



Orient Overseas (International) Limited

(Incorporated in Bermuda with members' limited liability)

Stock code: 0316.HK

INTERIM REPORT 2024



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Chairman's Statement

I am pleased to report that, Orient Overseas (International) Limited (“OOIL”) and its subsidiaries (the “Group”) achieved a profit attributable to shareholders of US\$833.3 million for the six-month period ended 30th June 2024 (2023: US\$1,128.7 million), Group EBITDA of US\$1,277.3 million (2023: US\$1,569.0 million) and an EBITDA margin of 27.5% (2023: 34.6%), which is higher than the Group's historical level of interim results prior to the pandemic. The profit per ordinary share for the first half of 2024 was US\$1.26, compared to US\$1.71 in the first half of 2023.

The Board of Directors is pleased to announce an interim dividend of US\$0.63 per ordinary share (2023: interim dividend of US\$0.69 per ordinary share and special dividend of US\$0.17 per ordinary share).

Towards the end of 2023, the sudden incident around the Red Sea ended the hovering low market levels, and the market rebounded sharply as we entered the traditional peak season. There was a short quiet season just right after 2024 Chinese New Year, where we saw delivery of many new ships and the oversupply resulted in downward pressure. Eventually, concerns over supply chain disruption and continuously strong demand again resulted in rebound for most routes, and repeatedly breaking new Shanghai Containerised Freight Index records since 2023.

The recent supply chain disruptions were primarily due to the ongoing situation in the Red Sea. In order to maintain schedule reliability, the additional distance to circumnavigate through the Cape of Good Hope instead of going through the Red Sea meant that liners had to deploy additional capacity. Other factors such as poor weather, backlog of cargo, arrival of delayed vessels together and surge in the transshipment volume, resulted in different level of congestions at some ports, which have made more capacity stuck there. All these in some ways provide an explanation for why effective supply remains low despite the rapid increase in nominal capacity. New supply chain risk management requirements and geopolitical factors have reshaped existing trade patterns, that brings the need to further optimise our network to cater emerging markets such as India, Vietnam, and Latin America, which in turn brings new challenges on supply chain management.

On the demand side, the US economy showed resilience and the European economy has also been recovering. Unlike the first half of 2023 where consumption was primarily on services, we saw consumers were more willing to buy goods in 2024, the positive sentiment resulted in importers raising their import expectations. At the same time, retailers are still concerned about delivery delays caused by supply chain disruption, so they have refined their inventory management strategy to adopt a more Just-In-Case approach instead of Just-In-Time approach to ensure the goods arrive in-time for peak season sales. This resulted in a surge of shipments during the second quarter.

The combined effects of a strong demand and tight supply have driven freight rates to even higher levels, not only were Asia/Europe and Trans-Pacific routes impacted but the impacts were felt on other routes as well. It is worth mentioning that the favourable rate environment on some routes has inevitably attracted existing operators to deploy more capacity, but also attracted new entrants, further intensifying the competition.

Our robust financial position continues to be ever better in the current market boom, with the Group's 3rd highest interim revenue and operating cash flow, all our newbuilds continue to be paid by our cash on hand. The Group didn't raise any new loans and have further reduced our remaining financings. The Group's liability-to-asset ratio decreased to 26%, compared to 28% at the end of 2023 and 33% at the end of 2022.

I would like to take this opportunity to express my gratitude to all of the Group's employees, especially our crews, for having the “We Take It Personally” spirit in responding to situation in the Red Sea, which reaffirms the Group's “People People People” core values and our staff's professionalism and competency to the industry and all stakeholders.

During the booming market, we continue to uphold our “Customer Focus” concept. While continuing to provide high-quality service, we will further strengthen online and offline customer interaction, optimise contingency measures for any possible disruptions to improve customer experience.

The Dual Brand strategy continues to play a pivotal role, not only in dealing the Red Sea disruption and port congestions where we realised cost minimisation and efficiency gain through synergies, but also in emerging market and niche market, in the form of the Dual Brand and Ocean Alliance, allowing us to rapidly extend our network and to better serve our customers. We believe that OOCL will continue to achieve greater results under this strategy.

The Group has made tremendous progress in sustainability, not only to continue to be a constituent on a number of Environmental, Social and Governance (ESG) indexes, but was once again named “Best Green Shipping Line” at the Asian Freight, Logistics & Supply Chain Awards and listed in S&P Global's Sustainability Yearbook (China Edition) 2024 with the rating as “Top 1% S&P Global CSA Score (Chinese Corporate)” in the industry. All the above are recognitions of the Group's outstanding performance in ESG over the years, and for now, the Group has just joined hands with customers to kick-start low-carbon shipping with the aim to reduce our carbon footprint alongside with our customers, not only is it a milestone in the Group's decarbonisation journey, but also a motivation for us to move towards a sustainable future together with our customers.

Looking ahead, although rates are still relatively high at the moment, uncertainty remains the norm. How long will such demand dynamic be maintained can be one of the key factors that significantly influence the market's short and long-term expectations, economic trends and trade patterns can also impact the market to various extents. On the other hand, lessons from the pandemic and Red Sea incident have taught us that the supply chains are very susceptible to geopolitical risks. As new ships continue to be delivered, capacity remains a key concern for the market, and the situation of the Red Sea will continue to be a dominant factor on it. Other regional factors shouldn't be ignored also, such as the US East Coast labour discussions as how it develops may affect the entire supply chain.

At the same time, we also saw that the number of idle, drydocked and scrapped vessels remained at historically low levels during this reporting period, and it remains to be seen whether the impact of stricter environmental regulations on existing conventional fuel vessels. These may offset excess capacity to some extent.

All of these factors are intertwined and together affect the future trend of the container shipping market, bringing us both challenges and opportunities.

At the time of writing, our vessels are fully loaded on major long-haul routes, and will remain so in the coming weeks, which is as expected for this time of year. Very recently, the increase in freight rates of different routes have started to level out, but current rates are still at a comparatively high level when compared with the same period of the previous year. The volatile nature of the market reminds us to remain cautious.

As a member of the COSCO SHIPPING Group, OOCL and COSCO SHIPPING Lines will continue to work hard to be within the top echelon of the container shipping industry. In order to help OOCL and the industry gradually achieve ESG goals, OOCL will grow our fleet and explore new businesses in a measured and intelligent way, build a stable end-to-end supply chain by leveraging advanced and green technologies. As a Vital Link to World Trade, we are always ready.

Wan Min
Chairman

Hong Kong, China, 22nd August 2024

Management Discussion and Analysis

RESULTS

For the first six months of 2024, Orient Overseas (International) Limited and its subsidiaries (the “Group”) recorded a profit attributable to equity holders of US\$833.3 million compared to US\$1,128.7 million for the corresponding period of 2023.

OOIL INTERIM RESULTS ANALYSIS

US\$'000	2024	2023
Profit/(Loss) Before Taxation by Activity:		
Container Transport and Logistics	868,115	1,127,790
Other Activities	(37,585)	(3,605)
Profit Before Taxation	830,530	1,124,185
Taxation	3,525	5,212
Profit for the Period Ended 30th June	834,055	1,129,397
Non-Controlling Interests	(778)	(664)
Profit Attributable to Equity Holders	833,277	1,128,733

Results of the Group’s operations arise from its business of container transportation and logistics conducted through the “OOCL” brand, augmented by earnings from the Group’s liquidity management and investment activities at holding company level.

CONTAINER TRANSPORT

OOCL’s total liftings for the first half of 2024 increased by 2% and total revenues increased by 2% year on year.

Even though there was a record high delivery of new vessels in the market, the additional capacity from the delivery of new vessels up until this point had been partially absorbed by the market since vessels had to be diverted via the Cape of Good Hope due to the situation in the Red Sea. Customers in general were also concerned about the potential delay of their supply chain for their seasonally sensitive goods which resulted in an earlier peak season than the normal years prior to the pandemic. Other factors that further strained effective supply included shortage of container boxes as well as port congestions, the better-than-expected market recovery also contributed a lot. Despite the challenges, we were able to do more business during the reporting period and achieved the 3rd highest interim revenue in the Group’s history.

Trans-Pacific Trade

During the first half of 2024, the Trans-Pacific trade performed relatively better than the same period last year which was partly due to the ongoing situation in the Red Sea. The tight supply chain also added upward pressure to the freight rate on this trade. Moreover, our new vessels have been continuously delivered as scheduled, which enabled us to have greater flexibility in our route planning and add new services to cater to customers’ demands. From the demand side, the US economy continued to show resilience and increased consumer spendings despite concerns over a high interest and inflation rate environment. Retailers in general still worried about disruptions impacting their supply chains and have therefore continued to manage their inventory in a Just-in-case rather than Just-in-time manner by frontloading goods so that seasonally sensitive goods would still arrive at their warehouses on time, if not earlier than normal years.

Despite the favorable market conditions, the Trans-Pacific services remained competitive as new smaller competitors have taken the opportunity to also compete in the Trans-Pacific market. Rates had been on a steady upward trend since the beginning of the year, with a slight dip during Chinese New Year Holiday and picked up again shortly afterwards during the first six months.

Total Trans-Pacific liftings increased by 5% compared to the same period in 2023, while revenue increased by 28% resulting in revenue per TEU being 22% higher this period. Specifically on the Trans-Pacific headhaul, liftings for the first half of 2024 saw an increase of 11% compared to the same period last year and revenue increased by 48% and revenue per TEU rose by 33%.

Asia/Europe Trade

Asia/Europe trade was undoubtedly directly affected by the disruption in the Red Sea, where vessels voyage lengths increased drastically which reduced effective supply and schedule reliability even though more vessels deployed in the route. This resulted in a substantial rise in freight rates, especially for the headhaul. The new 24,188 TEU mega vessels that we took delivery of continue to operate in the Asia/Europe trade, which play a significant role in maintaining the services, catering customer demand and minimising costs that is in contrast to the higher charter rate during the recent pickup.

Due to the reduction of effective capacity, total liftings for the Asia/Europe trade decreased by 13% for the first half of 2024 compared to the same period last year. Revenue on the other hand increased by 8%, resulting in revenue per TEU being 24% higher. For the Asia/Europe headhaul in particular, liftings during the first half of 2024 only fell by 11% when compared to the first half of 2023, but revenue and revenue per TEU increased by 37% and 54% respectively.

Trans-Atlantic Trade

Liftings for Trans-Atlantic for the first half of 2024 fell by 3% compared to the same period last year, with the lower volumes due to the adjustment of deployed capacity. Revenue and revenue per TEU dropped by 44% and 42% respectively due to downward pressure in rates from a comparatively less favourable operating environment.

Intra-Asia/Australasia Trade

Overall liftings improved by 9% on Intra-Asia (including Australasia) trades for the first half of 2024 as compared to the same period last year due to overall increase in capacity and higher levels of demand. Despite the growth in liftings, the general market landscape for Intra-Asia during most of the first half of 2024 was pretty much a continuation of the downward trend that started in 2023. It was only until May of this year that we started to see a recovery of rates. Contracts that were negotiated earlier in the year occurred before the recovery of rates, which were lower than rates from the year before when there was still a decent demand. As a result, overall revenues fell by 8% and the revenue per TEU dropped by 15%.

Bunker Cost

The average price of bunker recorded by OOCL in the first half of 2024 was US\$589 per ton, compared to US\$609 per ton for the corresponding period in 2023. Although the bunker price fell slightly by 3%, the total bunker cost increased by 13% as fuel oil and diesel consumption increased by 17% in the first half of 2024 compared to the corresponding period in 2023. The increase in bunker consumption is attributed to the vessels sailing in the Asia-Europe trade being re-routed to the Cape of Good Hope due to the situation in the Red Sea which began towards the end of 2023.

The fluctuating bunker price is a reflection of market uncertainties surrounding the recovery and global supply instability. Factors such as geopolitical conflicts and sanctions have disrupted market demand, while the Organisation of the Petroleum Exporting Countries (OPEC) production cut plan plays a crucial role in determining the supply tightness.

LOGISTICS

For the first half of 2024, OOCL Logistics revenue and contribution witnessed steady increment as compared with the same period last year.

The revenue of the International Business Units presented healthy growth due to the growing demand and exploring new market of international logistics services. While freight forwarding and domestic logistics continued to face fierce competition, the business units still managed to maintain stable revenue.

Despite the fact that the market is facing various uncertainties including geopolitical tension, an uncertain economic outlook, and other potential operational disruptions, we are seeing a shift of business demand in geo-location and supply chain services. OOCL Logistics continues to deploy our resources in supporting our customer's diversified sourcing origins and to enhance supply chain resilience.

Digitisation and visibility continue to be a major focus for large customers in addition to traditional logistics. OOCL Logistics develops in partnership with major shipping lines to maximise synergy, with a focus on end-to-end service beyond sea transportation to serve our customer's needs and increasing their competitive advantages.

Management Discussion and Analysis

VESSELS

In the first half of 2024, the Group took delivery of the seventh to eleventh 24,188 TEU new-build vessels from Nantong COSCO KHI Ship Engineering Co., Ltd. (NACKS) and Dalian COSCO KHI Ship Engineering Co., Ltd. (DAKKS) respectively. Two vessels delivered from NACKS are named *OOCL Valencia* and *OOCL Sweden*; and three vessels delivered from DAKKS are named *OOCL Abu Dhabi*, *OOCL Finland* and *OOCL Denmark*. The remaining one new building of same series will be delivered in the third quarter of 2024.

For ten 16,000 TEU container vessels we placed order in year 2021, they will be delivered from 2024 fourth quarter to 2025 fourth quarter. And for the seven 24,000 TEU methanol compatible container vessels we ordered from NACKS in year 2022, they will be delivered from 2026 third quarter to 2028 second quarter.

No orders for new buildings were placed in the first half of 2024.

OTHER ACTIVITIES

The other activities of the Group consist of property investments and other investing activities. The latter includes a centralised treasury department that manages the Group's liquidity and investments. The Group's property investments being its long-standing ownership of Wall Street Plaza. Based on an independent valuation as at 30th June 2024, Wall Street Plaza was re-valued downwards by US\$50.0 million, reflecting an assessed market value of US\$200.0 million. As at 31st December 2023, Wall Street Plaza was valued at US\$250.0 million.

The investment in Wall Street Plaza is historical in nature and the Group currently has no intention of further investment in property other than as may arise in relation to the operation of our container transport and logistics business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June 2024, the Group had cash and bank balances amounting to US\$6.7 billion and total indebtedness of US\$1.3 billion. Net cash as at 30th June 2024 was therefore US\$5.4 billion, compared to a net cash of US\$5.3 billion in 2023 year-end.

The indebtedness of the Group comprises lease liabilities which are mainly denominated in US dollar. The Group's debts are monitored to ensure a smooth repayment schedule to maturity. The profile of the Group's lease liabilities is set out in Note 17 to the Financial Information.

The cash and bank balances of the Group are predominantly cash deposits placed with a variety of banks and with tenors ranging from overnight to up to 1 year. We review the list of approved banks and the exposure limits of each bank on a regular basis.

Given the inherently volatile nature of shipping industry earnings and the fluctuations of its 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\$61.9 million as at 30th June 2024 is predominantly comprised of investment grade bonds.

CURRENCY EXPOSURE AND RELATED HEDGES

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to fluctuation in the exchange rates of foreign currencies to the US dollar. Income and expenses from container transport and logistics activities are mainly denominated in US dollar and in various currencies, mainly including Australian dollar, Canadian dollar, Euro, Japanese yen and Renminbi.

EMPLOYEE INFORMATION

As at 30th June 2024, the Group had 11,444 full-time 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

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

The Group's Corporate Security Policy guides our company in the prevention and suppression of security threats against international supply chain operations. We are not only committed to complying with rules and regulations such as the International Ship and Port Facility Security (ISPS) Code, but also to doing much more by embracing many other industry best practices and voluntary initiatives. We actively collaborate with various governments and relevant authorities around the world as part of our efforts against activities that might impinge upon maritime or cargo security. For example, we participate in various national security programmes including the Customs-Trade Partnership Against Terrorism (C-TPAT) and the Authorised Economic Operator (AEO) initiatives.

In addition, our Global Data Centre maintains ISO 27001 certification in order to provide our customers and partners with quality and secure information that is in accordance with international standards on information security management.

To ensure everyone takes part in protecting our assets and becomes more resilient against cyber-attacks, we have developed new programmes and initiatives such as monthly knowledge and trend updates, annual cyber security training and mandatory tests for all employees, sophisticated monitoring and protective systems, as well as conducting awareness exercises focusing on various aspects of this subject.

OOCL signed the Gulf of Guinea Declaration on Suppression of Piracy, demanding that no seafarer should face the grave risks of kidnapping and violence when working in the Gulf of Guinea. We recognise the important steps taken and positive initiatives underway by coastal States in the region. We urge stakeholders to sign this pledge and join together in a coalition to end the threat of piracy in the Gulf of Guinea.

The Group also recognises that businesses must take responsibility for their industry's effects on the environment. In our commitment to further build on our Environmental, Social and Governance (ESG) profile, we continue to engage in the United Nations' Sustainable Development Goals (SDG) across our business strategies, operation, and corporate culture. We are committed to supporting the Ten Principles of the United Nations Global Compact (UNGC) that sets out fundamental responsibilities in areas such as human rights, labour, environment and anticorruption to tackle global environmental and social challenges. OOCL is also a member of the Maritime Anti-Corruption Network (MACN), which aims to work within the industry to eliminate all forms of maritime corruption and foster fair trade practices through collective initiatives.

OOCL is dedicated to environmental protection and committed to data integrity standards. Each year, OOCL ensures that such standards are consistent and upheld by certifying our environmental data through independent business assurance service providers. Accredited by Lloyd's Register Quality Assurance (LRQA), OOCL has achieved excellent reporting standards through the use of the Clean Cargo Working Group (CCWG) verification tool. Our Group Sustainability Report is published on an annual basis and it covers the significant environmental, economic and social aspects of the business arising from the principal activities of OOIL and its subsidiaries. To continue with our commitment in aligning with international sustainability guidelines and principles, the report is prepared with reference to the Global Reporting Initiative (GRI) Sustainability Reporting Standards and based on the reporting principles of materiality, quantitative, consistency and balance, which have been set out in the Environmental, Social and Governance (ESG) Reporting Guide on The Stock Exchange of Hong Kong Limited, Appendix C2 of Main Board Listing Rules. The report also refers to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to disclose how the Group manages climate-related risks and opportunities. Besides, The Stock Exchange of Hong Kong has published an ESG consultation paper to further align the existing reporting standard with the International Sustainability Standards Board (ISSB) Adoption Guide. We are closely monitoring the status of the new climate-related disclosure requirements and are fully prepared for upcoming compliance needs.

Our report has been assured by the independent business assurance service provider, LRQA with respect to the extent of its coverage and information provided with reference to our adopted reporting standards. In doing so, this demonstrates our commitment to high standards in governance, credibility and transparency.

Management Discussion and Analysis

We are very pleased to have been recognised for our consistent and sustained efforts in environmental protection initiatives, safety management and community engagement. In recognition of our achievements, OOCL continues to achieve one of the best records for the Green Flag Program, achieving full voluntary compliance in vessel speed reduction for our vessels. This initiative, organised by the Port of Long Beach and Port of Los Angeles in the United States, encourages vessels to reduce their speed within specific zones near the port, cutting air pollution such as smog-forming nitrogen oxides and greenhouse gases. OOCL also continued to receive “2024 Asian Freight, Logistics and Supply Chain (AFLAS) Awards - Best Green Shipping Line”, which was voted by more than 15,000 voters from freight and logistics companies as well as clients from Asia Pacific region. It demonstrated the market recognition of OOCL’s efforts and resolute commitment to achieving environmental excellence and sustainability. Through our memberships with environment-focused organisations such as the Clean Cargo and Global Logistics Emissions Council under Smart Freight Centre, the World Shipping Council, and the Business Environment Council, we are committed to doing our part in addressing climate change and environmental protection issues in countries and regions in which we operate.

OOIL was selected by Dow Jones Sustainability Indices (DJSI) to become a constituent of Dow Jones Sustainability Asia/Pacific Index (DJSI Asia/Pacific). The stock of OOIL has also been included in the FTSE4Good Index Series and five sustainability-related Hang Seng Indexes (HSI), namely Hang Seng Corporate Sustainability Index (HSSUS), Hang Seng ESG 50 Index, HSI ESG Enhanced Index, HSI ESG Enhanced Select Index and Hang Seng Climate Change 1.5 °C Target Index. The inclusion is a strong testament to the Group’s commitments in ESG and sustainability.

As part of our sustainability efforts in environmental and wildlife protection, OOCL participated in the Protecting Blue Whales and Blue Skies Program – a Vessel Speed Reduction (VSR) incentive programme that aims to reduce air pollution, fatal ship strikes on whales, and underwater noise, in the San Francisco Bay and Southern California regions. OOCL also participated in the Enhancing Cetacean Habitat and Observation (ECHO) Program to study how to reduce the cumulative effects of shipping on at-risk whales throughout the southern coast of British Columbia in Canada. By creating seasonal and predictable slow speed zones, the programmes help protect endangered whales, reduce fuel use and regional greenhouse gas emissions, and improve air quality and human health outcomes.

To maintain business process and ensure business integrity during periods when the Company’s system applications or offices cannot be accessed due to exceptional events such as natural disasters, Business Continuity Plans (BCP) are in place for all regions in which we operate. Each local BCP is customised according to the possible natural disasters or severe incidences that might happen in the area. All local BCPs are reviewed periodically and updated upon external changes that could create a huge impact on our office.

INTERIM DIVIDEND

The Board of Directors of the Company (the “Board”) is pleased to announce an interim dividend of US\$0.63 (HK\$4.914 at the exchange rate of US\$1: HK\$7.8) per ordinary share for the six months ended 30th June 2024 to be paid on 16th October 2024 to the shareholders of the Company whose names appear on the register of members of the Company on 11th September 2024. Shareholders, who wish to change their currency election for the interim dividend, should complete the dividend election form (the currency elected shall apply to all (but not part) of the dividend) 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 3rd October 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9th September 2024 to 11th September 2024, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim 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 September 2024.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS

As at 30th June 2024, the issued share capital of the Company consisted of 660,373,297 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 at 30th June 2024, 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 Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange (the “Listing Rules”), were as follows:

- (a) Interests and short positions in the Shares, the underlying Shares and the debentures of the Company:

Nil.

Other Information

(b) Interests and short positions in the shares of the associated corporations of the Company:

Name of associated corporation	Name of Director	Capacity	Number of ordinary shares held as personal interest	Number of shares interested	Approximate percentage of total issued share capital of relevant class of shares of associated corporation
COSCO SHIPPING Development Co., Ltd.	WAN Min	Beneficial owner	200,000 (H shares)	200,000 (H shares)	0.00544% <i>(Note 1)</i>
		Interest of spouse	–	2,000 (A shares)	0.00002% <i>(Note 1)</i>
COSCO SHIPPING Ports Limited	WAN Min	Beneficial owner	329,437	329,437	0.00897% <i>(Note 2)</i>

Notes:

- (1) The shareholding percentage was calculated on the basis of 3,676,000,000 H shares and 9,899,938,612 A shares of COSCO SHIPPING Development Co., Ltd. in issue as at 30th June 2024 (as the case may be).
- (2) The shareholding percentage was calculated on the basis of 3,672,260,399 shares of COSCO SHIPPING Ports Limited in issue as at 30th June 2024.

(c) Interests and short positions in the underlying shares and the debentures of the associated corporations of the Company:

Nil.

Save as disclosed above, as at 30th June 2024, 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 corporations (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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June 2024, 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 of substantial shareholder	Capacity	Number of Shares interested (Long position)	Percentage
Faulkner Global Holdings Limited	Beneficial owner	469,344,972	71.07%
COSCO SHIPPING Holdings (Hong Kong) Limited	Interest of controlled corporation	469,344,972 (Note 1)	71.07%
COSCO SHIPPING Holdings Co., Ltd.	Interest of controlled corporation	469,344,972 (Note 2)	71.07%
China Ocean Shipping Company Limited	Interest of controlled corporation	469,344,972 (Note 3)	71.07%
China COSCO SHIPPING Corporation Limited	Interest of controlled corporation	469,344,972 (Notes 3 & 4)	71.07%
Shanghai Port Group (BVI) Development Co., Limited	Beneficial owner	59,880,536	9.06%
Shanghai International Port Group (HK) Co., Ltd.	Interest of controlled corporation	59,880,536 (Note 5)	9.06%
Shanghai International Port (Group) Co., Ltd.	Interest of controlled corporation	59,880,536 (Note 6)	9.06%

Notes:

- COSCO SHIPPING Holdings (Hong Kong) Limited ("COSCO SHIPPING HK") held 100% of the shares of Faulkner Global Holdings Limited ("Faulkner") and, accordingly, had an indirect interest in the same Shares in which Faulkner had an interest.
- COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings") held 100% of the shares of COSCO SHIPPING HK and, accordingly, had an indirect interest in the same Shares in which COSCO SHIPPING HK had an interest.
- China Ocean Shipping Company Limited ("China Ocean Shipping") held 37.12% of the shares of COSCO SHIPPING Holdings and, accordingly, had an indirect interest in the same Shares in which COSCO SHIPPING Holdings had an interest. China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING") held 43.91% of the shares of COSCO SHIPPING Holdings by itself and its subsidiaries. Both China Ocean Shipping and COSCO SHIPPING are state-owned enterprises established in the People's Republic of China.
- COSCO SHIPPING held 100% of the shares of China Ocean Shipping and, accordingly, had an indirect interest in the same Shares in which China Ocean Shipping had an interest.
- Shanghai International Port Group (HK) Co., Ltd. ("SIPG HK") held 100% of the shares of Shanghai Port Group (BVI) Development Co., Limited ("SIPG BVI") and, accordingly, had an indirect interest in the same Shares in which SIPG BVI had an interest.
- Shanghai International Port (Group) Co., Ltd. ("SIPG") held 100% of the shares of SIPG HK and, accordingly, had an indirect interest in the same Shares in which SIPG HK had an interest.

Other Information

The directorships and positions held by the Directors of the Company in the companies disclosed above as at the date of this interim report are set out below:

- (1) Mr. WAN Min is the chairman of the board and the Party Secretary of COSCO SHIPPING, and the chairman of the board and an executive director of China Ocean Shipping and COSCO SHIPPING Holdings.
- (2) Mr. CHEN Yangfan is the executive vice president and a Party Committee member of COSCO SHIPPING, and the vice chairman of the board and an executive director of COSCO SHIPPING Holdings.
- (3) Mr. TAO Weidong is an executive director and the general manager of COSCO SHIPPING Holdings.
- (4) Mr. GU Jinshan is the chairman of the board and the Party Secretary of SIPG.

Save as disclosed above, as at 30th June 2024, the Company had 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

Neither the Company nor any of its subsidiaries was a party to any arrangement enabling 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 at any time during the six-month period ended 30th June 2024.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six-month period ended 30th June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's Shares.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under Bermuda 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. 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 (the "SEHK Code") contained in Appendix C1 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 its transparency, accountability and independence.

Throughout the period from 1st January 2024 to 30th June 2024, the Company complied with the SEHK Code, save for two recommended best practices, as described below:

- the remuneration of senior management of the Group was disclosed by bands, not on an individual basis
- quarterly operational results, instead of quarterly financial results, were announced and published

Securities Transactions by Directors

The Company has adopted its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code contained in Appendix C3 to the Listing Rules.

All Directors of the Company have confirmed, following specific enquiry by the Company, that they had fully complied with the required standards set out in both the Company's own code and the Model Code throughout the period from 1st January 2024 to 30th June 2024.

Changes in Composition of the Board and the Board Committees

The changes in composition of the Board and the Board Committees are set out below:

Mr. YANG Zhijian resigned as an Executive Director and ceased as a member of the Executive Committee, the Inside Information Committee, the Risk Committee, the Strategic Development Committee and the then Finance Committee of the Company, and Mr. TAO Weidong was appointed to succeed all positions of Mr. YANG Zhijian in the Company, all with effect from 29th May 2024.

The Sustainability Committee of the Company was established on 1st September 2024. It is comprised of Mr. CHEN Yangfan, who also serves as the chairman of this committee, Mr. TAO Weidong, Mr. TUNG Lieh Cheung Andrew, Mr. CHOW Philip Yiu Wah, Dr. CHUNG Shui Ming Timpson, Mr. YANG Liang Yee Philip and Ms. CHEN Ying.

The Finance Committee and the Share Committee of the Company were dissolved on 1st September 2024. Following the dissolution of these two committees, Dr. CHUNG Shui Ming Timpson ceased as the chairman of the Finance Committee, Mr. TAO Weidong and Mr. TUNG Lieh Cheung Andrew ceased as members of the Finance Committee, Mr. YANG Liang Yee Philip ceased as the chairman of the Share Committee, and Mr. CHOW Philip Yiu Wah and Ms. CHEN Ying ceased as members of the Finance Committee and the Share Committee.

Board of Directors

The composition of the Board as at the date of this interim report is set out below:

Executive Directors

Mr. WAN Min (*Chairman*)

Mr. CHEN Yangfan (*Chief Executive Officer*)

Mr. TAO Weidong

Non-Executive Directors

Mr. TUNG Lieh Cheung Andrew

Mr. GU Jinshan

Ms. WANG Dan

Mr. IP Sing Chi

Independent Non-Executive Directors

Mr. CHOW Philip Yiu Wah

Dr. CHUNG Shui Ming Timpson

Mr. YANG Liang Yee Philip

Ms. CHEN Ying

Mr. SO Gregory Kam Leung

Other Information

Changes in Directors' Information

The changes in the information of the Directors since the date of 2023 Annual Report of the Company are set out below pursuant to Rule 13.51B(1) of the Listing Rules. Full biographies of the Directors are available on the Company's website (<https://www.ooilgroup.com>).

Name of Director	Details of change(s)
TAO Weidong	Appointed as the general manager of COSCO SHIPPING Holdings (listed public company in both Shanghai and Hong Kong) and the chairman of the board and the Party Secretary of COSCO SHIPPING Lines Co., Ltd. on 29th May 2024, and ceased as the general manager of the operating management division of COSCO SHIPPING in June 2024
TUNG Lieh Cheung Andrew	Resigned as an independent non-executive director of Cathay Pacific Airways Limited (listed public company in Hong Kong) on 20th May 2024
CHUNG Shui Ming Timpon	Retired as an independent non-executive director of China Everbright Limited (listed public company in Hong Kong) on 23rd May 2024, and ceased as an independent non-executive director of China Railway Group Limited (listed public company in Shanghai and Hong Kong) on 20th August 2024
CHEN Ying	Resigned as an independent director of Pingdingshan Tianan Coal Mining Co., Ltd. (listed public company in Shanghai) on 3rd June 2024, and appointed as an independent non-executive director of MMG Limited (listed public company in Hong Kong) on 29th July 2024

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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 38, which comprises the condensed consolidated balance sheet of Orient Overseas (International) Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th June 2024 and the condensed consolidated statement of profit or 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 selected 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 of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22nd August 2024

Condensed Consolidated Profit and Loss Account (Unaudited)

For the six months ended 30th June 2024

US\$'000	Note	2024	2023
Revenue	5, 6	4,645,576	4,540,681
Operating costs		(3,731,322)	(3,637,879)
Gross profit		914,254	902,802
Other operating income		194,257	289,853
Business and administrative expenses		(236,013)	(68,903)
(Provision for)/reversal of impairment losses on financial assets, net		(6,995)	14,763
Other losses, net		(30,588)	(4,216)
Operating profit	7	834,915	1,134,299
Finance costs	9	(9,976)	(15,732)
Share of profits of joint ventures		2,524	2,091
Share of profits of associated companies		3,067	3,527
Profit before taxation		830,530	1,124,185
Taxation	10	3,525	5,212
Profit for the period		834,055	1,129,397
Profit attributable to:			
Equity holders of the Company		833,277	1,128,733
Non-controlling interests		778	664
		834,055	1,129,397
Earnings per ordinary share (US\$)	11		
Basic and diluted		1.26	1.71

The notes on pages 23 to 38 form an integral part of this interim financial information.

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30th June 2024

US\$'000	2024	2023
Profit for the period	834,055	1,129,397
Other comprehensive loss:		
Item that will not be subsequently reclassified to profit or loss:		
Remeasurement gains/(losses) on defined benefit schemes	2,349	(624)
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Currency translation adjustments		
Subsidiaries	(3,073)	(14,876)
Joint ventures	(142)	(265)
Associated companies	(550)	(3,339)
Total amount that has been reclassified or may be reclassified subsequently to profit or loss	(3,765)	(18,480)
Other comprehensive loss for the period, net of tax	(1,416)	(19,104)
Total comprehensive income for the period	832,639	1,110,293
Total comprehensive income attributable to:		
Equity holders of the Company	832,088	1,109,569
Non-controlling interests	551	724
	832,639	1,110,293

The notes on pages 23 to 38 form an integral part of this interim financial information.

Condensed Consolidated Balance Sheet (Unaudited)

As at 30th June 2024

US\$'000	Note	30th June 2024	31st December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	13	6,328,026	5,607,991
Right-of-use assets	13	1,686,032	1,861,705
Investment property	13	200,000	250,000
Investments in joint ventures and associated companies		101,314	98,305
Intangible assets	13	6,014	7,679
Deferred taxation assets		20,574	14,903
Pension and retirement assets		15,796	13,490
Restricted bank balances		294	296
Investments at fair value through other comprehensive income		34	34
Investments at amortised cost		52,907	52,926
Other non-current assets		9,996	11,516
		8,420,987	7,918,845
Current assets			
Inventories		195,052	197,186
Debtors and prepayments	14	834,383	743,212
Portfolio investments at fair value through profit or loss		9,032	13,413
Tax recoverable		9,337	10,794
Restricted bank balances		3,632	3,547
Cash and bank balances		6,685,466	6,722,188
		7,736,902	7,690,340
Total assets		16,157,889	15,609,185
EQUITY			
Equity holders			
Share capital	15	66,037	66,037
Reserves	16	11,853,633	11,141,059
		11,919,670	11,207,096
Non-controlling interests		3,818	3,267
Total equity		11,923,488	11,210,363

Condensed Consolidated Balance Sheet (Unaudited)

As at 30th June 2024

US\$'000	Note	30th June 2024	31st December 2023
LIABILITIES			
Non-current liabilities			
Lease liabilities	17	801,648	919,370
Deferred taxation liabilities		177,545	190,718
Provision	18	916,745	916,745
		1,895,938	2,026,833
Current liabilities			
Creditors and accruals	19	1,733,899	1,750,516
Lease liabilities	17	505,748	518,868
Current taxation		98,816	102,605
		2,338,463	2,371,989
Total liabilities		4,234,401	4,398,822
Total equity and liabilities		16,157,889	15,609,185

Wan Min
Director

Tao Weidong
Director

The notes on pages 23 to 38 form an integral part of this interim financial information.

Condensed Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30th June 2024

US\$'000	2024	2023
Cash flows from operating activities		
Cash generated from operations	1,001,597	609,152
Interest and financing charges paid	(25,794)	(30,911)
Income tax paid	(17,076)	(29,922)
Net cash from operating activities	958,727	548,319
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	32,032	16,927
Redemption on maturity of investments at amortised cost and decrease in portfolio investments at fair value through profit or loss	5,695	25,351
Purchase of property, plant and equipment and other non-current assets	(742,012)	(792,828)
Decrease/(increase) in restricted bank balances and bank deposits maturing more than three months from the date of placement	1,556,408	(2,348,820)
Interest received	193,300	286,308
Movements of other investing activities	130	7,833
Net cash from/(used in) investing activities	1,045,553	(2,805,229)
Cash flows from financing activities		
Repayment of lease liabilities	(361,397)	(453,390)
Dividends paid to equity holders of the Company	(119,528)	(3,011,302)
Dividends paid to non-controlling interests	-	(325)
Net cash used in financing activities	(480,925)	(3,465,017)
Net increase/(decrease) in cash and cash equivalents	1,523,355	(5,721,927)
Cash and cash equivalents at beginning of period	1,129,210	9,463,902
Currency translation adjustments	(3,586)	(15,519)
Cash and cash equivalents at end of period	2,648,979	3,726,456
Analysis of cash and cash equivalents		
Cash and bank balances	6,685,466	7,823,896
Bank deposits maturing more than three months from the date of placement	(4,036,487)	(4,097,440)
Cash and cash equivalents at end of period	2,648,979	3,726,456

The notes on pages 23 to 38 form an integral part of this interim financial information.

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30th June 2024

US\$'000	Equity holders			Non-controlling interests	Total
	Share capital	Reserves	Sub-total		
At 1st January 2024	66,037	11,141,059	11,207,096	3,267	11,210,363
Total comprehensive income for the period	-	832,088	832,088	551	832,639
Transactions with owners					
Employee share-based compensation	-	14	14	-	14
2023 final dividend	-	(95,754)	(95,754)	-	(95,754)
2023 second special dividend	-	(23,774)	(23,774)	-	(23,774)
At 30th June 2024	66,037	11,853,633	11,919,670	3,818	11,923,488
At 1st January 2023	66,037	13,369,961	13,435,998	2,900	13,438,898
Total comprehensive income for the period	-	1,109,569	1,109,569	724	1,110,293
Transactions with owners					
Employee share-based compensation	-	115	115	-	115
2022 final dividend	-	(1,723,574)	(1,723,574)	-	(1,723,574)
2022 second special dividend	-	(1,287,728)	(1,287,728)	-	(1,287,728)
Dividends paid to non-controlling interests	-	-	-	(325)	(325)
At 30th June 2023	66,037	11,468,343	11,534,380	3,299	11,537,679

The notes on pages 23 to 38 form an integral part of this interim financial information.

Notes to the Interim Financial Information

1. General information

Orient Overseas (International) Limited (the “Company”) is a members’ limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal office is 31st Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, China.

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

The ultimate parent company of the Group is China COSCO SHIPPING Corporation Limited (“COSCO SHIPPING”), a state-owned enterprise established in the People’s Republic of China (the “PRC”).

This interim financial information is presented in US dollar, unless otherwise stated.

This interim financial information was approved by the Board of Directors on 22nd August 2024.

2. Basis of preparation

The interim financial information of the Company and its subsidiaries (the “Group”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). They have been prepared under the historical cost convention, as modified by the revaluation of investment property, investments at fair value through other comprehensive income and portfolio investments at fair value through profit or loss which are carried at fair value. The interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31st December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the 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 consolidated financial statements for the year ended 31st December 2023 except for the adoption of amendments to existing standards and interpretation effective for the financial year ending 31st December 2024.

The adoption of revised standards

In 2024, the Group adopted the following amendments to existing standards and interpretation, which are relevant to its operations.

Amendments to existing standards and interpretation

HK Int 5 (Amendment)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendment)	Non-current Liabilities with Covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback

The adoption of the above amendments to existing standards and interpretation does not have a material impact to the results and financial position of the Group.

Notes to the Interim Financial Information

2. Basis of preparation (Continued)

New standard and amendments to existing standards and interpretation that are relevant to the Group but not yet effective

New standard and amendments to existing standards and interpretation		Effective for accounting periods beginning on or after
HKAS 21 (Amendment)	Lack of Exchangeability	1st January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1st January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1st January 2027
HK Int 5 (Amendment)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1st January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group has not early adopted the above new standard and amendments to existing standards and interpretation. The adoption of the above amendments to existing standards and interpretation is not expected to have a significant effect on the consolidated financial statements of the Group, while the Group is in the process of assessing the impact of the new standard on the Group's accounting policies and consolidated financial statements.

3. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended 31st December 2023.

3.1 Fair value estimation

The financial instruments that are measured in the consolidated balance sheet at fair value, require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following table presents the Group's financial assets that are measured at fair value at 30th June 2024:

US\$'000	Level 1	Level 3	Total
Assets			
Portfolio investments at fair value through profit or loss			
Equity securities	9,032	–	9,032
Investments at fair value through other comprehensive income			
Unlisted equity securities	–	34	34
Total	9,032	34	9,066

3. Financial risk management (Continued)

3.1 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value at 31st December 2023:

US\$'000	Level 1	Level 3	Total
Assets			
Portfolio investments at fair value through profit or loss			
Equity securities	13,413	–	13,413
Investments at fair value through other comprehensive income			
Unlisted equity securities	–	34	34
Total	13,413	34	13,447

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

Specific valuation techniques used to value level 3 financial instruments include:

- Dealer quotes.

There were no changes in valuation techniques during the period.

Instruments included in level 3 comprise unlisted equity securities classified as investments at fair value through other comprehensive income.

There were no movements in level 3 instruments during the period.

3.2 Fair values of financial assets and liabilities measured at amortised cost

US\$'000	Carrying amounts		Fair values	
	30th June 2024	31st December 2023	30th June 2024	31st December 2023
Investments at amortised cost	52,907	52,926	52,023	51,447

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

- Debtors
- Cash and bank balances
- Restricted bank balances
- Other current financial assets
- Creditors

4. Critical accounting estimates and judgements

Estimates and judgements used in preparing the consolidated financial statements 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 consolidated financial statements for the year ended 31st December 2023.

Notes to the Interim Financial Information

5. Revenue

US\$'000	2024	2023
Container transport and logistics	4,634,100	4,528,025
Others	11,476	12,656
	4,645,576	4,540,681

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

Revenue comprises gross freight income, service and other income from the operation of the container transport and logistics and rental income from the investment property.

6. 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. The Executive Directors are the Group's chief operating decision-makers.

Operating segments

The segment results for the six months ended 30th June 2024 are as follows:

US\$'000	Container transport and logistics	Others	Total
Revenue from contracts with customers:			
Over time	4,553,214	–	4,553,214
Revenue from other source	80,886	11,476	92,362
	4,634,100	11,476	4,645,576
Other operating income	185,077	9,180	194,257
	4,819,177	20,656	4,839,833
Operating profit/(loss)	872,500	(37,585)	834,915
Finance costs	(9,976)	–	(9,976)
Share of profits of joint ventures	2,524	–	2,524
Share of profits of associated companies	3,067	–	3,067
Profit/(loss) before taxation	868,115	(37,585)	830,530
Taxation	(10,481)	14,006	3,525
Profit/(loss) for the period	857,634	(23,579)	834,055
Fair value loss from an investment property	–	50,000	50,000
Additions to non-current assets*	1,003,872	–	1,003,872
Depreciation of property, plant and equipment	204,828	6	204,834
Depreciation of right-of-use assets	229,835	–	229,835
Amortisation of intangible assets	2,125	–	2,125

6. Segment information (Continued)

Operating segments (Continued)

The segment results for the six months ended 30th June 2023 are as follows:

US\$'000	Container transport and logistics	Others	Total
Revenue from contracts with customers:			
Over time	4,478,364	–	4,478,364
Revenue from other source	49,661	12,656	62,317
	4,528,025	12,656	4,540,681
Other operating income	287,551	2,302	289,853
	4,815,576	14,958	4,830,534
Operating profit/(loss)	1,137,904	(3,605)	1,134,299
Finance costs	(15,732)	–	(15,732)
Share of profits of joint ventures	2,091	–	2,091
Share of profits of associated companies	3,527	–	3,527
Profit/(loss) before taxation	1,127,790	(3,605)	1,124,185
Taxation	2,978	2,234	5,212
Profit/(loss) for the period	1,130,768	(1,371)	1,129,397
Fair value loss from an investment property	–	10,792	10,792
Additions to non-current assets*	505,625	793	506,418
Depreciation of property, plant and equipment	189,596	10	189,606
Depreciation of right-of-use assets	237,229	–	237,229
Amortisation of intangible assets	2,251	–	2,251

* Additions to non-current assets comprise additions to property, plant and equipment, right-of-use assets, investment property and intangible assets.

Notes to the Interim Financial Information

6. Segment information (Continued)

Operating segments (Continued)

The segment assets and liabilities at 30th June 2024 are as follows:

US\$'000	Container transport and logistics	Others	Group
Segment assets	15,491,597	561,962	16,053,559
Joint ventures	13,563	–	13,563
Associated companies	90,767	–	90,767
Total assets	15,595,927	561,962	16,157,889
Segment liabilities	(4,116,776)	(117,625)	(4,234,401)

The segment assets and liabilities at 31st December 2023 are as follows:

US\$'000	Container transport and logistics	Others	Group
Segment assets	14,904,964	605,731	15,510,695
Joint ventures	10,091	–	10,091
Associated companies	88,399	–	88,399
Total assets	15,003,454	605,731	15,609,185
Segment liabilities	(4,264,996)	(133,826)	(4,398,822)

The segment of “Others” primarily includes assets and liabilities of property investment and corporate level activities. Assets under the segment of “Others” consist primarily of investment property, investments at amortised cost, portfolio investments at fair value through profit or loss together with cash and bank balances related to property investment activities. Liabilities under the segment of “Others” primarily include creditors and accruals and deferred taxation liabilities related to property investment and corporate level activities.

6. Segment information (Continued)

Geographical information

The Group's two reportable operating segments operate in below 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	Additions to non-current assets [#]
Six months ended 30th June 2024		
Asia	3,665,092	26,090
Europe	561,024	1,143
North and South America	281,697	1,084
Australia and Africa	137,763	30
Unallocated*	–	975,525
	4,645,576	1,003,872
Six months ended 30th June 2023		
Asia	3,073,899	21,400
Europe	888,269	6,727
North America	400,753	2,070
Australia	177,760	23
Unallocated*	–	476,198
	4,540,681	506,418

[#] Additions to non-current assets comprise additions to property, plant and equipment, right-of-use assets, investment property and intangible assets.

* Unallocated additions to non-current assets comprise additions to container vessels and capitalised dry-docking costs, assets under construction, scrubbers and vessel equipment, containers and computer software costs.

Notes to the Interim Financial Information

7. Operating profit

US\$'000	2024	2023
Operating profit is arrived at after crediting:		
Interest income from banks	190,893	285,414
Interest income from deposits in a fellow subsidiary	972	1,137
Interest income from investments at amortised cost	1,343	1,583
Gross rental income from an investment property	11,476	12,656
Gain on disposal of property, plant and equipment	10,970	4,544
Income from portfolio investments at fair value through profit or loss		
Fair value gain (realised and unrealised)	500	321
Distribution	5	136
Dividend income	874	566
Exchange gain	7,960	2,124
and after charging:		
Fair value loss from an investment property	50,000	10,792
Loss on written-off of right-of-use assets	18	413

8. Key management compensation

US\$'000	2024	2023
Salaries, discretionary bonuses and other employee benefits	4,471	12,078
Estimated money value of other benefits	55	10
Pension costs – defined contribution plans	194	756
Share-based compensation	–	36
	4,720	12,880

The Group usually determines and pays discretionary bonuses to employees (including Directors) around middle of each year based on the actual financial results of the Group for the preceding year. The discretionary bonuses shown above represent actual payments to the Directors and individuals during the current financial period in relation to performance for the preceding year, if any.

9. Finance costs

US\$'000	2024	2023
Interest expense		
Lease liabilities	31,456	37,491
Amount capitalised under assets under construction	(21,480)	(21,759)
Net interest expense	9,976	15,732

10. Taxation

US\$'000	2024	2023
Current taxation		
HKSAR profits tax	(749)	(8,145)
Non HKSAR taxation	15,992	(1,187)
	15,243	(9,332)
Deferred taxation		
HKSAR profits tax	17	–
Non HKSAR taxation	(18,785)	4,120
	(18,768)	4,120
	(3,525)	(5,212)

Taxation has been provided at the appropriate tax rates prevailing in the countries/regions in which the Group operates on the estimated assessable profits for the period. These rates range from 5% to 39% (2023: 2.5% to 34.2%) and the rates applicable to the withholding tax for undistributed earnings of subsidiaries range from 5% to 30% (2023: 5% to 30%). The HKSAR profits tax for ocean freight transportation business is charged based on the relevant entity's Hong Kong-sourced income (i.e. at a percentage of the total worldwide ocean freight transportation business profit) under the HKSAR tax incentive regime for international shipping businesses and at the applicable tax rate of 16.5% (2023: 16.5%).

In December 2021, the Organisation for Economic Co-operation and Development released the Pillar Two Model Rules (the Global Anti-Base Erosion Proposal, or "GloBE") to reform international corporate taxation. Large multinational enterprises with consolidated revenue of over EUR750 million are subject to the rules. They are required to calculate their GloBE effective tax rate for each jurisdiction where they operate and will be liable to pay a minimum effective tax rate of 15%.

The Group is within the scope of the GloBE. However, international shipping income and certain qualified ancillary international shipping income are excluded from the GloBE. Certain jurisdictions where the Group has operations, such as the United Kingdom, countries under the European Union, Australia and Canada, etc. have their Pillar Two legislation being effective in 2024, but the Group has no material current tax exposures in respect of these jurisdictions for the six months ended 30th June 2024.

As the Group operates worldwide and the types of international shipping income and ancillary income covered by the exclusion are subject to complicated rules and restrictions, the Group would continue to assess the full impact of the rules, covering Hong Kong and other jurisdictions.

11. Earnings per ordinary share

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

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

	2024	2023
Weighted average number of ordinary shares in issue (thousands)	660,373	660,373
Group's profit attributable to equity holders of the Company (US\$'000)	833,277	1,128,733
Earnings per share attributable to equity holders of the Company (US\$)	1.26	1.71

Notes to the Interim Financial Information

12. Dividends

US\$'000	2024	2023
Interim dividend of US\$0.63 (2023: US\$0.69) per ordinary share	416,035	455,658
Special dividend of nil (2023: US\$0.17) per ordinary share	–	112,263
	416,035	567,921

The final and second special dividends for 2023 of US\$95.7 million and US\$23.8 million respectively have been accounted for as an appropriation of retained profit in the six months ended 30th June 2024.

For the six months ended 30th June 2024, the Board of Directors declares an interim dividend of US\$0.63 (HK\$4.914 at the exchange rate of US\$1: HK\$7.8) per ordinary share on 22nd August 2024.

For the six months ended 30th June 2023, the Board of Directors declared an interim dividend of US\$0.69 (HK\$5.382 at the exchange rate of US\$1: HK\$7.8) per ordinary share and a special dividend of US\$0.17 (HK\$1.326 at the exchange rate of US\$1: HK\$7.8) per ordinary share on 18th August 2023. The 2023 interim and special dividends were paid on 11th October 2023.

13. Capital expenditure

US\$'000	Property, plant and equipment	Right-of-use assets	Investment property	Intangible assets	Total
Net book amounts					
At 1st January 2024	5,607,991	1,861,705	250,000	7,679	7,727,375
Currency translation adjustments	(505)	(2,652)	–	(4)	(3,161)
Fair value loss	–	–	(50,000)	–	(50,000)
Additions	772,590	230,818	–	464	1,003,872
Reclassification, disposals/written off	152,784	(174,004)	–	–	(21,220)
Depreciation and amortisation	(204,834)	(229,835)	–	(2,125)	(436,794)
At 30th June 2024	6,328,026	1,686,032	200,000	6,014	8,220,072
At 1st January 2023	4,696,239	2,509,695	270,000	10,805	7,486,739
Currency translation adjustments	(1,374)	(2,122)	–	(12)	(3,508)
Fair value loss	–	–	(10,792)	–	(10,792)
Additions	467,833	37,241	792	552	506,418
Reclassification, disposals/written off	240,081	(256,223)	–	–	(16,142)
Depreciation and amortisation	(189,606)	(237,229)	–	(2,251)	(429,086)
At 30th June 2023	5,213,173	2,051,362	260,000	9,094	7,533,629

Note:

During the six months ended 30th June 2024, construction of five (2023: two) vessels was completed and the vessels were delivered to the Group.

14. Debtors and prepayments

US\$'000	30th June 2024	31st December 2023
Trade receivables		
Third parties	466,902	328,616
Joint ventures	1,275	185
Fellow subsidiaries	9,534	4,955
Related companies	1,561	878
Less: Provision for impairment	(46,931)	(40,123)
Trade receivables – net	432,341	294,511
Other debtors*	242,135	228,532
Other prepayments	84,164	150,260
Utility and other deposits	14,864	14,878
Amounts due from related parties		
Joint ventures	1,741	–
Fellow subsidiaries	39,466	31,782
Related companies	19,672	23,249
	834,383	743,212

* The balance included slot hire receivable.

Trade receivables are normally due for payment on presentation of invoices or granted with an approved credit period ranging mainly from 10 to 30 days. Debtors with overdue balances are requested to settle all outstanding balances before any further credit is granted.

The ageing analysis of the Group's trade receivables, net of provision for impairment, prepared in accordance with the dates of invoices, is as follows:

US\$'000	30th June 2024	31st December 2023
Below 1 month	358,298	231,170
2 to 3 months	66,380	56,742
4 to 6 months	6,832	5,464
Over 6 months	831	1,135
	432,341	294,511

Notes to the Interim Financial Information

15. Share capital

US\$'000	30th June 2024	31st December 2023
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:		
660,373,297 ordinary shares of US\$0.10 each	66,037	66,037

16. Reserves

US\$'000	Share premium	Employee share-based compensation reserve	Contributed surplus	Capital redemption reserve	Foreign exchange translation reserve	Retained profit	Total
At 1st January 2024	734,717	10,760	88,547	4,696	(32,536)	10,334,875	11,141,059
Total comprehensive income/(loss) for the period	-	-	-	-	(3,538)	835,626	832,088
Transactions with owners							
Employee share-based compensation	-	14	-	-	-	-	14
2023 final dividend	-	-	-	-	-	(95,754)	(95,754)
2023 second special dividend	-	-	-	-	-	(23,774)	(23,774)
At 30th June 2024	734,717	10,774	88,547	4,696	(36,074)	11,050,973	11,853,633
At 1st January 2023	734,717	10,628	88,547	4,696	(16,265)	12,547,638	13,369,961
Total comprehensive income/(loss) for the period	-	-	-	-	(18,540)	1,128,109	1,109,569
Transactions with owners							
Employee share-based compensation	-	115	-	-	-	-	115
2022 final dividend	-	-	-	-	-	(1,723,574)	(1,723,574)
2022 second special dividend	-	-	-	-	-	(1,287,728)	(1,287,728)
At 30th June 2023	734,717	10,743	88,547	4,696	(34,805)	10,664,445	11,468,343

17. Lease liabilities

US\$'000	30th June 2024	31st December 2023
Non-current	801,648	919,370
Current	505,748	518,868
	1,307,396	1,438,238

18. Provision

The Group entered into the Terminal Service Agreement (“TSA”) in October 2019 to which the Group committed to place, or procure the placement of an annual minimum number of vessel lifts in Long Beach Container Terminal (“LBCT”) for 20 years. Failure to meet the committed volume for each contract year would require certain level of deficiency payment as stipulated in the TSA.

As at 30th June 2024, the Group reassessed the expected number of vessel lifts in LBCT for each of the remaining contract years with reference to future prospects of the market and its expected load factor. The overall economic environment in the USA is still highly uncertain, and it is expected that high inflation and interest rate environment would slow down the USA economy growth and would have some negative impact to the demand/import of the USA in the near future. As at 30th June 2024, with these uncertainties over such a long-term contract period, management reassessed that the projected vessel lifts in LBCT would result in a shortfall on minimum volume commitment over the remaining contract period. The Group estimated an onerous contract provision of US\$916.7 million as at 30th June 2024 (31st December 2023: US\$916.7 million).

19. Creditors and accruals

US\$'000	30th June 2024	31st December 2023
Trade payables		
Third parties	169,081	208,233
Joint ventures	1,350	1,169
Fellow subsidiaries	53,135	19,966
Related companies	20,877	30,590
	244,443	259,958
Other creditors	158,737	175,639
Accrued expenses*	1,296,769	1,288,080
Contract liabilities	17,730	17,848
Amounts due to related parties		
Joint ventures	6,233	4,230
Fellow subsidiaries	9,718	4,457
Related companies	269	304
	1,733,899	1,750,516

* Accrued expenses mainly represent accrual for operating costs for container transport operation.

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

US\$'000	30th June 2024	31st December 2023
Below 1 month	198,387	188,639
2 to 3 months	39,041	64,880
4 to 6 months	2,864	806
Over 6 months	4,151	5,633
	244,443	259,958

Notes to the Interim Financial Information

20. Commitments

(a) Capital commitments – Property, plant and equipment

US\$'000	30th June 2024	31st December 2023
Contracted but not provided for		
Vessels under construction	2,591,413	3,206,360
Others	14,855	4,629
	2,606,268	3,210,989

(b) Lease commitments

The non-cancellable lease commitments include leases of low-value assets, short-term leases with a term of twelve months or less and long-term leases with a term of over twelve months not yet commenced at 30th June 2024.

The future aggregate minimum lease payments of these leases are as follows:

US\$'000	Vessels and equipment	Land and buildings	Total
At 30th June 2024			
Less than 1 year	163,449	1,308	164,757
Between 1 and 2 years	121,551	–	121,551
Between 2 and 5 years	174,375	–	174,375
Over 5 years	7,671	–	7,671
	467,046	1,308	468,354
At 31st December 2023			
Less than 1 year	129,390	995	130,385
Between 1 and 2 years	79,538	–	79,538
Between 2 and 5 years	152,922	–	152,922
Over 5 years	16,134	–	16,134
	377,984	995	378,979

21. Significant related party transactions

The Company is controlled by COSCO SHIPPING, the ultimate parent company of the Group and a state-owned enterprise established in the PRC.

COSCO SHIPPING itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. Government-related entities and their subsidiaries directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include COSCO SHIPPING and its subsidiaries (other than the Group) (collectively referred to as “COSCO SHIPPING Group”) and related entities of COSCO SHIPPING (including joint ventures and associated companies), other government-related entities and their subsidiaries, entities in which the Company is able to exercise joint control or significant influence, and key management personnel of the Company and COSCO SHIPPING as well as their close family members. The Group’s transactions with other government-related entities and their subsidiaries include but are not limited to rendering or receiving of services, purchases or sales of assets and receiving of bank deposit services. The detailed disclosures in relation to these transactions and outstanding balances are exempted. The Directors believe that the information of related party transactions has been adequately disclosed in the interim financial information.

In addition to the related party information and transactions disclosed elsewhere in the interim financial information, the following is a summary of significant related party transactions conducted in the ordinary course of business between the Group and its related parties during the period.

(a) Transactions with COSCO SHIPPING Group and related entities of COSCO SHIPPING (including joint ventures and associated companies)

US\$'000	2024	2023
Income		
Container transport income (note ii)	93,717	48,803
Freight forwarding income	9,260	3,215
Terminal handling and storage income	–	2,080
Service income		
Vessels	68,493	43,158
Containers	13,557	6,317
Information technology service income	19,133	14,374
Interest income	972	1,137
Expenses		
Cargo transportation costs	55,648	67,497
Freight forwarding expenses	11,875	6,392
Terminal charges (note iii)	130,475	119,674
Expenses relating to short-term leases and leases with low-value assets		
Vessels	102,375	74,422
Containers	35,833	24,254
Land and buildings	404	408
Slot hire expenses	3,425	186,520
Purchase of bunker (note iv)	175,609	154,042
Crew expenses	1,405	1,131
Service fee	150	150
Others		
Purchase of containers	73,391	184
Instalments of vessels under construction	617,311	366,640

Notes to the Interim Financial Information

21. Significant related party transactions (Continued)

(b) Transactions with joint ventures of the Group

US\$'000	2024	2023
Income		
Container transport income	95	92
Expenses		
Cargo transportation costs	7,821	8,171

(c) Transactions with other related parties

US\$'000	2024	2023
Income		
Container transport income	93	1,378
Freight forwarding income	372	143
Terminal handling and storage income	-	266
Expenses		
Cargo transportation costs	9,391	10,186
Freight forwarding expenses	415	459
Terminal charges	72,806	74,738
Expenses relating to short-term leases and leases with low-value assets		
Vessels	-	2
Containers	27	43
Slot hire expenses	1,961	-
Crew expenses	-	1

(d) Transactions with state-owned banks

As at 30th June 2024, approximately 60% (31st December 2023: 50%) of the Group's bank balances are with state-owned banks.

Notes:

- (i) These transactions were conducted either (i) based on terms as governed by the master agreements and subsisting agreements entered into between the Group and COSCO SHIPPING Group or (ii) based on terms as set out in the underlying agreements, statutory rates or market prices or actual costs incurred, or as mutually agreed between the Group and the parties in concern.
- (ii) Container transport income of US\$20.8 million (2023: US\$17.9 million) were transacted with the associated companies and joint ventures of COSCO SHIPPING during the six months ended 30th June 2024.
- (iii) Terminal charges of US\$82.7 million (2023: US\$82.8 million) were transacted with the associated companies and joint ventures of COSCO SHIPPING during the six months ended 30th June 2024.
- (iv) Bunker of US\$96.9 million (2023: US\$88.4 million) was purchased from a joint venture of COSCO SHIPPING during the six months ended 30th June 2024.