2014
Interim Report
Orient Overseas (International) Limited

(Incorporated in Bermuda with Limited Liability)

Contents

Statement to Shareholders from the Chairman

The global economic environment seems to be positioning for a shift in the right direction despite the disappointing headline figures recorded in the first half of 2014. In particular, the Bureau of Economic Analysis of the U.S. Department of Commerce announced in its third estimate of the first quarter real GDP growth to have been in the negative. At the same time, the European Union announced that the 18 countries sharing the Euro had a growth of 0.2% for the first quarter.

Despite these disappointing figures, however, there are underlying developments that support a degree of cautious optimism. Consumer spending in the U.S. continued to recover during the first quarter, and the economy is expected to have performed better during the second quarter. The Federal Reserve has become more confident in a sustained recovery as the windup of the bond purchase program proceeds as planned, and unemployment has dropped to its lowest level since 2008. According to the Journal of Commerce, Trans Pacific cargo volume growth recorded a solid 5.5% growth in the first half of the year. In Europe, despite the weak GDP figures, the European Central Bank is responding in a proactive manner by cutting lending rates to 0.15%, lowering deposit rates to the negative, and preparing to embark on its own stimulus program. In fact, Asia Europe cargo growth posted a strong 8.0% rise during the five months of the year. China continues its much needed reform in the areas of Government deregulation, financial liberalisation, and state-owned enterprise reform. While these efforts may dampen short term economic prospects, they will lay the foundation for more sustainable and balanced economic growth over the long term. Indeed, Chinese economic data illustrates that trade and exports seem to have stabilised. China's rising manufacturing costs and moving up the value chain has led to a migration of lower-end manufacturing away from coastal cities towards the inland as well as to ASEAN countries. The overall volume of Asia export, however, has remained stable and growing. Given the strong cross trade volumes in the first five months of the year, the threat of sudden and dramatic negative impact on Asian exports from such trends and the purported near shoring of high end industrial activities back to the U.S. seem exaggerated. In Japan, Abenomics has been successful in generating positive sentiment and stimulating both consumer spending and inflation expectation. The Government's corporate tax cuts, poised to be implemented in the coming years, are expected to act as another round of catalyst for sustained recovery.

The industry saw a disappointing first half and a more encouraging second half in 2013. Moving into 2014, there has been cargo volume increase and a generally more positive sentiment than last year. In total, it is expected that the container transportation industry posted improved results for the first half of 2014. Such improvement, however, is likely to be capped given the large newbuilding orderbook and the anticipated next round of newbuildings that will likely materialise over the next twelve months.

INTERIM RESULT

Orient Overseas (International) Limited and its subsidiaries (the "Group") recorded a profit attributable to equity holders of US$181.3 million for the six month period ended 30th June 2014. The 2014 interim result represents a US$196.6 million increase in earnings compared to the loss for the same period in 2013 of US$15.3 million.

The profit attributable to equity holders for the first six months of 2014 included a fair value gain of US$9.7 million for Wall Street Plaza, whose market value was independently assessed at US$180.0 million as at 30th June 2014, and a dividend in specie income of US$32.3 million in relation to our investment in Hui Xian Holdings, its primary underlying asset being Beijing Oriental Plaza.

Earnings per ordinary share for the first half of 2014 was US29.0 cents, whereas the first half of 2013 recorded a loss of US2.4 cents.

DIVIDEND

The Board of Directors is pleased to announce an interim dividend for 2014 of US7.5 cents (HK$0.585) per ordinary share. The dividend will be paid on 16th October 2014 to those ordinary shareholders whose names appear on the register on 12th September 2014.

CONTAINER TRANSPORT AND LOGISTICS

The international container transport and logistics business of the Group, trading under the "OOCL" name, reported a net profit after tax of US$111.2 million for the first six months of the year, a US$133.8 million increase from the net loss of US$22.6 million reported for the first half of 2013.

Total liftings for the first half of 2014 were up 10.1% compared to the corresponding period last year. Average freight revenue per TEU for the period was US$1,030, a decrease of 5.3% over the 2013 first half average of US$1,088 per TEU.

Beginning the second half of 2013, OOCL achieved improved yield management and a satisfactory balance between revenue per TEU and load factor. In addition, OOCL continued efforts to better manage fuel efficiency and further its cost efficiency drive. These efforts, together with the full year effect of the eight mega newbuildings in 2013, resulted in continued unit cost reduction in the first half of 2014. Coupled with a better than expected cargo volume growth in the two main East West Trades, OOCL enjoyed a better operating margin in the first half of 2014.

As part of the continuous effort to further enhance product quality and cost competitiveness, the G6 Alliance expanded their cooperation from Asia Europe into Asia-North America East Coast trade in 2013, and into Asia-North America West Coast and Trans Atlantic trades in the first half of 2014. G6 today has become a partnership of a truly global nature.

OOCL continues its efforts in building out its Logistics business. The principal focus will be ensuring that the business will achieve steady growth, and that the organisation is equipped to provide quality multi-modal logistics solutions and end-to-end services to our customers. In China, the business has leveraged upon our in-country experience and extended to provide domestic services to our customers. We remain committed in growing our logistics business going forward.

During the first six months of 2014, OOCL took delivery of two newbuildings, both of which are 13,208 TEU Mega Class vessels. We expect to take delivery of another four 8,888 TEU SX Class vessels in 2015. These newbuildings represent the end of our last round of newbuilding orders.

OTHER ACTIVITIES

The Group's investments include its long-standing ownership of the Wall Street Plaza located in New York. The property continues to have an occupancy rate of over 93%, and will perform in line with the budget for the full year. The New York real estate market continues to improve and Wall Street Plaza has been re-valued upwards by US$10.0 million to US$180.0 million as at 30th June 2014.

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. During the first half of 2014, Hui Xian Holdings Ltd. paid a dividend in specie of 59.25 million units of the Hui Xian REIT to the Group, resulting in a US$32.3 million income to the Group for the first half of 2014. The dividends in specie during the first half of both 2012 and 2014 represent 50% of the Group's interest in the Hui Xian REITs originally held by Hui Xian Holdings Ltd. upon the REIT's listing in 2011. Together with the cash dividends from Hui Xian Holdings Ltd. and the cash distributions from Hui Xian REIT, the Group posted a profit of US$41.4 million in relation to our investment in Hui Xian in the first half of 2014.

CORPORATE SOCIAL RESPONSIBILITY

Environmental care and safe operations continues to be as part of our corporate responsibility. We remain committed to strengthening our sustainability profile and aim to provide greener global supply chains with the least environmental impact on our communities.

We actively contribute to reduce our footprint in global warming, air pollution, and marine environment degradation through internal initiatives as well as participation and engagement with organisations such as the Business Environment Council, the Clean Cargo Working Group and the World Wildlife Fund. In addition, as one of the leading carriers that initiated the Fair Winds Charter in Hong Kong, we are working with other carriers and the Hong Kong Government to improve shipboard emission during port call. Through better shoreside and shipboard management procedures, retro fit of existing vessels and adoption of better technology for newbuilding vessels, our efforts towards reducing bunker consumption, and emission of sulphur oxides, nitrogen oxides, and carbon dioxide from our fleet will continue going forward.

I am pleased to report that OOCL won the "Environmental Achievement Awards" from the Port of Long Beach, the "Outstanding Performance in the Port State Control Inspection Results" from the Hong Kong Marine Department, "Global Sustainability Leadership Awards" from the World CSR Congress and the Asian Confederation of Businesses, and "Environmental Excellence Award" from the Canadian International Freight Forwarders Association (CIFFA) in the first half of 2014. We are very pleased to have been recognised for our consistent and sustained efforts in environmental protection initiatives and safety management.

Statement to Shareholders from the Chairman

OUTLOOK

The industry will continue to face overcapacity in the coming years. Despite the gradual recoveries of the developed economies, demand growth is not expected to return to the pre Global Financial Crisis level over the short to medium term. At the same time, gross static supply growth remains high with the orderbook-as-a-percentage-of-fleet ratio at 9.3% and 9.8% for 2014 and 2015 respectively. Unless bunker prices can decline to a more reasonable level, the drive for scale and fuel efficiency will translate into continued newbuilding projects. As a result, the challenge of overcapacity will likely persist over the short to medium term.

The announcement and cancellation of P3, an alliance arrangement involving the three largest carriers namely Maersk Line, MSC and CMA CGM, and the subsequent formation of 2M, consisting only of Maersk Line and MSC, brought about a great deal of discussion regarding the future operation model of the container transportation industry. While the final outcome of these announced alliance arrangements remains to be seen, it is clear that alliances will continue to be an integral part of the industry. Our Group places great emphasis on working with like-minded alliance members in providing the best possible service while ensuring cost competitiveness.

The industry has traditionally endured challenges brought on by escalating costs, particularly bunker costs, and in an environment already characterised by overcapacity, all carriers should take stock and look for better ways to improve both their cost structures and service quality. It is only through product quality that carriers can achieve differentiation in pricing and avoid the commoditisation of the industry. At the same time, shippers need to be aware that sustained carrier losses over the long term is not conducive to a stable freight environment, nor is it in the interest of shippers to accept declining levels of carrier service in reaction to losses incurred.

The Group continues to focus on enhancing contribution by a more disciplined approach to differentiation and segmentation, and ensuring better cost efficiency by continuous efforts to drive down costs without compromising service quality. Our investments in a new port facility in North America and IT capabilities will ensure our competitive edge in the industry going forward. The Group is building its logistics business and expect meaningful contribution to the Group over the medium to long term. We remain deliberate in our efforts to balance the need for a strong and liquid Group balance sheet against a competitive shareholder return. This is especially important as the Group considers further capacity growth and enhancement of its competitive edge over the medium and long term.

Given the market conditions, the first half of 2014 was satisfactory for OOIL. During the second half of the year, the Group will redouble its efforts in its focus on cost efficiency and operating margin. As the global economy gradually recovers, there is expectation that the container transport industry will find itself in a more positive operating environment. My colleagues and I remain focused in ensuring that the Group is well positioned for the future and remain as one of the most competitive container shipping companies in the industry.

C C Tung
Chairman

Hong Kong, 8th August 2014

Management Discussion and Analysis

GROUP RESULTS

For the first six months of 2014 Orient Overseas (International) Limited and its subsidiaries (the "Group") recorded a profit attributable to equity holders of US$181.3 million compared with a loss of US$15.3 million for the corresponding period of 2013.

OOIL INTERIM RESULTS ANALYSIS

(US$'000)	2014	2013
Profit/(loss) before tax from operating activities	143,213	(12,585)
Investment income from Hui Xian	41,384	9,064
Revaluation of Wall Street Plaza	9,653	(4,560)
Profit/(Loss) Before Tax for the Period Ended 30th June	194,250	(8,081)
Taxation	(13,056)	(7,056)
Non-controlling Interests	102	(127)
Profit/(Loss) Attributable to Equity Holders	181,296	(15,264)

The profit attributable to equity holders for the first half of 2014 included investment income of US$41.4 million from Hui Xian and a net fair value gain of US$9.7 million on Wall Street Plaza.

Profit from operating activities for the first half of the year was US$143.2 million, as compared to a loss of US$12.6 million in the first six months of 2013. The Group's operating activities include its business of container transportation and logistics conducted through the "OOCL" brand, together with the Group's investment property business, liquidity management and investment activities at the holding company.

ORIENT OVERSEAS CONTAINER LINE

Liner lifting for the first half year increased 10% and load factor increased by 5 points thereby generating an overall revenue increase of 4% over the same period last year. While freight rates across various trade lanes had a mixed performance against first half last year, additional liftings made up the revenue shortfall. The first six months of 2014 saw a robust growth in cargo demand in the major European and American markets.

Utilisation of vessel slots improved. Load factor recorded a 5% gain against a total capacity increase of 3% compared with the corresponding period last year.

The satisfactory performance of the Company for the half year was driven by better focus on yield management and load factor, and the results of further cost efficiency gains. Despite the favourable results and strong growth in cargo demand, the Company remains cautious of the capacity overhang and rate volatility across all trade lanes.

The G6 Alliance further expanded to cover all the main east-west trade lanes from the second quarter of this year with the aim to improve service quality, capacity management and cost efficiency.

Trans-Pacific Trade

Lifting increased 6% but average revenue per TEU was lowered by 5%. After a moderate start in 2014, volume picked up in the second quarter with a stronger cargo demand. Volume growth was partially due to advance shipments to the U.S. as shippers exercised contingencies to avoid any potential labour union contract negotiation issues affecting normal terminal operations along the Pacific Coast.

Asia-Europe Trade

Lifting increased 16% and average revenue was slightly lower by 0.2%. The trade benefited from the gradual economic recovery and restocking across the European states.

Intra-Asia & Australasia Trade

Lifting increased 12%, while average revenue per TEU fell by 7%. The trade saw a satisfactory volume growth but was impacted by the cascading of larger ships from the east-west trades.

Trans-Atlantic Trade

Lifting and average revenue dropped by 1% and 2% respectively. While cargo growth for westbound trade to the U.S. remained strong, the eastbound trade to Europe continued to drop on both lifting and average revenue.

Logistics

The logistics business of the Group, operating under the brand name OOCL Logistics Limited ("OLL"), consists of Supply Chain Management Services, Import/Export Services and Domestic Logistics. Overall, OLL achieved a revenue growth of 19% in the first half of 2014 when compared to the same period in 2013.

In Supply Chain Management Services, we provide management services, including PO management from origins to destinations, cargo consolidation, quality assurance from raw materials to finished products, etc to our customers. Business growth was through extended service offerings for both existing and new customers.

In Import/Export Services, we undertake to perform ocean transportation ("OceanPlus") and freight forwarding services for our clients. OceanPlus allows our customers a fuller range of product while freight forwarding services remain an important part of this segment, and efforts are made to ensure that OLL infrastructure supports clients' requirement for shipment management services.

Domestic Logistics consists of intra national logistics services. China is one of our primary areas of focus and development, and the growth is gaining momentum. In particular, we are building our service capabilities and customer portfolio for apparel, FMCG, retail, chemical and cotton segments.

We continue to build and develop OLL activities, and expect growth and productivity improvements in the second half of the year in our primary business segments. We will work towards building our China capabilities and in addition, put additional focus on ASEAN and India Sub Continent market.

Bunker Price

The average price of bunker recorded by OOCL in the first half of 2014 was US$595 per ton compared with US$626 per ton for the corresponding period in 2013. Fuel costs decreased by 8% in the first half of 2014 compared with the corresponding period in 2013.

We achieved 8% reduction in bunker cost against a 3% increase in capacity and 10% increase in lifting.

VESSELS

During first half of 2014, the Group took delivery of the ninth and tenth 'Mega' Class 13,208 TEU vessels from Samsung Heavy Industries Co., Ltd., namely the 'OOCL Korea' and 'OOCL Singapore'. They are the last two vessels of the 'Mega' Class 13,208 TEU series being delivered to the Group from the previous round of newbuilding order.

The Group will take delivery of the remaining four 'SX' Class 8,888 TEU vessels from Hudong Zhonghua Shipbuilding in 2015. Further modifications have been made to the vessels to further optimise engine and fuel efficiency. Delivery has been postponed from the original contracted delivery schedule.

Two 8,063 TEU 'SX' Class vessels, namely 'OOCL Long Beach' and 'OOCL Shenzhen', were sold during the first half of 2014 and leased back to OOCL for 3 years under a time-charter arrangement.

No orders for new buildings were placed in the first half of 2014.

NEWBUILDING DELIVERY 2014-2015

Shipyard	Hull No.	TEU	Date of Order	Status
Samsung Heavy Industries	HN2010	13,208	2011	Delivered
Samsung Heavy Industries	HN2011	13,208	2011	Delivered
Hudong-Zhonghua Shipbuilding	H1565A	8,888	2007	To be delivered
Hudong-Zhonghua Shipbuilding	H1585A	8,888	2007	To be delivered
Hudong-Zhonghua Shipbuilding	H1667A	8,888	2010	To be delivered
Hudong-Zhonghua Shipbuilding	H1668A	8,888	2010	To be delivered

OTHER ACTIVITIES

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

Wall Street Plaza continued to perform in line with expectations. Based on an independent valuation, it was re-valued upwards by US$10.0 million as at 30th June 2014 to reflect an assessed market value of US$180.0 million. After offsetting a total of US$0.3 million improvement to the building spent in the first six months of the year, the net fair value gain for the first half of 2014 was US$9.7 million.

In the first half of 2014, Hui Xian Holdings Ltd. declared a cash dividend and dividend in specie to its shareholders, of which the Group's shares amounted to US$40.2 million. In addition, the Group also received a distribution of US$1.2 million from its direct holding of Hui Xian REIT. As at 30th June 2014, the Group's investment in Hui Xian was re-valued at US$130.7 million.

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

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June 2014, the Group had total liquid assets of US$2,455.1 million and a total indebtedness of US$3,565.0 million. Net debt as at 30th June 2014 was therefore US$1,109.9 million versus US$1,122.8 million as at the 2013 year-end.

The Group continues to have sufficient borrowing capacity and remains comfortably within its target of keeping its net debt to equity ratio below 1:1.

The indebtedness of the Group mainly comprises bank loans, finance leases and other obligations which are largely denominated in US dollars. The Group's borrowings are monitored to ensure a smooth repayment schedule to maturity. The profile of the Group's long-term liabilities is set out in Note 18 to the Interim Financial Information.

The liquid assets of the Group are predominantly cash deposits with a range of banks and with tenors from overnight to up to six months. We review the list of approved banks and exposure limits on each bank on a regular basis.

Given the inherently volatile nature of shipping industry earnings and the fluctuations in asset values, the Group maintains a portion of its liquidity reserves in a portfolio of longer tenor investments. The Group's investment portfolio of US$464.8 million as at 30th June 2014 is predominantly comprised of a mix of investment grade bonds and Hong Kong listed equities.

CURRENCY EXPOSURE AND RELATED HEDGES

The Group's principal income is mainly comprised of freight revenues, receipts from terminal operations and rental income from investment properties, all of which are denominated in US dollars. Over 60% of cost items are also US-dollar based. Certain costs, such as terminal charges, transportation charges and administrative expenses for regional offices, are paid in domestic currencies. The Group's policy is to hedge, where appropriate, the payments of certain major currencies such as the Euro, Canadian Dollars and Japanese Yen.

Over 99% of the Group's total liabilities are denominated in US dollars. Consequently, the risk of currency fluctuations affecting the Group's debt profile is effectively mitigated.

EMPLOYEE INFORMATION

As at 30th June 2014, the Group had 9,196 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.

SAFETY, SECURITY AND ENVIRONMENTAL PROTECTION

Safety and security remains a top priority in our business operations for our people, cargo, ships and facilities, both onshore and at sea. Our Group maintains the highest safety and security standards.

The Group's Corporate Security Policy guides our company in the prevention and suppression of security threats against international supply chain operations. We are committed not only to complying with rules and regulations such as the ISPS Code, but also to exceeding them by embracing industry best practices and voluntary initiatives. We participate in various national security programs, including the Customs-Trade Partnership Against Terrorism (C-TPAT) and the Authorised Economic Operator (AEO) initiatives.

We also actively collaborate with various governments and authorities worldwide in our efforts against acts that might impinge upon maritime or cargo security. In addition, our Global Data Centre maintains ISO 27001 certification in order to provide our customers and partners with quality and secure information in accordance with international standards on information security management.

OOIL Group recognises that businesses must take responsibility for their industry's effects on the environment. OOIL proactively promotes and adopts green practices at every level of our organisation.

OOCL's online Carbon Calculator is designed for our customers to measure carbon dioxide emissions in their supply chains, and it has been verified by a third party auditor for data accuracy and transparency. It is one of the first emissions calculators of its kind to offer multiple shipment searches and full intermodal emissions data. In 2014, we adopted a standardised approach to generate carbon footprint reports as a means to provide a more effective and proactive method in sharing such information with customers. This service can help them better understand and manage the indirect carbon emissions produced from their upstream activities in the supply chain. In addition, the company reached a milestone from having received, for the first time, certification from the Lloyd's Register Quality Assurance (LRQA) for our dual environmental reporting standards through the use of both Clean Cargo Working Group (CCWG) and ISO 14064-1 verifications to certify the transparency, accuracy, completeness, consistency and relevance of OOCL's data disclosure on vessel emissions. Our Group Sustainability Report is now published on an annual basis. This report covers the significant environmental, economic and social aspects of the business arising from the principal activities of OOIL and its subsidiaries.

In addition to receiving two Hong Kong Voluntary Observing Ship Awards, OOCL won the "*Environmental Achievement Awards*" from the Port of Long Beach, the "*Outstanding Performance in the Port State Control Inspection Results*" from the Hong Kong Marine Department, "*Global Sustainability Leadership Awards*" from the World CSR Congress and the Asian Confederation of Businesses, and "*Environmental Excellence Award*" from the Canadian International Freight Forwarders Association (CIFFA) in the first half of 2014. We are very pleased to have been recognised for our consistent and sustained efforts in environmental protection initiatives and safety management.

OOCL continue to achieve one of the best records for the Green Flag Program organised by the Port of Long Beach and Port of Los Angeles in the United States, achieving full voluntary compliance in vessel speed reduction for our vessels. In addition, OOCL is also one of the leading carriers that voluntarily initiated and signed on to the Fair Winds Charter in Hong Kong. Under this Charter, our vessels switch to cleaner fuel of 0.5% sulphur content or less when berthed at the Hong Kong port.

Through membership with organisations such as the Clean Cargo Working Group, the Business Environment Council and the World Wildlife Fund, OOIL Group is committed to playing its part in addressing climate change and environmental protection in Hong Kong and the regions in which we operate.

Other Information

INTERIM DIVIDEND

The Board of Directors (the "Board") of the Company is pleased to announce an interim dividend of US7.5 cents (HK$0.585 at the exchange rate of US$1: HK$7.8) per ordinary share for the six months ended 30th June 2014 to be paid on 16th October 2014 to the shareholders of the Company whose names appear on the register of members of the Company on 12th September 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 7th October 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 8th September 2014 to 12th September 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, the share transfers must be accompanied with the relevant share certificates and lodged with the Branch Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 5th September 2014.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30th June 2014, the issued share capital of the Company consisted of 625,793,297 ordinary shares (the "Shares"). The interests and short positions of the Directors and the Chief Executive of the Company in the Shares, the underlying Shares and the debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name	Direct interests	Other interests	Total number of Shares (Long position)	Percentage
Tung Chee Chen	–	429,950,088 *(Notes 1 and 2)*	429,950,088	68.70%
Chang Tsann Rong Ernest	612,731	–	612,731	0.098%
Chow Philip Yiu Wah	133,100	20,000 *(Note 3)*	153,100	0.024%
Simon Murray	10,000	–	10,000	0.002%
Professor Wong Yue Chim Richard	–	500 *(Note 4)*	500	0.00008%

Notes:

1. Mr. Tung Chee Chen has an interest in a trust which, through Artson Global Limited ("Artson") as trustee, holds shares of Thelma Holdings Limited ("Thelma"), which has an indirect interest in 429,950,088 Shares, in which Fortune Crest Inc. ("Fortune Crest") and Gala Way Company Inc. ("Gala Way"), wholly-owned subsidiaries of Thelma, have direct interests in 350,722,656 Shares and 79,227,432 Shares respectively. The voting rights in respect of such 429,950,088 Shares are held by Mr. Tung Chee Chen through Tung Holdings (Trustee) Inc. ("THTI").

2. Fortune Crest and Gala Way together are referred to as the controlling shareholders.

3. 20,000 Shares are held by the spouse of Mr. Chow Philip Yiu Wah.

4. 500 Shares are held by the spouse of Professor Wong Yue Chim Richard.

Save as disclosed above, as at 30th June 2014, none of the Directors or the Chief Executive of the Company had any interest or short position in the Shares, the underlying Shares and the debentures of the Company or any of its associated corporation (within the meaning of the SFO) which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed in below section "Substantial Shareholders' Share Interest", as at 30th June 2014, none of the Directors or the Chief Executive of the Company is a director or an employee of a company which had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS' SHARE INTEREST

As at 30th June 2014, the following persons (other than the Directors or the Chief Executive of the Company) had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of Shares interested (Long position)	Percentage
Artson Global Limited*	Trustee	429,950,088 *(Note 1)*	68.70%
Hanberry Global Limited#	Trustee	429,950,088 *(Note 2)*	68.70%
Thelma Holdings Limited*	Indirect	429,950,088 *(Note 3)*	68.70%
Tung Chee Hwa	Indirect	429,975,319 *(Note 4)*	68.70%
Archmore Investment Limited*	Beneficiary of a trust	429,950,088 *(Note 5)*	68.70%
Edgemont Holdings Limited*	Indirect	429,950,088 *(Note 6)*	68.70%
Javier Global Limited*	Indirect	429,950,088 *(Note 7)*	68.70%
Bartlock Assets Ltd.#	Beneficiary of a trust	429,950,088 *(Note 8)*	68.70%
Flowell Development Inc.	Beneficiary of a trust	429,950,088 *(Note 9)*	68.70%
Izone Capital Limited*	Beneficiary of a trust	429,950,088 *(Note 10)*	68.70%
Jeference Capital Inc.*	Beneficiary of a trust	429,950,088 *(Note 11)*	68.70%
Tung Holdings (Trustee) Inc.*	Voting	429,950,088 *(Note 12)*	68.70%
Fortune Crest Inc.*	Direct	350,722,656 *(Note 13)*	56.04%
Gala Way Company Inc.*	Direct	79,227,432 *(Note 14)*	12.66%

Other Information

Notes:

1. Artson, a company which is wholly owned by Mr. Tung Chee Chen, holds 56.36% of the shares of Thelma and, accordingly, has an indirect interest in the same Shares in which Thelma has an interest.

2. Hanberry Global Limited ("Hanberry"), a company which is wholly owned by Mr. Tung Chee Hwa (brother of Mr. Tung Chee Chen, brother-in-law of Professor Roger King, and father of Mr. Tung Lieh Cheung Andrew and Mr. Tung Lieh Sing Alan), holds 43.64% of the shares of Thelma and, accordingly, has an indirect interest in the same Shares in which Thelma has an interest.

3. Thelma, a company which is owned collectively by Artson and Hanberry, has an indirect interest in the same Shares in which Fortune Crest and Gala Way, wholly-owned subsidiaries of Thelma, have an interest.

4. Mr. Tung Chee Hwa has an interest in a trust which, through Hanberry as trustee, holds shares of Thelma, which has an indirect interest in 429,950,088 Shares. Mrs. Tung Chiu Hung Ping Betty (spouse of Mr. Tung Chee Hwa, sister-in-law of Mr. Tung Chee Chen and Professor Roger King, and mother of Mr. Tung Lieh Cheung Andrew and Mr. Tung Lieh Sing Alan) owns 25,231 Shares.

5. Archmore Investment Limited ("Archmore"), a company which is wholly owned by Edgemont Holdings Limited ("Edgemont"), has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 429,950,088 Shares.

6. Edgemont has an indirect interest in the same Shares in which Archmore, a wholly-owned subsidiary of Edgemont, has an interest.

7. Javier Global Limited ("Javier"), a company which is wholly owned by Mr. Tung Chee Chen, has an indirect interest in the same Shares in which Edgemont, a wholly-owned subsidiary of Javier, has an interest.

8. Bartlock Assets Ltd., a company which is wholly owned by Mr. Tung Chee Hwa, has an interest in a trust which, through Hanberry as trustee, holds shares of Thelma, which has an indirect interest in 429,950,088 Shares.

9. Flowell Development Inc., a company which is wholly owned by Mr. Tung Chee Chen, has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 429,950,088 Shares.

10. Izone Capital Limited, a company which is wholly owned by Mr. Tung Chee Chen, has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 429,950,088 Shares.

11. Jeference Capital Inc., a company which is wholly owned by Mr. Tung Chee Chen, has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 429,950,088 Shares.

12. THTI is a company wholly owned by Mr. Tung Chee Chen.

13. Fortune Crest has a direct interest in 350,722,656 Shares.

14. Gala Way has a direct interest in 79,227,432 Shares.

* For those companies marked with "*", Mr. Tung Chee Chen is either a director of these companies or a director of a company which is a corporate director of these companies.

\# For those companies marked with "#", Mr. Tung Lieh Cheung Andrew is a director of these companies.

Save as disclosed herein, as at 30th June 2014, the Company has not been notified by any person (other than the Directors or the Chief Executive of the Company) who had an interest or short position in the Shares or the underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at 30th June 2014, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six-month period ended 30th June 2014, the Company has not redeemed any of its Shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's Shares.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under laws of Bermuda in relation to the issue of new shares by the Company.

UPDATE ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Below are the changes of Directors' information since the date of the 2013 Annual Report, required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. CHOW Philip Yiu Wah, a Non-Executive Director of the Company, is a consultant of the Company since 1st July 2012 and his consultancy contract, which expired on 1st July 2014, was extended from 1st July 2014 up to 31st December 2014 at a consultancy fee of HK$2,103,101 per annum on a pro-rata basis.

Mr. Simon MURRAY, an Independent Non-Executive Director of the Company, resigned as the Vice Chairman and an Independent Non-Executive Director of Essar Energy Plc on 19th May 2014.

Mr. CHENG Wai Sun Edward, an Independent Non-Executive Director of the Company, was appointed as an Independent Non-Executive Director of Standard Chartered Bank (Hong Kong) Limited on 3rd April 2014.

Other Information

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 Listing Rules, also incorporates and conforms to local and international best practices. The CG Code sets out the corporate governance principles applied by the Company and its subsidiaries (the "Group") and is constantly reviewed to ensure transparency, accountability and independence.

Throughout the period from 1st January 2014 to 30th June 2014, the Company complied with the SEHK Code, save for the following:

- **Code Provision**

Code provision	Deviation	Considered reason for deviation
Separation of the roles of chairman and chief executive officer of a listed issuer.	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.

- **Recommended Best Practices**

  - the remuneration of senior management is disclosed in bands

  - operational results are announced and published quarterly instead of financial results

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 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 2014 to 30th June 2014.

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Report on Review of Interim Financial Information

To the Board of Directors of
Orient Overseas (International) Limited
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 17 to 36, which comprises the condensed consolidated balance sheet of Orient Overseas (International) Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th June 2014 and the condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 8th August 2014

Condensed Consolidated Profit and Loss Account (Unaudited)

For the six months ended 30th June 2014

US$'000	Note	2014	2013
Revenue	5	**3,237,248**	3,025,005
Operating costs		**(2,920,317)**	(2,821,385)
Gross profit		**316,931**	203,620
Fair value gain/(loss) from an investment property		**9,653**	(4,560)
Other operating income		**89,824**	32,282
Other operating expenses		**(205,517)**	(228,064)
Operating profit	6	**210,891**	3,278
Finance costs	8	**(26,788)**	(18,592)
Share of profits of joint ventures		**2,467**	1,901
Share of profits of associated companies		**7,680**	5,332
Profit/(loss) before taxation		**194,250**	(8,081)
Taxation	9	**(13,056)**	(7,056)
Profit/(loss) for the period		**181,194**	(15,137)
Profit/(loss) attributable to:			
Equity holders of the Company		**181,296**	(15,264)
Non-controlling interests		**(102)**	127
		181,194	(15,137)
Earnings/(loss) per ordinary share (US cents)			
Basic and diluted	11	**29.0**	(2.4)
Interim dividend	10	**46,934**	–

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30th June 2014

US$'000	2014	2013
Profit/(loss) for the period	**181,194**	(15,137)
Other comprehensive income:		
Item that will not be subsequently reclassified to profit or loss:		
Actuarial losses on defined benefit schemes	**(131)**	(6,554)
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
– Change in fair value	**(50,111)**	(8,414)
– Assets revaluation reserve realised	**–**	(112)
Currency translation adjustments		
– Foreign subsidiaries	**(1,404)**	3,005
– Non-controlling interests	**(52)**	103
– Associated companies	**(1,296)**	1,829
– Joint ventures	**(72)**	134
Total items that may be reclassified subsequently to profit or loss	**(52,935)**	(3,455)
Other comprehensive loss for the period, net of tax	**(53,066)**	(10,009)
Total comprehensive income/(loss) for the period	**128,128**	(25,146)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	**128,282**	(25,376)
Non-controlling interests	**(154)**	230
	128,128	(25,146)

Condensed Consolidated Balance Sheet (Unaudited)

As at 30th June 2014

US$'000	Note	30th June 2014	31st December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	12	**5,483,151**	5,320,251
Investment property	12	**180,000**	170,000
Prepayments of lease premiums	12	**9,229**	9,543
Joint ventures		**9,889**	8,674
Associated companies		**148,779**	134,697
Intangible assets	12	**45,409**	42,663
Deferred taxation assets		**3,895**	4,072
Pension and retirement assets		**677**	–
Derivative financial instruments	14	**3,696**	4,407
Restricted bank balances		**34,933**	24,731
Available-for-sale financial assets		**131,467**	149,667
Held-to-maturity investments		**239,915**	254,572
Other non-current assets		**20,301**	22,928
		6,311,341	6,146,205
Current assets			
Inventories		**160,654**	150,058
Debtors and prepayments	13	**599,253**	554,852
Amount due from an associated company		**2,341**	7,330
Held-to-maturity investments		**16,057**	–
Portfolio investments		**208,779**	217,986
Restricted bank balances		**426**	1,441
Cash and bank balances		**1,954,986**	1,912,346
		2,942,496	2,844,013
Total assets		**9,253,837**	8,990,218
EQUITY			
Equity holders			
Share capital	15	**62,579**	62,579
Reserves	16	**4,524,715**	4,408,228
		4,587,294	4,470,807
Non-controlling interests		**5,663**	5,817
Total equity		**4,592,957**	4,476,624

Condensed Consolidated Balance Sheet (Unaudited)

As at 30th June 2014

US$'000	Note	30th June 2014	31st December 2013
LIABILITIES			
Non-current liabilities			
Borrowings	18	**3,241,411**	3,265,555
Deferred taxation liabilities		**54,821**	55,557
Pension and retirement liabilities		**260**	2,409
Derivative financial instruments	14	**1,764**	4,728
		3,298,256	3,328,249
Current liabilities			
Creditors and accruals	17	**1,023,072**	904,624
Amounts due to joint ventures		**10,109**	6,991
Borrowings	18	**323,547**	268,310
Current taxation		**4,653**	5,420
Derivative financial instrument	14	**1,243**	–
		1,362,624	1,185,345
Total liabilities		**4,660,880**	4,513,594
Total equity and liabilities		**9,253,837**	8,990,218
Net current assets		**1,579,872**	1,658,668
Total assets less current liabilities		**7,891,213**	7,804,873

C C Tung
Alan Tung
Directors

Condensed Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30th June 2014

US$'000	2014	2013
Cash flows from operating activities		
Cash generated from operations	**283,834**	164,776
Interest paid	**(17,491)**	(13,252)
Interest element of finance lease rental payments	**(6,993)**	(5,487)
Overseas taxes paid	**(6,782)**	(13,568)
Net cash from operating activities	**252,568**	132,469
Cash flows from investing activities		
Sale of property, plant and equipment	**118,289**	15,341
Sale of available-for-sale financial assets	**37**	116
Redemption on maturity of held-to-maturity investments	**2,581**	–
Purchase of property, plant and equipment	**(11,161)**	(167,885)
Addition of investment property	**(347)**	(9,560)
Purchase of held-to-maturity investments	**(2,736)**	–
Decrease/(increase) in portfolio investments	**9,217**	(16,958)
Increase in amounts due to joint ventures	**3,118**	2,979
Increase in restricted bank balances	**(9,187)**	(3,135)
Increase in bank deposits maturing more than three months from the date of placement	**(114,963)**	(175,926)
Increase of investment in an associated company	**(10,296)**	(10,051)
Increase in intangible assets	**(6,943)**	(4,848)
Decrease in other non-current assets	**2,627**	110
Interest received	**17,878**	16,786
Dividends received from portfolio investments	**125**	164
Distribution from available-for-sale financial assets	**1,212**	–
Dividends received from available-for-sale financial assets	**7,903**	7,906
Dividend received from an associated company	**7,330**	–
Dividend received from a joint venture	**1,180**	961
Capital contribution from non-controlling interests	**–**	48
Net cash from/(used in) investing activities	**15,864**	(343,952)
Cash flows from financing activities		
Drawdown of loans	**197,963**	464,100
Repayment of loans	**(350,529)**	(242,095)
Capital element of finance lease rental payments	**(173,755)**	(125,791)
Dividends paid to equity holders of the Company	**(11,795)**	(44,987)
Net cash (used in)/from financing activities	**(338,116)**	51,227
Net decrease in cash and cash equivalents	**(69,684)**	(160,256)
Cash and cash equivalents at beginning of period	**1,719,902**	1,597,018
Currency translation adjustments	**(2,444)**	1,241
Cash and cash equivalents at end of period	**1,647,774**	1,438,003
Analysis of cash and cash equivalents		
Bank balances and deposits maturing within three months from the date of placement	**1,647,893**	1,438,129
Bank overdrafts	**(119)**	(126)
	1,647,774	1,438,003

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30th June 2014

	Equity holders				
US$'000	**Share capital**	**Reserves**	**Sub-total**	**Non-controlling interests**	**Total**
Balance at 31st December 2013	**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**
Transactions with owners					
2013 final dividend	**–**	**(11,795)**	**(11,795)**	**–**	**(11,795)**
Balance at 30th June 2014	**62,579**	**4,524,715**	**4,587,294**	**5,663**	**4,592,957**
Balance at 31st December 2012	62,579	4,419,236	4,481,815	5,778	4,487,593
Total comprehensive (loss)/income for the period	–	(25,376)	(25,376)	230	(25,146)
Transaction with owners					
2012 final dividend	–	(44,987)	(44,987)	–	(44,987)
Capital contribution from non-controlling interests	–	–	–	48	48
Balance at 30th June 2013	62,579	4,348,873	4,411,452	6,056	4,417,508

Notes to the Interim Financial Information

1. General Information

Orient Overseas (International) Limited (the "Company") is a limited liability company incorporated in Bermuda. The address of its registered office is 33rd floor, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong.

The Company has its listing on the Main Board of The Stock Exchange of Hong Kong Limited.

This interim financial information was approved by the Board of Directors on 8th August 2014.

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 2013 except as disclosed below.

The adoption of revised HKFRS

In 2014, the Group adopted the following amendments and interpretations to existing HKFRS below, which are relevant to its operations.

Amendments and interpretation to existing standards	
HKAS 32 Amendment	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 Amendment	Recoverable Amount Disclosures for Non-Financial Assets
HK(IFRIC) – Int 21	Levies

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

2. Basis of Preparation (Continued)

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

New standards and amendments to existing standards		Effective for accounting periods beginning on or after
HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions	1st July 2014
HKFRSs	Annual Improvements 2010 – 2012 Reporting Cycle	1st July 2014
HKFRSs	Annual Improvements 2011 – 2013 Reporting Cycle	1st July 2014
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operation	1st January 2016
HKAS 16 and HKAS 38 Amendments	Classification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
HKFRS 15	Revenue from Contracts with Customers	1st January 2017
HKFRS 7 Amendment	Financial Instruments: Disclosures – Mandatory Effective date of HKFRS 9 and Transition Disclosures	Not yet determined*
HKFRS 9	Financial Instruments	Not yet determined*

* For those in connection with HKFRS 9, the mandatory effective date will be determined when the outstanding phase of HKFRS 9 are finalised.

The Group has not early adopted the above standards and amendments and is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of accounts will result.

3. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual accounts for the year ended 31st December 2013.

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).

3. Financial Risk Management (Continued)

3.1 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30th June 2014:

US$'000	Level 1	Level 2	Level 3	Total
Assets				
Portfolio investments				
– Equity securities	**21,678**	**–**	**–**	**21,678**
– Debt securities	**175,154**	**–**	**–**	**175,154**
– Funds and other investments	**–**	**11,947**	**–**	**11,947**
Derivative financial instruments	**–**	**3,696**	**–**	**3,696**
Available-for-sale financial assets				
– Listed equity securities	**64,529**	**–**	**–**	**64,529**
– Other investments	**–**	**–**	**66,938**	**66,938**
Total assets	**261,361**	**15,643**	**66,938**	**343,942**
Liabilities				
Derivative financial instruments	**–**	**3,007**	**–**	**3,007**
Total liabilities	**–**	**3,007**	**–**	**3,007**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31st December 2013:

US$'000	Level 1	Level 2	Level 3	Total
Assets				
Portfolio investments				
– Equity securities	24,322	–	–	24,322
– Debt securities	187,314	148	–	187,462
– Funds and other investments	–	6,202	–	6,202
Derivative financial instruments	–	4,407	–	4,407
Available-for-sale financial assets				
– Listed equity securities	37,521	–	–	37,521
– Other investments	–	–	112,146	112,146
Total assets	249,157	10,757	112,146	372,060
Liabilities				
Derivative financial instruments	–	4,728	–	4,728
Total liabilities	–	4,728	–	4,728

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

3. Financial Risk Management (Continued)

3.1 Fair value estimation (Continued)

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.

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 2013	**112,146**
Disposals	**(10)**
Currency translation adjustments	**2**
Fair value change recognised in other comprehensive income	**(45,200)**
Closing balance at 30th June 2014	**66,938**
Opening balance at 31st December 2012	115,334
Disposals	(116)
Currency translation adjustments	(34)
Fair value change recognised in other comprehensive income	(6,400)
Closing balance at 30th June 2013	108,784

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	
US$'000	**30th June 2014**	31st December 2013	**30th June 2014**	31st December 2013
Non-current bank loans	**1,849,742**	1,982,232	**1,850,909**	1,984,035
Non-current finance lease obligations	**1,391,669**	1,283,323	**1,384,860**	1,275,871
Held-to-maturity investments	**255,972**	254,572	**271,803**	265,025

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 2013.

5. Revenue

US$'000	**2014**	2013
Container transport and logistics	**3,224,218**	3,012,234
Rental income	**13,030**	12,771
	3,237,248	3,025,005

The principal activities of the Group are container transport and logistics.

Revenue comprises turnover which includes gross freight, charter hire, 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	2014	2013
Operating profit is arrived at after crediting:		
Interest income from banks	**8,895**	7,427
Interest income from held-to-maturity investments	**5,071**	5,033
Gross rental income from an investment property	**13,030**	12,771
Profit on disposal of property, plant and equipment	**4,540**	6,274
Income from available-for-sale financial assets		
– Gain on disposal	**27**	112
– Distribution	**1,212**	1,164
– Dividend income	**40,175**	7,906
Net gain on interest rate swap contracts	**233**	–
Fair value gain on foreign exchange forward contract	**1,568**	–
Portfolio investment income		
– Fair value gain (realised and unrealised)	**4,495**	–
– Interest income	**3,514**	3,822
– Dividend income	**213**	258
Exchange gain	**6,117**	–
and after charging:		
Depreciation		
Owned assets	**120,297**	104,390
Leased assets	**37,260**	39,503
Operating lease rental expense		
Vessels and equipment	**159,798**	183,453
Terminals and berths	**18,348**	12,177
Land and buildings	**14,611**	11,675
Rental outgoings in respect of an investment property	**7,027**	7,399
Portfolio investment loss		
– Fair value loss (realised and unrealised)	**–**	14,651
Net loss on interest rate swap contracts	**–**	621
Fair value loss on foreign exchange forward contract	**–**	944
Amortisation of intangible assets	**4,197**	4,215
Amortisation of prepayments of lease premiums	**245**	244
Exchange loss	**–**	1,161

7. Key Management Compensation

US$'000	2014	2013
Salaries and other short-term employee benefits	1,680	2,622
Pension costs – defined contribution plans	148	255
	1,828	2,877

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	2014	2013
Interest expense	(28,487)	(20,876)
Amount capitalised under assets	1,699	2,284
Net interest expense	(26,788)	(18,592)

9. Taxation

US$'000	2014	Restated 2013
Current taxation		
Hong Kong profits tax	(509)	(794)
Overseas taxation	(12,947)	(9,806)
	(13,456)	(10,600)
Deferred taxation		
Overseas taxation	400	3,544
	(13,056)	(7,056)

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% (2013: 10% to 47%) and the rate applicable for Hong Kong profits tax is 16.5% (2013: 16.5%).

10. Interim Dividend

US$'000	2014	2013
Interim dividend of US7.5 cents (2013: nil) per ordinary share	46,934	–

The Board of Directors proposes an interim dividend in respect of 2014 of US7.5 cents (2013: nil) per ordinary share. This proposed dividend will be accounted for as an appropriation of retained profit for the year ending 31st December 2014.

11. Earnings/(Loss) Per Ordinary Share

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

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

US$'000	2014	2013
Number of ordinary shares in issue (thousands)	625,793	625,793
Group's profit/(loss) attributable to:		
Equity holders of the Company	181,296	(15,264)
Non-controlling interests	(102)	127
	181,194	(15,137)
Earnings/(loss) per share attributable to equity holders of the Company (US cents)	29.0	(2.4)

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 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
Balance at 31st December 2012	4,664,773	165,000	9,793	38,916	4,878,482
Currency translation adjustments	488	–	136	1	625
Fair value loss	–	(4,560)	–	–	(4,560)
Additions	579,509	9,560	–	4,848	593,917
Disposals	(9,067)	–	–	–	(9,067)
Depreciation and amortisation	(143,893)	–	(244)	(4,215)	(148,352)
Balance at 30th June 2013	5,091,810	170,000	9,685	39,550	5,311,045

13. Debtors and Prepayments

US$'000	30th June 2014	31st December 2013
Trade receivables	**395,242**	363,495
Less: provision for impairment	**(8,414)**	(7,850)
Trade receivables – net	**386,828**	355,645
Other debtors	**86,344**	75,718
Other prepayments	**105,417**	97,317
Utility and other deposits	**10,275**	8,602
Tax recoverable	**10,389**	17,570
	599,253	554,852

Trade receivables are normally due for payment on presentation of invoices or granted with an approved credit period ranging mainly from 10 to 30 days. Trade receivables with overdue balances are requested to settle all outstanding balances before any further credit is granted. The ageing analysis of the Group's trade receivables, net of provision for impairment, prepared in accordance with the due dates of invoices, is as follows:

US$'000	30th June 2014	31st December 2013
Below one month	**353,233**	327,629
Two to three months	**25,632**	21,812
Four to six months	**5,563**	6,204
Over six months	**2,400**	–
	386,828	355,645

14. Derivative Financial Instruments

US$'000	30th June 2014	31st December 2013
Assets		
Non-current assets		
Interest rate swap contracts	**3,696**	4,407
Liabilities		
Non-current liabilities		
Interest rate swap contract	**–**	(2,022)
Foreign exchange forward contract	**(1,764)**	(2,706)
	(1,764)	(4,728)
Current liabilities		
Interest rate swap contract	**(1,243)**	–

15. Share Capital

US$'000	30th June 2014	31st December 2013
Authorised:		
900,000,000 ordinary shares of US$0.10 each	**90,000**	90,000
65,000,000 convertible redeemable preferred shares of US$1 each	**65,000**	65,000
50,000,000 redeemable preferred shares of US$1 each	**50,000**	50,000
	205,000	205,000
Issued and fully paid:		
625,793,297 (2013: 625,793,297) ordinary shares of US$0.10 each	**62,579**	62,579

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 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**
Balance at 31st December 2012	172,457	88,547	4,696	117,614	58,872	3,977,050	4,419,236
Total comprehensive (loss)/income for the period	–	–	–	(8,526)	4,968	(21,818)	(25,376)
Transactions with owners							
2012 final dividend	–	–	–	–	–	(44,987)	(44,987)
Balance at 30th June 2013	172,457	88,547	4,696	109,088	63,840	3,910,245	4,348,873
Total comprehensive income for the period	–	–	–	2,573	1,094	55,688	59,355
Balance at 31st December 2013	172,457	88,547	4,696	111,661	64,934	3,965,933	4,408,228

17. Creditors and Accruals

US$'000	30th June 2014	31st December 2013
Trade payables	**347,776**	303,829
Other creditors	**81,487**	76,741
Accrued expenses	**533,029**	455,583
Deferred revenue	**60,780**	68,471
	1,023,072	904,624

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

US$'000	30th June 2014	31st December 2013
Below one month	**221,156**	171,269
Two to three months	**114,664**	122,463
Four to six months	**8,176**	6,102
Over six months	**3,780**	3,995
	347,776	303,829

18. Borrowings

US$'000	30th June 2014	31st December 2013
Non-current		
Bank loans		
– Secured	**1,749,376**	1,881,785
– Unsecured	**100,366**	100,447
Finance lease obligations	**1,391,669**	1,283,323
	3,241,411	3,265,555
Current		
Bank overdrafts, unsecured	**119**	314
Bank loans		
– Secured	**160,223**	168,588
– Unsecured	**–**	9,908
Finance lease obligations	**163,205**	89,500
	323,547	268,310
Total borrowings	**3,564,958**	3,533,865

19. Commitments

(a) Capital commitments – Property, plant and equipment

US$'000	30th June 2014	31st December 2013
Contracted but not provided for	**543,866**	722,055
Authorised but not contracted for	**130,119**	333,750
	673,985	1,055,805

(b) Operating lease commitments

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

US$'000	Vessels and equipment	Land and buildings	Total
As at 30th June 2014			
2014/15	**208,046**	**22,709**	**230,755**
2015/16	**100,212**	**15,365**	**115,577**
2016/17	**94,557**	**11,543**	**106,100**
2017/18	**71,776**	**7,752**	**79,528**
2018/19	**67,655**	**5,885**	**73,540**
2019/20 onwards	**165,949**	**14,797**	**180,746**
	708,195	**78,051**	**786,246**
As at 31st December 2013			
2014	211,998	26,914	238,912
2015	98,058	14,190	112,248
2016	69,504	11,099	80,603
2017	69,273	7,213	76,486
2018	68,788	3,997	72,785
2019 onwards	199,048	15,520	214,568
	716,669	78,933	795,602

The Group entered into the Preferential Assignment Agreement (the "Agreement") with the Port of Long Beach ("POLB") for the use of the Middle Harbor Terminal (the "Terminal") in Long Beach, California USA on 30th April 2012. The term of the Agreement is 40 years commencing on 1st July 2011. On 27th March 2013, the Group signed the First Amendment to Preferential Assignment Agreement (the "Amendment") with POLB, which has amended certain terms within Agreement and has altered the expected guaranteed minimum annual compensation to be made for the relevant period of the lease term.

The guaranteed minimum annual compensation is computed based on the guaranteed minimum annual compensation per acreage (ranging from US$180,000 to US$270,000 in the first 5 years of the lease) multiplied by the number of acreages of the Terminal delivered, which is subject to mutual agreement between the Group and POLB along the Terminal construction and based on the milestones set out in the Agreement. The construction is expected to be completed by 2019 and the estimated number of acreages of the Terminal upon completion is estimated to be approximately 304.7 acres. As of 30th June 2014, the acreages of the Terminal available is 90.8 acres. The Group and POLB 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.

Operating segments

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

US$'000	Container transport and logistics	Others	Elimination	Group
Revenue	**3,224,218**	**13,486**	**(456)**	**3,237,248**
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**
Profit before taxation	**118,507**	**75,743**	**–**	**194,250**
Taxation	**(7,349)**	**(5,707)**	**–**	**(13,056)**
Profit for the period	**111,158**	**70,036**	**–**	**181,194**
Capital expenditure	**441,619**	**347**	**–**	**441,966**
Depreciation	**157,557**	**–**	**–**	**157,557**
Amortisation	**4,442**	**–**	**–**	**4,442**

The segment results for the six months ended 30th June 2013 are as follows:

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

20. Segment Information (Continued)

Operating segments (Continued)

The segment assets and liabilities as at 30th June 2014 are as follows:

US$'000	**Container transport and logistics**	**Others**	**Group**
Segment assets	**6,900,081**	**2,192,747**	**9,092,828**
Joint ventures	**9,889**	**–**	**9,889**
Associated companies	**151,120**	**–**	**151,120**
Total assets	**7,061,090**	**2,192,747**	**9,253,837**
Segment liabilities	**(4,595,224)**	**(65,656)**	**(4,660,880)**

The segment assets and liabilities as 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
Joint ventures	8,674	–	8,674
Associated companies	142,027	–	142,027
Total assets	6,767,383	2,222,835	8,990,218
Segment liabilities	(4,456,967)	(56,627)	(4,513,594)

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.

Geographical information

The Group's two reportable operating segments operate in four main geographical areas, even though they are managed on a worldwide basis. Freight revenues from container transport and logistics are analysed based on the outbound cargoes of each geographical territory.

The Group's total assets mainly include container vessels and containers which are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, non-current assets by geographical areas are not presented.

US$'000	**Revenue**	**Capital expenditure**
Six months ended 30th June 2014		
Asia	**2,073,998**	**9,857**
North America	**466,873**	**85,795**
Europe	**586,050**	**298**
Australia	**110,327**	**9**
Unallocated*	**–**	**346,007**
	3,237,248	**441,966**
Six months ended 30th June 2013		
Asia	1,967,819	6,645
North America	506,343	15,097
Europe	437,872	130
Australia	112,971	3
Unallocated*	–	572,042
	3,025,005	593,917

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