INTERIM REPORT

[2010]

Orient Overseas (International) Limited

(Incorporated in Bermuda with Limited Liability)

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(Incorporated in Bermuda with Limited Liability)
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This interim report is printed on environmental friendly paper.
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Contents

Statement to Shareholders from the Chairman

Following last year's extremely difficult trading conditions, 2010 started positively for the container transportation sector with an improved supply/demand balance and upward pressure on freight rates. Despite the modest pace of the global economic recovery, we have seen rapid growth in demand over the first six months of the year. Demand was initially driven by a rebuilding of inventories following a run-down in holdings over the course of 2009, and more recently from stock levels being built ahead of anticipated strong consumer demand in the year-end shopping season.

The strong demand has assisted with the absorption of new-build capacity delivering in the first half of the year, and has helped increase and hold rates at levels that will see the industry return to profitability in 2010. Slow steaming, while primarily undertaken for the environmental and cost-saving benefits, has also reduced the level of excess capacity in the industry. Despite the positive first half environment, the likely strength of consumer demand in the second half of the year remains unclear and freight rates continue to be fragile with significant new-build capacity still to be absorbed before year-end.

INTERIM RESULTS

Orient Overseas (International) Limited and its subsidiaries (the "Group") recorded a profit attributable to equity holders of US$1,284.6 million for the six month period ended 30th June 2010.

This result includes the profit on the sale of the Group's former PRC property development business conducted under Orient Overseas Developments Ltd ("OODL") to CapitaLand China (RE) Holdings Co. Ltd, the details of which have been announced previously. The net profit on the sale, after associated costs, was US$1,004.4 million.

The Group's profit after tax for the period from continuing operations, being before the inclusion of the profit from the sale of OODL, was US$287.3 million. This represents an increase of US$506.6 million compared to the loss of US$219.3 million for the equivalent operations in the first six months of 2009.

Earnings per ordinary share for the first half of 2010 were US205.3 cents, whereas earnings per ordinary share for the first half of 2009 were negative US37.0 cents.

DIVIDEND

The Board of Directors is pleased to announce an interim dividend for 2010 of US11.5 cents (HK89.7 cents) per ordinary share. The dividend will be paid on 21st September 2010 to those ordinary shareholders whose names appear on the register on 6th September 2010.

In addition the Board of Directors has also decided to declare a special dividend of US40.0 cents (HK312.0 cents) per ordinary share. This special dividend represents approximately twenty-five per cent of the net profit on the sale of OODL.

The Board of Directors will consider a final dividend for the full year 2010 as performance and future business prospects dictate.

CONTAINER TRANSPORT AND LOGISTICS

The international container transport and logistics business of the Group, trading under the "OOCL" name, reported an operating profit of US$302.8 million for the first six months of the year, a US$499.4 million increase from the loss of US$196.6 million reported for the first half of 2009.

The first quarter saw strong demand as inventory levels - particularly those of US retailers - were rebuilt following the rundown that occurred last year. Demand continued to be strong in the second quarter despite only moderate improvement in economic indicators and even with the sovereign debt concerns in Europe. It appears that retailers and other importers have been building inventory levels in anticipation of improved end-consumer demand in the run-up to the year-end shopping season.

The improved demand saw total liftings for the first half of 2010 up 11.6% compared to the corresponding period last year. Average freight revenue per TEU for the period was US$1,133, an increase of 24.2% over the loss-making levels of 2009.

Volume and freight rate improvements were seen across all of our trades compared to 2009. Liftings in Intra-Asia, our largest trade area by volume, grew by 16.4% reflecting the strength and continued economic growth of countries in the Asia region. Trade routes servicing resource rich and commodity based economies, including Australia, Russia and the Middle East, also performed well.

Some of the improvement in freight rates achieved in the first two months of the year on Asia / Europe trades has been lost as significant amounts of new-build capacity and re-introduced idle capacity has been absorbed, but these trade routes remain profitable.

Freight rates on Trans-Pacific services have continued to improve during the period and all of those services finally returned to profitability as higher contract rates commenced during May and June. However, despite the improvement, returns on the Trans-Pacific routes during the first six months have only risen to a level sufficient to produce a positive contribution and remain inadequate given the capital employed in providing the services offered.

OTHER ACTIVITIES

Following the sale of OODL, the Group now only has one business, being the international container transport and logistics business of OOCL. The other activities of the Group at the OOIL level consist only of various support functions, including a centralised treasury and management of the Group's liquidity and investments. The Group's investments include its long-standing ownership of Wall Street Plaza and a minority investment in Beijing Oriental Plaza - both of which are performing in line with expectations. There was no change in the value of Wall Street Plaza as at 30th June 2010.

CORPORATE SOCIAL RESPONSIBILITY

The OOIL Group places the utmost importance on environmental care and community support. Despite the current difficult economic environment, the long-term threat of climate change must continue to be addressed. We continue to play our part in tackling this global problem through membership of organizations such as the Climate Change Business Forum, Clean Cargo Working Group and World Wildlife Fund (WWF). In the first six months of the year, the Group again won several accolades for its environmental performance, and OOIL Group employees continued to show their support for their local communities through various environmental initiatives.

We are fully committed to reducing sulphur oxide, nitrous oxide, carbon dioxide and other air emissions from our vessels and through various programs and initiatives including retrofitting our fleet with emission reducing equipment, we continue to reduce greenhouse gas output.

On 16th July 2010, OOIL was included as a founding constituent member of the Hang Seng Corporate Sustainability Index. The index has been created to allow investors to identify corporations that emphasise long-term value for shareholders and it creates a benchmark against which the investment community can assess socially responsible investments. I believe our inclusion reflects our commitment to corporate sustainability and our transparency in fulfilling our environmental and community responsibilities.

OUTLOOK

While the strengthened demand experienced in the first half of the year has seen a welcome return to profitability for the industry, some caution is warranted to the extent that the demand has been driven by inventory level changes and is not necessarily indicative of actual underlying consumer demand during the period. Should second-half demand for consumer products and semi-finished goods prove to be as strong as is being anticipated, conditions for the container industry should remain positive for the remainder of the year and into 2011.

While it is hoped that initial indications of improved consumer confidence and demand grow, we have yet to see the full effects of the sovereign debt crisis in Europe, of the generally slow growth in OECD economies, and of the ongoing withdrawal of various governments' stimulus programs.

Last year highlighted that control of costs through the careful management of capacity and deployment, and an understanding of the dynamics of supply and demand, are key to success in the industry. The lessons from 2009 must be remembered as the market reverts to a normalised pattern that should see a seasonal easing in the fourth quarter of the year. While progress has been made in absorbing the new-build capacity coming on-stream, projected capacity increases continue to exceed forecast demand growth into 2011 and beyond, with the global economic recovery continuing at a subdued pace.

While we were successful in limiting our losses in 2009 and have maintained that discipline into 2010 to produce a strong first half result, we feel we have not fully captured the benefit of the upturn. We have deployed all of the nine new-build vessels, totalling nearly 55,000 TEU, that we have taken delivery of this year, and idle capacity in the industry has been re-absorbed very quickly making additional chartering of suitable vessels difficult - although it remains to be seen whether the current upturn will be sustained.

Nevertheless, OOCL will continue to seek to meet its customers' needs and expectations through the reintroduction of tonnage on its various trade routes as market conditions improve. This will be done in a manner that is mindful of the need to operate profitably and for the business to produce a fair and reasonable return on capital. Container shipping is a capital intensive industry and appropriate returns are needed on existing capital invested and to attract the new capital that will be required as the industry expands to meet global demand growth. Returns need to reflect the extreme volatility in demand, and the upward pressure on costs, particularly for bunker fuel and cargo costs.

At the same time as seeking to maintain our freight rates at appropriate levels within an intensely competitive global market, we will be continuing our intense focus on cost containment through productivity gains, information technology related improvements. As we have no further new-build deliveries now until the first of the Hudong SX-class vessels deliver in the second quarter of next year, we will be carefully managing our existing fleet capacity and its deployment to meet customer needs and growth opportunities so as to generate appropriate returns on our shareholders' investment.

As anticipated last year, the pick-up in demand as the global economy recovers has seen industry dynamics improve. The Group is running a high level of liquidity following the sale of OODL and will continue to do so while we look for strategic opportunities to expand OOCL's operations in addition to normal organic growth.

The result for the first half of the year has been pleasing given the difficult environment we faced last year. While the outlook for the remainder of the year is generally positive, the industry's reaction to supply and demand conditions in the fourth quarter will be key to the full-year result and for sentiment going into 2011. The Group remains in good financial health and I continue to have confidence as to our prospects as the global economy continues to recover.

C C Tung
Chairman
Hong Kong, 4th August 2010

Management Discussion and Analysis

GROUP RESULTS

For the first six months of 2010 Orient Overseas (International) Limited and its subsidiaries (the "Group") recorded a profit attributable to shareholders of US$1,284.6 million. This is a US$1,516.4 million increase compared to the loss attributable to shareholders of US$231.8 million for the corresponding period of 2009.

OOIL INTERIM RESULTS ANALYSIS

US$'000	2010	2009
Profit/(loss) before tax from continuing activities	**299,801**	(196,017)
Loss before tax from discontinued activities	—	(11,667)
Revaluation of Wall Street Plaza	—	(15,000)
Profit/(Loss) Before Tax for the Period Ended 30th June	**299,801**	(222,684)
Taxation on continuing activities	**(12,462)**	(8,242)
Taxation on discontinued activities	—	(140)
Net Profit from sale of OODL	**1,004,354**	—
Non-controlling Interests	**(7,065)**	(782)
Profit/(Loss) Attributable to Shareholders	**1,284,628**	(231,848)

The profit attributable to shareholders for the first half of 2010 includes a net profit on sale of the Group's PRC property development business ("OODL") of US$1,004.4 million. Earnings from the OODL business in 2009 have been restated as profit before tax from discontinued activities. There were no earnings from that business in 2010 other than the profit on sale.

The loss attributable to shareholders in the prior comparative period also included a US$15 million negative revaluation of Wall Street Plaza, whereas, based on the independent valuation received, no revaluation adjustment of Wall Street Plaza was made as at 30th June 2010.

Profit from continuing operations for the first half of the year was US$287.3 million, as compared to a loss of US$219.3 million in the first six months of 2009. Profit from continuing operations excludes earnings related to the Group's PRC property development activities that were disposed of in February 2010. As such it represents primarily the earnings from the Group's continuing operations in container transportation and logistics conducted through the "OOCL" brand, augmented by earnings from the Group's liquidity management and investment activities at the holding company.

ORIENT OVERSEAS CONTAINER LINE

The improvement in the performance of our Container Transport and Logistics operations was the result of improved revenue as both volumes and freight rates improved across all trade lanes following the extremely difficult trading conditions of 2009.

OOCL's turnover, which represents over 99% of the Group turnover, was US$2,720.7 million for the six months ended 30th June 2010, an increase of US$667.4 million over the result for the corresponding period of 2009.

Slot capacity was 7.6% higher compared to the equivalent period last year with new deliveries in the last 12 months off-setting the reduction in 2009 from the redelivery of chartered vessels at contract maturity. OOCL's total liftings for the half year were 11.6% higher than in the first six months of 2009, while freight revenue per TEU was 24.2% higher reflecting the improved rate environment this year.

ORIENT OVERSEAS CONTAINER LINE

	CURRENT QUARTER			YEAR-TO-DATE		
	Q2 2010	Q2 2009	*change*	**1H 2010**	1H 2009	*change*
LIFTINGS *(TEU's) :*						
Trans-Pacific	**313,174**	279,589	*+ 12.0%*	**583,435**	558,966	*+ 4.4%*
Asia / Europe	**190,291**	170,614	*+ 11.5%*	**371,501**	334,914	*+ 10.9%*
Trans-Atlantic	**89,029**	84,219	*+ 5.7%*	**176,219**	169,597	*+ 3.9%*
Intra-Asia / Australasia	**588,862**	486,413	*+ 21.1%*	**1,098,942**	935,520	*+ 17.5%*
TOTAL ALL SERVICES	**1,181,356**	1,020,835	*+ 15.7%*	**2,230,097**	1,998,997	*+ 11.6%*
TOTAL REVENUES *(USD 000's) :*						
Trans-Pacific	**510,043**	343,822	*+ 48.3%*	**893,932**	753,802	*+ 18.6%*
Asia / Europe	**326,164**	142,623	*+ 128.7%*	**603,566**	292,442	*+ 106.4%*
Trans-Atlantic	**143,112**	114,140	*+ 25.4%*	**271,484**	245,293	*+ 10.7%*
Intra-Asia / Australasia	**412,608**	268,985	*+ 53.4%*	**757,088**	532,200	*+ 42.3%*
TOTAL ALL SERVICES	**1,391,927**	869,570	*+ 60.1%*	**2,526,070**	1,823,737	*+ 38.5%*

TRANS-PACIFIC TRADE

Liftings increased by 4.4% on our Trans-Pacific services compared with the corresponding period last year. Total revenue increased by 18.6% and average revenue per TEU increased 13.6% compared to the first half of 2009. Average revenue per TEU increased consistently throughout the period to a more sustainable level. We expect further improvements in the third quarter with different stages of Peak Season Surcharge (PSS) being introduced from 15th June. Due to tight space and equipment supply, westbound rates were also on an upward trend.

Outlook for later part of 2010 remains cloudy, as even our major customers could not provide us with clear visibility. We are working with Grand Alliance partners to develop programs and products to right-size our capacity and to contain costs in line with market demand.

ASIA/EUROPE TRADE

From the trough in the second quarter of 2009, our Asia / Europe services made a steady recovery in the second half of last year and a general positive momentum, despite rate volatility, carried forward well into 2010. In the first half of 2010, lifting levels were up 10.9% while revenue per TEU almost doubled from the previous low of the corresponding period of last year. The outlook for the rest of 2010 remains cautious with Europe's macroeconomic situation and a weakening Euro creating uncertainty in the overall market.

INTRA-ASIA & AUSTRALASIA TRADE

Liftings increased by 16.4% on our Intra-Asia services compared with the first half of 2009, due to a strong economic recovery in emerging economies in Asia. Revenue grew by 36.1%, with average revenue per TEU increasing by 16.9%.

Liftings on our Australasia service increased by 24.0% compared with the same period last year. However, introduction of new capacity in Northeast Asia to Australia services, starting from May, have resulted in unhealthy capacity utilization. Rate levels have since dropped by more than 30%. The Southeast Asia trade situation is more stable in terms of capacity utilization and rate volatility.

TRANS-ATLANTIC TRADE

Liftings increased 3.9%, while total revenue increased 10.7% against the same period last year, or 6.6% growth in average revenue per TEU. Stabilization of the market and a better balance of supply and demand helped with our performance in the first half of the year; however, it is still behind the corresponding period in 2008 in both volume and revenue.

BUNKER PRICE

Bunker price remained steady, around US$465 per ton for the first half of 2010. In accordance with the EU directive 2005/33/EC, which took effect on 1st January 2010, our vessels in the community ports at berth or anchorage have to consume distillate fuel (MGO max. 0.1% sulphur) in auxiliary engines and auxiliary boilers.

VESSELS

During the first half of 2010 the Group took delivery of five "P" Class 4,578 TEU Panamax size vessels (OOCL Le Havre, OOCL Charleston, OOCL Guangzhou, OOCL Savannah, & OOCL Jakarta) and four "SX" Class 8,063 TEU vessels (OOCL Seoul, OOCL Washington, OOCL London, and OOCL Luxembourg). All ships in our fleet, including these new additions, are fully deployed in our services.

No new orders for vessels were placed in the first half of 2010 and no new deliveries are scheduled for the second half of the year. The remaining order consists of six 8,600 TEU vessels from Hudong - Zhonghua Shipyard (Group) Co. Ltd, which will be delivered in 2011 and 2013.

Financing has been arranged for the two Hudong vessels for 2011 delivery. We remain confident that financing for the remaining four vessels will be available to us when we decide to seek it and adequate resources will continue to be reserved to ensure that the delivery of the vessels on order does not impose any undue financial burden upon the Group.

OTHER ACTIVITIES

With the sale of the Group's PRC property development activities conducted under OODL, the Group's remaining activities relate to management of the Group's liquidity and investments. Within our portfolio we retain two unlisted property investments, namely Wall Street Plaza in New York, and Beijing Oriental Plaza in Beijing.

Wall Street Plaza, our 100% owned investment property in the city of New York has continued to perform solidly despite the deterioration in the Manhattan commercial property rental market over the last two years. Real estate values in Lower Manhattan continue to be weak following the contraction in New York's financial services sector and associated industries. The overall vacancy rate in Manhattan was reported to be 10.8% as at the end of June 2010 - little changed from the start of the year which may be a positive sign that the market has bottomed. The vacancy rate of Wall Street Plaza was 8.4% at the end of June and operations are in line with expectations. As at 30th June 2010, there was no change in the existing US$150 million valuation of Wall Street Plaza.

Beijing Oriental Plaza is also performing as forecast. We have a 7.9% interest in that property at a book value of US$122.4 million as at 30th June 2010. While it continues to make modest profits at the project level, Beijing Oriental Plaza is not expected to make a meaningful contribution to Group profitability in the near term.

Both of these investments in property are 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 transportation and logistics business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June 2010, the Group had total liquid assets amounting US$3,972.1 million and a total indebtedness of US$2,783.8 million. Net cash as at 30th June 2010 was therefore US$1,188.3 million versus net debt of US$1,213.6 million as at the 2009 year-end. Gross debt increased due to drawdowns of existing facilities to fund the delivery of new-build vessels. Liquid assets increased mainly due to operating profits generated in OOCL in the first half of the year together with the proceeds from the sale of OODL.

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 19 to the 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. The list of approved banks and exposure limits on each bank are reviewed on a regular basis.

Given the inherently volatile nature of shipping industry earnings and experience with 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$153.0 million as at 30th June 2010 comprises 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 an investment property, all of which are denominated in US dollars. Over 61% of cost items are also US-dollar based. Certain costs, such as terminal charges, transportation charges and administrative expenses for regional offices, are expended in domestic currencies. The Group's policy is to hedge the payment of certain major currencies such as the Euro, Canadian Dollars and Japanese Yen.

Over 98% of the Group's total liabilities are denominated in US dollars. The non-US dollar denominated liabilities are backed by an equivalent value of assets denominated in the respective local currency. Consequently, the risk of currency fluctuations affecting the Group's debt profile is effectively mitigated.

EMPLOYEE INFORMATION

As at 30th June 2010, the Group had 7,458 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 OOCL and the individual employee, are regularly reviewed. Other benefits are also provided including medical insurance and retirement funds. Social and recreational activities are arranged for our employees around the world. In support of the continuous development of individual employees, training and development programmes for each different level of employees are arranged.

SAFETY, SECURITY AND ENVIRONMENTAL PROTECTION

As a responsible company, the OOIL Group goes the extra mile to make safety and security a top priority in our business operations, onshore and at sea, including our people, cargo, ships and facilities. Our company maintains the highest safety and security standards.

The Group's Corporate Security Policy, standards and procedures guide our company in the prevention and suppression of security threats against international supply chain operations. We are committed to not only complying with rules and regulations such as the ISPS Code but also exceeding them by embracing industry best practices and voluntary initiatives. We voluntarily participate in various national security programs, including the US Customs-Trade Partnership Against Terrorism (C-TPAT) and EU Authorized Economic Operator (AEO) initiatives, and have been nominated as best practice examples. We also work actively with various governments and other authorities worldwide in their efforts against any act that would impinge upon maritime or cargo security. In addition, our Global Data Centre maintains BS7799 certification in order to provide quality and secure information to customers and partners in step with international standards on information security management.

The OOIL Group further recognizes that businesses must take responsibility for their industry's effects on the environment. OOIL proactively demonstrates concern for the environment at every level of our organization.

In the first half of 2010, OOCL launched the online OOCL Carbon Calculator, designed to assist customers to measure the carbon dioxide (CO2) emissions in their supply chain. OOCL's carbon calculator is the first emissions calculator of its kind to offer full intermodal data using actual emissions figures from OOCL ships. This new calculator demonstrates OOCL's commitment to environmental care and our drive to help our customers achieve the lowest possible carbon footprint in their end-to-end supply chain.

In March 2010, OOCL was awarded the Green Culture Award and the Best Ship Management Award from the Hong Kong Marine Department. We were pleased to be recognized for our proactive promotion of Onboard Safety and Environmental Culture and engagement of our staff at sea and onshore with the highest levels of training.

We continue to achieve one of the best records for the Green Flag Program in California, achieving 100% voluntary compliance in vessel speed reduction for all our vessels. In May 2010, OOCL received four certificates of recognition from US Government authorities, for our contribution towards cleaner air quality in the Southern California region. The four certificates of recognition were granted by the California State Legislature, the California Legislature Assembly, the Congress of the US House of Representatives, and the State of California Senate.

Through membership of organizations such as the Climate Change Business Forum, Clean Cargo Working Group and World Wildlife Fund (WWF), the OOIL Group has demonstrated its commitment to tackling the issue of climate change and environmental protection in Hong Kong and in the regions where we operate.

Other Information

INTERIM AND SPECIAL DIVIDENDS

The Directors are pleased to announce the payment of a total dividend of US51.5 cents (HK401.7 cents at the exchange rate of US$1 : HK$7.8) per ordinary share for the six months ended 30th June 2010, which is comprised of an interim dividend of US11.5 cents (HK89.7 cents) and a special dividend of US40.0 cents (HK312.0 cents) as a result of the disposal of the Group's property development business in the People's Republic of China, to be paid on 21st September 2010 to the shareholders of the Company whose names appear on the register of members of the Company on 6th September 2010. Shareholders should complete the Dividend Election Form (if applicable) and return it to the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 9th September 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 3rd September 2010 to 6th September 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend and the special dividend, transfer forms accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited not later than 4:30 p.m. on 2nd September 2010.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30th June 2010, the issued share capital of the Company consisted of 625,793,297 ordinary shares (the "Shares") and 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	—	426,416,088 *(Notes 1 and 2)*	426,416,088	68.14%
Chang Tsann Rong Ernest	612,731	—	612,731	0.09%
Chow Philip Yiu Wah	133,100	7,000 *(Note 3)*	140,100	0.02%
Simon Murray	122,000	—	122,000	0.02%
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 426,416,088 Shares, in which Fortune Crest Inc. ("Fortune Crest") and Gala Way Company Inc. ("Gala Way"), wholly owned subsidiaries of Thelma, have direct interests in 347,188,656 Shares and 79,227,432 Shares respectively. The voting rights in respect of such 426,416,088 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. 7,000 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 2010, 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 under the section "Substantial Shareholders' Share Interest", as at 30th June 2010, 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 2010, the following persons (other than a Director or 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 under Section 336 of the SFO:

Name	Nature of Interest	Number of Shares Interested (Long Position)	Percentage
Artson Global Limited*	Trustee	426,416,088 *(Note 1)*	68.14%
Hanberry Global Limited*	Trustee	426,416,088 *(Note 2)*	68.14%
Thelma Holdings Limited*	Indirect	426,416,088 *(Note 3)*	68.14%
Tung Chee Hwa	Indirect	426,441,319 *(Note 4)*	68.14%
Archmore Investment Limited*	Beneficiary of a trust	426,416,088 *(Note 5)*	68.14%
Edgemont Holdings Limited*	Indirect	426,416,088 *(Note 6)*	68.14%
Javier Global Limited*	Indirect	426,416,088 *(Note 7)*	68.14%
Bartlock Assets Ltd.*	Beneficiary of a trust	426,416,088 *(Note 8)*	68.14%
Flowell Development Inc.	Beneficiary of a trust	426,416,088 *(Note 9)*	68.14%
Izone Capital Limited*	Beneficiary of a trust	426,416,088 *(Note 10)*	68.14%
Jeference Capital Inc.*	Beneficiary of a trust	426,416,088 *(Note 11)*	68.14%
Tung Holdings (Trustee) Inc.*	Voting	426,416,088 *(Note 12)*	68.14%
Fortune Crest Inc.	Direct	347,188,656 *(Note 13)*	55.47%
Gala Way Company Inc.	Direct	79,227,432 *(Note 14)*	12.66%
JPMorgan Chase & Co.	Beneficial Owner Investment Manager and Custodian/approved lending agent	275,060 26,291,740 4,915,203 *(Note 15)*	5.03%

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 Mr. King Roger and father of 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 426,416,088 Shares. Mrs. Tung Chiu Hung Ping Betty (spouse of Mr. Tung Chee Hwa, sister-in-law of Mr. Tung Chee Chen and Mr. King Roger and mother of 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 426,416,088 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 426,416,088 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 426,416,088 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 426,416,088 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 426,416,088 Shares.

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

13. Fortune Crest has a direct interest in 347,188,656 Shares.

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

15. JPMorgan Chase & Co. was interested in a total of 31,482,003 Shares of which 4,915,203 Shares were in the lending pool.

16. Mr. Tung Chee Chen is a director of the companies marked with an asterisk.

Save as disclosed herein, as at 30th June 2010, the Company has not been notified by any person (other than the Directors or 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' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES AND DEBT SECURITIES

As at 30th June 2010, none of the Directors nor the Chief Executive of the Company (or any of their associates) (as defined in the Listing Rules) was granted any right to acquire shares in or debt securities of the Company or any of its associated corporations.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six-month period ended 30th June 2010, the Company has not redeemed any of its Shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's Shares.

PRE-EMPTIVE RIGHTS

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

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 2009 Annual Report, required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. Kenneth Gilbert CAMBIE is an Executive Director and the Chief Financial Officer of the Company. His service contract with the Company was renewed for a term of 3 years commencing on 13th July 2010. Pursuant to the renewed service contract, Mr. Cambie is entitled to receive a sum of HK$3,169,140 per annum, as recommended by the Remuneration Committee of the Company by reference to market terms, his experience, duties and responsibilities within the Company and its subsidiaries, and shall receive a performance-based discretionary bonus of at least HK$1,000,000, with the actual amount to be determined by reference to the Company's and individual's performance.

Mr. Simon MURRAY, an Independent Non-Executive Director of the Company, has been appointed as a Non-Executive Director of Essar Energy Limited (listed on the London Stock Exchange) with effect from 6th April 2010. He is also an Independent Non-Executive Director of Wing Tai Properties Limited (known as USI Holdings Limited before 20th May 2010). He has retired as a Non-Executive Director of Vodafone Group Plc ("Vodafone", listed on the London Stock Exchange) with effect from the conclusion of the annual general meeting of Vodafone held on 27th July 2010."

Mr. CHENG Wai Sun Edward, an Independent Non-Executive Director of the Company, who is also an Executive Director, Chief Executive and Deputy Chairman of Wing Tai Properties Limited (known as USI Holdings Limited before 20th May 2010).

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Board of Directors (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 code on corporate governance practices (the "CG Code") which in addition to applying the principles as set out in the Code on Corporate Governance Practices (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 to be applied by the Company and its subsidiaries (the "Group") and is constantly reviewed to ensure transparency, accountability and independence.

Throughout the accounting period covered by these interim results, the Company has complied with the SEHK Code, except for the following:

- Code Provision

Code provision of the SEHK Code	Deviation	Considered reason for deviation
Separation of the role of Chairman and Chief Executive Officer of a listed issuer.	Mr. TUNG Chee Chen currently assumes the role of both Chairman and Chief Executive Officer of the Company.	The executive members of the Board currently consist of chief executive officers of its principal divisions and there is effective separation of the roles between chief executives of its principal divisions and the Chief Executive Officer of the Company. The Board considers that further separation of the roles of Chief Executive Officer and Chairman would represent duplication and is not necessary for the time being.

- Recommended Best Practice
  - ➢ a nomination committee has not been established
  - ➢ the remuneration of senior management is disclosed in bands
  - ➢ operational results are announced and published quarterly instead of financial results

Audit Committee

The Audit Committee was established in 1992 and currently comprises four members who are Independent Non-Executive Directors, namely, Professor WONG Yue Chim Richard (chairman), Mr. Simon MURRAY, Mr. CHANG Tsann Rong Ernest and Mr. CHENG Wai Sun Edward, with Mr. FUNG Yee Chung Vincent, the Head of Internal Audit as the secretary and Ms. Lammy LEE as the assistant secretary.

Under its Terms of Reference, the primary duties of the Audit Committee include to:

- make recommendation to the Board on the appointment and removal of external auditor and to assess their independence and performance;
- review the effectiveness of financial reporting processes and internal control systems of the Group and to monitor the integrity thereof;
- review the completeness, accuracy and fairness of the Company's financial statements before submission to the Board;
- review the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programmes and budget;
- consider the nature and scope of internal audit programmes and audit reviews;
- ensure compliance with the applicable accounting standards and legal and regulatory requirements on financial reporting and disclosure; and
- monitor, receive, retain and handle complaints received by the Company regarding accounting, internal controls or auditing matters.

The Audit Committee has reviewed the Group's interim results for the six months ended 30th June 2010.

Remuneration Committee

The Remuneration Committee was established in 2005 and the members currently comprise Mr. TUNG Chee Chen (Chairman) and two Independent Non-Executive Directors of the Company, namely, Professor WONG Yue Chim Richard and Mr. CHANG Tsann Rong Ernest, with Ms. Lammy LEE, as the secretary of the Remuneration Committee.

The primary duties of the Remuneration Committee include to:

- establish and recommend for the Board's consideration, the Company's policy and structure for emoluments of the Executive Directors, senior management of the Company and employees of the Group including the performance-based bonus scheme;
- review from time to time and recommend for the Board's consideration, the Company's policy and structure for emoluments of the Executive Directors, senior management of the Company and employees of the Group including the performance-based bonus scheme; and to
- review and recommend for the Board's consideration remuneration packages and compensation arrangements for loss of office of Executive Directors and senior management of the Company.

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 Model Code and the Securities Code throughout the period from 1st January 2010 to 30th June 2010.

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Content

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 20 to 48, which comprise the condensed consolidated balance sheet of Orient Overseas (International) Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th June 2010 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, 4th August 2010

Condensed Consolidated Profit and Loss Account (unaudited)

For the six months ended 30th June 2010

US$'000	Note	2010	Restated 2009
Continuing operations			
Revenue	5	**2,732,616**	2,065,138
Operating costs		**(2,192,265)**	(2,044,974)
Gross profit		**540,351**	20,164
Fair value loss from an investment property		**—**	(15,000)
Other operating income		**11,279**	26,465
Other operating expenses		**(241,710)**	(223,333)
Operating profit/(loss)	6	**309,920**	(191,704)
Finance costs	8	**(13,425)**	(21,113)
Share of profits of jointly controlled entities		**653**	619
Share of profits of associated companies		**2,653**	1,181
Profit/(loss) before taxation		**299,801**	(211,017)
Taxation	9	**(12,462)**	(8,242)
Profit/(loss) for the period from continuing operations		**287,339**	(219,259)
Discontinued operation :			
Profit/(loss) for the period from discontinued operation	10	**1,004,354**	(11,807)
Profit/(loss) for the period		**1,291,693**	(231,066)
Profit/(loss) attributable to :			
Equity holders of the Company		**1,284,628**	(231,848)
Non-controlling interests		**7,065**	782
		1,291,693	(231,066)
Interim and special dividends	11	**322,283**	—
Earnings/(loss) per ordinary share (US cents)	12		
– from continuing operations		**44.8**	(35.1)
– from discontinued operation		**160.5**	(1.9)
Basic and diluted		**205.3**	(37.0)

Year 2009 figures have been restated or reclassified to disclose the results of discontinued operation in a separate line.

Condensed Consolidated Statement of Comprehensive Income (unaudited)

For the six months ended 30th June 2010

US$'000	2010	2009
Profit/(loss) for the period	**1,291,693**	(231,066)
Other comprehensive income:		
Vessels		
– Assets revaluation reserve realised	**(1,915)**	—
Available-for-sale financial assets		
– Change in fair value	**8,218**	(14,099)
– Assets revaluation reserve realised	**—**	(774)
Currency translation adjustments	**(956)**	4,436
Other comprehensive income/(loss) for the period	**5,347**	(10,437)
Total comprehensive income/(loss) for the period	**1,297,040**	(241,503)
Total comprehensive income/(loss) attributable to :		
Equity holders of the Company	**1,289,981**	(242,299)
Non-controlling interests	**7,059**	796
	1,297,040	(241,503)

Condensed Consolidated Balance Sheet (unaudited)

As at 30th June 2010

US$'000	Note	30th June 2010	31st December 2009
ASSETS			
Non-current assets			
Property, plant and equipment	13	**3,845,752**	3,798,048
Investment property	13	**150,000**	150,000
Prepayments of lease premiums	13	**10,153**	10,175
Jointly controlled entities		**2,302**	4,465
Associated companies		**60,117**	59,737
Intangible assets	13	**50,126**	53,104
Deferred taxation assets		**1,166**	847
Pension and retirement assets		**25,811**	27,213
Derivative financial instruments	15	**6,004**	—
Restricted bank balances		**1,164**	447
Other non-current assets		**232,141**	219,670
		4,384,736	4,323,706
Current assets			
Inventories		**108,480**	83,561
Debtors and prepayments	14	**462,245**	380,234
Portfolio investments		**67,439**	44,592
Derivative financial instruments	15	**317**	2,965
Restricted bank balances		**948**	1,760
Cash and bank balances		**3,817,052**	1,225,102
		4,456,481	1,738,214
Assets held for sale		**—**	1,268,254
		4,456,481	3,006,468
Total assets		**8,841,217**	7,330,174

As at 30th June 2010

US$'000	Note	30th June 2010	31st December 2009
EQUITY			
Equity holders			
Share capital	16	**62,579**	62,579
Reserves	17	**5,180,291**	3,882,105
		5,242,870	3,944,684
Non-controlling interests		**6,437**	23,723
Total equity		**5,249,307**	3,968,407
LIABILITIES			
Non-current liabilities			
Borrowings	19	**2,546,480**	2,135,967
Deferred taxation liabilities		**36,369**	30,697
Pension and retirement liabilities		**2,363**	3,130
Derivative financial instruments	15	**11,020**	—
		2,596,232	2,169,794
Current liabilities			
Creditors and accruals	18	**746,163**	601,083
Derivative financial instruments	15	**—**	6,110
Borrowings	19	**237,314**	432,055
Current taxation		**12,201**	10,319
		995,678	1,049,567
Liabilities directly associated with assets classified as held for sale		**—**	142,406
		995,678	1,191,973
Total liabilities		**3,591,910**	3,361,767
Total equity and liabilities		**8,841,217**	7,330,174
Net current assets		**3,460,803**	1,814,495
Total assets less current liabilities		**7,845,539**	6,138,201

C C Tung

Kenneth G Cambie

Directors

Condensed Consolidated Cash Flow Statement (unaudited)

For the six months ended 30th June 2010

US$'000	Note	2010	2009
Cash flows from operating activities			
Cash generated from/(used in) operations		**475,244**	(248,935)
Interest paid		**(7,814)**	(12,948)
Interest element of finance lease rental payments		**(9,207)**	(27,241)
Dividend on preference shares		**—**	(3,235)
Hong Kong tax refunded		**2,473**	—
Overseas taxes paid		**(2,069)**	(14,720)
Net cash from/(used in) operating activities		**458,627**	(307,079)
Cash flows from investing activities			
Sale of property, plant and equipment		**13,114**	8,307
Sale of available-for-sale financial assets		**228**	3,936
Sale of held-to-maturity investments		**15,290**	1,942
Purchase of property, plant and equipment		**(63,754)**	(117,417)
Purchase of available-for-sale financial assets		**(52)**	(30)
Purchase of held-to-maturity investments		**(17,781)**	(13,403)
(Increase)/decrease in portfolio investments		**(22,847)**	2,366
Disposal of subsidiaries	22	**2,130,202**	—
Acquisition of non-controlling interests		**(14,123)**	—
Decrease in amounts due by jointly controlled entities		**2,304**	372
(Increase)/decrease in restricted bank balances and bank deposits maturing more than three months from the date of placement		**(1,522,412)**	113,854
Purchase of intangible assets		**(1,960)**	(7,110)
(Increase)/decrease in other non-current assets		**(1,228)**	7,195
Interest received		**4,477**	11,919
Income from available-for-sale financial assets		**7**	3
Dividends received from portfolio investments		**287**	535
Dividend received from an associated company		**2,599**	—
Dividend received from a jointly controlled entity		**524**	547
Net cash from investing activities		**524,875**	13,016

For the six months ended 30th June 2010

US$'000	Note	2010	2009
Cash flows from financing activities			
New loans		**559,840**	176,098
Repayment of loans		**(441,223)**	(83,763)
Redemption of preference shares		**—**	(45,689)
Capital element of finance lease rental payments		**(26,342)**	(35,445)
Dividends paid to equity holders		**—**	(28,187)
Dividend paid to non-controlling interests		**(2,017)**	(842)
Net cash from/(used in) financing activities		**90,258**	(17,828)
Net increase/(decrease) in cash and cash equivalents		**1,073,760**	(311,891)
Cash and cash equivalents at beginning of period		**1,088,254**	1,778,453
Currency translation adjustments		**(4,286)**	9,090
Cash and cash equivalents at end of period		**2,157,728**	1,475,652
Analysis of cash and cash equivalents			
Bank balances and deposits maturing within three months from the date of placement		**2,157,842**	1,475,795
Bank overdrafts		**(114)**	(143)
		2,157,728	1,475,652

Condensed Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 30th June 2010

	Equity holders				
US$'000	Share capital	Reserves	Sub-total	Non-controlling interests	Total
Balance at 31st December 2009	**62,579**	**3,882,105**	**3,944,684**	**23,723**	**3,968,407**
Total comprehensive income for the period	**—**	**1,289,981**	**1,289,981**	**7,059**	**1,297,040**
Transactions with owners					
Acquisition of non-controlling interests	**—**	**8,205**	**8,205**	**(22,328)**	**(14,123)**
Dividend paid to non-controlling interests	**—**	**—**	**—**	**(2,017)**	**(2,017)**
Balance at 30th June 2010	**62,579**	**5,180,291**	**5,242,870**	**6,437**	**5,249,307**
Balance at 31st December 2008	62,579	4,324,492	4,387,071	34,292	4,421,363
Total comprehensive (loss)/ income for the period	—	(242,299)	(242,299)	796	(241,503)
Transactions with owners					
2008 final dividend	—	(28,187)	(28,187)	—	(28,187)
Dividend paid to non-controlling interests	—	—	—	(842)	(842)
Balance at 30th June 2009	62,579	4,054,006	4,116,585	34,246	4,150,831

Notes to the Condensed 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.

On 18th January 2010, the Board announced that the Company had entered into the Sale and Purchase Agreement with CapitaLand China (RE) Holdings Co., Ltd. to sell its entire interest in Orient Overseas Developments Limited and its subsidiaries and jointly controlled entities (collectively referred to as the "Disposal Group") and the assignment and transfer of the shareholder's loan for an aggregate consideration of US$2.2 billion, receivable in cash. The transaction was completed on 10th February 2010. After transaction costs, the gain arising on the disposal was approximately US$1.0 billion which had been recognised in the consolidated profit and loss account for the six months ended 30th June 2010.

Analysis of the results, cash flows, assets and liabilities of the Disposal Group is presented in notes 10 and 22.

This interim financial information was approved by the Board of Directors on 4th August 2010.

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, certain property, plant and equipment, available-for-sale financial assets, 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 HKAS 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

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 2009.

The adoption of new/revised HKFRS

In 2010, the Group adopted the new standards, amendments and interpretations of Hong Kong Financial Reporting Standards below, which are relevant to its operations.

HKAS 7 Amendment	Statement of Cash Flows
HKAS 17 Amendment	Leases
HKAS 36 Amendment	Impairment of Assets
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 5 Amendment	Non-current assets held for sale and discontinued operations
HKFRS 8 Amendment	Operating Segments

2. Basis of Preparation (Continued)

The adoption of new/revised HKFRS (Continued)

Annual improvements to HKFRS published in May 2009	
HKAS 1 Amendment	Presentation of Financial Statements
HKAS 7 Amendment	Statement of Cash Flows
HKAS 17 Amendment	Leases
HKAS 18 Amendment	Revenue
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKFRS 5 Amendment	Non-current assets held for sale and discontinued operations
HKFRS 8 Amendment	Operating Segments

The Group has assessed the impact of the adoption of these new standards, amendments and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the accounts except for HKAS 27 (Revised) as set out below:

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests that do not result in the change of control to be recorded as equity transactions and these transactions will no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the entity is remeasured to fair value, the difference between its fair value and carrying amount is recognised in the consolidated profit and loss account.

The adoption of HKAS 27 (Revised) has resulted in a difference between the consideration paid and the relevant share of the carrying net asset value acquired from the non-controlling interests of US$8,205,000 which is now recorded in equity.

2. Basis of Preparation (Continued)

Standards, interpretations and amendments to existing standards that are relevant but not yet effective

New or revised standards, interpretations and amendments		Effective for accounting periods beginning on or after
HKAS 32 Amendment	Classification of Rights Issues	1st February 2010
HK(IFRIC) - Int 19	Extinguishing financial liabilities with equity instruments	1st July 2010
HKAS 24 (Revised)	Related Party Disclosure	1st January 2011
HK(IFRIC) - Int 14 Amendment	Prepayment of a minimum funding requirement	1st January 2011
HKFRS 9	Financial instruments	1st January 2013
Annual improvement to HKFRS published in May 2010		
HKFRS 3 (Revised)	Business combinations	1st July 2010
HKAS 1	Presentation of Financial Statements	1st January 2011
HKAS 27	Consolidated and Separate Financial Statements	1st January 2011
HKAS 34	Interim Financial Reporting	1st January 2011
HKFRS 7	Financial Instruments : Disclosures	1st January 2011

The Group has not early adopted the above standards, amendments and interpretations 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 2009.

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 2009.

5. Revenue

US$'000	2010	2009
Container transport and logistics	**2,720,717**	2,053,268
Others	**11,899**	11,870
	2,732,616	2,065,138

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

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

6. Operating Profit/(Loss)

US$'000	2010 Continuing operations	2009 Continuing operations	2009 Discontinued operation
Operating profit/(loss) is arrived at after crediting :			
Interest income from banks	**5,944**	6,633	679
Interest income from held-to-maturity investments	**2,723**	1,184	—
Gross rental income from an investment property	**11,899**	11,870	—
Profit on disposal of property, plant and equipment	**232**	—	—
Profit on disposal of held-to-maturity investments	**492**	—	—
Profit on disposal of available-for-sale financial assets	**—**	1,407	—
Gain on interest rate swap contracts	**712**	—	—
Gain on foreign exchange forward contracts	**—**	8,047	—
Portfolio investment income	**155**	8,113	—
and after charging :			
Depreciation			
Owned assets	**84,963**	56,417	1,819
Leased assets	**42,899**	35,286	—
Operating lease rental expense			
Vessels and equipment	**151,146**	277,413	—
Land and buildings	**11,046**	12,739	791
Rental outgoings in respect of an investment property	**5,591**	5,363	—
Loss on interest rate swap contracts	**—**	3,043	—
Loss on currency option contracts	**—**	376	—
Loss on foreign exchange forward contracts	**2,086**	—	—
Loss on disposal of property, plant and equipment	**—**	1,509	—
Loss on disposal of held-to-maturity investments	**—**	664	—
Amortisation of intangible assets	**4,937**	3,220	11
Amortisation of leasehold land and land use rights	**229**	173	44
Exchange loss	**7,518**	3,461	465

7. Key Management Compensation

US$'000	2010	2009
Salaries and other short-term employee benefits	**3,893**	3,262
Pension costs - defined contribution plans	**171**	296
	4,064	3,558

8. Finance Costs

US$'000	2010	2009
Interest expense	**(13,932)**	(20,901)
Amount capitalised under assets	**507**	1,392
Net interest expense	**(13,425)**	(19,509)
Dividend on preference shares	**—**	(1,604)
	(13,425)	(21,113)

9. Taxation

US$'000	2010	2009
Current taxation		
Hong Kong taxation	**(9)**	—
Overseas taxation	**(6,862)**	(11,280)
	(6,871)	(11,280)
Deferred taxation		
Overseas taxation	**(5,591)**	3,038
	(12,462)	(8,242)

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 12% to 47% (2009: 8% to 52%) and the rate applicable for Hong Kong profits tax is 16.5% (2009: 16.5%).

10. Discontinued Operation

US$'000		2010	2009
(i)	**Results**		
	Revenue	—	1,647
	Operating costs	—	(3,645)
	Gross loss	—	(1,998)
	Other operating income	—	679
	Other operating expenses	—	(8,616)
	Operating loss	—	(9,935)
	Finance costs	—	(1,887)
	Share of profits less losses of jointly controlled entities	—	155
	Loss before taxation	—	(11,667)
	Taxation	—	(140)
	Loss after taxation	—	(11,807)
	Profit on disposal of subsidiaries (note 22)	**1,004,354**	—
	Profit/(loss) from discontinued operation	**1,004,354**	(11,807)
(ii)	**Cash flows**		
	Operating cash flows	—	(256,287)
	Investing cash flows	**1,004,354**	(34,098)
	Financing cash flows	—	(43,912)
	Total cash flows	**1,004,354**	(334,297)

11. Interim and Special Dividends

The Board of Directors declares an interim dividend for 2010 of US11.5 cents (2009: nil) per ordinary share. In addition, the Board of Directors proposes a special dividend of US40.0 cents per ordinary share as a result of the disposal of the Group's property development business in the People's Republic of China.

12. 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	2010	2009
Number of ordinary shares in issue (thousands)	**625,793**	625,793
Group's profit/(loss) from continuing operations attributable to :		
Equity holders of the Company	**280,274**	(220,149)
Non-controlling interests	**7,065**	890
	287,339	(219,259)
Earnings/(loss) per share from continuing operations attributable to equity holders of the Company (US cents)	**44.8**	(35.1)
Group's profit/(loss) from discontinued operation attributable to :		
Equity holders of the Company	**1,004,354**	(11,699)
Non-controlling interests	**—**	(108)
	1,004,354	(11,807)
Earnings/(loss) per share from discontinued operation attributable to equity holders of the Company (US cents)	**160.5**	(1.9)

13. Capital Expenditure

US$'000	Property, plant and equipment	Investment property	Prepayments of lease premiums	Intangible assets	Total
Net book amounts :					
Balance at 31st December 2009	**3,798,048**	**150,000**	**10,175**	**53,104**	**4,011,327**
Currency translation adjustments	**81**	**—**	**207**	**(1)**	**287**
Additions	**190,282**	**—**	**—**	**1,960**	**192,242**
Disposals	**(14,797)**	**—**	**—**	**—**	**(14,797)**
Depreciation and amortisation	**(127,862)**	**—**	**(229)**	**(4,937)**	**(133,028)**
Balance at 30th June 2010	**3,845,752**	**150,000**	**10,153**	**50,126**	**4,056,031**
Balance at 31st December 2008	3,780,945	175,000	14,201	47,098	4,017,244
Currency translation adjustments	129	—	1	1	131
Fair value loss	—	(15,000)	—	—	(15,000)
Additions	120,412	—	—	7,110	127,522
Disposals	(9,816)	—	—	—	(9,816)
Depreciation and amortisation	(93,522)	—	(217)	(3,231)	(96,970)
Balance at 30th June 2009	3,798,148	160,000	13,985	50,978	4,023,111

14. Debtors and Prepayments

US$'000	30th June 2010	31st December 2009
Trade receivables	**321,454**	241,667
Less : Provision for impairment	**(5,943)**	(5,664)
Trade receivables - net	**315,511**	236,003
Other debtors	**52,010**	39,364
Other prepayments	**76,226**	80,321
Utility and other deposits	**6,863**	7,518
Tax recoverable	**11,635**	17,028
	462,245	380,234

Trade receivables are normally due for payment on presentation of invoices or granted with an approved credit period ranging mainly from 10 to 45 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 date of invoices, is as follows:

US$'000	30th June 2010	31st December 2009
Below one month	**304,218**	223,184
Two to three months	**11,293**	12,397
Four to six months	**—**	422
	315,511	236,003

15. Derivative Financial Instruments

US$'000	30th June 2010	31st December 2009
Assets		
Non-current assets		
Interest rate swap contracts	**6,004**	—
Current assets		
Interest rate swap contracts	**317**	2,965
Liabilities		
Non-current liabilities		
Interest rate swap contract	**(2,824)**	—
Foreign exchange forward contract	**(8,196)**	—
	(11,020)	—
Current liability		
Foreign exchange forward contract	**—**	(6,110)

16. Share Capital

US$'000	30th June 2010	31st December 2009
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 (2009: 625,793,297) ordinary shares of US$0.10 each	**62,579**	62,579

17. Reserves

US$'000	Share premium	Contributed surplus	Capital redemption reserve	Asset revaluation reserve: Vessels	Asset revaluation reserve: Available-for-sale financial assets	Foreign exchange translation reserve	Retained profit	Total
Balance at 31st December 2009	**172,457**	**88,547**	**4,696**	**1,915**	**44,398**	**44,563**	**3,525,529**	**3,882,105**
Total comprehensive income/(loss) for the period	**—**	**—**	**—**	**(1,915)**	**8,218**	**(950)**	**1,284,628**	**1,289,981**
Acquisition of non-controlling interests	**—**	**—**	**—**	**—**	**—**	**—**	**8,205**	**8,205**
Balance at 30th June 2010	**172,457**	**88,547**	**4,696**	**—**	**52,616**	**43,613**	**4,818,362**	**5,180,291**
Balance at 31st December 2008	172,457	88,547	4,696	9,948	53,385	39,449	3,956,010	4,324,492
Total comprehensive income/(loss) for the period	—	—	—	—	(14,873)	4,422	(231,848)	(242,299)
2008 final dividend	—	—	—	—	—	—	(28,187)	(28,187)
Balance at 30th June 2009	172,457	88,547	4,696	9,948	38,512	43,871	3,695,975	4,054,006
Total comprehensive income/(loss) for the period	—	—	—	(8,033)	5,886	692	(170,446)	(171,901)
Balance at 31st December 2009	172,457	88,547	4,696	1,915	44,398	44,563	3,525,529	3,882,105

18. Creditors and Accruals

US$'000	30th June 2010	31st December 2009
Trade payables	**237,038**	171,111
Other creditors	**56,232**	61,328
Accrued expenses	**388,789**	306,988
Deferred revenue	**64,104**	61,656
	746,163	601,083

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

US$'000	30th June 2010	31st December 2009
Below one month	**188,444**	117,856
Two to three months	**44,173**	49,532
Four to six months	**3,272**	3,463
Over six months	**1,149**	260
	237,038	171,111

19. Borrowings

US$'000	30th June 2010	31st December 2009
Non-current		
Bank loans		
– secured	**895,076**	491,225
– unsecured	**90,611**	21,190
Loans from non-controlling interests		
– secured	**—**	139,100
– unsecured	**—**	18,232
Finance lease obligations	**1,560,793**	1,466,220
	2,546,480	2,135,967
Current		
Bank overdrafts, unsecured	**114**	145
Bank loans		
– secured	**154,096**	146,623
– unsecured	**32,308**	121,042
Loans from non-controlling interests		
– secured	**—**	106,500
– unsecured	**—**	9,562
Finance lease obligations	**50,796**	48,183
	237,314	432,055
Total borrowings	**2,783,794**	2,568,022

20. Commitments

(a) Capital commitments

US$'000	30th June 2010	31st December 2009
Contracted but not provided for		
– Continuing operations	**662,899**	711,803
– Discontinued operation	**—**	6,289
	662,899	718,092
Authorised but not contracted for		
– Continuing operations	**13,868**	16,587
	676,767	734,679

20. Commitments (Continued)

(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 2010			
2010/11	**171,408**	**29,546**	**200,954**
2011/12	**97,822**	**16,350**	**114,172**
2012/13	**83,531**	**10,139**	**93,670**
2013/14	**78,428**	**5,187**	**83,615**
2014/15	**77,510**	**1,589**	**79,099**
2015/16 onwards	**461,769**	**83**	**461,852**
	970,468	**62,894**	**1,033,362**
As at 31st December 2009			
2010	187,810	31,124	218,934
2011	133,427	21,943	155,370
2012	83,747	12,890	96,637
2013	81,220	6,171	87,391
2014	77,872	3,902	81,774
2015 onwards	500,097	1,375	501,472
	1,064,173	77,405	1,141,578

21. 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 2010 are as follows:

	Continuing operations				Discontinued operation	
US$'000	Container transport and logistics	Others	Elimination	Sub-total	Property development	Group
Revenue	2,720,717	12,375	(476)	2,732,616	—	2,732,616
Operating profit	302,811	7,109	—	309,920	—	309,920
Finance costs	(13,079)	(346)	—	(13,425)	—	(13,425)
Share of profits of jointly controlled entities	653	—	—	653	—	653
Share of profits of associated companies	2,653	—	—	2,653	—	2,653
Profit before taxation	293,038	6,763	—	299,801	—	299,801
Taxation	(7,237)	(5,225)	—	(12,462)	—	(12,462)
Profit after taxation	285,801	1,538	—	287,339	—	287,339
Profit on disposal of subsidiaries	—	—	—	—	1,004,354	1,004,354
Profit for the period	285,801	1,538	—	287,339	1,004,354	1,291,693
Capital expenditure	192,242	—	—	192,242	—	192,242
Depreciation	127,862	—	—	127,862	—	127,862
Amortisation	5,166	—	—	5,166	—	5,166

21. Segment Information (Continued)

Operating segments (Continued)

The segment results for the six months ended 30th June 2009 are as follows :

	Continuing operations				Discontinued operation	
US$'000	Container transport and logistics	Others	Elimination	Sub-total	Property development	Group
Revenue	2,053,268	12,366	(496)	2,065,138	1,647	2,066,785
Operating (loss)/profit	(196,636)	4,932	—	(191,704)	(9,935)	(201,639)
Finance costs	(20,723)	(390)	—	(21,113)	(1,887)	(23,000)
Share of profits of jointly controlled entities	619	—	—	619	155	774
Share of profits of associated companies	1,181	—	—	1,181	—	1,181
(Loss)/profit before taxation	(215,559)	4,542	—	(211,017)	(11,667)	(222,684)
Taxation	(7,948)	(294)	—	(8,242)	(140)	(8,382)
(Loss)/profit for the period	(223,507)	4,248	—	(219,259)	(11,807)	(231,066)
Capital expenditure	127,211	—	—	127,211	311	127,522
Depreciation	91,703	—	—	91,703	1,819	93,522
Amortisation	3,393	—	—	3,393	55	3,448

Others mainly represent property investment and corporate level activities including central treasury management and administrative function.

Inter-segment transfers or transactions are conducted at prices and terms mutually agreed amongst those business segments.

21. Segment Information (Continued)

Operating segments (Continued)

The segment assets and liabilities as at 30th June 2010 are as follows:

US$'000	Container transport and logistics	Others	Group
As at 30th June 2010			
Segment assets	**4,859,073**	**3,919,725**	**8,778,798**
Jointly controlled entities	**2,302**	**—**	**2,302**
Associated companies	**60,117**	**—**	**60,117**
Total assets	**4,921,492**	**3,919,725**	**8,841,217**
Segment liabilities	**(3,472,286)**	**(119,624)**	**(3,591,910)**
As at 31st December 2009			
Segment assets	4,698,468	1,299,250	5,997,718
Jointly controlled entities	4,465	—	4,465
Associated companies	59,737	—	59,737
	4,762,670	1,299,250	6,061,920
Assets held for sale (note 22)			1,268,254
Total assets			7,330,174
Segment liabilities	(3,152,987)	(66,374)	(3,219,361)
Liabilities directly associated with assets held for sale (note 22)			(142,406)
Total liabilities			(3,361,767)

21. Segment Information (Continued)

Operating segments (Continued)

Others primarily include assets and liabilities of property and corporate level activities. Other assets consist primarily of investment property, available-for-sale financial assets, held-to-maturity investments, loan to an investee company and portfolio investments together with restricted bank balances and cash and bank balances that are managed at corporate level. Other liabilities primarily include creditors and accruals, deferred tax liabilities, borrowings and derivative financial instruments 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 2010		
Asia	**1,816,014**	**3,356**
North America	**500,678**	**849**
Europe	**349,151**	**156**
Australia	**66,773**	**47**
Unallocated*	**—**	**187,834**
	2,732,616	**192,242**
Six months ended 30th June 2009		
Continuing operations :		
Asia	1,310,150	8,319
North America	427,776	2,086
Europe	270,744	156
Australia	56,468	5
Unallocated*	—	116,645
	2,065,138	127,211
Discontinued operation	1,647	311
	2,066,785	127,522

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

22. Disposal of Subsidiaries

US$'000	2010	2009
Net assets disposed		
Property, plant and equipment	104,010	—
Prepayments of lease premiums	3,467	—
Goodwill	23,599	—
Jointly controlled entities	9,804	—
Deferred tax assets	592	—
Inventories	218	—
Properties under development and for sale	855,886	—
Debtors and prepayments	8,554	—
Cash and bank balances	262,124	—
Total assets	1,268,254	—
Borrowings, secured	(87,565)	—
Deferred taxation liabilities	(11,377)	—
Creditors and accruals	(39,639)	—
Amount due to a jointly controlled entity	(1,800)	—
Current taxation	(2,025)	—
Total liabilities	(142,406)	—
Net assets	1,125,848	—
Profit on disposal	1,004,354	—
Cash consideration, net	2,130,202	—