Amendment	Joint Arrangements – Transition Guidance
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 12 Amendment	Disclosure of Interests in Other Entities – Transition Guidance
HKFRS 13	Fair Value Measurements

#### **Annual improvements to HKFRS published in June 2012**

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HKAS 1 Amendment	Presentation of Financial Statements
HKAS 16 Amendment	Property, Plant and Equipment
HKAS 32 Amendment	Financial Instruments: Presentation
HKAS 34 Amendment	Interim Financial Reporting

Excepted for HKAS 19 Amendment and HKFRS 13 mentioned below, there are no other new standards, amendments and improvements that are effective for the first time for this interim period that would have a material impact on this Group.

HKAS 19 Amendment introduces a number of amendments to the accounting for defined benefit schemes. Among them, HKAS 19 Amendment eliminates the “corridor method” under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. HKAS 19 Amendment also changed the basis for determining income from plan assets from expected return to interest income calculated at the liability discount rate, and requires immediate recognition of past service cost, whether vested or not.

## 2. Basis of Preparation (Continued)

As a result of the adoption of HKAS 19 Amendment, the Group has changed its accounting policy with respect to defined benefit schemes, for which the corridor method was previously applied. This change in accounting policy has been applied retrospectively by restating the balances at 31st December 2012, and the result for the six months ended 30th June 2012 as follows:

	As previously reported US'000	Effect of adopting HKAS 19 Amendment US'000	As restated US'000
<b>Condensed consolidated profit and loss account for the six months ended 30th June 2012:</b>			
Defined benefit retirement schemes income/(expense)	53	(377)	(324)
Taxation	(12,138)	135	(12,003)
Profit for the period	117,472	(242)	117,230
<b>Condensed consolidated statement of comprehensive income for the six months ended 30th June 2012:</b>			
Total comprehensive income for the period	86,419	(7,514)	78,905
<b>Condensed consolidated balance sheet as at 31st December 2012:</b>			
Pension and retirement assets	44,427	(34,041)	10,386
Total assets	8,265,080	(34,041)	8,231,039
Deferred taxation liabilities	63,924	(6,366)	57,558
Total liabilities	3,749,812	(6,366)	3,743,446
Reserves	4,446,911	(27,675)	4,419,236
Total equity	4,515,268	(27,675)	4,487,593

The effect of the change in this accounting policy on the cash flow statement and on earnings per share was not significant.

HKFRS 13 "Fair Value Measurement" measurement and disclosure requirements are applicable for the Group for the period ended 30th June 2013. The Group has included the disclosures for the financial instruments in note 3.

## 2. Basis of Preparation (Continued)

### Standard, amendments and interpretation to existing standards that are relevant but not yet effective to the Group

<b><u>New standard, amendments and interpretation</u></b>		<b>Effective for accounting periods beginning on or after</b>
HKAS 32 Amendment	Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKAS 36 Amendment	Recoverable amount disclosures for non-financial assets	1st January 2014
HK(IFRIC) - Int 21	Levies	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 standard, amendments and interpretation 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 2012.

#### 3.1 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30th June 2013.

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
<b>Assets</b>				
Portfolio investments				
– Equity securities	22,388	-	-	22,388
– Debt securities	194,901	-	-	194,901
– Funds and other investments	5,096	-	-	5,096
Derivative financial instruments	-	5,309	-	5,309
Available-for-sale financial assets				
– Listed equity securities	37,791	-	-	37,791
– Other investments	-	-	108,784	108,784
Total assets	<u>260,176</u>	<u>5,309</u>	<u>108,784</u>	<u>374,269</u>
<b>Liabilities</b>				
Derivative financial instruments	-	7,578	-	7,578
Total liabilities	<u>-</u>	<u>7,578</u>	<u>-</u>	<u>7,578</u>

### 3.1 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31st December 2012.

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
<b>Assets</b>				
Portfolio investments				
– Equity securities	24,875	-	-	24,875
– Debt securities	175,292	141	-	175,433
– Funds and other investments	-	5,119	-	5,119
Derivative financial instruments	-	7,022	-	7,022
Available-for-sale financial assets				
– Listed equity securities	39,129	-	-	39,129
– Other investments	-	-	115,334	115,334
<b>Total assets</b>	<b>239,296</b>	<b>12,282</b>	<b>115,334</b>	<b>366,912</b>
<b>Liabilities</b>				
Derivative financial instruments	-	7,418	-	7,418
<b>Total liabilities</b>	<b>-</b>	<b>7,418</b>	<b>-</b>	<b>7,418</b>

There were no transfers among Levels 1, 2 and 3 during the period.

Specific valuation techniques used to value Levels 2 and 3 financial instruments include:

- Dealer quotes.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Marketability discount rate derived from management's judgment is applied to estimate the fair value of unlisted equity security classified as available-for-sale financial asset.

### 3.1 Fair value estimation (Continued)

There were no changes in valuation techniques during the period.

The following table presents the changes in level 3 instruments:

	US\$'000
Opening balance at 31st December 2012	115,334
Disposals	(116)
Currency translation adjustments	(34)
Fair value change recognised in other comprehensive income	(6,400)
	<hr/>
Closing balance at 30th June 2013	<u>108,784</u>

Level 3 financial instruments mainly represent unlisted equity security classified as available-for-sale financial asset of which a marketability discount rate of 15% is applied to estimate the fair value. If the change in the discount rate for that financial instrument increases or decreases by 1%, the impact on other comprehensive income would be decreased or increased by US\$1.3 million.

### 3.2 Fair value of financial assets and liabilities measured at amortised cost

	Carrying amount		Fair value	
	30th June 2013 US\$'000	31st December 2012 US\$'000	30th June 2013 US\$'000	31st December 2012 US\$'000
Non-current bank loans	1,653,231	1,351,435	1,654,129	1,352,378
Held-to-maturity investments	251,709	253,956	260,503	274,238

The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Debtors and prepayments
- Prepayment of lease premiums
- Cash and bank balances
- Restricted bank balances
- Other current financial assets
- Creditors and accruals
- Borrowings except for those disclosed above
- Other current financial liabilities

#### 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 2012.

#### 5. Revenue

US\$'000	2013	2012
Container transport and logistics	3,012,234	3,107,661
Rental income	<u>12,771</u>	<u>14,082</u>
	<u><u>3,025,005</u></u>	<u><u>3,121,743</u></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	2013	2012
Operating profit is arrived at after crediting :		
Interest income from banks	7,427	12,232
Interest income from held-to-maturity investments	5,033	3,834
Gross rental income from an investment property	12,771	14,082
Net gain on disposal of property, plant and equipment		
- Containers	2,682	-
- Others	3,592	-
Income from available-for-sale financial assets		
- Gain on disposal	112	-
- Distribution	1,164	-
- Dividend income	7,906	42,633
Net gain on interest rate swap contracts	-	350
Fair value gain on foreign exchange forward contracts	-	687
Portfolio investment income		
- Fair value gain (realised and unrealised)	-	7,145
- Interest income	3,822	3,530
- Dividend income	258	275
Exchange gain	-	2,035
and after charging :		
Depreciation		
Owned assets	104,390	80,282
Leased assets	39,503	36,179
Operating lease rental expense		
Vessels and equipment	183,453	195,591
Terminals and berths	12,177	12,704
Land and buildings	11,675	13,712
Rental outgoings in respect of an investment property	7,399	5,899
Net loss on disposal of property, plant and equipment		
- Container vessels	-	4,041
- Containers	-	596
- Others	-	(120)
Portfolio investment loss		
- Fair value loss (realised and unrealised)	14,651	-
Net loss on interest rate swap contracts	621	-
Fair value loss on foreign exchange forward contracts	944	-
Amortisation of intangible assets	4,215	6,186
Amortisation of prepayments of lease premiums	244	229
Exchange loss	1,161	-

## 7. Key Management Compensation

US\$'000	2013	2012
Salaries and other short-term employee benefits	2,622	2,270
Pension costs - defined contribution plans	<u>255</u>	<u>211</u>
	<u>2,877</u>	<u>2,481</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	2013	2012
Interest expense	(20,876)	(17,748)
Amount capitalised under assets	<u>2,284</u>	<u>670</u>
Net interest expense	<u>(18,592)</u>	<u>(17,078)</u>

## 9. Taxation

US\$'000	2013	Restated 2012
Current taxation		
Hong Kong profits tax	(794)	(650)
Overseas taxation	<u>(9,806)</u>	<u>(9,777)</u>
	<u>(10,600)</u>	<u>(10,427)</u>
Deferred taxation		
Overseas taxation	<u>3,544</u>	<u>(1,576)</u>
	<u>(7,056)</u>	<u>(12,003)</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% (2012: 10% to 47%) and the rate applicable for Hong Kong profits tax is 16.5% (2012: 16.5%).

## 10. Interim Dividend

US\$'000	2013	2012
Interim dividend of US cents nil (2012 : US4.66 cents) per ordinary share	<u>-</u>	<u>29,162</u>

The Board of Directors does not recommend the payment of an interim dividend for 2013 (2012: US4.66 cents per ordinary share).

## 11. (Loss)/Earnings Per Ordinary Share

The calculation of basic and diluted (loss)/earnings per ordinary share is based on the Group's (loss)/profit attributable to equity holders of the Company divided by the number of ordinary shares in issue during the period.

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

US\$'000	2013	Restated 2012
Number of ordinary shares in issue (thousands)	<u>625,793</u>	<u>625,793</u>
Group's (loss)/profit attributable to:		
Equity holders of the Company	(15,264)	116,531
Non-controlling interests	<u>127</u>	<u>699</u>
	<u>(15,137)</u>	<u>117,230</u>
(Loss)/earnings per share attributable to equity holders of the Company (US cents)	<u>(2.4)</u>	<u>18.6</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 2012	4,664,773	165,000	9,793	38,916	4,878,482
Currency translation adjustments	488	-	136	1	625
Fair value loss	-	(4,560)	-	-	(4,560)
Additions	579,509	9,560	-	4,848	593,917
Disposals	(9,067)	-	-	-	(9,067)
Depreciation and amortisation	(143,893)	-	(244)	(4,215)	(148,352)
<b>Balance at 30th June 2013</b>	<b><u>5,091,810</u></b>	<b><u>170,000</u></b>	<b><u>9,685</u></b>	<b><u>39,550</u></b>	<b><u>5,311,045</u></b>
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	<u>4,259,116</u>	<u>165,000</u>	<u>9,983</u>	<u>38,385</u>	<u>4,472,484</u>

## 13. Debtors and Prepayments

US\$'000	30th June 2013	31st December 2012
Trade receivables	330,185	345,193
Less: Provision for impairment	<u>(8,708)</u>	<u>(7,365)</u>
Trade receivables - net	321,477	337,828
Other debtors	84,936	87,819
Other prepayments	101,857	95,519
Utility and other deposits	6,685	8,107
Tax recoverable	<u>17,819</u>	<u>14,709</u>
	<b><u>532,774</u></b>	<b><u>543,982</u></b>

### 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:

<b>US\$'000</b>	<b>30th June 2013</b>	31st December 2012
Below one month	<b>295,956</b>	308,787
Two to three months	<b>19,748</b>	23,700
Four to six months	<b>3,472</b>	4,650
Over six months	<b>2,301</b>	691
	<b><u>321,477</u></b>	<u>337,828</u>

### 14. Derivative Financial Instruments

<b>US\$'000</b>	<b>30th June 2013</b>	31st December 2012
<b>Assets</b>		
Non-current assets		
Interest rate swap contracts	<b><u>5,309</u></b>	<u>7,022</u>
<b>Liabilities</b>		
Non-current liabilities		
Interest rate swap contract	<b>(2,740)</b>	(3,524)
Foreign exchange forward contract	<b><u>(4,838)</u></b>	<u>(3,894)</u>
	<b><u>(7,578)</u></b>	<u>(7,418)</u>

## 15. Share Capital

<b>US\$'000</b>	<b>30th June 2013</b>	31st December 2012
Authorised :		
900,000,000 ordinary shares of US\$0.10 each	<b>90,000</b>	90,000
65,000,000 convertible redeemable preferred shares of US\$1 each	<b>65,000</b>	65,000
50,000,000 redeemable preferred shares of US\$1 each	<b><u>50,000</u></b>	<u>50,000</u>
	<b><u>205,000</u></b>	<u>205,000</u>
Issued and fully paid :		
625,793,297 (2012: 625,793,297) ordinary shares of US\$0.10 each	<b><u>62,579</u></b>	<u>62,579</u>

## 16. Reserves

US\$'000	Share premium	Contributed surplus	Capital redemption reserve	Available-for-sale financial assets revaluation reserve	Foreign exchange translation reserve	Retained profit	Total
Balance at 31st December 2012							
As previously reported	172,457	88,547	4,696	117,614	59,712	4,003,885	4,446,911
Prior year adjustment (note 2)	-	-	-	-	-	(27,675)	(27,675)
As restated	172,457	88,547	4,696	117,614	59,712	3,976,210	4,419,236
Total comprehensive (loss)/income for the period	-	-	-	(8,526)	4,968	(21,818)	(25,376)
Transactions with owners							
2012 final dividend	-	-	-	-	-	(44,987)	(44,987)
<b>Balance at 30th June 2013</b>	<b>172,457</b>	<b>88,547</b>	<b>4,696</b>	<b>109,088</b>	<b>64,680</b>	<b>3,909,405</b>	<b>4,348,873</b>
Balance at 31st December 2011							
As previously reported	172,457	88,547	4,696	128,178	57,945	3,736,460	4,188,283
Prior year adjustment	-	-	-	-	-	(17,394)	(17,394)
As restated	172,457	88,547	4,696	128,178	57,945	3,719,066	4,170,889
Total comprehensive income/(loss) for the period	-	-	-	(29,690)	(1,357)	109,259	78,212
Balance at 30th June 2012	172,457	88,547	4,696	98,488	56,588	3,828,325	4,249,101
Total comprehensive income for the period	-	-	-	19,126	3,124	176,819	199,069
Transactions with owners							
2012 interim dividend	-	-	-	-	-	(29,198)	(29,198)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	264	264
Balance at 31st December 2012	172,457	88,547	4,696	117,614	59,712	3,976,210	4,419,236

## 17. Creditors and Accruals

<b>US\$'000</b>	<b>30th June 2013</b>	<b>31st December 2012</b>
Trade payables	<b>242,405</b>	279,040
Other creditors	<b>66,144</b>	72,728
Accrued expenses	<b>449,681</b>	374,892
Deferred revenue	<b>44,844</b>	57,840
	<b><u>803,074</u></b>	<b><u>784,500</u></b>

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

<b>US\$'000</b>	<b>30th June 2013</b>	<b>31st December 2012</b>
Below one month	<b>197,179</b>	169,860
Two to three months	<b>44,722</b>	102,961
Four to six months	<b>438</b>	5,378
Over six months	<b>66</b>	841
	<b><u>242,405</u></b>	<b><u>279,040</u></b>

## 18. Borrowings

	<b>30th</b>	31st
	<b>June</b>	December
<b>US\$'000</b>	<b>2013</b>	2012
<b>Non-current</b>		
Bank loans		
- Secured	<b>1,552,231</b>	1,340,366
- Unsecured	<b>101,000</b>	11,069
Finance lease obligations	<b>1,311,620</b>	974,342
	<b><u>2,964,851</u></b>	<u>2,325,777</u>
<b>Current</b>		
Bank overdrafts, unsecured	<b>126</b>	172
Bank loans		
- Secured	<b>147,975</b>	221,684
- Unsecured	<b>24,997</b>	31,079
Finance lease obligations	<b>247,570</b>	302,818
	<b><u>420,668</u></b>	<u>555,753</u>
<b>Total borrowings</b>	<b><u><u>3,385,519</u></u></b>	<u><u>2,881,530</u></u>

## 19. Commitments

### (a) Capital commitments – Property, plant and equipment

<b>US\$'000</b>	<b>30th June 2013</b>	31st December 2012
Contracted but not provided for	<b>970,899</b>	1,324,115
Authorised but not contracted for	<b>113,660</b>	305,327
	<b><u>1,084,559</u></b>	<u>1,629,442</u>

### (b) Operating lease commitments

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

<b>US\$'000</b>	<b>Vessels and equipment</b>	<b>Land and buildings</b>	<b>Total</b>
<b>As at 30th June 2013</b>			
2013/14	<b>250,287</b>	<b>24,518</b>	<b>274,805</b>
2014/15	<b>135,795</b>	<b>12,088</b>	<b>147,883</b>
2015/16	<b>76,907</b>	<b>6,293</b>	<b>83,200</b>
2016/17	<b>71,856</b>	<b>3,793</b>	<b>75,649</b>
2017/18	<b>70,312</b>	<b>1,506</b>	<b>71,818</b>
2018/19 onwards	<b>233,296</b>	<b>4,874</b>	<b>238,170</b>
	<b><u>838,453</u></b>	<b><u>53,072</u></b>	<b><u>891,525</u></b>
<b>As at 31st December 2012 (Restated)</b>			
2013	208,353	25,659	234,012
2014	152,881	17,605	170,486
2015	93,243	6,487	99,730
2016	69,789	4,538	74,327
2017	69,479	4,148	73,627
2018 onwards	258,613	3,944	262,557
	<b><u>852,358</u></b>	<b><u>62,381</u></b>	<b><u>914,739</u></b>

## **19. Commitments (Continued)**

### **(b) Operating lease commitments (Continued)**

The Group entered into the Preferential Assignment Agreement (the “Agreement”) with the Port of Long Beach (“POLB”) for the use of the Middle Harbor Terminal (the “Terminal”) in Long Beach, California USA on 30th April 2012. The term of the Agreement is 40 years commencing on 1st July 2011. On 28th March 2013, the Group has entered into the First Amendment to Preferential Assignment Agreement (the “Amendment”) with POLB, which has amended certain terms within Agreement and has altered the expected guaranteed minimum annual compensation to be made for the relevant period of the lease term.

The guaranteed minimum annual compensation is computed based on the guaranteed minimum annual compensation per acreage (ranging from US\$180,000 to US\$270,000 in the first 5 years of the lease) multiplied by the number of acreages of the Terminal becoming available, which is subject to mutual agreement between the Group and POLB along the Terminal construction and based on the milestones set out in the Agreement. The construction is expected to be completed by 2019 and the estimated number of acreages of the Terminal upon completion is estimated to be approximately 304.7 acreages. As of 30th June 2013, the acreages of the Terminal available are 90.8 acreages. The Group and POLB will renegotiate the guaranteed minimum annual compensation per acreage every 5 years which will not be less than the highest guaranteed minimum annual compensation in the previous 5 years.

## **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 2013 are as follows:

US\$'000	Container transport and logistics	Others	Elimination	Group
<b>Revenue</b>	<b><u>3,012,234</u></b>	<b><u>13,203</u></b>	<b><u>(432)</u></b>	<b><u>3,025,005</u></b>
Operating profit/(loss)	(4,385)	7,663	-	3,278
Finance costs	(18,592)	-	-	(18,592)
Share of profits of jointly controlled entities	1,901	-	-	1,901
Share of profits of associated companies	5,332	-	-	5,332
<b>(Loss)/profit before taxation</b>	<b>(15,744)</b>	<b>7,663</b>	<b>-</b>	<b>(8,081)</b>
Taxation	(6,887)	(169)	-	(7,056)
<b>(Loss)/profit for the period</b>	<b><u>(22,631)</u></b>	<b><u>7,494</u></b>	<b><u>-</u></b>	<b><u>(15,137)</u></b>
Capital expenditure	584,354	9,563	-	593,917
Depreciation	143,893	-	-	143,893
Amortisation	4,459	-	-	4,459

## 20. Segment Information (Continued)

### *Operating segments (Continued)*

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

US\$'000	<b>Container transport and logistics</b>	<b>Others</b>	<b>Elimination</b>	<b>Restated Group</b>
<b>Revenue</b>	<u>3,107,661</u>	<u>14,499</u>	<u>(417)</u>	<u>3,121,743</u>
Operating profit	60,490	78,728	-	139,218
Finance costs	(17,078)	-	-	(17,078)
Share of profits of jointly controlled entities	1,391	-	-	1,391
Share of profits of associated companies	<u>5,702</u>	<u>-</u>	<u>-</u>	<u>5,702</u>
<b>Profit before taxation</b>	<u>50,505</u>	<u>78,728</u>	<u>-</u>	<u>129,233</u>
Taxation	<u>(7,621)</u>	<u>(4,382)</u>	<u>-</u>	<u>(12,003)</u>
<b>Profit for the period</b>	<u>42,884</u>	<u>74,346</u>	<u>-</u>	<u>117,230</u>
Capital expenditure	242,756	-	-	242,756
Depreciation	116,461	-	-	116,461
Amortisation	<u>6,415</u>	<u>-</u>	<u>-</u>	<u>6,415</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 2013 are as follows:

US\$'000	<b>Container transport and logistics</b>	<b>Others</b>	<b>Group</b>
<b>As at 30th June 2013</b>			
Segment assets	6,438,684	2,106,450	8,545,134
Jointly controlled entities	8,684	-	8,684
Associated companies	<u>127,907</u>	<u>-</u>	<u>127,907</u>
Total assets	<u>6,575,275</u>	<u>2,106,450</u>	<u>8,681,725</u>
Segment liabilities	<u>(4,194,228)</u>	<u>(69,989)</u>	<u>(4,264,217)</u>
<b>As at 31st December 2012 (Restated)</b>			
Segment assets	5,892,119	2,219,393	8,111,512
Jointly controlled entities	7,610	-	7,610
Associated companies	<u>111,917</u>	<u>-</u>	<u>111,917</u>
Total assets	<u>6,011,646</u>	<u>2,219,393</u>	<u>8,231,039</u>
Segment liabilities	<u>(3,681,404)</u>	<u>(62,042)</u>	<u>(3,743,446)</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, and deferred taxation liabilities 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
<b>Six months ended 30th June 2013</b>		
Asia	1,967,819	6,645
North America	506,343	15,097
Europe	437,872	130
Australia	112,971	3
Unallocated*	-	572,042
	<u>3,025,005</u>	<u>593,917</u>
 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>

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

## Results for First Half 2013

For the first six months of 2013 Orient Overseas (International) Limited and its subsidiaries (the “Group”) recorded a loss attributable to equity holders of US\$15.3 million compared with a profit of US\$116.5 million for the corresponding period of 2012.

The loss attributable to equity holders for the first half of 2013 included investment income of US\$9.1 million from Hui Xian and a net fair value loss of US\$4.6 million on Wall Street Plaza revaluation.

<b>OOIL INTERIM RESULTS ANALYSIS</b>		
<i>(US\$'000)</i>	<b>2013</b>	Restated <b>2012</b>
(Loss)/Profit before tax from operating activities	(12,585)	81,637
Investment income from Hui Xian	9,064	42,596
Revaluation of Wall Street Plaza	(4,560)	5,000
<b>(Loss)/Profit Before Tax for the Period Ended 30th June</b>	<b>(8,081)</b>	<b>129,233</b>
Taxation	(7,056)	(12,003)
Non-controlling Interests	(127)	(699)
<b>(Loss)/Profit Attributable to Equity Holders</b>	<b>(15,264)</b>	<b>116,531</b>

## Review of Operations

The global economy continues to face uncertainty despite early signs of encouraging data during the first half of 2013. The US recovery remains at early stages with unemployment still hovering at 7.6%, and new mortgage application seem to lag behind actual housing starts. Europe, while showing some growth in industrial production and retail sales in recent months, is still dealing with many structural issues, and expected to have another year of contraction for the year 2013. Japan’s industrial production rose for five consecutive months, but the sustainability and success of “Abenomics” remains unclear. Finally, while the Chinese Government’s emphasis on structural reforms is undoubtedly positive for both China and the global economy in the long term, the shift of focus will mean a more modest economic growth in 2013.

In the midst of these uncertainties, the container transportation industry continues to tackle the challenges of weak cargo growth, capacity oversupply and high bunker costs. Market growth across major trades grew only by approximately 2.2% during the first half of 2013. While the markets expect a more robust second half on the demand side, the industry is still expecting a full year newbuilding supply increase of 10% in TEU terms or 270 new ships in 2013. These factors culminated in a disappointing first half for the Group.

The operating environment in the first half of 2013 was characterised by the deterioration of freight rates from the last quarter of 2012, especially on the Asia-Europe trade, and the extremely competitive freight rates recorded in both the Trans-Pacific and the Intra-Asia trades. A series of rate increases during the second quarter in the market on the East West trades generally could not be sustained.

Total liftings for the first half of 2013 were down 1.5% compared to the corresponding period last year. Average freight revenue per TEU for the period was US\$1,088, a decrease of 2.2% over the 2012 first-half average of US\$1,112 per TEU. The slow growth in volume and the competitive freight rate environment resulted in reduced contribution for the Group.

Average revenue per TEU increased 3.4% in the Trans-Pacific trade, but lifting decreased 4.0% so overall revenue decreased 0.8%. Spot market rates in the eastbound trade lane deteriorated throughout the second quarter, while those in the westbound improved. The eastbound rate level is expected to stabilise or improve in the second half of the year when the market enters into the traditional peak shipping season.

Lifting and overall revenue decreased 2.7% and 6.9% respectively in the Asia-Europe trade. Average revenue per TEU decreased 4.4%. Rate deterioration accelerated in the second quarter when more mega vessels were delivered into the Asia-Europe trade against a market marked by reduction in cargo demand.

Lifting increased 1.0% in the Intra-Asia and Australasia trade, but revenue decreased 2.5% as the average revenue per TEU level dropped by 3.4%. This situation was attributed to the cascading effect of a growing number of larger ships serving the trade. The unsustainable freight rate level has driven carriers to void some sailing windows to reduce losses and if this continues, rates in the second half of the year may stabilise.

Lifting and revenue in the Trans-Atlantic trade decreased by 7.2% and 10.3% respectively when compared with the corresponding period in 2012. Average revenue per TEU was 3.3% lower. The lower demand levels in the U.S. and Europe for each other's goods have dragged down both lifting and rates.

Our international logistics business achieved revenue growth of 16% in the first half of 2013 compared to the same period in 2012. In our domestic logistics business, however, we have been repositioning our approach by aiming for a more sustainable business model, and as a result, revenue was slightly reduced. We expect steady growth in the second half of the year, supported by both international and domestic logistics businesses. We will continue to gear up the organisation for business growth and productivity improvement.

The average price of bunker in the first half of 2013 was US\$626 per ton compared with US\$689 per ton for the corresponding period in 2012. The softened bunker price in the first half year resulted in a 4.4% saving in fuel costs.

During the first half of 2013, the Group took delivery of two 8,888 TEU 'SX' Class new buildings from Hudong Zhonghua Shipbuilding in China. They are the third and fourth vessels in the series of 8,888 TEU newbuilds ordered from the Hudong shipyard in Shanghai. The remaining four vessels are expected to be delivered by mid-2015.

In addition, the Group took delivery of five 13,200 TEU 'Mega' Class vessels from Samsung Heavy Industries in South Korea. They are currently the largest containerships being delivered to the Group. A total of 10 units of the 13,200 TEU vessels were ordered from the Samsung shipyard and the remaining five vessels are expected to be delivered by mid-2014.

Two of the 13,200 TEU vessels delivered in January and May, the 'NYK Helios' and 'NYK Hercules', were the first two among a total of four 'Mega' class vessels being time chartered out to our alliance partner and they have both joined the G6 Alliance's Asia-Europe service. The remaining two units chartered to our alliance partner are expected to be delivered in the second half of 2013.

The other activities of the Group consist of support functions, including a centralised function to manage the Group's liquidity and investments. The Group's investments include Wall Street Plaza, an office building in New York, and a minority investment in Hui Xian REIT through both direct holdings and a 7.9% holding of Hui Xian Holdings Ltd., a majority unit holder of Hui Xian REIT. The primary asset of Hui Xian REIT is Beijing Oriental Plaza, a mixed used development in Beijing.

Wall Street Plaza continues to perform in line with expectations. After hurricane Sandy in the last quarter of 2012, rectification costs were incurred in 2012 and first half of 2013. Based on an independent valuation, it has been re-valued upwards by US\$5 million as at 30th June 2013 to reflect an assessed market value of US\$170 million. After offsetting a total of US\$9.6 million improvement to the building spent in the first six months of the year, the net fair value loss for the first half of 2013 was therefore US\$4.6 million.

In the first half of 2013, Hui Xian Holdings Ltd. declared a non-recurring cash dividend to its shareholders, of which the Group's share amounted to US\$7.9 million. In addition, the Group also received a distribution of US\$1.2 million from its direct holding of Hui Xian REIT units. As at 30th June 2013, the Group's investment in Hui Xian was re-valued at US\$145.9 million.

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 in relation to the operations of the container transportation and logistics business.

## Looking Forward

There seems to be early indications that the global economic conditions are set to improve. We need to be mindful, however, that the slowdown of the Chinese economy, the ongoing economic restructuring in Europe, and the uncertainties around the sustainability and strength of the recoveries in the US and Japan continues to pose challenges for the global economy. Against this backdrop, the industry still faces a 21% growth in capacity between today and 2015. We therefore expect margins to remain thin and volatile, and that the situation will not improve substantially until fundamental supply and demand reaches a better balance.

The industry has traditionally endured hardship and losses brought about by a relentless pursuit of market share rather than improvement in cost efficiencies and services. In an environment already characterised by an unbalanced supply and demand, carriers should take stock of the situation, and look for ways to better improve both their cost structures and service quality.

The Group continues to focus on enhancing contribution by a more disciplined approach to differentiation and segmentation, and ensuring better cost efficiency by continuous efforts to drive down costs without compromising service quality. Alliances remain an important element for carriers in terms of cost efficiency optimization and improved service coverage. These alliance platforms have become an integral part of the industry. We will continue to work with our partners to ensure that the alliance product stays competitive.

As part of a retonnage program, the Group ordered ten 13,200 TEU mega newbuildings in 2011 and disposed of six mid 1990s built 5,400 TEU vessels in 2011 and 2012. Out of the ten newbuildings, four are chartered to our alliance partner on a short term basis. All ten vessels, the remaining five to be delivered in the second half of 2013 and 2014, are expected to improve our cost structure given their size and design. In addition, the Group will take delivery of the remaining four 8,888 TEU vessels in 2014 and 2015. These vessels, originally contracted for delivery this year, were delayed as part of a joint initiative with the shipyard to improve main engine efficiency. In total, we expect enhanced competitiveness in the trades where all these vessels are deployed.

The Group remain focused and deliberate in maintaining a strong and liquid balance sheet. This is especially important during challenging times as it allows the Group the ability to retain the widest degree of initiative and flexibility as a competitive edge. Notwithstanding the turbulent times, we continue to plan for the future and invest in tonnage, port facility in North America, IT infrastructure and logistics services. These efforts will help the Group maintain its competitive edge in the industry going forward.

## **Interim Dividend**

The Board of Directors (the “Board”) of the Company has resolved not to declare the payment of an interim dividend for the six months ended 30th June 2013.

## **Purchase, Sale or Redemption of Shares**

During the six-month period ended 30th June 2013, 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 Company has adopted its own corporate governance code (the “CG Code”), applying the principles as set out in the Corporate Governance Code and Corporate Governance Report (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”), and 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 period from 1st January 2013 to 30th June 2013, the Company complied with all the code provisions of the SEHK Code, save for there was no separation of the role of Chairman and Chief Executive Officer of the Company and Mr. Simon Murray, an Independent Non-Executive Director of the Company, did not attend the annual general meeting of the Company held on 26th April 2013 due to his prior business commitment in Europe. 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 the chief executive officer of the principal division of the Group and there is effective separation of the roles between the chief executive of its principal division 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 2013 to 30th June 2013.

### **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 2013 Interim Report will be despatched to shareholders of the Company on or around 4th September 2013 and will also be available on the HKEx’s website and the Company’s website.

### **Employee Information**

As at 30th June 2013, the Group had 9,012 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 different levels 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 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, 7th August 2013

† *For identification only*

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