Contents

Statement to Shareholders from the Chairman

We have continued to experience strong market conditions during the first half of 2005. Volumes have continued to grow robustly and average freight rates have continued to improve compared with the same period last year.

These beneficial market conditions have resulted in Orient Overseas (International) Limited and its subsidiaries (the "Group") attaining a profit before tax of US$329.4 million for the first six months of this year. After tax and minority interests a profit attributable to shareholders of US$308.9 million was recorded. At the interim stage, this level of profitability represents a yet further improvement for the Group when compared with the US$268.4 million profit attributable to shareholders recorded for the first half of 2004. It represents another record for the Group. The earnings per ordinary share of US49.4 cents compare with the earnings per ordinary share of US44.0 cents for the first half of 2004 when restated to account for the bonus issue made earlier this year. The financial position of the Group has strengthened further and the milestone of Shareholders' Funds in excess of US$2 billion has now been achieved. A return on averaged equity of 32.3%, on an annualised basis, is an enviable result for any business.

DIVIDEND

The Board of Directors is pleased to announce for 2005 an interim dividend of US12 cents (HK94 cents) per ordinary share. The dividend will be paid on 16th September 2005 to those ordinary shareholders whose names appear on the register on 5th September 2005. We remain confident in the second six months of 2005 and the Board of Directors will consider a further dividend for the full year as performance and future business prospects dictate.

CONTAINER TRANSPORT, LOGISTICS AND TERMINALS

The core international container transport business of the Group, trading under the "OOCL" name, has continued to benefit from buoyant market conditions and the sustained strength of the trading environment. The combination of the processes of containerisation, globalisation and outsourcing of production and assembly, together with increasingly stable global economic growth, has resulted in container volumes continuing to increase at rates at least equal to the effective rate at which new tonnage has been deployed.

The US, as the world's largest consumer economy, appears to have stabilised within a growth cycle and its ever-increasing demand for more and better value consumer goods continues unabated. China, remains the major direct recipient of this demand but the consequent Chinese demand for raw materials and semi-finished products continues to support other regional economies. Whilst measures have been taken, with some degree of success, to slow down the Chinese domestic economy, the export economy is a reactive one and continues to respond to the ever growing overseas demand for Chinese produced consumer goods. As its now largest trading partner, Japan also continues to benefit from the stimulus of Chinese trade and there are increasing signs of improvements in the domestic Japanese economy, necessary to return the economy as a whole to a period of sustained growth. The Eurozone domestic economies remain depressed as they have been now for a number of years but, despite this, container volume growth on the Asia to Europe routes has remained surprisingly robust aided by the appreciation of the Euro over the same period.

We are confident therefore of our performance for the remainder of 2005 although rising costs and the threats from congestion and industrial action, together with the further moves towards protectionism and the reintroduction of quotas, remain issues with which we must contend.

In respect of our membership of the Grand Alliance, P&O Nedlloyd are expected to withdraw sometime in February 2006 as a result of their pending acquisition by Maersk-SeaLand. The remaining four members, Hapag-Lloyd, MISC, NYK and OOCL, have jointly expressed that they are united in their pledge to continue to provide a high quality service to their customers. The new vessels ordered by Hapag-Lloyd, MISC, NYK and OOCL will be deployed to meet the expected growth in demand and services will be enhanced further to offer more options to customers. The four remaining members, with their combined resources and expertise, are together confident of their ability to provide the best level of service.

In the first half of 2005, terminal operations recorded solid results as combined throughput at the Group's four terminals in North America increased 15.6% from the same period a year ago. Total revenue was up 27.2% and recurring operating profit more than doubled. Deltaport and Vanterm, both of which are operated in Vancouver by TSI Terminal Systems Inc., put in a good performance with a 5.5% rise in combined volumes leading to a 20.9% jump in container revenue, helped by firming lift rates and a stronger Canadian dollar. Across the continent on the East Coast, a turnaround at Global Terminal in New Jersey was evident as lift volumes and total revenue increased sharply by 54.0% and 58.7% respectively from the depressed levels of a year ago. Business was also strong at New York Container Terminal (formerly known as Howland Hook Terminal) on Staten Island, where an increase of 18.3% in lift volumes was accompanied by a 24.4% rise in container revenue. Given the ongoing strength in container cargo movements around the world, it is reasonable to expect that all these terminals will maintain profitable operations throughout 2005.

PROPERTY INVESTMENT AND DEVELOPMENT

The Group's wholly owned and majority owned property investment and development businesses have continued to be profitable in the first half of the year.

Our portfolio of New York and Beijing investment properties continue to perform as budgeted. We expect to be able to add more property investment assets with solid yields to this portfolio as some of the projects in Shanghai mature, and as we are able to source additional investment opportunities.

Our development projects in the Greater Shanghai area continue as planned. Although the Shanghai market began to ease during the second quarter after almost a decade of uninterrupted capital price growth, this will have only a limited impact on our budgeted returns as most of our existing inventory has already been sold. Although our project pipeline going forwards stands at around 900,000 sq m, much of the residential development projects will not be ready for sale until 2007. We believe that the market will have recovered by such time.

Our property development and investment portfolio remains soundly positioned and we expect to continue our investment in the property sector as suitable projects are identified and become available. Our aim remains to create a long term and balanced property business for the future.

OUTLOOK

At this time last year the outlook was slightly more certain and our confidence at that time has been borne out. We are now just entering what will be the seventh consecutive half year period of strong and sustained container volume growth, restrained newbuilding deployment and therefore, stable freight rates. This is unprecedented in the forty years or so history of the container shipping industry. Doubts last year as to the sustainability of the US economy have largely been dispelled this year although higher fuel prices now seem set to stay with us for some while and their long term effects upon consumer demand and the global economy generally have yet to be seen.

Container volumes have so far continued their strong growth although at a slower rate than was experienced during the first half of 2004. Projections vary quite considerably as to what this year's growth rate will turn out to have been. The accuracy of forecasting has not improved and it is only with hindsight, not foresight, that reliable statistics can be produced. The continuing processes of globalisation and outsourcing, changing patterns of trade and the effects of peak season congestion as a result of landside infrastructural constraints all remain unknown factors until after the event. What seems to remain true however is that, in the event, demand side volume growth forecasts invariably prove to have been underestimates whilst supply side forecasts of effective tonnage growth invariably prove to have been overestimates.

Overall, freight rates currently retain their strength and there appear to be no specific factors looming which will fundamentally change the present supply and demand balance thereby pushing freight rates either one way or the other. It would seem to be a fact, however, that the tonnage scheduled for delivery during 2006 is greater as a percentage of the current world fleet than has been delivered and deployed over the past few years. This is an issue to be contended with. However, in 2004 for example, the Trans-Pacific eastbound trade grew by 15.1% and the Asia/Europe westbound trade by 16.5%. Such high rates of volume growth are not being forecast at present but, were they to approach these levels, it would be sufficient to maintain the supply and demand balance and alleviate any downward pressure on freight rates. Volume growth at levels any lower than these is, of course, bound to create downward pressure on rates.

Predictions I always hesitate to make. 2004 was an exceptional year for OOIL and for the industry as a whole. Volumes have continued to grow this year and freight rates so far have stayed firm. But costs have risen significantly and continue to rise to the extent that margins are now coming under heavy pressure. Higher charterhire costs continue to have their effect as the remainder of our chartered-in fleet is renewed and there appear to be few signs yet of any significant change to shorter term charter rates for smaller sized tonnage. The other increases can be largely attributed directly and indirectly to the higher fuel prices with which the world generally is now having to contend. Bunkers have cost us, on an average price per ton basis, 30% more during the first half of 2005 than during the same period last year. Third party transportation costs and terminal charges have also risen significantly to the extent that our concentration must now be on the containment of these cost increases.

C C Tung
Chairman

Hong Kong, 5th August 2005

Management Discussion and Analysis

ANALYSIS OF RESULTS

For the first six months of 2005 Orient Overseas (International) Limited and its subsidiaries (the "Group") recorded a profit attributable to shareholders of US$308.9 million. This compares with a profit attributable to shareholders of US$268.4 million for the corresponding period of 2004. This further improvement in overall performance has been due to the continued strong performance of Orient Overseas Container Line ("OOCL"), the Group's core international container transport business, and to a significantly improved contribution from our container terminals business. The continuing strength in the growth of container volumes has kept pace or even outpaced the rate at which new tonnage has been introduced into service resulting in average freight rates showing a further improvement over the corresponding period last year.

Group turnover for the six months ended 30th June 2005 was US$2,247.9 million, an increase of US$358.6 million or 19.0% as compared with the corresponding period of 2004. Profit before tax for the first half of 2005 was US$329.4 million compared with US$283.2 million for the same period last year.

	CURRENT QUARTER			YEAR-TO-DATE		
	Q2 2005	Q2 2004	*change*	1H 2005	1H 2004	*change*
LIFTINGS *(TEU'S)*:						
Trans-Pacific	**288,645**	251,238	*+14.9%*	**554,003**	479,681	*+15.5%*
Asia / Europe	**135,581**	134,633	*+0.7%*	**259,572**	253,027	*+2.6%*
Transatlantic	**83,323**	79,464	*+4.9%*	**164,070**	151,442	*+8.3%*
Intra-Asia /Australasia	**390,417**	358,140	*+9.0%*	**750,801**	665,273	*+12.9%*
TOTAL ALL SERVICES	**897,966**	823,475	*+9.0%*	**1,728,446**	1,549,423	*+11.6%*
TOTAL REVENUES *(US$ 000'S)*:						
Trans-Pacific	**443,210**	385,325	*+15.0%*	**847,488**	720,490	*+17.6%*
Asia / Europe	**197,841**	182,828	*+8.2%*	**376,914**	338,072	*+11.5%*
Transatlantic	**119,489**	100,398	*+19.0%*	**230,004**	191,647	*+20.0%*
Intra-Asia / Australasia	**254,438**	206,494	*+23.2%*	**495,448**	377,643	*+31.2%*
TOTAL ALL SERVICES	**1,014,978**	875,045	*+16.0%*	**1,949,854**	1,627,852	*+19.8%*

ORIENT OVERSEAS CONTAINER LINE

Under the convergence initiatives of the Hong Kong Institute of Certified Public Accountants, a number of new and revised Hong Kong Financial Reporting Standards have become effective for accounting periods commencing on or after 1st January 2005. These have amended the methods, most notably, by which vessels and container boxes are depreciated and dry-docking costs are amortised. The combined result of these two changes, together with gains on swap contracts, has been to increase profits for the first half of 2005 by approximately US$22.9 million.

OOCL's total liftings increased by 11.6% for the first half of 2005 as compared with the same period last year. This compares with the exceptional volume growth of 24.4% recorded for the first half of 2004, but, coupled with this year's further overall increase in average revenues per TEU, has resulted in a 19.8% rise in total revenues recorded by the core container business to US$1,949.9 million. Average rates per TEU have continued their recovery and recorded a 7.4% increase as compared with the corresponding period last year. The deployment during the first half of this year of a further two of our total series of twelve 8,063 TEU "SX" Class newbuildings contributed towards an overall 11.2% increase in loadable capacity. Despite this significant increase in fleet size, the strength in volume growth has been such that overall load factors showed a slight improvement as compared with the first half of 2004.

Compared with the corresponding period last year, liftings increased by 15.5% on our Trans-Pacific services, by 12.9% on our Intra-Asia and Australasia services and by 8.3% on our Transatlantic services. For our Asia / Europe services the increase was a more modest 2.6% as a result of the introduction of no new service on these routes during the first half of 2005.

The continued pursuit of improved operational efficiency and tight control over costs together with the ongoing investment in IT capabilities have again resulted in benefits. Business and administration costs have continued to fall as a percentage of revenue as they have on a per TEU basis when compared with the same period last year. However, other fixed and variable costs have risen significantly during the first half of the year. Most significantly, voyage costs on a per TEU basis increased by 23.2% due mainly to the increased cost of bunkers. The average price paid during the first half of 2005 was US$213 per ton compared with US$165 per ton for the first half of 2004. Vessel costs have also increased largely as a result of the higher charterhire costs incurred on our fleet of chartered-in vessels mainly deployed on our Intra-Asia and Australasia services. Cargo costs have also risen as terminal handling charges and third party transportation costs have begun to reflect the generally higher fuel costs.

Over TEU 1.137 million were moved through the Group's four terminals in North America in the first half of 2005 based upon a combined total of 671,377 container box lifts, up 15.6% from the comparable period of a year ago. With an average rate increase of 10.5% per lift, overall container revenue rose by 27.8% and recurring operating profit at the terminals more than doubled to US$24.3 million in the first half of 2005. At Deltaport and Vanterm in Vancouver, a 5.5% increase in throughput volume to 392,853 lifts (TEU 672,000) combined with a 14.6% rate increase to boost combined container revenue by 20.9%, aided in part by a strengthening of the Canadian dollar against its US counterpart. As a result, operating profit at this western Canadian operation was up by 71.0%. On the east coast of North America, Global Terminal in New Jersey has successfully rebuilt its customer base and throughput volume in the first half of 2005 climbed to TEU 229,000, up by a significant 54.0% from the comparable period of a year ago. Powered by the higher throughput and a 3.1% increase in rates, revenue jumped 58.7% and Global produced an earnings swing of over US$5.0 million from the loss that was incurred in the first half of 2004. The Group's other east coast terminal on Staten Island, a borough of New York City, was renamed New York Container Terminal ("NYCT") on 1st January 2005 to emphasise the fact that it is the only major container terminal operating in the State of New York. Capitalising on its reputation as one of the more efficient terminals in the Port of New York and New Jersey, NYCT saw its volume increase by 18.3% to 141,404 lifts (TEU 236,000) in the first half of 2005. With average rates rising 5.1% from a year ago, NYCT recorded a 24.4% increase in container related revenue for the six-month period and operating profit grew by an impressive 82.7% year to year.

Wall Street Plaza, our investment property in the city of New York has continued to perform to budget and has maintained an occupancy rate of over 99% comparing favourably with the 87.5% occupancy rate for Downtown Manhattan generally. We continue to be confident in the performance of Wall Street Plaza going forward given its solid location and quality.

Beijing Oriental Plaza, our investment property in the city of Beijing, continues to perform as forecast and to record profits at the project level. Repayment of the shareholder loans began during the first half of 2005 in accordance with an agreed schedule and, with improved occupancy rates and a more mature complex, we expect the project to begin making a meaningful contribution to the Group results going forward.

Our property development projects in the city of Shanghai continue to grow as planned. The majority of the final phase units of Century Metropolis have been sold. The balance of these units, totalling just 1.1% of the entire 240,000 sq m, remain unsold. As a result, we expect the slowing Shanghai residential market to have only a very limited effect on the total project return. We expect all remaining units to be ready for handover by the year end 2005.

Projects under development continued moving forward as planned. The Changle Lu Project, which totals 134,000 sq m in the Luwan District of Shanghai, is progressing in both its planning and resettlement. We forecast that construction will commence during 2006. We are also moving forward with the planning of the commercial/retail project on Heng Shan Lu, Xuhui District, Shanghai and we expect construction to begin during the first half of 2006. We are finalising the master plan for the two sites in Hua Qiao township, Kunshan, Jiangsu Province, about a 45 minute drive from central Shanghai. We expect to begin construction on this mixed use project during 2005 but do expect to begin the selling or leasing processes until into 2007.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June 2005, the Group had cash, bond and portfolio investment balances of US$987.2 million and a total indebtedness of US$1,461.7 million. The net debt to equity ratio stood at 0.24:1, a slight decrease from the restated 0.26:1 as at the end of 2004. Additional finance for our newbuilding programme has been arranged and drawn down but, in recognition of the continued strong cash generation from our businesses, an amount of ca. US$300 million has been utilised from internal resources to pre-pay certain borrowings. Various options remain under assessment with regard to this balance of liquidity.

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 15 to the Financial Information.

VESSELS

During the first half of 2005 the Group took delivery of a further two "SX" Class 8,063 TEU newbuildings, the *OOCL Atlanta* and the *OOCL Tianjin*. As at 30th June 2005, the Group remains committed to four other "SX" Class vessels of 8,063 TEU, two for delivery in each of 2006 and 2007. It also remains committed to eight 5,888 TEU vessels under long-term charter arrangements from Japanese owners the delivery of which will take place from late 2005 into early 2007.

During the first half of 2005 the Group has committed to a further two ca. 4,500 TEU panamax sized vessels to be built by Samsung Heavy Industries Co Ltd in South Korea. They are scheduled for delivery in March and May of 2008. These are in addition to the four ordered last year also from Samsung and the two similar sized vessels ordered from Hudong-Zhonghua Shipyard in China.

These new vessels in total, serve to satisfy the projected capacity needs of our international container transport business for the foreseeable future. Nevertheless, the size and composition of the fleet is under constant review. Adequate resources have been reserved to ensure that the delivery of these vessels does not impose any undue financial burden upon the Group as a whole.

OTHER SIGNIFICANT INVESTMENTS

The Group continues to hold an 8% interest in the "Beijing Oriental Plaza" project in Beijing. The project is now complete. As at 30th June 2005, the Group's total investment in this project amounted to US$90.6 million and no further investment will be required.

CURRENCY EXPOSURE AND RELATED HEDGES

The Group's principal income is mainly comprised of freight revenues, receipts from terminal operations and rental income from the investment properties all of which is denominated in US dollars. Over 64% of cost items is also US dollar based. Certain costs, such as terminal charges, transportation charges and administrative expenses for regional offices, were 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 90% of the Group's total liabilities are denominated in US dollars. The non-US dollar denominated liabilities were 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 2005 the Group has 5,779 full time employees whose salary and benefit levels are maintained at competitive levels. Employees are rewarded on a performance related basis within the general policy and framework of the Group's salary and discretionary bonus schemes based on the performance of the Company which are regularly reviewed. Other benefits are also provided including medical insurance and pension funds and social and recreational activities are arranged around the world.

Other Information

DIVIDEND

The Directors are pleased to announce an interim dividend of US12 cents (HK94 cents at the exchange rate of US$1:HK$7.8) per ordinary share for the six months ended 30th June 2005. The dividend will be paid on 16th September 2005 to the ordinary shareholders of the Company whose names appear on the register of members of the Company on 5th September 2005. Shareholders who wish to receive dividend in US dollars should complete the US dollars election form, which accompanies this Interim Report, and return it to the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 8th September 2005.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 2nd September 2005 to 5th September 2005, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, not later than 4:00 p.m. on 1st September 2005.

DIRECTORS' INTERESTS

As at 30th June 2005, 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, and underlying Shares 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 Company's register required to be kept pursuant to section 352 of the SFO; or as otherwise required to be 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") were as follows:

Name	Direct Interests	Other Interests		Total Number of Shares Interested (in Long Position)	Percentage
		Beneficial	Voting		
Chee Chen Tung	—	97,811,011 *(Note 1)*	326,455,577 *(Notes 2&3)*	424,266,588	67.79%
Roger King	—	97,811,011 *(Note 1)*	—	97,811,011	15.62%
Tsann Rong Chang	612,731	—	—	612,731	0.09%
Nicholas David Sims	55,660	—	—	55,660	0.01%
Philip Yiu Wah Chow	72,600	—	—	72,600	0.01%
Simon Murray	—	57,200 *(Note 4)*	—	57,200	0.01%

Notes:

1. Mr Chee Chen Tung and Mr Roger King have an interest in a trust which, through Springfield Corporation ("Springfield"), holds 97,811,011 Shares. Of such Shares, Springfield has an indirect interest in 30,765,425 Shares in which Monterrey Limited ("Monterrey"), a wholly-owned subsidiary of Springfield, has a direct interest, and Springfield has a direct interest in 67,045,586 Shares.

2. Wharncliff Limited ("Wharncliff"), a company owned by a discretionary trust established by Mrs Shirley Shiao Ping Peng, a sister of Mr Chee Chen Tung and sister-in-law of Mr Roger King, holds 277,993,570 Shares and the voting rights in respect of such holdings are held by Mr Chee Chen Tung through Tung Holdings (Trustee) Inc. Gala Way Company Inc. ("Gala Way"), a company owned by the discretionary trust established by Mrs Shirley Shiao Ping Peng, holds 48,462,007 Shares and the voting rights in respect of such holdings are held by Mr Chee Chen Tung through Tung Holdings (Trustee) Inc.

3. Wharncliff, Gala Way, Springfield and Monterrey together are referred to as the controlling shareholders.

4. Mr Simon Murray has gifted 57,200 Shares to the Simon Murray Family 1985 Trust, a discretionary trust of which he is the settlor.

Save as disclosed above, as at 30th June 2005, none of the Directors or the Chief Executive of the Company had any interests or short positions in the Shares, and underlying Shares of the Company or any of its associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to 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) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June 2005, the following persons (other than a Director or the Chief Executive of the Company) had interests or short positions in the Shares and the underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Nature of Interest	Number of Shares Interested (in Long Position)	Percentage
Bermuda Trust Company Limited	Trustee	424,266,588 *(Note 1)*	67.79%
Shirley Shiao Ping Peng	Founder of a discretionary trust	326,455,577 *(Note 2)*	52.16%
Fortune Crest Inc.	Indirect	326,455,577 *(Note 2)*	52.16%
Winfield Investment Limited	Indirect	326,455,577 *(Notes 2&3)*	52.16%
Tung Holdings (Trustee) Inc.	Voting	326,455,577 *(Note 4)*	52.16%
Wharncliff Limited	Direct	277,993,570 *(Notes 2&5)*	44.42%
Chee Hwa Tung	Indirect	97,836,242 *(Note 6)*	15.63%
Springfield Corporation	Direct and Indirect	97,811,011 *(Note 6)*	15.62%
Archduke Corporation	Beneficiary of a trust	97,811,011 *(Note 7)*	15.62%
Phoenix Corporation	Beneficiary of a trust	97,811,011 *(Note 7)*	15.62%
Archmore Limited	Beneficiary of a trust	97,811,011 *(Note 8)*	15.62%
Edgemont Investment Limited	Indirect	97,811,011 *(Note 9)*	15.62%
Javier Associates Limited	Indirect	97,811,011 *(Note 10)*	15.62%
Gala Way Company Inc.	Direct	48,462,007 *(Notes 2&5)*	7.74%
Monterrey Limited	Direct	30,765,425 *(Notes 6&11)*	4.91%

Notes:

1. Bermuda Trust Company Limited has an indirect interest in the same Shares in which Fortune Crest Inc. ("Fortune Crest") and Springfield, wholly-owned subsidiaries of Bermuda Trust Company Limited, have an interest.

2. Mrs Shirley Shiao Ping Peng, a sister of Mr Chee Chen Tung and sister-in-law of Mr Roger King, established the discretionary trust which, through Winfield Investment Limited ("Winfield"), a wholly-owned subsidiary of Fortune Crest, holds 326,455,577 Shares, 277,993,570 of which are owned by Wharncliff, a wholly-owned subsidiary of Winfield, and 48,462,007 of which are owned by Gala Way, a wholly-owned subsidiary of Winfield.

3. Winfield has an indirect interest in the same Shares in which Wharncliff and Gala Way, wholly-owned subsidiaries of Winfield, have an interest.

4. Tung Holdings (Trustee) Inc. is a company wholly-owned by Mr Chee Chen Tung.

5. Wharncliff and Gala Way are wholly-owned subsidiaries of Winfield.

6. Mr Chee Hwa Tung, a brother of Mr Chee Chen Tung and brother-in-law of Mr Roger King, has an interest in the trust which, through Springfield, holds 97,811,011 Shares. Of such Shares, Springfield has an indirect interest in the same 30,765,425 Shares in which Monterrey, a wholly-owned subsidiary of Springfield, has a direct interest, and Springfield has a direct interest in 67,045,586 Shares. Mrs Betty Hung Ping Tung, the spouse of Mr Chee Hwa Tung, owns 25,231 Shares.

7. Archduke Corporation and Phoenix Corporation, companies which are wholly-owned by Mr Chee Chen Tung, have an interest in the trust which, through Springfield, holds 97,811,011 Shares.

8. Archmore Limited, a company which is wholly-owned by Edgemont Investment Limited ("Edgemont"), has an interest in the trust which, through Springfield, holds 97,811,011 Shares.

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

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

11. Monterrey is a wholly-owned subsidiary of Springfield.

Save as disclosed herein, as at 30th June 2005, the Company has not been notified by any persons (other than the Directors or the Chief Executive of the Company) who had interests or short positions in the Shares and the underlying Shares 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 2005, none of the Directors nor the Chief Executive of the Company (or any of their spouses or children under 18 years of age) had been granted any rights to acquire shares in or debt securities of the Company or any of its associated corporations. No such rights were exercised by any Director or Chief Executive (or any of their spouses or children under 18 years of age) during the six-month period ended 30th June 2005.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six-month period ended 30th June 2005.

PRE-EMPTIVE RIGHTS

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

SHARE CAPITAL

During the accounting period covered by this Interim Report, the number of issued ordinary shares of the Company was increased from 568,902,998 shares to 625,793,297 shares following the allotment and issue of new ordinary shares of the Company on the basis of one (1) new share of US$0.10 for every ten (10) issued ordinary shares ("Bonus Shares") in May 2005. The Bonus Shares rank pari passu in all respects with the existing issued ordinary shares of the Company.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance by the Company and its subsidiaries (the "Group") and the Board of Directors considers that effective corporate governance makes an important contribution to the corporate success and to enhancing shareholder value.

The Company has adopted its own code of corporate governance practices with reference to the Code on Corporate Governance Practices (the "SEHK Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company has applied the principles and complied with the applicable code provisions of the SEHK Code throughout the accounting period covered by these interim results, other than the following deviations, with considered reasons for such deviations:

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 Chee Chen Tung currently assumes the role of both Chairman and Chief Executive Officer of the Company.	The executive members of the Board of the Company currently consist of chief executive officers of its principal divisions and there is effective separation of the roles between chief executive 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 the Chairman would represent a duplication and is not necessary for the time being.
Names of all directors submitted for election and re-election must be accompanied by the same biographical details as required for the newly appointed director.	Remuneration of Mr Chee Chen Tung and Mr Nicholas Sims was not disclosed in the circular to the shareholders when they were re-elected as directors at the 2005 annual general meeting of the Company.	The Directors' and senior management's emolument is under review by the Remuneration Committee with the assistance from an external consultant. Remuneration of both Mr Tung and Mr Sims will be disclosed, as soon as practicable, after the Board has reviewed and approved the remuneration policy recommended by the Remuneration Committee.

Audit Committee

The Audit Committee currently comprises three Independent Non-executive Directors, namely, Dr Victor Kwok King Fung (Chairman), Mr Simon Murray and Professor Richard Yue Chim Wong, with the head of Internal Audit Department of the Company as the secretary and the Company Secretary as the assistant secretary of the Audit Committee.

The principal duties of the Audit Committee include:

- make recommendation to the Board on the appointment and removal of external auditors and assessment of their independence and performance;
- review the effectiveness of financial reporting process 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 of the Company before submission to the Board;
- consider the nature and scope of internal audit programmes and audit reviews; and
- ensure compliance with the applicable accounting standards and legal and regulatory requirements on financial reporting and disclosure.

The Committee meets not less than twice a year. The external auditors, the Chief Financial Officer, the Group Financial Controller and the General Manager – Finance and Accounts of Orient Overseas Container Line Limited attended the Committee meetings at the invitation of the Committee.

The Audit Committee has reviewed the Group's interim results.

Remuneration Committee

The Remuneration Committee currently comprises Mr Chee Chen Tung (Chairman), Dr Victor Kwok King Fung and Professor Richard Yue Chim Wong, Independent Non-executive Directors of the Company, with the Company Secretary as the secretary of the Committee.

The principal duties of the Remuneration Committee include:

- make recommendation on the establishment of the Company's policy and structure for all remuneration of Directors, senior management and employees;

- review and make recommendation on remuneration packages and compensation arrangements for loss of office of all Executive Directors and senior management; and

- review the performance-based remuneration policy for the Group.

The Remuneration Committee meets not less than once a year.

Model Code for 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 in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in both the Model Code and the Securities Code throughout the period from 1st January 2005 to 30th June 2005.

Review Report of the Auditors

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

Introduction

We have been instructed by the Company to review the interim financial information set out on pages 21 to 44.

Respective responsibilities of Directors and Auditors

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of the interim financial information to be in compliance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial information is the responsibility of, and has been approved by, the Directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial information 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.

Review work performed

We conducted our review in accordance with the Statement of Auditing Standard 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of the management and applying analytical procedures to the interim financial information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial information.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial information for the six months ended 30th June 2005.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 5th August 2005

Consolidated Profit and Loss Account (unaudited)

For The Six Months Ended 30th June 2005

US$'000	Note	2005	Restated 2004
Turnover	3	**2,247,864**	1,889,292
Operating costs		**(1,704,289)**	(1,391,364)
Gross profit		**543,575**	497,928
Other operating income		**28,812**	14,763
Other operating expenses		**(221,351)**	(210,680)
Operating profit	4	**351,036**	302,011
Finance costs	5	**(27,199)**	(20,579)
Share of profits less losses of jointly controlled entities		**5,609**	1,757
Profit before taxation		**329,446**	283,189
Taxation	6	**(20,489)**	(14,660)
Profit for the period		**308,957**	268,529
Attributable to :			
Equity holders of the Company		**308,859**	268,446
Minority interests		**98**	83
		308,957	268,529
Interim dividend	7	**75,095**	68,354
Earnings per ordinary share (US Cents)	8	**49.4**	44.0

Year 2004 figures have been restated or reclassified to conform with the presentation as required under the new HKFRS.

Consolidated Balance Sheet (unaudited)

As at 30th June 2005

US$'000	Note	30th June 2005	Restated 31st December 2004
ASSETS			
Non-current assets			
Property, plant and equipment	9	**2,230,708**	2,132,066
Investment property	9	**100,000**	100,000
Prepayments of lease premiums	9	**61,076**	7,702
Jointly controlled entities		**21,642**	31,255
Intangible assets	9	**27,716**	26,785
Deferred tax assets		**15,315**	15,352
Pension and retirement assets		**5,619**	5,796
Other receivables		**92,428**	92,430
Available-for-sale financial assets		**3,538**	3,508
Restricted bank balances and deposits		**127,965**	97,118
		2,686,007	2,512,012
Current assets			
Properties under development and for sale		**102,430**	93,367
Inventory of bunker		**40,155**	30,008
Debtors and prepayments	10	**398,983**	371,322
Trading investments	11	**250,173**	249,834
Bank balances and deposits		**614,668**	758,059
		1,406,409	1,502,590
Total assets		**4,092,416**	4,014,602

US$'000	Note	**30th June 2005**	Restated 31st December 2004
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	12	**62,579**	56,890
Other reserves	13	**275,648**	281,337
Retained profit		**1,673,169**	1,471,182
		2,011,396	1,809,409
Minority interests		**7,681**	7,808
Total equity		**2,019,077**	1,817,217
LIABILITIES			
Non-current liabilities			
Borrowings	15	**1,254,185**	1,427,690
Deferred tax liabilities		**45,722**	40,166
Pension and retirement liabilities		**13,918**	14,141
		1,313,825	1,481,997
Current liabilities			
Creditors and accruals	14	**546,431**	553,535
Borrowings	15	**207,545**	153,809
Current taxation		**5,538**	8,044
		759,514	715,388
Total liabilities		**2,073,339**	2,197,385
Total equity and liabilities		**4,092,416**	4,014,602

Year 2004 figures have been restated or reclassified to conform with the presentation as required under the new HKFRS.

C C Tung
Nicholas D Sims
Directors

Consolidated Cash Flow Statement (unaudited)

For The Six Months Ended 30th June 2005

US$'000	Note	2005	Restated 2004
Cash flows from operating activities			
Cash generated from operations		**341,934**	347,177
Interest paid		**(12,407)**	(8,747)
Interest element of finance lease rental payments		**(11,638)**	(8,527)
Dividend on preference shares		**(5,917)**	(6,512)
Financing charges paid		**(407)**	(1,128)
Overseas tax paid		**(21,081)**	(12,433)
Net cash from operating activities		**290,484**	309,830
Cash flows from investing activities			
Sale of property, plant and equipment		**2,741**	4,242
Sale of available-for-sale financial assets		**81**	4,568
Sale of a jointly controlled entity		**—**	1,765
Purchase of property, plant and equipment		**(83,117)**	(147,486)
Purchase of available-for-sale financial assets		**(125)**	(23)
Purchase of jointly controlled entities		**(187)**	(98)
Payment of lease premiums		**(3,892)**	—
Acquisition of a subsidiary company	18	**(35,381)**	—
Decrease in amounts due by jointly controlled entities		**15,142**	280
(Increase)/decrease in bank deposits maturing more than three months from the date of placement		**(31,452)**	7,276
Purchase of intangible assets		**(4,591)**	(5,653)
Net repayment of other receivables		**2**	—
Interest received		**16,538**	12,276
Income from available-for-sale financial assets		**3**	19
Portfolio investment income		**7,102**	1,223
Dividend received from jointly controlled entities		**267**	91
Net cash used in investing activities		**(116,869)**	(121,520)

US$'000	2005	Restated 2004
Cash flows from financing activities		
New long-term loans	**228,100**	154,571
Repayment of long-term loans	**(450,570)**	(134,267)
Redemption of preference shares	**(8,814)**	(8,410)
Capital element of finance lease rental payments	**(19,067)**	(26,592)
Increase/(decrease) in short-term bank loans repayable more than three months from the date of advance	**35,039**	(12,212)
Issue of shares	**—**	152,945
Dividends paid to shareholders	**(102,334)**	(66,231)
Dividends paid to minority interests	**(225)**	(191)
Net cash (used in)/from financing activities	**(317,871)**	59,613
Net (decrease)/increase in cash and cash equivalents	**(144,256)**	247,923
Cash and cash equivalents at beginning of period	**994,182**	644,818
Currency translation adjustments	**(4,925)**	837
Cash and cash equivalents at end of period	**845,001**	893,578
Analysis of cash and cash equivalents		
Bank balances and deposits maturing within three months from the date of placement	**600,437**	776,327
Portfolio investments	**244,616**	117,921
Overdrafts	**(52)**	(670)
	845,001	893,578

Year 2004 figures have been restated or reclassified to conform with the presentation as required under the new HKFRS.

Consolidated Statement of Changes in Equity (unaudited)

For the Six Months Ended 30th June 2005

US$'000	Share capital	Other reserves	Retained profit	Sub-total	Minority interests	Total
	Attributable to the equity holders of the Company					
At 31st December 2004	56,890	281,337	1,471,182	1,809,409	7,808	1,817,217
Currency translation adjustments	—	—	(4,538)	(4,538)	—	(4,538)
Bonus issue	5,689	(5,689)	—	—	—	—
Profit for the period	—	—	308,859	308,859	98	308,957
Dividend	—	—	(102,334)	(102,334)	(225)	(102,559)
At 30th June 2005	62,579	275,648	1,673,169	2,011,396	7,681	2,019,077
At 31st December 2003	47,018	138,264	925,472	1,110,754	7,850	1,118,604
Currency translation adjustments	—	—	(991)	(991)	—	(991)
Issue of new shares	4,700	148,245	—	152,945	—	152,945
Bonus issue	5,172	(5,172)	—	—	—	—
Profit for the period	—	—	268,446	268,446	83	268,529
Dividend	—	—	(66,231)	(66,231)	(191)	(66,422)
At 30th June 2004	56,890	281,337	1,126,696	1,464,923	7,742	1,472,665

Notes to the Financial Information

1. Basis of Preparation

The interim financial information has been prepared under the historical cost convention, as modified by the revaluation of certain property, plant and equipment and investments, and in accordance with Hong Kong Financial Reporting Standards 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 2004 except that the Group has changed certain of its accounting policies following its adoption of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRS") which are effective for accounting periods commencing on or after 1st January 2005.

The changes to the accounting policies of the Group under the new HKFRS do not have a material impact as a whole and particulars of these changes are set out in note 2 below.

Following the adoption of the new HKFRS, certain comparative figures in the interim financial information have been restated or reclassified to conform with the current presentation. Major changes in the presentation are set out as follows:

	Presentation in 2004 annual accounts	New presentation
(a)	Interest and investment income included under net financing charges	Classified under other operating income
(b)	Share of taxation of jointly controlled entities included under taxation	Share of profits less losses of jointly controlled entities presented net of taxation
(c)	Non-returnable proceeds received from sales of trade debtors presented under net receivable	Non-returnable proceeds classified under borrowings
(d)	Restricted bank deposits under the put options of the redeemable preference shares and premium presented in net balance	Redeemable preference shares and premium classified under borrowings

2. Changes in Accounting Policies

2.1 Goodwill

Goodwill represents the excess of the cost of an acquisition and the fair value of the Group's share of the net identifiable assets of the acquired subsidiary company, associated company or jointly controlled entity at the effective date of acquisition, and, in respect of an increase in holding in a subsidiary company, the excess of the cost of acquisition and the carrying amount of the proportion of the minority interests acquired. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

If the cost of acquisition is less than the fair value of the net assets acquired or the carrying amount of the proportion of the minority interests acquired, the difference is recognised directly in the profit and loss account. Goodwill on acquisitions of subsidiary companies is included in intangible assets. Goodwill on acquisitions of associated companies and jointly controlled entities is included in investment in associated companies and jointly controlled entities. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

In previous years, goodwill was amortised using the straight line method over its estimated useful life of not more than twenty years. Where the fair values ascribed to the net assets exceed the purchase consideration, such differences were recognised as income in the year of acquisition or over the weighted average useful life of the acquired non-monetary assets. The carrying amount of goodwill was reviewed annually and provision was only made where, in the opinion of the Directors, there was impairment in value other than temporary in nature. This accounting policy has been changed to conform with HKFRS 3 "Business combinations" and this change does not have any financial impact to the Group.

2.2 Property, plant and equipment

The residual values of the assets and their useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

During the period, the residual values of property, plant and equipment were reassessed, and accordingly, depreciation charge of property, plant and equipment for the six months ended 30th June 2005 has been calculated based on the revised estimated residual values. This represents a change in accounting estimate and the depreciation charge for the period has been reduced by US$13.1 million.

2. Changes in Accounting Policies (Continued)

2.3 Vessel repairs and surveys

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date, usually ranging from three to five years. Costs incurred on subsequent dry-docking of vessels are capitalised and depreciated over the period to the next estimated dry-docking date. When significant dry-docking costs incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

In previous years, dry-docking costs for vessels are charged to the profit and loss account as incurred. This accounting policy has been changed to conform with HKAS 16 "Property, plant and equipment". Since the resulting impact is not material as a whole, this change has not been applied retrospectively and a prior period adjustment has not been made.

2.4 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises freehold land, land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value and valuations are reviewed annually by external valuers. Changes in fair values are recognised in the profit and loss account.

Investment property held for sale without redevelopment is classified within non-current assets held for sale, under HKFRS 5.

2. Changes in Accounting Policies (Continued)

2.4 Investment properties (Continued)

In previous years, a deficit in valuation was charged to the profit and loss account; an increase was first credited to the profit and loss account to the extent of valuation deficit previously charged and thereafter was credited to the assets revaluation reserve. This accounting policy has been changed to conform with HKAS 40 "Investment property". As at 31st December 2004, the valuation of investment properties was less than their original costs and the revaluation deficits had already been charged to the profit and loss account in previous years and there was no investment properties revaluation reserve. Consequently, no prior period adjustment on the retained profit and investment properties revaluation reserve is required.

2.5 Investments

The Group has reclassified its investments in the balance sheet following the adoption of HKAS 39 "Financial instruments: Recognition and measurement". In addition, available-for-sale financial assets and trading investments are subsequently carried at fair value. Derivatives are also categorised as trading investments unless they are designated as hedges. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the profit and loss account in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the profit and loss account.

In previous years, the Group classified its investments, other than subsidiaries and jointly controlled entities, as long-term investments and portfolio investments. Long-term investments were carried at cost less provision. This change in accounting policy does not have any significant impact to the Group.

2. Changes in Accounting Policies (Continued)

2.6 Leases

The Group reclassifies leasehold land and land use rights from property, plant and equipment and properties under development and for sale to prepayments of lease premiums. The up-front prepayments made for the leasehold land and land use rights are expensed in the profit and loss account on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the profit and loss account.

In previous years, the leasehold land and land use rights were classified under property, plant and equipment and properties under development and for sale according to the intention of the underlying properties. For those classified as leasehold land and buildings included in property, plant and equipment, they were depreciated over the period of the lease, whereas those properties under development and for sale were stated at cost, including land and construction costs, less provisions for foreseeable losses. This accounting policy has been changed to conform with HKAS 17 "Lease". The resulting impact is not material and therefore a prior period adjustment has not been made.

2.7 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

As a result of the above changes, certain reclassifications have been made in both the balance sheet and the profit and loss account.

2. Changes in Accounting Policies (Continued)

2.8 Revenue recognition

Sales of properties are recognised when the risk and rewards of the property have been passed to the customers.

In previous years, sales of properties under construction were recognised over the course of the development based on the proportion of construction work completed or if lower, the proportion of sales proceeds received. This accounting policy has been changed to conform with Hong Kong Interpretation 3 "Revenue – Pre-completion contracts for the sale of development properties" and the Group has elected to adopt the transitional provision and change the recognition policy in relation to sales of properties occurred on or after 1st January 2005.

2.9 Financial instruments

Upon adoption of HKAS 39 "Financial instruments: Recognition and measurement", certain derivatives are no longer qualified as hedges for the Group's exposure to fluctuations in foreign exchange, interest rates and other operating costs. As a result, these derivatives are carried at fair value and any changes in fair value included in the profit and loss account.

In previous years, these derivatives were accounted for on an equivalent basis to the underlying assets, liabilities or net positions at the balance sheet date. Profit or loss arising thereof was recognised on the same basis as that arising from the related assets, liabilities or positions. The resulting impact from this change is not material and therefore a prior period adjustment has not been made.

3. Turnover

US$'000	2005	2004
Container transport and logistics	**2,030,749**	1,707,594
Container terminals	**205,956**	170,020
Property investment and development	**11,159**	11,678
	2,247,864	1,889,292

Turnover represents gross freight, charterhire, service and other income from the operation of the container transport and logistics and container terminal businesses, sales of properties and rental income from the investment property.

4. Operating Profit

US$'000	2005	2004
Operating profit is arrived at after crediting :		
Gross rental income from an investment property	**11,159**	10,748
Profit on disposal of property, plant and equipment	**143**	1,333
Profit on disposal of available-for-sale financial assets	**11**	2,959
Profit on disposal of a jointly controlled entity	**—**	770
and after charging :		
Depreciation		
Owned assets	**53,231**	43,613
Leased assets	**25,756**	24,883
Operating lease rental expense		
Vessels and equipment	**232,221**	172,757
Land and buildings	**14,814**	13,816
Amortisation of intangible assets	**3,661**	5,027
Amortisation of lease premium prepayment	**386**	—

5. Finance Costs

US$'000	2005	2004
Interest expense	**(26,154)**	(17,226)
Amount capitalised under assets	**2,296**	1,004
Net interest expense	**(23,858)**	(16,222)
Dividend on preference shares	**(2,934)**	(3,229)
Financing charges	**(407)**	(1,128)
	(27,199)	(20,579)

6. Taxation

US$'000	2005	2004
Current (overseas)	**(18,367)**	(12,282)
Deferred	**(2,122)**	(2,378)
	(20,489)	(14,660)

Taxation has been provided at the appropriate tax rates prevailing in the countries in which the Group operates on the estimated assessable profits for the period. These rates range from 10% to 53% and the rate applicable for Hong Kong profits tax is 17.5% (2004: 17.5%).

7. Interim Dividend

The Board of Directors declares an interim dividend of US12.0 cents per ordinary share for 2005 (2004: US10.9 cents after adjusting for the bonus issue).

At a meeting held on 10th March 2005 the Directors proposed a final dividend of US16.36 cents per ordinary share (after adjusting for the bonus issue) amounting to US$102,334,000 for the year ended 31st December 2004, which was paid on 5th May 2005 and has been reflected as an appropriation of retained profit for the six months ended 30th June 2005.

8. Earnings Per Ordinary Share

The calculation of earnings per ordinary share is based on the profit attributable to equity holders of US$308.9 million (2004: US$268.4 million) and the weighted average of 625.8 million (2004: 610.2 million after adjusting for the bonus issue) ordinary shares in issue during the period.

9. Capital Expenditure

US$'000	Property, plant and equipment	Investment property	Prepayments of lease premiums	Intangible assets	Total
Net book amounts :					
At 31st December 2004 as previously reported	2,235,176	—	—	33,315	2,268,491
Reclassifications	(103,110)	100,000	7,702	(6,530)	(1,938)
As restated	2,132,066	100,000	7,702	26,785	2,266,553
Currency translation adjustments	(2,376)	—	(94)	1	(2,469)
Acquisition of a subsidiary	—	—	49,962	—	49,962
Additions	182,603	—	3,892	4,591	191,086
Disposals	(2,598)	—	—	—	(2,598)
Depreciation and amortisation	(78,987)	—	(386)	(3,661)	(83,034)
At 30th June 2005	2,230,708	100,000	61,076	27,716	2,419,500
At 31st December 2003	1,579,798	—	—	29,817	1,609,615
Currency translation adjustments	(3,831)	—	—	(4)	(3,835)
Additions	386,536	—	—	5,653	392,189
Disposals	(2,909)	—	—	—	(2,909)
Depreciation and amortisation	(68,496)	—	—	(5,027)	(73,523)
At 30th June 2004	1,891,098	—	—	30,439	1,921,537

10. Debtors and Prepayments

US$'000	30th June 2005	31st December 2004
Trade debtors	**267,313**	247,151
Other debtors	**36,732**	42,663
Prepayments	**69,133**	54,122
Utility and other deposits	**19,613**	21,402
Tax recoverable	**6,192**	5,984
	398,983	371,322

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. 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 debtors, net of provisions for doubtful debts, prepared in accordance with the due date of invoices, is as follows:

US$'000	30th June 2005	31st December 2004
Below one month	**245,668**	215,128
Two to three months	**18,261**	26,750
Four to six months	**2,773**	5,123
Over six months	**611**	150
	267,313	247,151

11. Trading Investments

US$'000	30th June 2005	31st December 2004
Portfolio investments	**244,616**	249,834
Derivative financial instruments	**5,557**	—
	250,173	249,834

12. Share Capital

US$'000	30th June 2005	31st December 2004
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 (2004: 568,902,998) ordinary shares of US$0.10 each	**62,579**	56,890

By an ordinary resolution passed on 5th May 2005, the issued share capital was increased by way of a bonus issue by applying US$5,689,030 charging to the share premium account in payment in full at par of 56,890,299 shares of US$0.10 each on the basis of one new share for every ten shares held on 5th May 2005.

All the new shares rank pari passu with the existing shares.

13. Other Reserves

US$'000	30th June 2005	31st December 2004
Share premium	**172,457**	178,146
Capital redemption reserve	**4,696**	4,696
Asset revaluation reserve	**9,948**	9,948
Contributed surplus	**88,547**	88,547
	275,648	281,337

14. Creditors and Accruals

US$'000	**30th June 2005**	31st December 2004
Trade creditors	**160,782**	164,823
Other creditors	**47,804**	33,071
Accrued operating expenses	**319,125**	335,047
Deferred revenue	**18,720**	20,594
	546,431	553,535

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

US$'000	**30th June 2005**	31st December 2004
Below one month	**124,816**	132,763
Two to three months	**28,133**	25,906
Four to six months	**4,368**	1,326
Over six months	**3,465**	4,828
	160,782	164,823

15. Borrowings

US$'000	30th June 2005	31st December 2004
Bank loans		
Secured	**491,456**	808,458
Unsecured	**—**	10,624
Other loans wholly repayable within five years		
Secured	**19,670**	9,897
Unsecured	**1,124**	2,644
Redeemable preference shares and premium	**74,698**	83,262
Finance lease obligations		
Wholly payable within five years	**128,961**	141,682
Not wholly payable within five years	**710,730**	524,847
Secured short-term bank loan	**35,039**	—
Bank overdrafts	**52**	85
	1,461,730	1,581,499
Amount included in current liabilities	**(207,545)**	(153,809)
	1,254,185	1,427,690

16. Commitments

(a) Capital commitments

US$'000	30th June 2005	31st December 2004
Contracted but not provided for	**600,975**	456,945
Authorised but not contracted for	**296,669**	386,128
	897,644	843,073

The contracted commitments as at 30th June 2005 include the balance of the purchase cost of four 8,063 TEU and eight 4,500 TEU container vessels (2004: six 8,063 TEU and six 4,500 TEU container vessels) to be delivered between 2006 to 2008.

16. Commitments (Continued)

(b) Operating lease commitments

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

US$'000	Vessels and equipment	Land and buildings	Total
As at 30th June 2005			
2005/06	277,345	42,238	319,583
2006/07	208,622	38,272	246,894
2007/08	199,227	35,715	234,942
2008/09	166,761	32,963	199,724
2009/10	121,370	105,886	227,256
2010/11 onwards	815,984	276,994	1,092,978
	1,789,309	532,068	2,321,377
As at 31st December 2004			
2005	284,061	43,140	327,201
2006	219,178	36,879	256,057
2007	178,381	35,411	213,792
2008	166,108	34,254	200,362
2009	140,958	32,488	173,446
2010 onwards	860,081	381,104	1,241,185
	1,848,767	563,276	2,412,043

17. Contingent Liabilities

Guarantees in respect of loan facilities given for:

	Facilities		Utilised	
US$'000	**30th June 2005**	31st December 2004	**30th June 2005**	31st December 2004
Hui Xian (as defined in note 15 to the 2004 Annual Accounts)	**27,700**	28,000	**27,700**	28,000

18. Acquisition of a Subsidiary Company

On 7th April 2005, the Group entered into a sale and purchase agreement to acquire 100% equity interest of Shanghai Waigaoqiao Xuhui Clubhouse Co Ltd ("SWXCCL"), which principally engaged in operating a clubhouse in Shanghai. It is the management's intention to redevelop the site to a service apartment and retail complex.

The consideration for the acquisition was US$35,381,000, comprising US$17,516,000, being the consideration for the purchase of the 100% equity interest of SWXCCL, and US$17,865,000, being the consideration of the purchase of the advances from the previous shareholders.

Particulars of the assets and liabilities acquired are as follows:

US$'000	
Prepayments of lease premiums	49,962
Deferred tax liabilities	(3,803)
Other assets and liabilities	(10,778)
Consideration settled by cash	35,381

19. Segment Information

The principal activities of the Group are container transport and logistics, container terminal, property investment and development. Container transport and logistics include global containerised shipping services in major trade lanes, covering Trans-Pacific, Transatlantic, 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 and operating activities, the primary segment reporting is by business segments and the secondary segment reporting is by geographical segments.

For the geographical segment reporting, freight revenues from container transport and logistics are analysed based on the outbound cargoes of each geographical territory. The Directors consider that the nature of the container transport and logistics activities, which cover the world's major shipping lanes, and the way in which costs are allocated precludes a meaningful allocation of operating profit to specific geographical segments. Accordingly, geographical segment results for container transport and logistics business are not presented. Segment assets consist primarily of property, plant and equipment, other non-current assets, debtors and prepayments, and mainly exclude investments, bank balances and deposits. Segment liabilities comprise creditors, accruals and pension and retirement liabilities. Total assets and capital expenditure are where the assets are located.

19. Segment Information (Continued)

Business segments

US$'000	Container transport and logistics	Terminal	Property	Investments and corporate services	Elimination	Group
For the six months ended 30th June 2005						
Turnover	2,030,749	227,504	11,600	—	(21,989)	**2,247,864**
Other operating income	15,243	(475)	532	13,512	—	**28,812**
Segment results	315,072	25,910	3,357	6,697	—	**351,036**
Finance costs						**(27,199)**
Share of profits less losses of jointly controlled entities	621	—	4,988	—	—	**5,609**
Profit before taxation						**329,446**
Taxation						**(20,489)**
Profit for the period						**308,957**
Capital expenditure	168,014	19,105	3,967	—	—	**191,086**
Depreciation	66,259	12,702	26	—	—	**78,987**
Amortisation	2,692	156	1,199	—	—	**4,047**
For the six months ended 30th June 2004						
Turnover	1,707,594	184,607	12,138	—	(15,047)	**1,889,292**
Other operating income	7,509	147	910	6,197	—	**14,763**
Segment results	275,310	24,341	5,153	(2,793)	—	**302,011**
Finance costs						**(20,579)**
Share of profits less losses of jointly controlled entities	177	—	1,580	—	—	**1,757**
Profit before taxation						**283,189**
Taxation						**(14,660)**
Profit for the period						**268,529**
Capital expenditure	366,538	24,911	740	—	—	**392,189**
Depreciation	58,062	10,419	15	—	—	**68,496**
Amortisation	3,943	21	1,063	—	—	**5,027**

19. **Segment Information** (Continued)

Business segments (Continued)

US$'000	Container transport and logistics	Terminal	Property	Investments and corporate services	Group
As at 30th June 2005					
Segment assets					
Property, plant and equipment	1,984,476	245,994	238	—	**2,230,708**
Jointly controlled entities	5,827	—	15,815	—	**21,642**
Other assets	361,475	78,996	384,412	1,352	**826,235**
Unallocated assets					**1,013,831**
Total assets					**4,092,416**
Segment liabilities					
Creditors and accruals	(483,109)	(45,495)	(14,028)	(3,799)	**(546,431)**
Other liabilities	(10,471)	(3,447)	—	—	**(13,918)**
Unallocated liabilities					**(1,512,990)**
Total liabilities					**(2,073,339)**
As at 31st December 2004					
Segment assets					
Property, plant and equipment	1,892,122	239,740	204	—	**2,132,066**
Jointly controlled entities	2,957	—	28,298	—	**31,255**
Other assets	322,232	79,830	321,330	1,542	**724,934**
Unallocated assets					**1,126,347**
Total assets					**4,014,602**
Segment liabilities					
Creditors and accruals	(504,335)	(43,427)	(3,385)	(2,388)	**(553,535)**
Other liabilities	(10,706)	(3,435)	—	—	**(14,141)**
Unallocated liabilities					**(1,629,709)**
Total liabilities					**(2,197,385)**

19. Segment Information (Continued)

Geographical segments

US$'000	Turnover	Operating profit/(loss)	Capital expenditure
Six months ended 30th June 2005			
Asia	1,449,458	(1,595)	18,149
North America	501,231	30,862	22,615
Europe	260,399	—	150
Australia	36,776	—	35
Unallocated*	—	321,769	150,137
	2,247,864	351,036	191,086
Six months ended 30th June 2004			
Asia	1,220,281	(392)	14,319
North America	417,331	29,886	35,183
Europe	222,766	—	840
Australia	28,914	—	3
Unallocated*	—	272,517	341,844
	1,889,292	302,011	392,189

US$'000	30th June 2005	31st December 2004
Total assets		
Asia	**347,068**	240,211
North America	**483,658**	497,820
Europe	**18,025**	15,308
Australia	**487**	342
Unallocated*	**3,243,178**	3,260,921
	4,092,416	4,014,602

* Operating profit comprise of results from container transport and logistics and investment activities whereas total assets, comprise of vessels, containers, investments and bank balances while capital expenditure comprise of vessels and containers.