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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)

### 2013 RESULTS ANNOUNCEMENT

The Directors of Orient Overseas (International) Limited (the “Company”) announce the results of the Company and its subsidiaries (the “Group”) for the year ended 31st December 2013 as follows:

#### Consolidated Profit and Loss Account For the year ended 31st December 2013

US\$'000	Note	2013	Restated 2012
Revenue	4	6,231,583	6,459,059
Operating costs		<u>(5,772,046)</u>	<u>(5,806,718)</u>
<b>Gross profit</b>		<b>459,537</b>	652,341
Fair value (loss)/gain from an investment property		(6,923)	543
Other operating income		63,242	117,566
Other operating expenses		<u>(425,542)</u>	<u>(442,546)</u>
<b>Operating profit</b>	5	<b>90,314</b>	327,904
Finance costs	6	(41,019)	(32,877)
Share of profits of jointly controlled entities		4,001	3,016
Share of profits of associated companies		<u>13,703</u>	<u>12,091</u>
<b>Profit before taxation</b>		<b>66,999</b>	310,134
Taxation	7	<u>(19,866)</u>	<u>(13,817)</u>
Profit for the year		<u><b>47,133</b></u>	<u>296,317</u>
<b>Profit attributable to :</b>			
Equity holders of the Company		47,036	295,387
Non-controlling interests		<u>97</u>	<u>930</u>
		<u><b>47,133</b></u>	<u>296,317</u>
<b>Earnings per ordinary share (US cents)</b>			
<b>Basic and diluted</b>	9	<u><b>7.5</b></u>	<u>47.2</u>
<b>Dividends</b>	8	<u><b>11,765</b></u>	<u>74,130</u>

**Consolidated Statement of Comprehensive Income**  
**For the year ended 31st December 2013**

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US\$'000	2013	Restated 2012
<b>Profit for the year</b>	<u>47,133</u>	<u>296,317</u>
<b>Other comprehensive income:</b>		
Item that will not be subsequently reclassified to profit or loss:		
Remeasurement losses on defined benefit schemes	<u>(13,166)</u>	<u>(8,469)</u>
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
- Change in fair value	(5,841)	(9,628)
- Assets revaluation reserve realised	(112)	(936)
Currency translation adjustments		
- Foreign subsidiaries	2,292	728
- Non-controlling interests	185	(5)
- Associated companies	3,530	192
- Jointly controlled entities	<u>240</u>	<u>7</u>
Total items that may be reclassified subsequently to profit or loss	<u>294</u>	<u>(9,642)</u>
Other comprehensive loss for the year, net of tax	<u>(12,872)</u>	<u>(18,111)</u>
<b>Total comprehensive income for the year</b>	<u><u>34,261</u></u>	<u><u>278,206</u></u>
<b>Total comprehensive income attributable to :</b>		
Equity holders of the Company	33,979	277,281
Non-controlling interests	<u>282</u>	<u>925</u>
	<u><u>34,261</u></u>	<u><u>278,206</u></u>

**Consolidated Balance Sheet**

US\$'000	Note	31st December 2013	Restated 31st December 2012	Restated 1st January 2012
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		5,320,251	4,664,773	4,205,194
Investment property		170,000	165,000	160,000
Prepayments of lease premiums		9,543	9,793	10,249
Jointly controlled entities		8,674	7,610	6,741
Associated companies		134,697	111,917	75,670
Intangible assets		42,663	38,916	40,014
Deferred taxation assets		4,072	1,711	1,803
Pension and retirement assets		-	10,386	16,831
Derivative financial instruments		4,407	7,022	7,983
Restricted bank balances		24,731	18,030	11,728
Available-for-sale financial assets		149,667	154,463	130,566
Held-to-maturity investments		254,572	253,956	182,092
Other non-current assets		22,928	22,158	23,279
		<u>6,146,205</u>	<u>5,465,735</u>	<u>4,872,150</u>
<b>Current assets</b>				
Inventories		150,058	153,785	150,127
Debtors and prepayments	10	554,852	543,982	470,594
Amount due from an associated company		7,330	-	-
Portfolio investments		217,986	205,427	119,180
Restricted bank balances		1,441	460	543
Cash and bank balances		1,912,346	1,861,650	2,098,884
		<u>2,844,013</u>	<u>2,765,304</u>	<u>2,839,328</u>
<b>Total assets</b>		<u>8,990,218</u>	<u>8,231,039</u>	<u>7,711,478</u>
<b>EQUITY</b>				
<b>Equity holders</b>				
Share capital		62,579	62,579	62,579
Reserves		4,408,228	4,419,236	4,170,889
		<u>4,470,807</u>	<u>4,481,815</u>	<u>4,233,468</u>
<b>Non-controlling interests</b>		<u>5,817</u>	<u>5,778</u>	<u>6,686</u>
<b>Total equity</b>		<u>4,476,624</u>	<u>4,487,593</u>	<u>4,240,154</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings		3,265,555	2,325,777	2,233,095
Deferred taxation liabilities		55,557	57,558	61,590
Pension and retirement liabilities		2,409	301	2,427
Derivative financial instruments		4,728	7,418	10,358
		<u>3,328,249</u>	<u>2,391,054</u>	<u>2,307,470</u>
<b>Current liabilities</b>				
Creditors and accruals	11	904,624	784,500	709,449
Amounts due to jointly controlled entities		6,991	5,948	4,053
Borrowings		268,310	555,753	439,111
Current taxation		5,420	6,191	11,241
		<u>1,185,345</u>	<u>1,352,392</u>	<u>1,163,854</u>
<b>Total liabilities</b>		<u>4,513,594</u>	<u>3,743,446</u>	<u>3,471,324</u>
<b>Total equity and liabilities</b>		<u>8,990,218</u>	<u>8,231,039</u>	<u>7,711,478</u>
<b>Net current assets</b>		<u>1,658,668</u>	<u>1,412,912</u>	<u>1,675,474</u>
<b>Total assets less current liabilities</b>		<u>7,804,873</u>	<u>6,878,647</u>	<u>6,547,624</u>

**Consolidated Cash Flow Statement**  
**For the year ended 31st December 2013**

US\$'000	2013	2012
<b>Cash flows from operating activities</b>		
Cash generated from operations	477,215	460,722
Interest paid	(26,728)	(20,029)
Interest element of finance lease rental payments	(11,860)	(15,039)
Hong Kong profits tax paid	(1,357)	(2,684)
Overseas taxes paid	(24,092)	(15,430)
Net cash from operating activities	<u>413,178</u>	<u>407,540</u>
<b>Cash flows from investing activities</b>		
Sale of property, plant and equipment	26,722	74,354
Sale of available-for-sale financial assets	116	793
Redemption on maturity of held-to-maturity investments	-	3,000
Purchase of property, plant and equipment	(562,183)	(727,662)
Addition of investment property	(11,923)	(4,457)
Purchase of available-for-sale financial assets	-	(51)
Purchase of held-to-maturity investments	-	(73,597)
Acquisition of additional interest in a subsidiary	-	(550)
Increase of investment in an associated company	(20,201)	(29,820)
Increase in portfolio investments	(22,387)	(68,937)
Increase in amounts due to jointly controlled entities	1,043	1,895
Decrease/(increase) in bank deposits maturing more than three months from the date of placement	72,330	(74,966)
Increase in restricted bank balances	(7,682)	(6,219)
Increase in intangible assets	(12,174)	(9,761)
(Increase)/decrease in other non-current assets	(770)	1,121
Interest received	36,668	39,298
Dividends received from portfolio investments	700	623
Dividends received from available-for-sale financial assets	7,906	7,937
Distribution from available-for-sale financial assets	2,323	1,101
Dividends received from jointly controlled entities	3,177	2,154
Dividends received from associated companies	7,324	5,856
Capital contribution from non-controlling interests	48	-
Net cash used in investing activities	<u>(478,963)</u>	<u>(857,888)</u>
<b>Cash flows from financing activities</b>		
Drawdown of loans	894,779	627,125
Repayment of loans	(339,189)	(204,422)
Capital element of finance lease rental payments	(319,430)	(254,533)
Dividend paid to equity holders of the Company	(44,987)	(29,198)
Dividends paid to non-controlling interests	(291)	(1,019)
Net cash from financing activities	<u>190,882</u>	<u>137,953</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>125,097</b>	<b>(312,395)</b>
Cash and cash equivalents at beginning of year	1,597,018	1,909,154
Currency translation adjustments	(2,213)	259
Cash and cash equivalents at end of year	<u><u>1,719,902</u></u>	<u><u>1,597,018</u></u>

**Consolidated Statement of Changes in Equity  
For the year ended 31st December 2013**

US\$'000	Equity holders			Non-controlling interests	Total
	Share capital	Reserves	Sub-total		
At 31st December 2011					
As previously reported	62,579	4,188,283	4,250,862	6,686	4,257,548
Prior year adjustment (note 3)	-	(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 year	-	277,281	277,281	925	278,206
Transactions with owners					
2012 interim dividend	-	(29,198)	(29,198)	-	(29,198)
Dividends paid to non-controlling interests	-	-	-	(1,019)	(1,019)
Acquisition of additional interest in a subsidiary	-	264	264	(814)	(550)
At 31st December 2012	<u>62,579</u>	<u>4,419,236</u>	<u>4,481,815</u>	<u>5,778</u>	<u>4,487,593</u>
At 31st December 2012					
As previously reported	62,579	4,446,911	4,509,490	5,778	4,515,268
Prior year adjustment (note 3)	-	(27,675)	(27,675)	-	(27,675)
As restated	62,579	4,419,236	4,481,815	5,778	4,487,593
Total comprehensive income for the year	-	33,979	33,979	282	34,261
Transactions with owners					
2012 final dividend	-	(44,987)	(44,987)	-	(44,987)
Dividends paid to non-controlling interests	-	-	-	(291)	(291)
Capital contribution from non-controlling interests	-	-	-	48	48
At 31st December 2013	<u>62,579</u>	<u>4,408,228</u>	<u>4,470,807</u>	<u>5,817</u>	<u>4,476,624</u>

## NOTES

### 1. Scope of work of PricewaterhouseCoopers

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2013 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated accounts for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

### 2. 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.

### 3. Accounting policies and basis of preparation

The consolidated accounts have 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.

### 3. Accounting policies and basis of preparation (Continued)

#### The adoption of revised HKFRS

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

#### New standards and amendments

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
HKFRSs	Annual Improvements 2009-2011 Reporting Cycle

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 2013 that would have a material impact on the 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.

### 3. Accounting policies and 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 1st January 2012 and 31st December 2012, and the result for the financial year ended 31st December 2012 as follows:

	As previously reported US'000	Effect of adopting HKAS 19 Amendment US'000	As restated US'000
<b>Consolidated profit and loss account for the year ended 31st December 2012:</b>			
Defined benefit retirement schemes income/(expense)	83	(717)	(634)
Taxation	(13,562)	(255)	(13,817)
Profit for the year	297,289	(972)	(296,317)
<b>Consolidated statement of comprehensive income for the year ended 31st December 2012:</b>			
Total comprehensive income for the year	288,487	(10,281)	278,206
<b>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
<b>Consolidated balance sheet as at 1st January 2012:</b>			
Pension and retirement assets	38,452	(21,621)	16,831
Total assets	7,733,099	(21,621)	7,711,478
Deferred taxation liabilities	65,817	(4,227)	61,590
Total liabilities	3,475,551	(4,227)	3,471,324
Reserves	4,188,283	(17,394)	4,170,889
Total equity	4,257,548	(17,394)	4,240,154

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

### 3. Accounting policies and basis of preparation (Continued)

HKFRS 13 “Fair Value Measurements” measurement and disclosure requirements are applicable for the Group for the year ended 31st December 2013. Additional disclosures have been made in the Group’s consolidated accounts.

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

<b>New standards and amendments</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
HKFRSs	Annual Improvements 2010-2012 Reporting Cycle	1st July 2014
HKFRSs	Annual Improvements 2011-2013 Reporting Cycle	1st July 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, 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.

#### 4. Revenue and segment information

##### (a) Revenue

US\$'000	2013	2012
Container transport and logistics	6,205,342	6,432,955
Others	<u>26,241</u>	<u>26,104</u>
	<u>6,231,583</u>	<u>6,459,059</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.

#### 4. Revenue and segment information (Continued)

##### (b) Segment information

###### Operating segments

The segment results for the year ended 31st December 2013 are as follows:

US\$'000	Container transport and logistics	Others	Elimination	Group
<b>Revenue</b>	6,205,342	27,115	(874)	6,231,583
Operating profit	57,381	32,933	-	90,314
Finance costs (note 6)	(41,019)	-	-	(41,019)
Share of profits of jointly controlled entities	4,001	-	-	4,001
Share of profits of associated companies	13,703	-	-	13,703
<b>Profit before taxation</b>	34,066	32,933	-	66,999
Taxation	(16,476)	(3,390)	-	(19,866)
<b>Profit for the year</b>	17,590	29,543	-	47,133
Capital expenditure	987,525	11,926	-	999,451
Depreciation	302,883	1	-	302,884
Amortisation	8,917	-	-	8,917

#### 4. Revenue and segment information (Continued)

##### (b) Segment information (Continued)

##### Operating segments (Continued)

The segment results for the year ended 31st December 2012 are as follows:

US\$'000	Container transport and logistics	Others	Elimination	Restated Group
<b>Revenue</b>	6,432,955	26,887	(783)	6,459,059
Operating profit	228,829	99,075	-	327,904
Finance costs (note 6)	(32,877)	-	-	(32,877)
Share of profits of jointly controlled entities	3,016	-	-	3,016
Share of profits of associated companies	12,091	-	-	12,091
<b>Profit before taxation</b>	211,059	99,075	-	310,134
Taxation	(14,849)	1,032	-	(13,817)
<b>Profit for the year</b>	196,210	100,107	-	296,317
Capital expenditure	780,105	4,457	-	784,562
Depreciation	235,346	-	-	235,346
Amortisation	11,338	-	-	11,338

#### 4. Revenue and segment information (Continued)

##### (b) Segment information (Continued)

##### Operating segments (Continued)

The segment assets and liabilities at 31st December 2013 are as follows:

US\$'000	Container transport and logistics	Others	Group
Segment assets	6,616,682	2,222,835	8,839,517
Jointly controlled entities	8,674	-	8,674
Associated companies	<u>142,027</u>	<u>-</u>	<u>142,027</u>
Total assets	<u>6,767,383</u>	<u>2,222,835</u>	<u>8,990,218</u>
Segment liabilities	<u>(4,456,967)</u>	<u>(56,627)</u>	<u>(4,513,594)</u>

The segment assets and liabilities at 31st December 2012 are as follows (Restated):

US\$'000	Container transport and logistics	Others	Group
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>

The segment of “Others” primarily includes assets and liabilities of property and corporate level activities. Assets under the segment of “Others” 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 the corporate level. Liabilities under the segment of “Others” primarily include creditors and accruals, deferred taxation liabilities and derivative financial instruments related to corporate level activities.

#### 4. Revenue and segment information (Continued)

##### (b) 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
Year ended 31st December 2013		
Asia	4,105,788	11,353
North America	994,121	104,438
Europe	908,192	609
Australia	223,482	1,012
Unallocated *	-	882,039
	<u>6,231,583</u>	<u>999,451</u>
Year ended 31st December 2012		
Asia	4,295,526	67,260
North America	1,069,317	15,086
Europe	887,979	196
Australia	206,237	20
Unallocated *	-	702,000
	<u>6,459,059</u>	<u>784,562</u>

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

## 5. Operating profit

US\$'000	2013	2012
Operating profit is arrived at after crediting :		
Operating lease rental income		
Land and buildings	<u>26,241</u>	<u>26,104</u>
and after charging:		
Depreciation		
Owned assets	226,458	163,118
Leased assets	76,426	72,228
Operating lease rental expense		
Vessels and equipment	355,154	388,132
Terminals and berths	34,343	31,816
Land and buildings	26,069	27,308
Rental outgoings in respect of an investment property	13,254	12,328
Amortisation of intangible assets	8,427	10,859
Amortisation of prepayments of lease premiums	490	479
Auditors' remuneration		
Audit	3,094	2,654
Non-audit	<u>1,573</u>	<u>1,776</u>

## 6. Finance costs

US\$'000	2013	2012
Interest expense		
Bank loans and bank overdrafts		
Wholly repayable within five years	12,266	8,247
Not wholly repayable within five years	16,895	14,471
Finance lease obligations		
Wholly repayable within five years	1,551	7,792
Not wholly repayable within five years	13,730	5,239
	<u>44,442</u>	<u>35,749</u>
Amount capitalised under assets	<u>(3,423)</u>	<u>(2,872)</u>
Net interest expense	<u>41,019</u>	<u>32,877</u>

## 7. Taxation

US\$'000	2013	Restated 2012
Current taxation		
Hong Kong profits tax	457	1,310
Overseas taxation	21,360	14,295
	<u>21,817</u>	<u>15,605</u>
Deferred taxation		
Overseas taxation	(1,951)	(1,788)
	<u>19,866</u>	<u>13,817</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 year. These rates range from 10% to 47% (2012: 12% to 47%) and the rate applicable for Hong Kong profits tax is 16.5% (2012: 16.5%).

## 8. Dividends

US\$'000	2013	2012
Interim paid: nil		
(2012: US4.66 cents) per ordinary share	-	29,198
Proposed final of US1.88 cents		
(2012: US7.18 cents) per ordinary share	<u>11,765</u>	<u>44,932</u>
	<u>11,765</u>	<u>74,130</u>

The Board of Directors proposes a final dividend in respect of 2013 of US1.88 cents (2012: US7.18 cents) per ordinary share. The proposed dividend will be accounted for as an appropriation of retained profit in the year ending 31st December 2014.

## 9. 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 year.

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

<b>US\$'000</b>	<b>2013</b>	<b>Restated 2012</b>
Number of ordinary shares in issue (thousands)	<u><b>625,793</b></u>	<u>625,793</u>
Group's profit attributable to:		
Equity holders of the Company	<b>47,036</b>	295,387
Non-controlling interests	<u><b>97</b></u>	<u>930</u>
	<u><b>47,133</b></u>	<u>296,317</u>
Earnings per share attributable to equity holders of the Company (US cents)	<u><b>7.5</b></u>	<u>47.2</u>

## 10. Debtors and prepayments

US\$'000	2013	2012
<b>Group</b>		
Trade receivables		
- Fully performing	231,041	225,042
- Past due but not impaired	124,604	112,786
- Impaired and provided for	<u>7,850</u>	<u>7,365</u>
	363,495	345,193
Less: provision for impairment	<u>(7,850)</u>	<u>(7,365)</u>
Trade receivables - net	355,645	337,828
Other debtors	75,718	87,819
Other prepayments	97,317	95,519
Utility and other deposits	8,602	8,107
Tax recoverable	<u>17,570</u>	<u>14,709</u>
	<u>554,852</u>	<u>543,982</u>

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. Debtors with overdue trade receivables are requested to settle all outstanding balances before any further credit is granted.

The majority of past due but not impaired trade receivables are less than three months old. 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	2013	2012
Below one month	327,629	308,787
Two to three months	21,812	23,700
Four to six months	<u>6,204</u>	<u>5,341</u>
	<u>355,645</u>	<u>337,828</u>

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of internationally dispersed customers. Other debtors are fully performing.

## 11. Creditors and accruals

<b>US\$'000</b>	<b>2013</b>	<b>2012</b>
<b>Group</b>		
Trade payables	<b>303,829</b>	279,040
Other creditors	<b>76,741</b>	72,728
Accrued expenses	<b>455,583</b>	374,892
Deferred revenue	<b>68,471</b>	57,840
	<b><u>904,624</u></b>	<b><u>784,500</u></b>

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

<b>US\$'000</b>	<b>2013</b>	<b>2012</b>
Below one month	<b>171,269</b>	169,860
Two to three months	<b>122,463</b>	102,961
Four to six months	<b>6,102</b>	5,378
Over six months	<b>3,995</b>	841
	<b><u>303,829</u></b>	<b><u>279,040</u></b>

## Results for 2013

Orient Overseas (International) Limited and its subsidiaries (the “Group”) recorded a profit attributable to equity holders of US\$47.0 million for 2013, compared to a profit of US\$295.4 million in 2012.

<b>OOIL ANNUAL RESULTS ANALYSIS</b>		
<i>(US\$'000)</i>	<b>2013</b>	<b>Restated 2012</b>
Profit before tax from operation	73,922	309,591
Fair value (loss)/gain on Wall Street Plaza	(6,923)	543
<b>Profit Before Tax for the Year Ended 31st December</b>	<b>66,999</b>	<b>310,134</b>
Taxation	(19,866)	(13,817)
Non-controlling interests	(97)	(930)
<b>Profit Attributable to Equity Holders</b>	<b>47,036</b>	<b>295,387</b>

## Review of Operations

Seaborne trade growth for the liner industry was subdued in 2013. Freight levels were disappointing, especially during the first half of the year. During the second half of the year, both physical cargo movement and sentiment improved, resulting in a slightly better freight market. Although container shipping demand growth in 2013 was lower than earlier forecasts, capacity supply growth was also lower than forecasts which helped contribute to a much needed recovery in rates, albeit mild, during the second half of the year.

Industry newbuilding deliveries in 2013 reached a total of approximately 1.4 million TEU. After scrapping of older tonnage totalling around 440,000 TEU in 2013, overall global capacity supply grew 5.7% in the market, against a global cargo demand growth of 4.2%.

The deployment of the largest newbuildings to the Asia-Europe trade triggered cascading into the Trans-Pacific trade, which in turn further displaced a considerable number of mid-sized ships to other trade lanes. This cascading effect brought considerable excess capacity to the Intra-Asia and Australasia trades as well as the Trans-Pacific trade, and added volatility to the market.

Supported by the rebound in the Trans-Pacific and Asia-Europe Trade volumes in the latter part of the year, and together with a deeper market penetration into the Intra-Asia and Australasia Trades, OOCL total liftings in the fourth quarter increased by 10% when compared to the same quarter of the previous year, overcoming the lifting decline during the early parts of 2013. Overall, 2013 annual volume increased 1.5% year-on-year. Rate level, however, was highly volatile and impacted by the surplus capacity.

The pressure on freight rates was partially offset by a decrease in bunker fuel prices as compared to 2012. As crude oil prices have continued to trend down through the year, the industry remains hopeful that bunker prices will adjust accordingly.

During the year of 2013, the Group took delivery of two 'SX' Class 8,888 TEU new vessels from HuDong Zhonghua Shipbuilding in China, and eight 'Mega' Class 13,208 TEU new vessels from Samsung Heavy Industries Co., Ltd. in South Korea. The 'Mega' Class 13,208 TEU vessels are currently the largest containerships operated by the Group. There are two remaining 'Mega' Class 13,208 TEU new buildings to be delivered in the year 2014, and four SX Class 8,888 TEU new buildings to be delivered in year 2014 and 2015. No new building orders were placed in 2013.

The Group is working with the Port of Long Beach to combine and upgrade two shipping terminals. The Middle Harbor Redevelopment Project, with its final phase scheduled for completion in 2019, will be the most competitive, efficient and environmentally friendly container facility in North America. It is expected that the project will provide tangible benefits to OOCL's competitiveness going forward.

After a period of consolidation and re-positioning, the Group continues to strengthen and grow its logistics business, particularly in the areas of international supply chain and import/export services, and domestic transportation and warehousing services. The footprint of this business has grown to 130 offices in 30 countries. It is expected that the logistics business will become a meaningful contributor to the Group over the long term.

Wall Street Plaza has been valued upwards by US\$5 million as at 30th June 2013 to reflect an assessed market value of US\$170 million. Based on an independent valuation as at 31st December 2013, the assessed market value of the property remains at US\$170 million. After offsetting a total of US\$11.9 million improvement works on the building in 2013, primarily arising from Hurricane Sandy in October 2012, the net fair value loss for 2013 has come to US\$6.9 million.

## **Looking Forward**

Given the anticipated low growth in container demand, and the resulting supply and demand dynamics, it is imperative that the industry focuses on yield management, cost efficiency and service quality. The Group will continue to focus on contribution enhancement by way of a disciplined approach to differentiation and segmentation, and cost efficiency by continuous efforts to drive down costs without compromising service quality. Alliance remains one of the key elements for carriers in terms of cost efficiency optimisation and improved service coverage, and is an integral part of the industry. The Group will continue to work with partners to ensure that the partnership and alliance products are efficient and competitive.

In 2014, it is anticipated that further tonnage growth will lead to continued over capacity. It is forecasted, however, that the demand growth in 2014 will outpace that of 2013. With the US recovery now a consensus, Eurozone recovery on more solid ground, and the current Chinese and Japanese economic growth trajectory, a healthier trade outlook should be expected despite recent uncertainty on emerging markets. This is especially true on the major East West trades. Indeed, such development should mean improved outlook for the Transpacific, Asia Europe and Intra Asia trades and more positive results for the industry as a whole.

In 2014, the Group shall see the full year effect of the Mega class newbuildings delivered in 2013, all of which were developed with the most advanced design and equipped with the latest technology. A positive contribution of unit cost reduction and, given more favourable market conditions, an improvement in margin are therefore expected in the coming year.

The industry has endured a volatile period since the global financial crisis in 2008. As the global economy reaches its next stage of development almost six years after the crisis, the Group today is even more focused and financially prepared to deliver superior products and services to its customers around the world. The Group look forward to furthering its position as one of the leading carriers in the industry.

## **Final Dividend**

The Board of Directors has recommended the payment of a final dividend of US1.88 cents (HK\$0.147 at the exchange rate of US\$1 : HK\$7.8) per ordinary share for the year ended 31st December 2013 to be paid on 6th June 2014 to the shareholders of the Company whose names appear on the register of members of the Company on 8th May 2014. 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 28th May 2014.

## **Liquidity and Financial Resources**

As at 31st December 2013, the Group had liquid assets amounting to US\$2,411.1 million and a total indebtedness of US\$3,533.9 million. The Group had a net debt to equity ratio of 0.25 : 1 as at end of 2013, compared with 0.12 : 1 at the end of 2012.

The indebtedness of the Group mainly comprises bank loans and finance leases which are largely denominated in US dollars. The Group's borrowings are monitored to ensure a smooth repayment schedule to maturity.

## **Employee Information**

As at 31st December 2013, the Group has 9,210 full time employees whose salary and benefit levels are maintained at competitive levels. Employees are rewarded on a performance related basis within the general policy and framework of the Group's salary scheme, and discretionary bonus schemes based on the performance of the Company, which are regularly reviewed. Other benefits are also provided including medical insurance and pension funds, and social and recreational activities are arranged around the world.

## **Closure of Register of Members**

The register of members of the Company will be closed during the following periods:

- (a) from 17th April 2014 to 25th April 2014, both days inclusive, to ascertain the shareholders entitled to attend and vote at the Annual General Meeting of the Company. To be eligible to attend and vote at the Annual General Meeting, 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 16th April 2014; and
- (b) from 5th May 2014 to 8th May 2014, both days inclusive, to ascertain the shareholders entitled to the proposed final dividend. To qualify for the proposed final 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 2nd May 2014.

No transfers of shares will be registered during the periods mentioned in sub-paragraphs (a) and (b) above.

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

During the year ended 31st December 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 Bermudan law in relation to the issue of new shares by the Company.

## **Corporate Governance**

### *Compliance with the Corporate Governance Code*

The Board of Directors 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”), which in addition to 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”), 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 year of 2013, the Company complied with the SEHK Code, save for the following:-

- there was no separation of the roles of Chairman and Chief Executive Officer of the Company during the year 2013. Mr. TUNG Chee Chen currently assumes the roles of both Chairman and Chief Executive Officer of the Company. The executive members of the Board currently consist of chief executive officer of the principal division of the Group and there is an 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 the Chief Executive Officer and Chairman would represent duplication and is not necessary for the time being.

Further information on the CG Code will be set out in the Corporate Governance Report to be contained in the Company’s 2013 Annual Report.

### *Audit Committee*

The Audit Committee has reviewed the annual results of the Group for the year ended 31st December 2013, in conjunction with the external and internal auditors.

### *Securities Transactions by Directors*

The Company has adopted its own code of conduct regarding securities transactions by Directors (the “Code”) 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 Code and the Model Code for the year ended 31st December 2013.

## **Annual General Meeting**

The Annual General Meeting of the Company will be held on 25th April 2014. Notice of the meeting will be sent to shareholders on or around 20th March 2014.

## **Publication of Results Announcement and Annual Report**

This annual 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 Annual Report will be despatched to shareholders of the Company on or around 2nd April 2014 and will also be available on the HKEx’s website and the Company’s website.

## **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 Mr. 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 March 2014

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