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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)

### 2015 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 2015 as follows:

#### Consolidated Profit and Loss Account For the year ended 31st December 2015

US\$'000	Note	2015	2014
Revenue	4	5,953,444	6,521,589
Operating costs		(5,262,429)	(5,875,797)
<b>Gross profit</b>		<b>691,015</b>	645,792
Fair value gain from an investment property		19,545	9,653
Other operating income		112,250	119,380
Other operating expenses		(469,742)	(445,678)
<b>Operating profit</b>	5	<b>353,068</b>	329,147
Finance costs	6	(63,642)	(54,000)
Share of profits of joint ventures		4,168	4,364
Share of profits of associated companies		13,614	15,072
<b>Profit before taxation</b>		<b>307,208</b>	294,583
Taxation	7	(23,357)	(24,145)
Profit for the year		<u>283,851</u>	<u>270,438</u>
<b>Profit attributable to :</b>			
Equity holders of the Company		283,851	270,538
Non-controlling interests		-	(100)
		<u>283,851</u>	<u>270,438</u>
<b>Earnings per ordinary share (US cents)</b>	9		
<b>Basic and diluted</b>		<u>45.4</u>	<u>43.2</u>

**Consolidated Statement of Comprehensive Income**  
**For the year ended 31st December 2015**

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US\$'000	2015	2014
<b>Profit for the year</b>	<u>283,851</u>	<u>270,438</u>
<b>Other comprehensive income:</b>		
Item that will not be subsequently reclassified to profit or loss:		
Remeasurement gains/(losses) on defined benefit schemes	<u>6,048</u>	<u>(1,988)</u>
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
- Change in fair value	(28,464)	(42,287)
Currency translation adjustments		
- Foreign subsidiaries	(8,068)	1,048
- Non-controlling interests	-	(52)
- Associated companies	(8,620)	(525)
- Joint ventures	(410)	(30)
- Release of reserve upon disposal of a subsidiary	<u>-</u>	<u>(4,027)</u>
Total items that may be reclassified subsequently to profit or loss	<u>(45,562)</u>	<u>(45,873)</u>
Other comprehensive loss for the year, net of tax	<u>(39,514)</u>	<u>(47,861)</u>
<b>Total comprehensive income for the year</b>	<u>244,337</u>	<u>222,577</u>
<b>Total comprehensive income attributable to :</b>		
Equity holders of the Company	244,337	222,729
Non-controlling interests	<u>-</u>	<u>(152)</u>
	<u>244,337</u>	<u>222,577</u>

**Consolidated Balance Sheet**  
**As at 31st December 2015**

US\$'000	Note	2015	2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		6,020,744	5,608,929
Investment property		200,000	180,000
Prepayments of lease premiums		8,462	9,109
Joint ventures		8,887	9,011
Associated companies		145,249	152,499
Intangible assets		55,646	48,578
Deferred taxation assets		3,765	3,887
Pension and retirement assets		7,855	-
Derivative financial instruments		1,507	2,888
Restricted bank balances		980	54,168
Available-for-sale financial assets		127,998	139,636
Held-to-maturity investments		217,004	221,035
Other non-current assets		16,635	19,710
		<u>6,814,732</u>	<u>6,449,450</u>
<b>Current assets</b>			
Inventories		72,481	128,652
Debtors and prepayments	10	499,409	574,517
Amounts due from joint ventures		2,871	237
Held-to-maturity investments		19,074	24,792
Portfolio investments		295,894	223,423
Derivative financial instrument		147	-
Tax recoverable		10,942	13,010
Restricted bank balances		443	413
Cash and bank balances		2,015,581	2,165,914
		<u>2,916,842</u>	<u>3,130,958</u>
Asset held for sale		-	53,047
		<u>2,916,842</u>	<u>3,184,005</u>
<b>Total assets</b>		<u>9,731,574</u>	<u>9,633,455</u>
<b>EQUITY</b>			
<b>Equity holders</b>			
Share capital		62,579	62,579
Reserves		4,734,931	4,572,173
<b>Total equity</b>		<u>4,797,510</u>	<u>4,634,752</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		3,663,100	3,595,625
Deferred taxation liabilities		62,041	53,655
Pension and retirement liabilities		109	1,665
Derivative financial instrument		-	2,949
		<u>3,725,250</u>	<u>3,653,894</u>
<b>Current liabilities</b>			
Creditors and accruals	11	750,378	942,704
Amounts due to joint ventures		11,037	7,145
Borrowings		438,619	388,877
Derivative financial instruments		5,316	406
Current taxation		3,464	5,677
		<u>1,208,814</u>	<u>1,344,809</u>
<b>Total liabilities</b>		<u>4,934,064</u>	<u>4,998,703</u>
<b>Total equity and liabilities</b>		<u>9,731,574</u>	<u>9,633,455</u>

**Consolidated Cash Flow Statement**  
**For the year ended 31st December 2015**

US\$'000	2015	2014
<b>Cash flows from operating activities</b>		
Operating profit	353,068	329,147
Interest income	(38,219)	(37,688)
Dividend income and distribution	(31,696)	(44,645)
Depreciation and amortisation	319,613	332,154
Fair value gain from assets and liabilities	(4,332)	(17,232)
Gain on disposal of a subsidiary	-	(4,964)
Net gain on disposal of non-current assets	(221)	(9,724)
Operating profit before working capital changes	598,213	547,048
Decrease in inventories	56,171	21,397
Decrease/(increase) in debtors and prepayments	75,258	(41,630)
(Decrease)/increase in creditors and accruals	(189,926)	27,598
Change in net pension assets/liabilities	(2,415)	(2,617)
Settlement of derivative financial instruments	(1,070)	1,441
Cash generated from operations	536,231	553,237
Interest and financing charges paid	(62,492)	(53,790)
Hong Kong profits tax (paid)/refunded	(60)	645
Overseas taxes paid	(15,398)	(21,561)
Net cash from operating activities	458,281	478,531
<b>Cash flows from investing activities</b>		
Sale and redemption on maturity of non-current assets	132,825	186,358
Purchase of property, plant and equipment	(366,189)	(360,448)
Purchase of other non-current assets	(25,870)	(14,094)
Investment in a joint venture and an associated company	-	(10,347)
Disposal of a subsidiary	-	5,716
(Increase)/decrease in portfolio investments	(83,419)	847
Net change in amounts due to joint ventures	3,660	(83)
Increase in restricted bank balances and bank deposits maturing more than three months	(1,807)	(59,370)
Interest received	38,129	37,479
Dividends and distribution received from investments	14,828	12,366
Dividends received from joint ventures and associated companies	13,723	18,419
Net cash used in investing activities	(274,120)	(183,157)
<b>Cash flows from financing activities</b>		
Drawdown of loans	910,985	686,453
Repayment of loans	(991,287)	(477,485)
Capital element of finance lease rental payments	(224,394)	(225,864)
Dividend paid to equity holders of the Company	(81,579)	(58,784)
Net cash used in financing activities	(386,275)	(75,680)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(202,114)</b>	<b>219,694</b>
Cash and cash equivalents at beginning of year	1,942,822	1,719,902
Currency translation adjustments	(3,197)	3,226
Cash and cash equivalents at end of year	1,737,511	1,942,822

**Consolidated Statement of Changes in Equity  
For the year ended 31st December 2015**

US\$'000	Equity holders			Non-controlling interests	Total
	Share capital	Reserves	Sub-total		
At 31st December 2013	62,579	4,408,228	4,470,807	5,817	4,476,624
Total comprehensive income/(loss) for the year	-	222,729	222,729	(152)	222,577
Transactions with owners					
2013 final dividend	-	(11,795)	(11,795)	-	(11,795)
2014 interim dividend	-	(46,989)	(46,989)	-	(46,989)
Disposal of a subsidiary company	-	-	-	(5,665)	(5,665)
At 31st December 2014	62,579	4,572,173	4,634,752	-	4,634,752
Total comprehensive income for the year	-	244,337	244,337	-	244,337
Transactions with owners					
2014 final dividend	-	(21,400)	(21,400)	-	(21,400)
2015 interim dividend	-	(60,179)	(60,179)	-	(60,179)
At 31st December 2015	<u>62,579</u>	<u>4,734,931</u>	<u>4,797,510</u>	<u>-</u>	<u>4,797,510</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 2015 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements 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 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.

### 3. Accounting policies and basis of preparation

The consolidated financial statements 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.

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

During the year, 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 year ended 31st December 2015 by US\$23.0 million.

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

#### The adoption of revised HKFRS

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

#### Amendments and improvements to existing standards

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

Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

Amendments from annual improvements to HKFRSs – 2010 – 2012 Cycle, on HKFRS 8, ‘Operating segments’, HKAS 16, ‘Property, plant and equipment’ and HKAS 38, ‘Intangible assets’ and HKAS 24, ‘Related party disclosures’.

Amendments from annual improvements to HKFRSs – 2011 – 2013 Cycle, on HKFRS 3, ‘Business combinations’, HKFRS 13, ‘Fair value measurement’ and HKAS 40, ‘Investment property’.

The adoption of the improvements made in the 2010-2012 Cycle has required additional disclosures in the segment note. Other than that, the remaining amendments are not material to the Group.

There are no other new standards, amendments, interpretations and improvements that are effective for the first time in 2015 that would have a material impact on the Group.

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

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

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

The Group has not early adopted the above new 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 financial statements will result.

#### 4. Revenue and segment information

##### (a) Revenue

US\$'000	2015	2014
Container transport and logistics	5,927,023	6,494,859
Others	<u>26,421</u>	<u>26,730</u>
	<u>5,953,444</u>	<u>6,521,589</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 2015 are as follows:

US \$'000	Container transport and logistics	Others	Elimination	Group
<b>Revenue</b>	5,927,023	27,364	(943)	5,953,444
Operating profit	276,211	76,857	-	353,068
Finance costs (note 6)	(63,642)	-	-	(63,642)
Share of profits of joint ventures	4,168	-	-	4,168
Share of profits of associated companies	13,614	-	-	13,614
<b>Profit before taxation</b>	230,351	76,857	-	307,208
Taxation	(12,338)	(11,019)	-	(23,357)
<b>Profit for the year</b>	218,013	65,838	-	283,851
Capital expenditure	796,265	455	-	796,720
Depreciation	315,425	1	-	315,426
Amortisation	4,187	-	-	4,187

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

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

##### Operating segments (Continued)

The segment results for the year ended 31st December 2014 are as follows:

US \$'000	Container transport and logistics	Others	Elimination	Group
<b>Revenue</b>	6,494,859	27,638	(908)	6,521,589
Operating profit	229,979	99,168	-	329,147
Finance costs (note 6)	(54,000)	-	-	(54,000)
Share of profits of joint ventures	4,364	-	-	4,364
Share of profits of associated companies	15,072	-	-	15,072
<b>Profit before taxation</b>	195,415	99,168	-	294,583
Taxation	(16,727)	(7,418)	-	(24,145)
<b>Profit for the year</b>	178,688	91,750	-	270,438
Capital expenditure	848,422	347	-	848,769
Depreciation	323,481	1	-	323,482
Amortisation	8,672	-	-	8,672

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

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

##### Operating segments (Continued)

The segment assets and liabilities at 31st December 2015 and 2014 are as follows:

US\$'000	2015		
	Container transport and logistics	Others	Group
Segment assets	6,947,634	2,626,933	9,574,567
Joint ventures	11,758	-	11,758
Associated companies	145,249	-	145,249
Total assets	<u>7,104,641</u>	<u>2,626,933</u>	<u>9,731,574</u>
Segment liabilities	<u>(4,865,720)</u>	<u>(68,344)</u>	<u>(4,934,064)</u>
	2014		
US\$'000	Container transport and logistics	Others	Group
	Segment assets	6,861,002	2,610,706
Joint ventures	9,248	-	9,248
Associated companies	152,499	-	152,499
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 the corporate level. Liabilities under the segment of “Others” primarily include creditors and accruals and deferred taxation liabilities 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 2015		
Asia	3,905,144	18,294
Europe	1,013,852	585
North America	861,808	59,221
Australia	172,640	23
Unallocated *	-	718,597
	<u>5,953,444</u>	<u>796,720</u>
Year ended 31st December 2014		
Asia	4,237,331	16,288
Europe	1,168,338	391
North America	894,056	177,601
Australia	221,864	14
Unallocated *	-	654,475
	<u>6,521,589</u>	<u>848,769</u>

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

## 5. Operating profit

US\$'000	2015	2014
Operating profit is arrived at after crediting :		
Operating lease rental income		
Land and buildings	<u>26,421</u>	<u>26,730</u>
and after charging:		
Depreciation		
Owned assets	228,169	247,301
Leased assets	87,257	76,181
Operating lease rental expense		
Vessels and equipment	341,789	323,156
Terminals and berths	32,394	33,865
Land and buildings	32,254	28,969
Rental outgoings in respect of an investment property	15,008	15,036
Amortisation of intangible assets	3,956	8,310
Amortisation of prepayments of lease premiums	231	362
Auditors' remuneration		
Audit	2,917	2,974
Non-audit	<u>870</u>	<u>1,209</u>

## 6. Finance costs

US\$'000	2015	2014
Interest expense		
Bank loans and bank overdrafts	38,543	36,716
Finance lease obligations	<u>30,667</u>	<u>21,717</u>
	69,210	58,433
Amount capitalised under assets	<u>(5,568)</u>	<u>(4,433)</u>
Net interest expense	<u>63,642</u>	<u>54,000</u>

## 7. Taxation

US\$'000	2015	2014
Current taxation		
Hong Kong profits tax	87	105
Overseas taxation	<u>15,935</u>	<u>26,043</u>
	<u>16,022</u>	<u>26,148</u>
Deferred taxation		
Hong Kong profits tax	(273)	43
Overseas taxation	<u>7,608</u>	<u>(2,046)</u>
	<u>7,335</u>	<u>(2,003)</u>
	<u>23,357</u>	<u>24,145</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 11% to 47% (2014: 11% to 47%) and the rate applicable for Hong Kong profits tax is 16.5% (2014: 16.5%).

## 8. Dividends

US\$'000	2015	2014
Interim paid: US9.6 cents (2014: US7.5 cents) per ordinary share	<b>60,179</b>	46,989
Proposed final of US1.85 cents (2014: US3.4 cents) per ordinary share	<u><b>11,577</b></u>	<u>21,277</u>
	<u><b>71,756</b></u>	<u>68,266</u>

The Board of Directors proposes a final dividend in respect of 2015 of US1.85 cents (2014: US3.4 cents) per ordinary share. The proposed dividend will be accounted for as an appropriation of retained profit in the year ending 31st December 2016.

## 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.

US\$'000	2015	2014
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>283,851</b>	270,538
Non-controlling interests	<u>-</u>	<u>(100)</u>
	<u><b>283,851</b></u>	<u>270,438</u>
Earnings per share attributable to equity holders of the Company (US cents)	<u><b>45.4</b></u>	<u>43.2</u>

## 10. Debtors and prepayments

US\$'000	2015	2014
Trade receivables		
- Fully performing	195,897	226,750
- Past due but not impaired	113,286	141,228
- Impaired and provided for	<u>9,548</u>	<u>10,704</u>
	318,731	378,682
Less: provision for impairment	<u>(9,548)</u>	<u>(10,704)</u>
Trade receivables - net	309,183	367,978
Other debtors	80,850	89,299
Other prepayments	97,002	106,718
Utility and other deposits	<u>12,374</u>	<u>10,522</u>
	<u><u>499,409</u></u>	<u><u>574,517</u></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 balances 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	2015	2014
Below one month	276,684	329,896
Two to three months	25,900	27,954
Four to six months	4,673	8,506
Over six months	<u>1,926</u>	<u>1,622</u>
	<u><u>309,183</u></u>	<u><u>367,978</u></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>2015</b>	<b>2014</b>
Trade payables	<b>193,401</b>	238,149
Other creditors	<b>108,928</b>	114,675
Accrued expenses	<b>377,630</b>	509,265
Deferred revenue	<b>70,419</b>	80,615
	<b><u>750,378</u></b>	<b><u>942,704</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>2015</b>	<b>2014</b>
Below one month	<b>129,801</b>	162,147
Two to three months	<b>50,395</b>	58,567
Four to six months	<b>7,799</b>	7,929
Over six months	<b>5,406</b>	9,506
	<b><u>193,401</u></b>	<b><u>238,149</u></b>

## Results for 2015

Orient Overseas (International) Limited and its subsidiaries (the “Group”) recorded a profit attributable to equity holders of US\$283.9 million for 2015, compared to a profit of US\$270.5 million in 2014.

OOIL ANNUAL RESULTS ANALYSIS		
<i>(US\$'000)</i>	<b>2015</b>	<b>2014</b>
Profit before tax from operation	287,663	284,930
Fair value gain on Wall Street Plaza	19,545	9,653
<b>Profit Before Tax for the Year Ended 31st December</b>	<b>307,208</b>	<b>294,583</b>
Taxation	(23,357)	(24,145)
Non-controlling interests	-	100
<b>Profit Attributable to Equity Holders</b>	<b>283,851</b>	<b>270,538</b>

## Review of Operations

At the start of 2015, container shipping companies enjoyed unforeseen conditions that were, almost without exception, positive. For those few months, substantially lower fuel costs and gains in momentum in the US recovery drove industry-wide results that were better than anticipated.

Unfortunately, the economic context became increasingly complicated as the year progressed. The fall in oil prices led to a reduction in energy-related capital expenditure, and to some producers bordering on default. Trade growth was limited, and the Fed was signalling (and eventually implemented) a start to the normalisation of interest rates. The second half of the year saw retail sales stagnating further, thereby reducing imports from Asia.

By the end of the year, the worsening imbalance in supply and demand, driven by large amounts of new tonnage being introduced at a time of lacklustre volume growth in many trades and even shrinkage in others was having a dramatic effect. Capacity had started to be taken out of the market in response to slower demand growth, and having witnessed a substantial fall in rates, lines were forced to surrender all of (or more than) the benefit of lower fuel prices to their customers.

For the full year 2015, OOCL’s liftings were essentially flat, with a drop in revenue, and of revenue per TEU of 10%. This reflects the challenging environment described above, particularly as the very tough second half took hold.

During the year of 2015, the Group took delivery of four SX class 8,888 TEU new vessels from Hudong-Zhonghua Shipbuilding (Group) Co., Ltd in China. They are also the last four vessels for the series. On 31st March, 2015, orders for six 20,000 TEU class vessels were placed with Samsung Heavy Industries Co., Ltd. in South Korea for delivery in year 2017. To optimise fleet utilisation, two 11-year old 8,063 TEU SX-class vessels were sold and chartered back for a three-year period during the year.

Scale will continue to be a key driver of sustainability in the industry. A key part of how OOCL achieves scale is through having the right fleet, with modern and fuel efficient vessels built to the right size and specifications, driving unit cost efficiency even at today's lower fuel prices. We are delighted with the better-than-expected efficiency gains achieved through our 13,208 TEU vessels replacing smaller vessels on certain routes, and look forward to enhancing these benefits of scale further with our larger vessels, as they enter into service in 2017.

OOCL has participated in alliances, in one form or another, for decades. We continue to believe that alliance structures are an important means of achieving scale and enhancing product quality. OOCL continuously seeks to identify opportunities for additional efficiencies and savings through these arrangements.

We expect that our Middle Harbor Redevelopment Project in California will enter into the first phase of its operation in 2016. While the final completion of the project is not scheduled to occur until 2020, we fully anticipate that even from 2016 we will start to reap benefits from this large capital investment. Our new terminal will be able to ensure the highest levels not only of operational efficiency but of environmental friendliness and sustainability.

OOCL Logistics continues to grow its volumes and profitability, and we remain committed to building up our activities in this sphere. Our logistics business shares the OOCL philosophy of providing excellent service to our customers, and of doing so by providing a chosen range of services in targeted markets and with specific customer bases that will together drive profitability and growth for our shareholders.

Based on an independent valuation as at 31st December 2015, Wall Street Plaza was valued upwards by US\$20 million, reflecting an assessed market value of US\$200 million. After offsetting a total of US\$0.5 million improvement works on the building in 2015, the net fair value gain for 2015 has come to US\$19.5 million. As at 31st December 2014, Wall Street Plaza was valued at US\$180 million with a net fair value gain of US\$9.7 million in 2014.

## **Looking Forward**

As for 2016, the first quarter has so far been characterised by great uncertainty. The IMF forecast for global economic growth has been reduced. The US economic recovery seems to be solid, but not spectacular, and continues to be influenced by external factors. Both Japanese and European growth levels are low, with few predicting with any confidence that the corner will be turned in 2016. Chinese growth has continued to slow, presenting challenges to emerging market and commodity economies. A number of central banks are entering into uncharted territory by imposing negative interest rates. Even if at a lower rate than in 2015, new shipping capacity continues to be introduced.

In this environment, it is entirely conceivable that freight rates might fall even further in some trades, to a point where liner operators, facing poor market demand, and in order to reduce the magnitude of losses, have to reduce further their deployed capacity.

OOCL has a long track record of outperforming the market, in both up and down cycles. Through our continued efforts in yield and cost management, as well in operational efficiency and customer focus, the Group continues to be an industry leader. Furthermore, we continue to be one of the few carriers with a history of solid financial performance as well as a robust balance sheet.

We believe that we are well positioned to face the coming challenging year, as well as to benefit from the up cycle when it comes. We look forward to furthering our position as one of the leading carriers in the industry.

## **Final Dividend**

The Board of Directors of the Company (the “Board”) has recommended the payment of a final dividend of US1.85 cents (HK\$0.145 at the exchange rate of US\$1 : HK\$7.8) per ordinary share for the year ended 31st December 2015 to be paid on 8th June 2016 to the shareholders of the Company whose names appear on the register of members of the Company on 11th May 2016. 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”) at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 31st May 2016.

## **Liquidity and Financial Resources**

As at 31st December 2015, the Group had liquid assets amounting to US\$2,549.0 million and a total indebtedness of US\$4,101.7 million. The Group had a net debt to equity ratio of 0.32 : 1 as at end of 2015, compared with 0.28 : 1 at the end of 2014.

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 2015, the Group has 9,889 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 25th April 2016 to 29th April 2016, both days inclusive, to ascertain the shareholders entitled to attend and vote at the Annual General Meeting of the Company to be held on 29th April 2016 (the “AGM”). During this period, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, all share transfer documents 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 22nd April 2016; and
- (b) from 9th May 2016 to 11th May 2016, both days inclusive, to ascertain the shareholders entitled to the proposed final dividend. During this period, no transfer of shares will be registered. To qualify for the proposed final dividend, all share transfer documents 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 6th May 2016.

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

During the year ended 31st December 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed 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 the 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 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.

Further information on the CG Code will be set out in the Corporate Governance Report contained in the Company’s 2015 Annual Report.

### *Audit Committee*

The Audit Committee has reviewed the annual results of the Group for the year ended 31st December 2015, in conjunction with the external and internal auditors of the Company.

### *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 2015.

### **Annual General Meeting**

The AGM will be held on 29th April 2016. Notice of the AGM will be despatched to the shareholders of the Company on or around 24th March 2016.

### **Proposed Adoption of New Bye-laws**

There have been changes to the Listing Rules and the Bermuda Companies Act (the “Act”) since our last amendments to the Company’s Bye-laws in 2009. In order to bring the Bye-laws in line with certain amendments mandatory to the Listing Rules and the Act between 2009 and now, and to make other consequential and housekeeping changes, the Board proposes to adopt the new Bye-laws in substitution for and to the exclusion of the existing Bye-laws as a special resolution which is Resolution 7 as set out in the notice of the AGM to be considered and, if thought fit, approved by the Shareholders at the AGM.

A circular containing, among others, details of the special resolution and the proposed amendments to the existing Bye-laws will be despatched to the shareholders of the Company on or around 24th March 2016.

### **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.oilgroup.com>. The 2015 Annual Report will be published on the HKEX’s website and the Company’s website and will be despatched to the shareholders of the Company on or around 5th April 2016.

## **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. 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, 4th March 2016

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