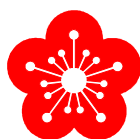


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## ORIENT OVERSEAS (INTERNATIONAL) LIMITED

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 2015

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 2015, 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 2015

US\$'000	Note	2015	2014
Revenue	5	3,044,178	3,237,248
Operating costs		(2,613,174)	(2,920,317)
<b>Gross profit</b>		<b>431,004</b>	316,931
Fair value gain from an investment property		9,830	9,653
Other operating income		51,918	89,824
Other operating expenses		(221,768)	(205,517)
<b>Operating profit</b>	6	<b>270,984</b>	210,891
Finance costs	8	(30,097)	(26,788)
Share of profits of joint ventures		2,677	2,467
Share of profits of associated companies		9,225	7,680
<b>Profit before taxation</b>		<b>252,789</b>	194,250
Taxation	9	(14,146)	(13,056)
<b>Profit for the period</b>		<b>238,643</b>	181,194
<b>Profit/(loss) attributable to :</b>			
Equity holders of the Company		238,632	181,296
Non-controlling interests		11	(102)
		<b>238,643</b>	181,194
<b>Earnings per ordinary share (US cents)</b>			
<b>Basic and diluted</b>	11	<b>38.1</b>	29.0

**Condensed Consolidated Statement of Comprehensive Income (unaudited)**  
**For the six months ended 30th June 2015**

US\$'000	2015	2014
<b>Profit for the period</b>	<u>238,643</u>	<u>181,194</u>
<b>Other comprehensive income:</b>		
Item that will not be subsequently reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit schemes	<u>5,896</u>	<u>(131)</u>
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
- Change in fair value	(18,300)	(50,111)
Currency translation adjustments		
- Foreign subsidiaries	(1,153)	(1,404)
- Non-controlling interests	-	(52)
- Associated companies	153	(1,296)
- Joint ventures	<u>5</u>	<u>(72)</u>
Total items that may be reclassified subsequently to profit or loss	<u>(19,295)</u>	<u>(52,935)</u>
Other comprehensive loss for the period, net of tax	<u>(13,399)</u>	<u>(53,066)</u>
<b>Total comprehensive income for the period</b>	<u><u>225,244</u></u>	<u><u>128,128</u></u>
<b>Total comprehensive income/(loss) attributable to:</b>		
Equity holders of the Company	225,233	128,282
Non-controlling interests	<u>11</u>	<u>(154)</u>
	<u><u>225,244</u></u>	<u><u>128,128</u></u>

**CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)**

**As at 30th June 2015**

US\$'000	Note	30th June 2015	31st December 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	5,891,791	5,608,929
Investment property	12	190,000	180,000
Prepayments of lease premiums	12	8,998	9,109
Joint ventures		10,214	9,011
Associated companies		149,633	152,499
Intangible assets	12	52,598	48,578
Deferred taxation assets		3,999	3,887
Pension and retirement assets		8,391	-
Derivative financial instruments	14	2,329	2,888
Restricted bank balances		73,508	54,168
Available-for-sale financial assets		138,253	139,636
Held-to-maturity investments		222,344	221,035
Other non-current assets		8,544	19,710
		<u>6,760,602</u>	<u>6,449,450</u>
<b>Current assets</b>			
Inventories		111,091	128,652
Debtors and prepayments	13	537,682	574,517
Amounts due from associated companies		6,937	-
Amount due from a joint venture		696	237
Held-to-maturity investments		15,001	24,792
Portfolio investments		294,557	223,423
Tax recoverable		10,775	13,010
Restricted bank balances		456	413
Cash and bank balances		2,183,584	2,165,914
		<u>3,160,779</u>	<u>3,130,958</u>
Asset held for sale		51,719	53,047
		<u>3,212,498</u>	<u>3,184,005</u>
<b>Total assets</b>		<u>9,973,100</u>	<u>9,633,455</u>
<b>EQUITY</b>			
<b>Equity holders</b>			
Share capital	15	62,579	62,579
Reserves	16	4,776,006	4,572,173
		<u>4,838,585</u>	<u>4,634,752</u>
<b>Non-controlling interests</b>		<u>11</u>	<u>-</u>
<b>Total equity</b>		<u>4,838,596</u>	<u>4,634,752</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	18	3,840,588	3,595,625
Deferred taxation liabilities		57,894	53,655
Pension and retirement liabilities		286	1,665
Derivative financial instrument	14	2,322	2,949
		<u>3,901,090</u>	<u>3,653,894</u>
<b>Current liabilities</b>			
Creditors and accruals	17	837,397	942,704
Amounts due to joint ventures		9,308	7,145
Borrowings	18	381,185	388,877
Derivative financial instrument	14	-	406
Current taxation		5,524	5,677
		<u>1,233,414</u>	<u>1,344,809</u>
<b>Total liabilities</b>		<u>5,134,504</u>	<u>4,998,703</u>
<b>Total equity and liabilities</b>		<u>9,973,100</u>	<u>9,633,455</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (unaudited)**  
**For the six months ended 30th June 2015**

US\$'000	2015	2014
<b>Cash flows from operating activities</b>		
Cash generated from operations	316,771	283,834
Interest paid	(20,205)	(17,491)
Interest element of finance lease rental payments	(9,188)	(6,993)
Overseas taxes paid	(8,864)	(6,782)
Net cash from operating activities	<u>278,514</u>	<u>252,568</u>
<b>Cash flows from investing activities</b>		
Sale of property, plant and equipment	55,875	118,289
Sale of available-for-sale financial assets	-	37
Redemption on maturity of held-to-maturity investments	9,806	2,581
Purchase of property, plant and equipment	(246,936)	(11,161)
Addition of investment property	(170)	(347)
Purchase of held-to-maturity investments	(1,006)	(2,736)
(Increase)/decrease in portfolio investments	(69,632)	9,217
Increase in amount due from a joint venture	(459)	-
Increase in amounts due to joint ventures	2,163	3,118
Increase in restricted bank balances	(19,383)	(9,187)
Increase in bank deposits maturing more than three months from the date of placement	(334,106)	(114,963)
Increase of investment in an associated company	-	(10,296)
Increase in intangible assets	(6,098)	(6,943)
Decrease in other non-current assets	11,166	2,627
Interest received	17,892	17,878
Dividends received from portfolio investments	235	125
Distribution from available-for-sale financial assets	2,502	1,212
Dividends received from available-for-sale financial assets	7,902	7,903
Dividends received from associated companies	5,307	7,330
Dividend received from a joint venture	1,479	1,180
Net cash (used in)/from investing activities	<u>(563,463)</u>	<u>15,864</u>
<b>Cash flows from financing activities</b>		
Drawdown of loans	325,800	197,963
Repayment of loans	(208,464)	(350,529)
Capital element of finance lease rental payments	(125,982)	(173,755)
Dividends paid to equity holders of the Company	(21,400)	(11,795)
Net cash used in financing activities	<u>(30,046)</u>	<u>(338,116)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(314,995)</b>	<b>(69,684)</b>
Cash and cash equivalents at beginning of period	1,942,822	1,719,902
Currency translation adjustments	(1,440)	(2,444)
Cash and cash equivalents at end of period	<u>1,626,387</u>	<u>1,647,774</u>
<b>Analysis of cash and cash equivalents</b>		
Bank balances and deposits maturing within three months from the date of placement	1,626,387	1,647,893
Bank overdrafts	-	(119)
	<u>1,626,387</u>	<u>1,647,774</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**(unaudited)**  
**For the six months ended 30th June 2015**

US\$'000	Equity holders			Non-controlling interests	Total
	Share capital	Reserves	Sub-total		
<b>Balance at 31st December 2014</b>	62,579	4,572,173	4,634,752	-	4,634,752
Total comprehensive income for the period	-	225,233	225,233	11	225,244
Transactions with owners					
2014 final dividend	-	(21,400)	(21,400)	-	(21,400)
<b>Balance at 30th June 2015</b>	<b><u>62,579</u></b>	<b><u>4,776,006</u></b>	<b><u>4,838,585</u></b>	<b><u>11</u></b>	<b><u>4,838,596</u></b>
<b>Balance at 31st December 2013</b>	62,579	4,408,228	4,470,807	5,817	4,476,624
Total comprehensive income/(loss) for the period	-	128,282	128,282	(154)	128,128
Transaction with owners					
2013 final dividend	-	(11,795)	(11,795)	-	(11,795)
<b>Balance at 30th June 2014</b>	<b><u>62,579</u></b>	<b><u>4,524,715</u></b>	<b><u>4,587,294</u></b>	<b><u>5,663</u></b>	<b><u>4,592,957</u></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 Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal 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 2015.

### **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 2014 except as disclosed below.

#### **Change of estimated useful lives of the containers**

During the period, management has reviewed the estimated useful lives of the dry and special containers. With due consideration of the standard of performance and the Group’s maintenance programme over these containers, the Directors consider that it is more fair and appropriate to extend the estimated useful lives of dry and special containers from 10 years to 12 years. The revision of the estimated useful lives of the containers has the effect of reducing the depreciation charge for the six months ended 30th June 2015 by US\$11.4 million.

## 2. Basis of Preparation (Continued)

### The adoption of revised HKFRS

In 2015, the Group adopted the following amendment and improvements to existing HKFRS below, which are relevant to its operations.

#### Amendment and improvements to existing standards

HKAS 19 (2011) Amendment	Defined Benefit Plans : Employee Contributions
HKFRSs	Annual Improvements 2010 – 2012 Reporting Cycle
HKFRSs	Annual Improvements 2011 – 2013 Reporting Cycle

There are no other new standards, amendments, interpretations and improvements that are effective for the first time for this interim period that would have a material impact on the Group.

#### **New standards, amendments and improvements to existing standards that are relevant but not yet effective to the Group**

<b>New standards, amendments and improvements to existing standards</b>		<b>Effective for accounting periods beginning on or after</b>
HKFRSs	Annual Improvements 2012 – 2014 Reporting Cycle	1st January 2016
HKAS 16 and HKAS 38 Amendments	Classification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
HKAS 1 Amendments	Disclosure Initiative	1st January 2016
HKFRS 15	Revenue from Contracts with Customers	1st January 2017
HKFRS 9	Financial Instruments	1st January 2018

The Group has not early adopted the above standards, amendments and improvements 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 2014.

#### 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 liability that are measured at fair value at 30th June 2015.

US\$'000	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Portfolio investments				
– Equity securities	50,869	-	-	50,869
– Debt securities	231,349	-	-	231,349
– Funds and other investments	-	12,339	-	12,339
Derivative financial instruments	-	2,329	-	2,329
Available-for-sale financial assets				
– Listed equity securities	84,325	-	-	84,325
– Other investments	-	-	53,928	53,928
Total assets	<u>366,543</u>	<u>14,668</u>	<u>53,928</u>	<u>435,139</u>
<b>Liability</b>				
Derivative financial instrument	-	2,322	-	2,322
Total liability	<u>-</u>	<u>2,322</u>	<u>-</u>	<u>2,322</u>

### 3. Financial Risk Management (Continued)

#### 3.1 Fair value estimation (Continued)

The following table presents the Group's financial assets and liability that are measured at fair value at 31st December 2014.

US\$'000	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Portfolio investments				
– Equity securities	17,297	-	-	17,297
– Debt securities	194,436	-	-	194,436
– Funds and other investments	-	11,690	-	11,690
Derivative financial instruments	-	2,888	-	2,888
Available-for-sale financial assets				
– Listed equity securities	67,404	-	-	67,404
– Other investments	-	-	72,232	72,232
Total assets	<u>279,137</u>	<u>14,578</u>	<u>72,232</u>	<u>365,947</u>
<b>Liability</b>				
Derivative financial instruments	-	3,355	-	3,355
Total liability	<u>-</u>	<u>3,355</u>	<u>-</u>	<u>3,355</u>

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. Financial Risk Management (Continued)

#### 3.1 Fair value estimation (Continued)

There were no changes in valuation techniques during the period.

Instruments included in level 3 mainly comprise unlisted equity securities classified as available-for-sale financial assets.

The following table presents the changes in level 3 instruments:

	US\$'000
Opening balance at 31st December 2014	72,232
Currency translation adjustments	(4)
Fair value change recognised in other comprehensive income	(18,300)
	<hr/>
Closing balance at 30th June 2015	53,928
	<hr/> <hr/>
	US\$'000
Opening balance at 31st December 2013	112,146
Disposals	(10)
Currency translation adjustments	2
Fair value change recognised in other comprehensive income	(45,200)
	<hr/>
Closing balance at 30th June 2014	66,938
	<hr/> <hr/>

For level 3 instruments, the discount rate used to compute the fair value is 15%. The higher the discount rate, the lower the fair value.

### 3. Financial Risk Management (Continued)

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

	Carrying amount		Fair value	
	30th June 2015	31st December 2014	30th June 2015	31st December 2014
US\$'000				
Non-current bank loans	2,267,249	2,115,846	2,267,744	2,116,610
Non-current finance lease obligations	1,573,339	1,479,779	1,572,149	1,489,738
Held-to-maturity investments	237,345	245,827	251,029	260,750

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 2014.

#### 5. Revenue

US\$'000	2015	2014
Container transport and logistics	3,031,916	3,224,218
Rental income	<u>12,262</u>	<u>13,030</u>
	<u><b>3,044,178</b></u>	<u><b>3,237,248</b></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	2015	2014
Operating profit is arrived at after crediting:		
Interest income from banks	9,059	8,895
Interest income from held-to-maturity investments	5,796	5,071
Gross rental income from an investment property	12,262	13,030
Profit on disposal of property, plant and equipment	292	4,540
Income from available-for-sale financial assets		
- Gain on disposal	-	27
- Distribution	2,502	1,212
- Dividend income	24,749	40,175
Net gain on interest rate swap contracts	489	233
Fair value gain on foreign exchange forward contract	1,818	1,568
Portfolio investment income		
- Fair value gain (realised and unrealised)	1,502	4,495
- Interest income	4,594	3,514
- Dividend income	458	213
Exchange gain	-	6,117
and after charging:		
Depreciation		
Owned assets	112,795	120,297
Leased assets	42,663	37,260
Operating lease rental expense		
Vessels and equipment	165,739	159,798
Terminals and berths	15,039	18,348
Land and buildings	15,410	14,611
Rental outgoings in respect of an investment property	7,295	7,027
Amortisation of intangible assets	2,078	4,197
Amortisation of prepayments of lease premiums	118	245
Exchange loss	1,631	-

## 7. Key Management Compensation

US\$'000	2015	2014
Salaries and other short-term employee benefits	2,325	1,680
Pension costs - defined contribution plans	<u>216</u>	<u>148</u>
	<u>2,541</u>	<u>1,828</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 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	2015	2014
Interest expense	(33,454)	(28,487)
Amount capitalised under assets	<u>3,357</u>	<u>1,699</u>
Net interest expense	<u>(30,097)</u>	<u>(26,788)</u>

## 9. Taxation

US\$'000	2015	2014
Current taxation		
Hong Kong profits tax	(127)	(509)
Overseas taxation	<u>(11,089)</u>	<u>(12,947)</u>
	(11,216)	(13,456)
Deferred taxation		
Overseas taxation	<u>(2,930)</u>	<u>400</u>
	<u>(14,146)</u>	<u>(13,056)</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% (2014: 10% to 47%) and the rate applicable for Hong Kong profits tax is 16.5% (2014: 16.5%).

## 10. Interim Dividend

US\$'000	2015	2014
Interim dividend of US9.6 cents (2014 : US7.5 cents) per ordinary share	<u>60,076</u>	<u>46,934</u>

The Board of Directors proposes an interim dividend in respect of 2015 of US9.6 cents (2014: US7.5 cents) per ordinary share. This proposed dividend will be accounted for as an appropriation of retained profit for the year ending 31st December 2015.

## 11. Earnings Per Ordinary Share

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

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

US\$'000	2015	2014
Number of ordinary shares in issue (thousands)	<u>625,793</u>	<u>625,793</u>
Group's profit/(loss) attributable to:		
Equity holders of the Company	238,632	181,296
Non-controlling interests	<u>11</u>	<u>(102)</u>
	<u>238,643</u>	<u>181,194</u>
Earnings per share attributable to equity holders of the Company (US cents)	<u>38.1</u>	<u>29.0</u>

## 12. Capital Expenditure

US\$'000	Property, plant and equipment	Investment property	Prepayments of lease premiums	Intangible assets	Total
Net book amounts:					
Balance at 31st December 2014	5,608,929	180,000	9,109	48,578	5,846,616
Currency translation adjustments	(176)	-	7	-	(169)
Fair value gain	-	9,830	-	-	9,830
Additions	492,751	170	-	6,098	499,019
Disposals	(2,536)	-	-	-	(2,536)
Depreciation and amortisation	(155,458)	-	(118)	(2,078)	(157,654)
Classified as asset held for sale	(51,719)	-	-	-	(51,719)
<b>Balance at 30th June 2015</b>	<b>5,891,791</b>	<b>190,000</b>	<b>8,998</b>	<b>52,598</b>	<b>6,143,387</b>
Balance at 31st December 2013	5,320,251	170,000	9,543	42,663	5,542,457
Currency translation adjustments	(487)	-	(69)	-	(556)
Fair value gain	-	9,653	-	-	9,653
Additions	434,676	347	-	6,943	441,966
Disposals	(113,732)	-	-	-	(113,732)
Depreciation and amortisation	(157,557)	-	(245)	(4,197)	(161,999)
Balance at 30th June 2014	5,483,151	180,000	9,229	45,409	5,717,789

## 13. Debtors and Prepayments

US\$'000	30th June 2015	31st December 2014
Trade receivables	360,305	378,682
Less: provision for impairment	(10,800)	(10,704)
Trade receivables - net	349,505	367,978
Other debtors	78,778	89,299
Other prepayments	97,428	106,718
Utility and other deposits	11,971	10,522
	<b>537,682</b>	<b>574,517</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. Debtors 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 2015</b>	<b>31st December 2014</b>
Below one month	<b>311,250</b>	329,896
Two to three months	<b>24,445</b>	27,954
Four to six months	<b>10,567</b>	8,506
Over six months	<b>3,243</b>	1,622
	<b><u>349,505</u></b>	<b><u>367,978</u></b>

### 14. Derivative Financial Instruments

<b>US\$'000</b>	<b>30th June 2015</b>	<b>31st December 2014</b>
<b>Assets</b>		
Non-current assets		
Interest rate swap contracts	<b><u>2,329</u></b>	<b><u>2,888</u></b>
<b>Liabilities</b>		
Non-current liabilities		
Foreign exchange forward contract	<b>(2,322)</b>	(2,949)
Current liability		
Interest rate swap contract	<b><u>-</u></b>	<b><u>(406)</u></b>
	<b><u>(2,322)</u></b>	<b><u>(3,355)</u></b>

## 15. Share Capital

<b>US\$'000</b>	<b>30th June 2015</b>	31st December 2014
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>50,000</b>	50,000
	<b><u>205,000</u></b>	<u>205,000</u>
Issued and fully paid :		
625,793,297 (2014: 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 2014	172,457	88,547	4,696	69,374	61,400	4,175,699	4,572,173
Total comprehensive income/(loss) for the period	-	-	-	(18,300)	(995)	244,528	225,233
Transactions with owners							
2014 final dividend	-	-	-	-	-	(21,400)	(21,400)
<b>Balance at 30th June 2015</b>	<b>172,457</b>	<b>88,547</b>	<b>4,696</b>	<b>51,074</b>	<b>60,405</b>	<b>4,398,827</b>	<b>4,776,006</b>
Balance at 31st December 2013	172,457	88,547	4,696	111,661	64,934	3,965,933	4,408,228
Total comprehensive income/(loss) for the period	-	-	-	(50,111)	(2,772)	181,165	128,282
Transactions with owners							
2013 final dividend	-	-	-	-	-	(11,795)	(11,795)
Balance at 30th June 2014	172,457	88,547	4,696	61,550	62,162	4,135,303	4,524,715
Total comprehensive income/(loss) for the period	-	-	-	7,824	(762)	87,385	94,447
Transactions with owners							
2014 interim dividend	-	-	-	-	-	(46,989)	(46,989)
Balance at 31st December 2014	172,457	88,547	4,696	69,374	61,400	4,175,699	4,572,173

## 17. Creditors and Accruals

<b>US\$'000</b>	<b>30th June 2015</b>	<b>31st December 2014</b>
Trade payables	<b>233,174</b>	238,149
Other creditors	<b>106,649</b>	114,675
Accrued expenses	<b>434,385</b>	509,265
Deferred revenue	<b>63,189</b>	80,615
	<b><u>837,397</u></b>	<b><u>942,704</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 2015</b>	<b>31st December 2014</b>
Below one month	<b>193,838</b>	162,147
Two to three months	<b>29,511</b>	58,567
Four to six months	<b>5,084</b>	7,929
Over six months	<b>4,741</b>	9,506
	<b><u>233,174</u></b>	<b><u>238,149</u></b>

## 18. Borrowings

	<b>30th June 2015</b>	31st December 2014
<b>US\$'000</b>		
<b>Non-current</b>		
Bank loans		
- Secured	<b>2,166,559</b>	2,015,399
- Unsecured	<b>100,690</b>	100,447
Finance lease obligations	<b><u>1,573,339</u></b>	<u>1,479,779</u>
	<b><u>3,840,588</u></b>	<u>3,595,625</u>
<b>Current</b>		
Bank overdrafts, unsecured	-	1
Bank loans, secured	<b>223,047</b>	256,389
Finance lease obligations	<b><u>158,138</u></b>	<u>132,487</u>
	<b><u>381,185</u></b>	<u>388,877</u>
<b>Total borrowings</b>	<b><u>4,221,773</u></b>	<u>3,984,502</u>

## 19. Commitments

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

<b>US\$'000</b>	<b>30th June 2015</b>	31st December 2014
Contracted but not provided for	<b>1,037,472</b>	528,983
Authorised but not contracted for	<b>79,209</b>	82,648
	<b><u>1,116,681</u></b>	<u>611,631</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 2015</b>			
2015/16	<b>218,167</b>	<b>32,447</b>	<b>250,614</b>
2016/17	<b>124,066</b>	<b>27,751</b>	<b>151,817</b>
2017/18	<b>84,823</b>	<b>15,617</b>	<b>100,440</b>
2018/19	<b>68,138</b>	<b>10,941</b>	<b>79,079</b>
2019/20	<b>65,167</b>	<b>9,059</b>	<b>74,226</b>
2020/21 onwards	<b>99,520</b>	<b>39,739</b>	<b>139,259</b>
	<b><u>659,881</u></b>	<b><u>135,554</u></b>	<b><u>795,435</u></b>
<b>As at 31st December 2014</b>			
2015	189,333	28,826	218,159
2016	110,329	24,262	134,591
2017	100,080	16,563	116,643
2018	70,455	6,856	77,311
2019	54,921	4,913	59,834
2020 onwards	143,044	14,436	157,480
	<b><u>668,162</u></b>	<b><u>95,856</u></b>	<b><u>764,018</u></b>

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

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

The Group entered into the Preferential Assignment Agreement (the “Agreement”) with the City of Long Beach (“COLB”) 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 27th March 2013, the Group signed the First Amendment to Preferential Assignment Agreement (the “Amendment”) with COLB, 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 delivered, which is subject to mutual agreement between the Group and COLB 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 2015, the acreages of the Terminal available is 90.8 acres. The Group and COLB will renegotiate the guaranteed minimum annual compensation per acre 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 2015 are as follows:

US\$'000	Container transport and logistics	Others	Elimination	Group
<b>Revenue</b>	<u>3,031,916</u>	<u>12,739</u>	<u>(477)</u>	<u>3,044,178</u>
Operating profit	210,466	60,518	-	270,984
Finance costs	(30,097)	-	-	(30,097)
Share of profits of joint ventures	2,677	-	-	2,677
Share of profits of associated companies	9,225	-	-	9,225
<b>Profit before taxation</b>	<u>192,271</u>	<u>60,518</u>	<u>-</u>	<u>252,789</u>
Taxation	(8,696)	(5,450)	-	(14,146)
<b>Profit for the period</b>	<u>183,575</u>	<u>55,068</u>	<u>-</u>	<u>238,643</u>
Capital expenditure	498,849	170	-	499,019
Depreciation	155,457	1	-	155,458
Amortisation	2,196	-	-	2,196

## 20. Segment Information (Continued)

### *Operating segments (Continued)*

The segment results for the six months ended 30th June 2014 are as follows:

US\$'000	<b>Container transport and logistics</b>	<b>Others</b>	<b>Elimination</b>	<b>Group</b>
<b>Revenue</b>	<u>3,224,218</u>	<u>13,486</u>	<u>(456)</u>	<u>3,237,248</u>
Operating profit	135,148	75,743	-	210,891
Finance costs	(26,788)	-	-	(26,788)
Share of profits of joint ventures	2,467	-	-	2,467
Share of profits of associated companies	7,680	-	-	7,680
<b>Profit before taxation</b>	<u>118,507</u>	<u>75,743</u>	<u>-</u>	<u>194,250</u>
Taxation	(7,349)	(5,707)	-	(13,056)
<b>Profit for the period</b>	<u>111,158</u>	<u>70,036</u>	<u>-</u>	<u>181,194</u>
Capital expenditure	441,619	347	-	441,966
Depreciation	157,557	-	-	157,557
Amortisation	4,442	-	-	4,442

## 20. Segment Information (Continued)

### *Operating segments (Continued)*

The segment assets and liabilities as at 30th June 2015 are as follows:

US\$'000	Container transport and logistics	Others	Group
Segment assets	7,091,430	2,714,190	9,805,620
Joint ventures	10,910	-	10,910
Associated companies	<u>156,570</u>	<u>-</u>	<u>156,570</u>
Total assets	<u>7,258,910</u>	<u>2,714,190</u>	<u>9,973,100</u>
Segment liabilities	<u>(5,058,411)</u>	<u>(76,093)</u>	<u>(5,134,504)</u>

The segment assets and liabilities as at 31st December 2014 are as follows:

US\$'000	Container transport and logistics	Others	Group
Segment assets	6,861,002	2,610,706	9,471,708
Joint ventures	9,248	-	9,248
Associated companies	<u>152,499</u>	<u>-</u>	<u>152,499</u>
Total assets	<u>7,022,749</u>	<u>2,610,706</u>	<u>9,633,455</u>
Segment liabilities	<u>(4,938,332)</u>	<u>(60,371)</u>	<u>(4,998,703)</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 corporate level. Liabilities under the segment of “Others” 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.

<b>US\$'000</b>	<b>Revenue</b>	<b>Capital expenditure</b>
<b>Six months ended 30th June 2015</b>		
Asia	<b>2,014,797</b>	<b>7,608</b>
North America	<b>434,351</b>	<b>22,655</b>
Europe	<b>506,067</b>	<b>119</b>
Australia	<b>88,963</b>	<b>14</b>
Unallocated*	<b>-</b>	<b>468,623</b>
	<b><u>3,044,178</u></b>	<b><u>499,019</u></b>
<b>Six months ended 30th June 2014</b>		
Asia	2,073,998	9,857
North America	466,873	85,795
Europe	586,050	298
Australia	110,327	9
Unallocated*	-	346,007
	<b><u>3,237,248</u></b>	<b><u>441,966</u></b>

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

## Results for First Half 2015

For the first six months of 2015 Orient Overseas (International) Limited and its subsidiaries (the “Group”) recorded a profit attributable to equity holders of US\$238.6 million compared with US\$181.3 million for the corresponding period of 2014.

The profit attributable to equity holders for the first half of 2015 included investment income of US\$27.2 million from Hui Xian and a net fair value gain of US\$9.8 million on Wall Street Plaza revaluation.

<b>OOIL INTERIM RESULTS ANALYSIS</b>		
<i>(US\$'000)</i>	<b>2015</b>	<b>2014</b>
Profit before tax from operating activities	215,710	143,213
Investment income from Hui Xian	27,249	41,384
Revaluation of Wall Street Plaza	9,830	9,653
<b>Profit Before Tax for the Period Ended 30th June</b>	<b>252,789</b>	<b>194,250</b>
Taxation	(14,146)	(13,056)
Non-controlling Interests	(11)	102
<b>Profit Attributable to Equity Holders</b>	<b>238,632</b>	<b>181,296</b>

## Review of Operations

The first half of 2015 was an eventful six months for the global economic environment. Greece’s ongoing challenges, and the US / Iranian nuclear negotiations acted as a backdrop to a slow but improving global economy. As at the time of writing, the Eurozone had reached a preliminary agreement with Greece, and the US and Iran had concluded their negotiations, subject to respective domestic legislative approval, paving the way for the gradual reintegration of Iran into the global economic system.

The industry experienced a volatile period during the first half. In the earlier months of 2015, the industry enjoyed a relative stable freight market. Through the combination of the normal seasonal cargo rush prior to Chinese New Year, capacity constraints arising from port congestion and disruptions in the US, and an improving cost structure created by lower oil prices, the industry made meaningful gains in margin performance. In the latter half of the reporting period, with idling ships reactivated and new build capacity delivering, freight rates moved rapidly downwards, forcing margins to narrow. It is likely that the industry as a whole will report mixed results for the half year.

Oil prices have remained benign since the sharp drop in third quarter 2014. Despite some upward movements of oil price in the second quarter this year, the prospect of oil reverting to the highs of 2013 and 2014 seems increasingly unlikely.

During the first half of 2015, overcapacity in the industry persisted, and was more acute due to the growing number and size of newbuildings being introduced into the market at a time when global trade growth remains limited. Compared to the first half in 2014, OOCL liner lifting dropped by 2%, load factor by 4%, and revenue by 6%. Average revenue levels in some trade lanes reached new post-Global Financial Crisis lows, with an average revenue per TEU drop of 4% in the first half.

The year kicked off with great challenges on the U.S. Pacific Coast, on account of the continuing labour union contract negotiations, and our having to address the effects of the resultant congestion. The disruption on the U.S. Pacific Coast led to delays and blanking of sailings, thereby impacting capacity. As a consequence, Trans-Pacific liftings decreased by 5% year-on-year, whereas the average revenue per TEU increased by 2%.

Asia-Europe westbound lifting dropped 6% when compared to the same period last year, and revenue per TEU reduced 17%, due to the unfavourable supply/demand balance. The introduction of new tonnage to the trade was significant, increasing supply, while demand was hindered by slow import growth in Europe, and by the ongoing combined effect in Russia of international trade sanctions and rouble depreciation.

Liftings in the Intra-Asia and Australasia trade were at about the same level as the first half of last year, but average revenue per TEU was 5% lower. This trade lane continued to face challenges from the result of upsized ships being cascaded from other trades, and from the low bunker price encouraging a greater market willingness to experiment with the launch of new services.

Compared to the first half of 2014, Trans-Atlantic lifting dropped 8% but average revenue per TEU increased by 4%. While both liftings and average revenue dropped in the eastbound trade to Europe, the westbound volume drop was offset by the increase in revenue.

Logistics revenue for the first half year decreased 1.2% over the same period last year. Revenue from Import/Export Services continued to grow while Domestic Logistics Services in China and Japan dropped due to fierce competition. Revenue growth from Supply Chain Management Services was relatively flat although improvements were made in higher value added services. We will continue to develop new logistics products and enhance our logistics capability, quality and productivity in our primary business segments as well as building our service network and coverage in ASEAN and India Sub Continent countries.

The average price of bunker recorded by OOCL in the first half of 2015 was US\$352 per ton compared with US\$595 per ton for the corresponding period in 2014, generating a decrease in fuel costs of 38%.

In the first half of 2015, the Group took delivery of its fifth and sixth 'SX' Class 8,888 TEU vessels from Hudong-Zhonghua Shipbuilding in Shanghai, namely the 'OOCL Taipei' and 'OOCL Utah'. There are two remaining vessels from this series, both of which are to be delivered in the second half of 2015.

One 8,063 TEU SX class vessel, the 2004-built 'OOCL Qingdao', was sold in March 2015 and leased back to OOCL for 3 years.

It was announced on 1 April 2015 that the Group had placed orders for six vessels of the 20,000 TEU class with Samsung Heavy Industries Co., Ltd. of South Korea. Delivery is planned to occur in 2017.

The Group's property investments include its long-standing ownership of Wall Street Plaza located in New York. Wall Street Plaza continues to record steady results and based on an independent valuation, has been re-valued upwards by US\$10 million as at 30th June 2015 to reflect an assessed market value of US\$190 million. After offsetting a total of US\$0.2 million improvement to the building spent in the first six months of the year, the net fair value gain for the first half of 2015 was US\$9.8 million.

The Group continues its investment in Beijing Oriental Plaza directly through holdings in the Hui Xian REIT and indirectly through Hui Xian Holdings Ltd., which holds units in the Hui Xian REIT. In the first half of 2015, Hui Xian Holdings declared a cash dividend and dividend in specie to its shareholders, of which the Group's shares amounted to US\$24.7 million. In addition, the Group also received a distribution of US\$2.5 million from its direct holding of Hui Xian REIT.

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

The industry faces a large orderbook in the year 2015. Until sustainable demand growth is achieved, freight rates will continue to be under pressure. This could hardly be more evident than it was in the second quarter of this year, when demand growth was less than satisfactory in certain trade lanes, especially that of Asia Europe. Looking into the second half and into next year, the industry takes comfort that scheduled new deliveries are relatively limited in 2016, and is hopeful that cargo growth, especially in Asia Europe and Intra Asia, will recover a more favourable trajectory.

The Group continues to invest into the future. Our 20,000 TEU class newbuilding vessels, investment in a new port facility redevelopment project in Long Beach, California, and continuous efforts in our IT initiatives are expected to be part of our competitive edge in the industry going forward.

The first half of 2015 was satisfactory for OOIL. The Group remains mindful and cautious, however, of the over capacity that is especially serious in 2015. The supply overhang is likely to exert pressure on freight rates in the second half of the year. During the next six months, where revenue remains uncertain given the supply and demand imbalance, cost efficiency remains the critical factor for better margin performance. The industry is hopeful that positive trade growth, especially in the Trans-Pacific and Trans-Atlantic trades, and to a degree in the Intra-Asia trade, will provide support to the underlying market.

The world economy is on a more positive trajectory now. With more sustainable recovery worldwide, a more favourable supply and demand balance in 2016, and better alliance cooperation dynamics, the container transport industry should find itself in a more positive operating environment looking into next year. My colleagues and I remain focused in ensuring that the Group is well positioned for the future and continues to be one of the highest performing container shipping companies in the industry.

## **Interim Dividend**

The Board of Directors (the “Board”) of the Company is pleased to announce an interim dividend of US9.6 cents (HK\$0.749 at the exchange rate of US\$1 : HK\$7.8) per ordinary share for the six months ended 30th June 2015 to be paid on 15th October 2015 to the shareholders of the Company whose names appear on the register of members of the Company on 11th September 2015. 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 6th October 2015.

## **Closure of Register of Members**

The register of members of the Company will be closed from 7th September 2015 to 11th September 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, the share transfers must be accompanied with the relevant share certificates and lodged with the Branch Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 4th September 2015.

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

During the six-month period ended 30th June 2015, 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 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 period from 1st January 2015 to 30th June 2015, 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. 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.

### ***Securities Transactions by Directors***

The Company has adopted its own code of conduct regarding securities transactions by Directors (the “Securities 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 Securities Code and the Model Code throughout the period from 1st January 2015 to 30th June 2015.

## **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.oilgroup.com>. The 2015 Interim Report will be despatched to shareholders of the Company on or around 4th September 2015 and will also be available on the HKEx’s website and the Company’s website.

## **Employee Information**

As at 30th June 2015, the Group had 9,532 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 are offered for different levels of employee. 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 Director is Professor Roger KING; and our Independent Non-Executive Directors are Mr. Simon MURRAY, Mr. CHANG Tsann Rong Ernest, Mr. CHOW Philip Yiu Wah, Professor WONG Yue Chim Richard, Mr. CHENG Wai Sun Edward and Mr. KWOK King Man Clement.

## **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 2015

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