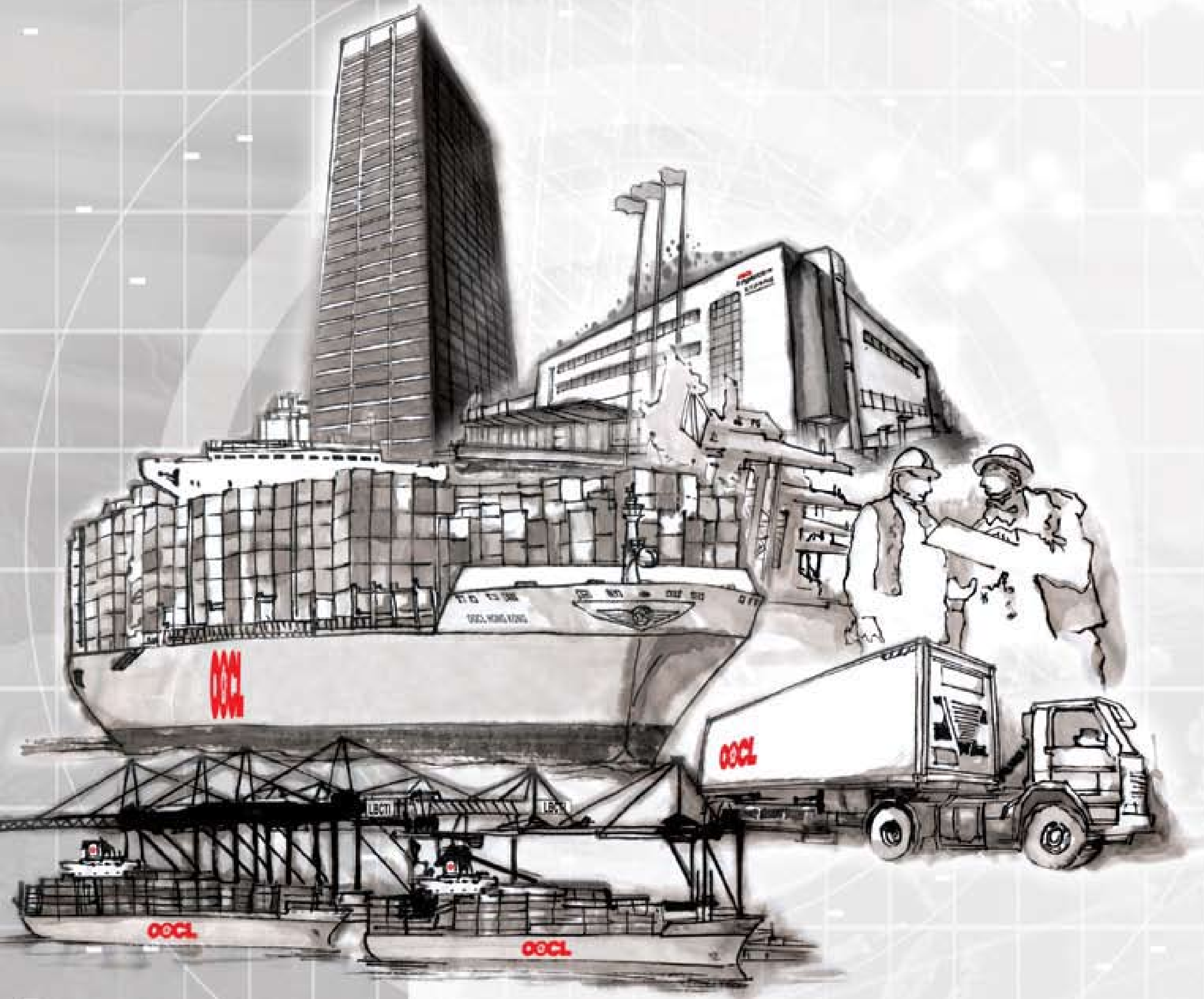

2007

Interim Report

Orient Overseas (International) Limited

(Incorporated in Bermuda with Limited Liability)

Orient Overseas (International) Limited
(Incorporated in Bermuda with Limited Liability)
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Statement to Shareholders from the Chairman

Overall, the markets have remained strong in terms of container volume growth and resilient in terms of freight rates which in some trades, certainly during the second quarter of 2007, have begun to show signs of a return towards former levels. The Asia to Europe routes especially, which during the first half of 2006 experienced the steepest decline in freight rates, have shown remarkable strength during the first half of this year with both volume growth and freight rates showing significant improvements. Nevertheless, cost pressures remain a concern. The sustained high level of fuel prices continues to place upward pressure on third party transportation costs, charter rates remain historically high and repositioning costs become increasingly difficult to contain.

OOIL INTERIM RESULTS ANALYSIS

US$'000	2007	2006
Profit before tax from continuing activities	**229,033**	204,001
Profit before tax from discontinued Terminals Division	**—**	32,184
Revaluation of Wall Street Plaza	**25,000**	75,000
Profit before tax for the period ended 30th June	**254,033**	311,185
Taxation on profit of continuing activities	**(24,263)**	(17,972)
Taxation on profit of discontinued Terminals Division	**—**	(12,657)
Net Profit from sale of Terminals Division	**1,986,973**	—
Minority Interests	**(433)**	(56)
Profit attributable to Shareholders	**2,216,310**	280,500

Orient Overseas (International) Limited and its subsidiaries (the "Group") attained a profit attributable to shareholders of US$2,216.3 million for the first six months of this year. As tabulated above, these figures include the profit on the sale of the Group's former Terminals Division to the Ontario Teachers' Pension Plan, the details of which have been announced previously. The sales of Vanterm and Deltaport in Vancouver together with Global Terminal in New Jersey, were concluded and the proceeds received in January 2007. After protracted negotiations with the Port Authority of New York and New Jersey over the transfer of its lease, the sale of New York Container Terminal on Staten Island, New York was concluded and the proceeds received in June 2007. The net profit on these transactions, after associated costs, taxes and fees, amounts to US$1,987.0 million.

The Group profit before tax attributable to continuing operations was US$254.0 million for the first six months of this year. After tax and minority interests a profit, from continuing operations, attributable to shareholders of US$229.3 million was recorded. At this interim stage this represents a reduction by comparison with the US$280.5 million profit attributable to shareholders recorded for the first half of 2006. However, there are significantly reduced earnings from our former Terminals Division in this year's figures and last year received the significant benefit of a US$75 million revaluation of our Wall Street Plaza investment property. For the first half of 2007 there has been a further revaluation of this investment but by the lower amount of US$25 million. The earnings per ordinary share from all activities was US354.2 cents. From continuing operations the earnings per ordinary share of US36.7 cents compare with the earnings per ordinary share of US41.7 cents for the first half of 2006.

DIVIDEND

The Board of Directors is pleased to announce for 2007 an interim dividend of US9.5 cents (HK74 cents) per ordinary share. The dividend will be paid on 14th September 2007 to those ordinary shareholders whose names appear on the register on 3rd September 2007. This represents approximately the same level of interim dividend as paid in previous years.

In addition however, the Board of Directors has also decided to declare a further special dividend of US80 cents (HK$6.24). This is a repeat of the 2006 special dividend paid in May this year. These two special dividends thus far declared represent approximately half of the profit on the sale of our former Terminals Division. We continue to assess various market opportunities and to analyse the requirements necessary to achieve a healthy rate of organic growth. A strong balance sheet will allow us to maintain and further improve our competitiveness and hence produce better profit margins.

The outlook for the second six months of 2007, whilst generally positive, retains some degree of uncertainty and the Board of Directors will consider a final dividend for the full year 2007 as performance and future business prospects dictate.

CONTAINER TRANSPORT AND LOGISTICS

The core international container transport business of the Group, trading under the "OOCL" name, has continued to experience strong overall container volume growth with total liftings for the first half of 2007 showing a 18.8% increase over the corresponding period last year. Increases on our Asia to Europe and Intra-Asia and Australasian routes have been particularly strong. The emphasis generally on the deployment of tonnage in the stronger trade lanes has allowed load factors to remain at acceptable levels even on those trades experiencing more modest volume growth rates.

The historical seasonal pattern, a generally slacker first quarter and the short-term distortions created by the Lunar New year and other holiday periods, repeated itself again this year. However, load factors soon regained their former strong levels, in the case of Asia to Europe this now being 100%, despite the many earlier forecasts to the contrary.

Last year most forecasts yet again were painting a picture of slowing container volume growth rates balanced against an historically high level of new tonnage deployment. Naturally therefore, the predictions for freight rate performance during 2007 were bleak. What was not forecast was the exceptionally high volume growth in certain trades, namely Asia to Europe, Intra-Asia and Asia to Australasia. Equally not predicted was the adroit alacrity with which carriers have redeployed existing services and tonnage away from the slower growing trade lanes into the faster growing ones. As a result, some estimates are now that capacity deployed on the Trans-Pacific will grow by just 3.3% this year. This of course explains the sustained high load factors on these routes during a period of lower container volume growth. On the other hand, the significantly higher volume growth rates Asia to Europe have been sufficient to absorb this redeployed tonnage without any detrimental affect upon load factors. Indeed, if anything the load factors are even stronger with most carriers reporting full utilisation and cargo being rolled over to subsequent sailings.

The cost side, as for the past two years, remains an issue. Third party transportation costs, i.e. trucking and especially North American railroad charges, continue to rise even to the extent that some inland intermodal destinations in the US have become unprofitable. It is the identification of these unprofitable parts of our businesses and the better and more efficient management of our equipment which have become crucial in the containment of the cost base and therefore the resilience of our margins. In this respect we have had some success. Increases in the major cost components, including terminal handling charges and third party transportation costs, have been contained within reasonable parameters and, in unit terms, bunker costs on average during the first half of 2007 were slightly lower than during the first half of 2006. However, the recent increase in oil prices has seen bunker prices rise. For the month of June 2007 only, the price paid per ton was higher than during June 2006 and this trend seems set to accelerate over the near term. These cost movements are largely beyond our control but efforts to mitigate both past and future rises, such as the introduction of more economic service speeds, continue to be employed.

We continue to build up our Logistics business towards larger scale operation. The completion of our best-in-class IT platform will start to produce tangible benefits for our customers with greater visibility and flexibility. We also maintain a strong focus on building our domestic capabilities in key locations, especially those in China, with a view to establishing an extensive and solid logistics network for both international and domestic supply chains.

In the first half of 2007, we have been pleased with the progress made which is benefitting greatly from the sustained export boom from the Asia Pacific region to the rest of the world.

PROPERTY INVESTMENT AND DEVELOPMENT

Efforts to build the Group's property investment and development businesses continue as planned. However, as previously reported and as a result of project timings we do not expect a significant contribution to Group performance for 2007.

Our portfolio of New York and Beijing investment properties continues to perform as budgeted. Our development projects in the Greater Shanghai area also continue as planned. The Greater Shanghai residential market showed signs of recovery in the second quarter of 2007 on both transaction volume and prices. However, with new measures announced by the Central Government to regulate the real estate market and a potential upward trend in interest rates, a full recovery in the residential property market remains to be confirmed. The commercial property market continues to be strong with both capital values and rental rates increasing during first half 2007. Nevertheless these market conditions will have no significant impact upon Group results for 2007 given the timing of our projects and the fact that the majority of these existing projects, consisting of residential, office and hotel developments, are not scheduled to reach their selling phases until 2008 and beyond. Nonetheless we firmly expect these projects to begin to contribute significantly to Group profits from 2008 onwards.

Given the strong and steady commercial property market in both Lower Manhattan and on Manhattan Island as a whole, the appraised value of Wall Street Plaza, our investment property in New York, has been increased by a further US$25 million to a total value of US$225 million.

Our property development and investment portfolios remain soundly positioned and we expect to continue our investment in the property sector as suitable projects are identified and become available. Our aim continues to be the creation of a stand alone and recurrently profitable property business for the future.

OUTLOOK

The first half of this year in terms of overall performance has been very similar to last year albeit that the relative performances of our various trades have changed. The significant difference however, is that whereas the environment of the first half of 2006 was one of softening freight rates the environment this year is one of strengthening freight rates.

Global consumer demand has thus far remained firm. The economies of Europe are strengthening and container volume growth is presently exceptionally strong and shows little, if any sign of slowing. The growth is such that one must assume that a growing percentage of Western Europe bound cargoes are ultimately destined for the former Eastern Europe, itself an area of fast developing and growing economies. In the US, despite various surveys suggesting a drop in consumer confidence, consumption and retail sales figures remain remarkably resilient. Healthy corporate earnings, the tight labour market and an environment of rising wages seem thus far to have countered the negative sentiment arising from high energy and fuel prices, rising interest rates and the slowdown in the property market. Consumption in Japan is finally showing signs of starting to recover and the economies of the Asia Pacific region also continue to grow robustly. Those of China and India lead the way at the same time continuing to develop their own consumer economies as the still nascent middle class sector establishes itself.

All this bodes well for the industry to achieve and maintain the fine balance between supply and demand i.e. between the rates of new building tonnage deployment and container volume growth. We believe that we are currently in an environment of firm freight rates and we look forward to a healthy second half of the year.

C C Tung
Chairman
Hong Kong, 3rd August 2007

Management Discussion and Analysis

ANALYSIS OF RESULTS

For the first six months of 2007 Orient Overseas (International) Limited and its subsidiaries (the "Group") recorded a profit before tax from its continuing activities of US$254.0 million. This compares with a profit before tax of US$279.0 million for the corresponding period of 2006. However, it must be noted that the first half of 2006 included a US$75 million revaluation of Wall Street Plaza whereas, although the first half of 2007 includes a further revaluation, it is for the lesser amount of US$25 million. If these two revaluation surpluses were to be excluded the Group profit before tax from its continuing activities would amount to US$229.0 million for the first half of 2007, a 12.3% improvement over the corresponding period for 2006.

The Group results have benefited from a sustained performance from the core business of OOCL, a result of the improving market environment. A further strong result from the Group's portfolio investments and an in-line result from our Property Investment and Development business, together with the further revaluation of Wall Street Plaza, has further strengthened the Group result.

Global container volumes have continued their robust growth rates and overall appear to have kept pace with the rates at which new tonnage has been introduced into service. This has varied across the different trade routes but with the redeployment of tonnage which has taken place during the past six months it would seem that all new tonnage thus far introduced into service has been absorbed without disruption. Although, with the notable exceptions of the Asia to Europe trades, freight rates remain slightly below their levels of last year, sentiment has changed and the present environment is one of rising freight rates in stark contrast to the situation at this time last year.

Group turnover for the six months ended 30th June 2007 was US$2,514.3 million, an increase of US$337.2 million or 15.5% as compared with the corresponding period of 2006.

OOCL's total liftings increased by 18.8% for the first half of 2007 as compared with the same period last year. This compares with the volume growth of 7.5% recorded for the first half of 2006. Total revenues, however, grew by 14.7% to US$2,326.5 million for the first six months of 2007 as a result of a 3.4% fall in overall revenues per TEU. The deployment of the last two in our initial series of twelve 8,063 TEU "SX" Class newbuildings together with the second four of our series of eight 5,888 TEU "S" Class newbuildings and the first in our series of "P" Class Panamax vessels contributed towards an overall 20.0% increase in loadable capacity during the first half of the year. Despite this significant increase in fleet capacity, the strength in volume growth has been such that overall load factors registered only a slight 0.8% drop as compared with the first half of 2006.

ORIENT OVERSEAS CONTAINER LINE

	CURRENT QUARTER			YEAR-TO-DATE		
	Q2 2007	Q2 2006	*change*	**1H 2007**	1H 2006	*change*
LIFTINGS *(TEU'S):*						
Trans-Pacific	**334,230**	309,919	*+7.8%*	**627,452**	594,814	*+5.5%*
Asia / Europe	**199,655**	169,951	*+17.5%*	**391,637**	313,442	*+24.9%*
Transatlantic	**100,786**	86,275	*+16.8%*	**190,225**	167,441	*+13.6%*
Intra-Asia / Australasia	**534,189**	406,666	*+31.4%*	**997,582**	782,585	*+27.5%*
TOTAL ALL SERVICES	**1,168,860**	972,811	*+20.2%*	**2,206,896**	1,858,282	*+18.8%*
TOTAL REVENUES *(US$'000):*						
Trans-Pacific	**482,961**	461,648	*+4.6%*	**898,169**	896,374	*+0.2%*
Asia / Europe	**283,058**	204,840	*+38.2%*	**528,692**	377,820	*+39.9%*
Transatlantic	**155,874**	142,466	*+9.4%*	**297,783**	274,779	*+8.4%*
Intra-Asia / Australasia	**320,243**	247,072	*+29.6%*	**601,847**	478,729	*+25.7%*
TOTAL ALL SERVICES	**1,242,136**	1,056,026	*+17.6%*	**2,326,491**	2,027,702	*+14.7%*

Compared with the corresponding period last year, liftings increased by 5.5% on our Trans-Pacific services. Total revenue increased only marginally by 0.2% as a result of a 5% fall in average revenues per TEU. Importantly however, the average revenue per TEU, on the all important eastbound legs to the US West Coast, show a 3.6% gain for the month of June as compared with June 2006. It is the change in the direction of movement of the rates which is significant.

Our Intra-Asia and Australasia services have experienced a very strong increase in liftings of 27.5% against a 25.7% increase in total revenues denoting a marginal fall in average revenues overall per TEU compared with the same period last year. Again, however, the important southbound services to Australasia reflect a 5.4% improvement in average revenues for the month of June 2007 as compared with the same period in 2006.

For our Asia / Europe services the increase in liftings was also very strong at 24.9% as a result of the introduction of new capacity. However, total revenues have surged by 39.9% as a result of a steep 12.0% rise in average revenues per TEU. Within this figure is an 18% rise in average revenues on the all important westbound legs to Northern Europe. For the month of June 2007 only, the overall average rate per TEU was 19.7% above the rate for the corresponding period last year.

Our Transatlantic services by comparison have enjoyed a more modest increase in total liftings of 13.6% on a 4.6% drop in average revenues per TEU compared with the first half of 2006, resulting in an 8.4% increase in total revenues.

In the current environment of historically high costs, both variable and fixed, we have maintained our concentration upon operational efficiencies and tight cost control aided by better usage of and ongoing investment in our IT systems. Business and administration costs continue to fall on a per TEU basis, by a further 16.7% for the first half of 2007 when compared with the same period last year.

Voyage costs, of which 70% is accounted for by bunker costs, remained largely unchanged on a per TEU basis for the first half of 2007 compared with 2006. In unit terms, bunker costs on average during the first half of 2007 were in fact US$16 per ton lower than during the first half of 2006 i.e. a fall of 5%. However, the recent increase in oil prices has seen bunker prices rise and for the month of June 2007 only, the price paid per ton was US$7, or 2.1% higher than the price paid during June 2006. These cost movements are largely beyond our control but efforts to mitigate the rises, such as the introduction of more economic service speeds, continue to be employed. In absolute terms, our bunker costs were approximately 10% higher at US$315.0 million during the first six months of 2007 than they were for the same period of 2006, although, of course, this does not take into account the expansion of the fleet in the meantime.

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 almost 100%. As at 30th June 2007, it has been revalued by a further US$25 million to US$225 million. This follows the revaluations of US$75 million and US$25 million as at 30th June and 31st December 2006 respectively. These changes reflect the continuing strong commercial property market in Manhattan. We continue to be confident in the performance of Wall Street Plaza going forward given its good location, quality and demonstrable attraction to would-be tenants.

Beijing Oriental Plaza, our investment property in the city of Beijing, continues to perform as forecast. We expect the project to make a meaningful contribution to the Group results over the longer term.

Our property development projects in Greater Shanghai continue as planned. Our prior residential projects have largely been disposed of in previous accounting periods leaving us with relatively little to sell during 2007. While recently introduced government regulations on property related financing, tax and investment may affect the recovery of the residential property market, we do not expect any significant impact upon the Group's results for the remainder of 2007 given the comparative absence of units for sale.

Projects under development include residential, commercial and hotel projects in the Greater Shanghai area. The Changle Lu Project, in the Luwan District of Shanghai, is a mixed use development of a total of 145,500 sq m of gross floor area and consists of high-end residential units, a hotel, serviced apartments and retail components. Piling for the residential units has been substantially completed. The Changning Lu project, in the Changning District of Shanghai, is a mixed used development of a total of 240,000 sq m of gross floor area and consists of office, serviced apartment and retail components. We expect construction to begin during 2008. The Heng Shan Lu project, in the Xuhui District of Shanghai, is a hotel development totalling 15,000 sq m of gross floor area. We expect construction to begin in 2008. The Nan Ma Tou project is a residential development totalling approximately 100,000 sq m of gross floor area. We expect to finalise the land use agreement during the second half of 2007. We continue to work on the master plan for the two sites in Hua Qiao township, Kunshan, Jiangsu Province, an approximate 45 minute drive from central Shanghai. Together these projects will total approximately 600,000 sq m of gross floor area consisting primarily of residential units but with some commercial components. The hotel in Hua Qiao is currently under construction and we expect completion during 2008. We do not expect these projects to make any positive contribution to the Group for the remainder of 2007.

Going forwards, we expect the existing pipeline projects to contribute significantly to Group profits. In addition, we shall continue to source property investment and development projects in Shanghai and beyond.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June 2007, the Group had cash, bond and portfolio investment balances of US$2,753.9 million and a total indebtedness of US$2,052.2 million. The Group therefore is in a net cash position and will remain so even after payment of the Interim and Special dividends as described elsewhere in this Report. The exercise in deciding upon the cash needs of the Group going forwards remains an ongoing process. Whatever the outcome, The Group remains committed, as previously stated, to the target of retaining the net debt to equity position at a ratio of 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.

VESSELS

During the first half of 2007 the Group took delivery from Samsung Heavy Industries Co Ltd in South Korea of two further "SX" Class 8,063 TEU newbuildings, the *OOCL Tokyo* and its sister ship, the *OOCL Southampton*. These vessels completed delivery of the first series of 12 such vessels. Also delivered during the first half was the *OOCL Kobe*, the first of the series of "P" Class 4,506 TEU Panamax size vessels ordered also from Samsung Heavy Industries Co Ltd. This was followed shortly after in July by the second in the series, the *OOCL Yokohama*.

Additionally during the first half of 2007 delivery of the total series of eight "S" Class 5,888 TEU vessels under long-term charter arrangements with Japanese owners was completed by Imabari Shipbuilding Co, Ltd in Japan. The vessels delivered were the *OOCL Seattle*, *OOCL Kuala Lumpur*, *OOCL Oakland* and *OOCL Italy*.

NEWBUILDING DELIVERY SCHEDULE FROM SAMSUNG HEAVY INDUSTRIES CO LTD

				TEU	DELIVERY
Ordered August 2004	Hull no.	1597	*"OOCL Yokohama"*	4,506	Jul 2007
	Hull no.	1598	*"OOCL Busan"*	4,506	Jan 2008
	Hull no.	1599	*"to be named"*	4,506	Feb 2008
Ordered April 2005	Hull no.	1637	*"OOCL Houston"*	4,506	Oct 2007
	Hull no.	1638	*"to be named"*	4,506	Apr 2008
Ordered July 2006	Hull no.	1728	*"to be named"*	4,506	Dec 2009
	Hull no.	1729	*"to be named"*	4,506	Feb 2010
	Hull no.	1730	*"to be named"*	4,506	Mar 2010
	Hull no.	1731	*"to be named"*	4,506	Apr 2010
Ordered October 2006	Hull no.	1719	*"to be named"*	8,063	Nov 2009
	Hull no.	1720	*"to be named"*	8,063	Dec 2009
	Hull no.	1721	*"to be named"*	8,063	Jan 2010
	Hull no.	1722	*"to be named"*	8,063	Mar 2010
Ordered April 2007	Hull no.	1775	*"to be named"*	4,506	Mar 2009
	Hull no.	1776	*"to be named"*	4,506	Jun 2009
	Hull no.	1777	*"to be named"*	4,506	Aug 2009
	Hull no.	1778	*"to be named"*	4,506	Sep 2009
	Hull no.	1779	*"to be named"*	4,506	Nov 2009
Ordered May 2007	Hull no.	1801	*"to be named"*	4,506	Dec 2009

As tabulated, the Group had newbuilding commitments as at 30th June 2007 for a further series of 4 "SX" Class 8,063 TEU vessels. Commitments were also in place as at 30th June 2007 for the remaining nine of the total series of 10 "P" Class 4,506 TEU vessels ordered prior to 31st December 2006, the first, the *OOCL Kobe*, having been delivered during June 2007. In addition, and during the first half of 2007, the Group placed orders for a series of another six "P" Class 4,506 TEU vessels. All nineteen of these newbuilding vessels are to be constructed by Samsung Heavy Industries Co Ltd.

These new vessels serve to satisfy the projected capacity needs of our international container transport business for the foreseeable future. However, the size and composition of the fleet remains under constant review and the Group currently is re-examining the vessel requirements necessary to achieve meaningful internal organic plans. Nevertheless, adequate resources have been and will be reserved to ensure that the delivery of these vessels and any further orders 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 2007, the Group's total investment in this project amounted to US$80.2 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 62% of cost items is 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 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 2007 the Group had 6,855 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 and the individual employee. These schemes are regularly reviewed. Other benefits are also provided including medical insurance and retirement funds and social and recreational activities are arranged around the world. In support of the continuous development of individual employees, training and development programmes for each different level of employee are arranged.

SAFETY, SECURITY & ENVIRONMENTAL PROTECTION

OOCL applies clearly established safety standards and devotes conscientious efforts to the protection of the environment from the operations of its ships, containers, facilities, offices, personnel and related supply chain partners.

OOCL's concerns for the environment start with the lifecycle of its vessels. OOCL's newbuildings are designed with environmental friendliness in mind, including:-

- a high fuel efficiency propeller-rudder system
- R407C refrigerants with zero ozone-depleting substances
- a bio-degradable stern tube oil system
- copper-free paints which exceed the international tin-free requirements

These newbuildings also possess Green Passports enabling any controlled substances to be handled correctly and safely during recycling once at the end of their useful life. In ship operations, OOCL is committed to minimum emissions with careful control of speed, ballast and navigation. Our established Safety, Quality, and Environmental Protection ("SQE") Management System, along with well-trained crews and staff, help us ensure compliance and to achieve still further improvements.

Externally, we partner with industry members from the Clean Cargo Working Group. Environmental requirements are also clearly communicated to our suppliers as they form part of our supply chain. Internally, aside from continuous education and training, we designate the first week of July of each year as "OOCL Green Week" to reinforce our commitment to a better environment. Colleagues organise and participate in various activities such as tree-planting, resources reduction, conservation and reuse projects and educational seminars.

Other Information

INTERIM AND SPECIAL DIVIDENDS

The Directors have recommended the payment of a total dividend of US89.5 cents (HK$6.98 at the exchange rate of US$1 : HK$7.8) per ordinary share for the six months ended 30th June 2007, which is comprised of an interim dividend of US9.5 cents (HK$0.74) and a special dividend of US80 cents (HK$6.24), as a result of the sale of the Group's Terminals Division in North America, to be paid on 14th September 2007 to the shareholders of the Company whose names appear on the register of members of the Company on 3rd September 2007. Shareholders who wish to receive the dividends 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 not later than 4:30 p.m. on 6th September 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 31st August 2007 to 3rd September 2007, 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 the Company's Hong Kong Branch Registrar, not later than 4:30 p.m. on 30th August 2007.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30th June 2007, 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 Interested (in Long Position)	Percentage
		Beneficial	Voting		
Chee Chen Tung	—	97,811,011 *(Note 1)*	326,627,577 *(Notes 2 & 3)*	424,438,588	67.82%
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	79,600 *(Note 4)*	—	—	79,600	0.01%
Simon Murray	122,200	—	—	122,200	0.02%

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, sister of Mr Chee Chen Tung and Mr Chee Hwa Tung, sister-in-law of Mr Roger King and aunt of Mr Alan Lieh Sing Tung, holds 278,165,570 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. Of these shares, 7,000 are held by the spouse of Mr Philip Yiu Wah Chow.

As at 30th June 2007, none of the Directors or the chief executive of the Company is a director or 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.

Save as disclosed above, as at 30th June 2007, none of the Directors or chief executive of the Company had any interests or short positions 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 SFO) which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTEREST

As at 30th June 2007, the following persons (other than a Director or chief executive of the Company) had interests or short positions 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 (in Long Position)	Percentage
Bermuda Trust Company Limited	Trustee	424,438,588 *(Note 1)*	67.82%
Shirley Shiao Ping Peng	Founder of a discretionary trust	326,627,577 *(Note 2)*	52.19%
Fortune Crest Inc.	Indirect	326,627,577 *(Note 2)*	52.19%
Winfield Investment Limited	Indirect	326,627,577 *(Notes 2 & 3)*	52.19%
Tung Holdings (Trustee) Inc.	Voting	326,627,577 *(Note 4)*	52.19%
Wharncliff Limited	Direct	278,165,570 *(Notes 2 & 5)*	44.45%
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 established the discretionary trust which, through Winfield Investment Limited ("Winfield"), a wholly-owned subsidiary of Fortune Crest, holds 326,627,577 Shares, 278,165,570 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, brother of Mr Chee Chen Tung and Mrs Shirley Shiao Ping Peng, brother-in-law of Mr Roger King and father of Mr Alan Lieh Sing Tung, 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, spouse of Mr Chee Hwa Tung, sister-in-law of Mr Chee Chen Tung, Mrs Shirley Shiao Ping Peng and Mr Roger King, and mother of Mr Alan Lieh Sing 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 ("Archmore"), 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, 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 2007, the Company has not been notified by any person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares and 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 2007, 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 2007.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six-month period ended 30th June 2007, 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.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Board of Directors of the Company (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 Chee Chen TUNG 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
  - ➢ operational results are announced and published quarterly instead of financial results

Audit Committee

The Audit Committee currently comprises three members who are Independent Non-Executive Directors, namely, Dr Victor Kwok King FUNG (chairman), Mr Simon MURRAY and Professor Richard Yue Chim WONG, with Mr Vincent FUNG, the Head of Internal Audit as the secretary and Ms Lammy LEE, the Company Secretary as the assistant secretary of the Audit Committee.

The primary duties of the Audit Committee include to:

- make recommendation to the Board on the appointment and removal of external auditors 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;
- 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 to
- establish procedures for and to 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.

Remuneration Committee

The Remuneration Committee currently comprises Mr Chee Chen TUNG (Chairman) and two Independent Non-Executive Directors of the Company, namely, Dr Victor Kwok King FUNG and Professor Richard Yue Chim WONG, with Ms Lammy LEE, the Company Secretary, 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 2007 to 30th June 2007.

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 19 to 46, which comprise the consolidated balance sheet of Orient Overseas (International) Limited (the "Company") and its subsidiaries (together the "Group") as at 30th June 2007 and the consolidated profit and loss account, the consolidated cash flow statement and the 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 Main Board of 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 fair 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, 3rd August 2007

Consolidated Profit and Loss Account (unaudited)

For The Six Months Ended 30th June 2007

US$'000	Note	2007	Restated 2006
Revenue	5	**2,514,250**	2,177,136
Operating costs		**(2,111,496)**	(1,794,097)
Gross profit		**402,754**	383,039
Fair value gain from an investment property		**25,000**	75,000
Other operating income		**77,711**	42,536
Other operating expenses		**(207,050)**	(193,815)
Operating profit	6	**298,415**	306,760
Finance costs	8	**(43,849)**	(30,067)
Share of profits less losses of jointly controlled entities		**1,633**	2,345
Share of losses of associated companies		**(2,166)**	(37)
Profit before taxation		**254,033**	279,001
Taxation	9	**(24,263)**	(17,972)
Profit for the period from continuing operations		**229,770**	261,029
Discontinued operation :			
Profit for the period from discontinued operation	10	**1,986,973**	19,527
Profit for the period		**2,216,743**	280,556
Attributable to :			
Equity holders of the Company		**2,216,310**	280,500
Minority interests		**433**	56
		2,216,743	280,556
Interim dividend	11	**560,085**	68,837
Earnings per ordinary share (US cents)			
- from continuing operations		**36.7**	41.7
- from discontinued operation		**317.5**	3.1
Basic and diluted	12	**354.2**	44.8

Year 2006 figures have been restated or reclassified to disclose the results of discontinued operation in a separate line.

Consolidated Balance Sheet (unaudited)

As at 30th June 2007

US$'000	Note	30th June 2007	31st December 2006
ASSETS			
Non-current assets			
Property, plant and equipment	13	**3,047,070**	2,777,004
Investment property	13	**225,000**	200,000
Prepayments of lease premiums	13	**5,338**	5,416
Jointly controlled entities		**21,322**	21,848
Associated companies		**41,921**	41,820
Intangible assets	13	**35,178**	29,363
Deferred taxation assets		**671**	1,053
Pension and retirement assets		**3,562**	4,068
Available-for-sale financial assets		**20,319**	22,409
Restricted bank balances and other deposits		**78,665**	88,519
Other non-current assets		**87,437**	85,906
		3,566,483	3,277,406
Current assets			
Properties under development and for sale		**394,921**	378,493
Inventories		**71,110**	57,605
Debtors and prepayments	14	**431,751**	382,527
Portfolio investments		**493,283**	264,514
Derivative financial instruments	15	**4,410**	3,510
Cash and bank balances		**2,196,769**	829,716
		3,592,244	1,916,365
Assets held for sale		**—**	406,232
		3,592,244	2,322,597
Total assets		**7,158,727**	5,600,003

US$'000	Note	30th June 2007	31st December 2006
EQUITY			
Equity holders			
Share capital	16	**62,579**	62,579
Reserves	17	**4,317,051**	2,664,627
		4,379,630	2,727,206
Minority interests		**13,607**	12,827
Total equity		**4,393,237**	2,740,033
LIABILITIES			
Non-current liabilities			
Borrowings	19	**1,850,346**	1,870,890
Deferred taxation liabilities		**35,691**	33,996
Pension and retirement liabilities		**10,315**	10,305
		1,896,352	1,915,191
Current liabilities			
Creditors and accruals	18	**615,781**	560,535
Derivative financial instruments	15	**4,322**	715
Borrowings	19	**201,816**	197,908
Current taxation		**47,219**	6,629
		869,138	765,787
Liabilities directly associated with assets classified as held for sale		**—**	178,992
		869,138	944,779
Total liabilities		**2,765,490**	2,859,970
Total equity and liabilities		**7,158,727**	5,600,003
Net current assets		**2,723,106**	1,377,818
Total assets less current liabilities		**6,289,589**	4,655,224

C C Tung
Nicholas D Sims
Directors

Consolidated Cash Flow Statement (unaudited)

For The Six Months Ended 30th June 2007

US$'000	Note	2007	2006
Cash flows from operating activities			
Cash generated from operations		**265,310**	106,045
Interest paid		**(16,704)**	(15,101)
Interest element of finance lease rental payments		**(26,648)**	(22,166)
Dividend on preference shares		**(4,626)**	(5,293)
Hong Kong profits tax paid		**(481)**	—
Overseas tax paid		**(58,918)**	(19,797)
Net cash from operating activities		**157,933**	43,688
Cash flows from investing activities			
Sale of property, plant and equipment		**32,130**	9,949
Sale of available-for-sale financial assets		**4,542**	424
Purchase of property, plant and equipment		**(328,621)**	(145,864)
Purchase of available-for-sale financial assets		**(14)**	(54)
(Increase)/decrease in portfolio investments		**(228,769)**	9,732
Investment in an associated company		**(1,227)**	(7,000)
Disposal of subsidiaries	23	**2,298,266**	—
Decrease/(increase) in amounts due by jointly controlled entities		**359**	(550)
(Increase)/decrease in bank deposits maturing more than three months from the date of placement		**(8,216)**	10,095
Purchase of intangible assets		**(7,270)**	(8,505)
(Increase)/decrease in other non-current assets		**(1,531)**	7,466
Interest received		**57,318**	27,035
Income from available-for-sale financial assets		**18**	17
Dividends received from portfolio investments		**233**	786
Dividends received from jointly controlled entities		**2,543**	1,030
Net cash from/(used in) investing activities		**1,819,761**	(95,439)

US$'000	Note	2007	2006
Cash flows from financing activities			
New loans		**40,146**	84,558
Repayment of loans		**(47,445)**	(71,958)
Redemption of preference shares		**(9,680)**	(9,237)
Capital element of finance lease rental payments		**(44,969)**	(28,722)
Contribution from minority interests		**—**	4,000
Dividends paid to shareholders		**(575,373)**	(94,031)
Dividend paid to minority interests		**—**	(253)
Net cash used in financing activities		**(637,321)**	(115,643)
Net increase/(decrease) in cash and cash equivalents		**1,340,373**	(167,394)
Cash and cash equivalents at beginning of period		**810,903**	947,370
Currency translation adjustments		**8,651**	8,824
Cash and cash equivalents at end of period		**2,159,927**	788,800
Analysis of cash and cash equivalents			
Bank balances and deposits maturing within three months			
from the date of placement		**2,160,033**	788,952
Overdrafts		**(106)**	(152)
		2,159,927	788,800

Consolidated Statement of Changes in Equity (unaudited)

For The Six Months Ended 30th June 2007

	Equity holders				
US$'000	Share capital	Reserves	Sub-total	Minority interests	Total
At 31st December 2006	62,579	2,664,627	2,727,206	12,827	2,740,033
Currency translation adjustments	—	11,388	11,388	347	11,735
Change in fair value	—	2,349	2,349	—	2,349
Asset revaluation reserve realised	—	(2,250)	(2,250)	—	(2,250)
Profit for the period	—	2,216,310	2,216,310	433	2,216,743
2006 final dividend	—	(75,049)	(75,049)	—	(75,049)
2006 special dividend	—	(500,324)	(500,324)	—	(500,324)
At 30th June 2007	**62,579**	**4,317,051**	**4,379,630**	**13,607**	**4,393,237**
At 31st December 2005	62,579	2,221,751	2,284,330	8,129	2,292,459
Currency translation adjustments	—	9,142	9,142	113	9,255
Change in fair value	—	2,921	2,921	—	2,921
Profit for the period	—	280,500	280,500	56	280,556
2005 final dividend	—	(94,031)	(94,031)	—	(94,031)
Contribution from minority interests	—	—	—	4,000	4,000
Dividend paid to minority interests	—	—	—	(253)	(253)
At 30th June 2006	62,579	2,420,283	2,482,862	12,045	2,494,907

Notes to the Interim Financial Information

1. General Information

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

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

In November 2006, the Group entered into a Stock Purchase Agreement to dispose of its 100% interest in TSI Terminal Systems Inc, Consolidated (Terminal Holdings) Limited and Global Terminal & Container Services Inc (collectively referred to as the "Disposal Group") to 0775150 B.C. Ltd and 2119601 Ontario Limited, being newly-formed subsidiaries of Ontario Teachers' Pension Plan Board for a gross consideration of US$2.35 billion, receivable in cash. The transaction was completed in two phases in January 2007 and June 2007, respectively. After transaction costs and tax, the post-tax gain arising on the disposal was US$1.98 billion, which had been recognised in the consolidated profit and loss account for the six months ended 30th June 2007.

An analysis of the results, cash flows and assets and liabilities of the Disposal Group is presented in notes 10 and 23.

This condensed consolidated interim financial information was approved by the Board of Directors on 3rd August 2007.

2. Basis of Preparation

The interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties, 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 2006.

The adoption of new / revised HKFRS

In 2007, the Group adopted the new standard, amendment and interpretations of Hong Kong Financial Reporting Standards ("HKFRS") below, which are relevant to its operations.

HKAS 1 (Amendment)	Presentation of Financial Statements : Capital Disclosures
HK (IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK (IFRIC) – Int 10	Interim Reporting and Impairment
HKFRS 7	Financial Instruments : Disclosures

The Group has assessed the impact of the adoption of these new standard, amendment 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, whereas the adoption of HKAS 1 (Amendment) and HKFRS 7 requires additional disclosures to be made in the annual consolidated accounts.

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 2006.

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 2006.

5. Revenue

US$'000	2007	2006
Container transport and logistics	**2,501,266**	2,160,046
Property investment and development	**12,984**	17,090
	2,514,250	2,177,136

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

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

6. Operating Profit

US$'000	2007 Continuing operations	2007 Discontinued operation	2006 Continuing operations	2006 Discontinued operation
Operating profit is arrived at after crediting :				
Interest income from banks	**56,495**	**188**	21,143	793
Gross rental income from an investment property	**12,820**	**—**	11,803	—
Profit on disposal of property, plant and equipment	**2,806**	**—**	5,396	716
Profit on disposal of available-for-sale financial assets	**2,344**	**—**	26	—
Gain on foreign exchange forward contracts	**900**	**—**	5,584	—
Portfolio investment income	**12,539**	**—**	9,115	—
Exchange gain	**4,720**	**—**	—	—
and after charging :				
Depreciation				
Owned assets	**60,810**	**1,867**	57,517	8,728
Leased assets	**21,370**	**—**	14,839	4,907
Operating lease rental expense				
Vessels and equipment	**255,438**	**—**	222,601	—
Land and buildings	**11,037**	**—**	10,941	13,330
Rental outgoings in respect of an investment property	**5,197**	**—**	4,739	—
Exchange loss	**—**	**—**	1,061	—
Loss on interest rate swap contracts	**3,607**	**—**	5,536	—
Amortisation of intangible assets	**1,456**	**—**	1,430	435
Amortisation of prepayments of lease premiums	**856**	**—**	773	207

7. Key Management Compensation

US$'000	2007	2006
Salaries and other short-term employee benefits	**8,939**	10,415
Pension costs - defined contribution plans	**568**	1,001
	9,507	11,416

8. Finance Costs

US$'000	2007	2006
Interest expense	**(50,070)**	(35,077)
Amount capitalised under assets	**8,515**	7,634
Net interest expense	**(41,555)**	(27,443)
Dividend on preference shares	**(2,294)**	(2,624)
	(43,849)	(30,067)

9. Taxation

US$'000	2007	2006
Current taxation		
Hong Kong profits tax	**(66)**	(768)
Overseas taxation	**(13,688)**	(20,698)
	(13,754)	(21,466)
Deferred taxation		
Hong Kong profits tax	**(615)**	(253)
Overseas taxation	**(9,894)**	3,747
	(24,263)	(17,972)

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 6% to 52% (2006: 8% to 52%) and the rate applicable for Hong Kong profits tax is 17.5% (2006: 17.5%).

10. Discontinued Operation

An analysis of the results and cash flows of the Disposal Group is as follows :

US$'000		2007	2006
(i)	**Results**		
	Revenue	**53,387**	235,204
	Operating costs	**(38,707)**	(170,839)
	Gross profit	**14,680**	64,365
	Other operating income	**188**	1,509
	Other operating expenses	**(5,004)**	(30,484)
	Operating profit	**9,864**	35,390
	Finance costs	**(748)**	(3,206)
	Profit before taxation	**9,116**	32,184
	Taxation	**(4,577)**	(12,657)
	Profit after taxation	**4,539**	19,527
	Gain on disposal of subsidiaries, net of tax (note 23)	**1,982,434**	—
	Profit from discontinued operation	**1,986,973**	19,527

Gain on disposal of subsidiaries is stated after deducting estimated capital gain tax of US$84.1 million.

		2007	2006
(ii)	**Cash flows**		
	Operating cash flows	**7,171**	19,722
	Investing cash flows	**(4,212)**	(28,031)
	Financing cash flows	**(2,578)**	(1,397)
	Total cash flows	**381**	(9,706)

11. Interim Dividend

The Board of Directors declares an interim dividend of US9.5 cents per ordinary share for 2007 (2006: US11 cents). In addition, the Board of Directors proposes a special dividend of US80 cents per ordinary share as a result of the disposal of the Group's Terminal Division.

At a meeting held on 9th March 2007, the Directors proposed a final dividend and a special dividend of US12 cents and US80 cents respectively per ordinary share amounting to US$75,049,000 and US$500,324,000 for the year ended 31st December 2006, which was paid on 7th May 2007 and have been reflected as appropriations of retained profit for the six months ended 30th June 2007.

12. Earnings Per Ordinary Share

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

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

	2007	2006
Number of ordinary shares in issue (thousands)	**625,793**	625,793
Group's profit from continuing operations attributable to equity holders (US$'000)	**229,337**	260,973
Earnings per share from continuing operations (US cents)	**36.7**	41.7
Profit from discontinued operation attributable to equity holders (US$'000)	**1,986,973**	19,527
Earnings per share from discontinued operation (US cents)	**317.5**	3.1

13. Capital Expenditure

US$'000	Property, plant and equipment	Investment property	Prepayments of lease premiums	Intangible assets	Total
Net book amounts :					
At 31st December 2006	2,777,004	200,000	5,416	29,363	3,011,783
Currency translation adjustments	1,190	—	80	1	1,271
Fair value gain	—	25,000	—	—	25,000
Additions	380,380	—	—	7,270	387,650
Disposals	(29,324)	—	—	—	(29,324)
Depreciation and amortisation	(82,180)	—	(158)	(1,456)	(83,794)
At 30th June 2007	**3,047,070**	**225,000**	**5,338**	**35,178**	**3,312,586**
At 31st December 2005	2,593,946	100,000	7,787	21,030	2,722,763
Currency translation adjustments	6,455	—	314	134	6,903
Fair value gain	—	75,000	—	—	75,000
Additions	152,772	—	—	8,505	161,277
Disposals	(3,837)	—	—	—	(3,837)
Depreciation and amortisation	(85,991)	—	(350)	(1,865)	(88,206)
At 30th June 2006	2,663,345	175,000	7,751	27,804	2,873,900
Currency translation adjustments	(4,914)	—	(199)	(85)	(5,198)
Fair value gain	—	25,000	—	7,329	32,329
Additions	464,328	—	194	—	464,522
Classified as assets held for sale	(243,894)	—	(1,870)	(4,300)	(250,064)
Disposals	(9,091)	—	(100)	—	(9,191)
Depreciation and amortisation	(92,770)	—	(360)	(1,385)	(94,515)
At 31st December 2006	2,777,004	200,000	5,416	29,363	3,011,783

14. Debtors and Prepayments

US$'000	30th June 2007	31st December 2006
Trade receivables	**307,986**	260,003
Less : Provision for impairment	**(5,191)**	(4,939)
Trade receivables - net	**302,795**	255,064
Other debtors	**53,217**	56,594
Prepayments	**60,580**	50,488
Utility and other deposits	**4,268**	3,272
Tax recoverable	**10,891**	17,109
	431,751	382,527

Trade receivables of US$267.1 million (2006: US$223.0 million) were assigned to a third party trustee company which holds these receivables in favour of the Group and an independent third party sponsored by a bank. Under the arrangement, trade receivables of US$110.0 million (2006: US$110.0 million) held in the trustee company were securities for a loan of US$100.0 million (2006: US$100.0 million).

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 2007	31st December 2006
Below one month	**280,086**	227,635
Two to three months	**21,586**	21,841
Four to six months	**1,021**	4,212
Over six months	**102**	1,376
	302,795	255,064

15. Derivative Financial Instruments

US$'000	30th June 2007	31st December 2006
Assets / (liabilities)		
Foreign exchange forward contracts	**4,410**	3,510
Interest rate swap contracts	**(4,322)**	(715)

16. Share Capital

US$'000	30th June 2007	31st December 2006
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 (2006: 625,793,297) ordinary shares of US$0.10 each	**62,579**	62,579

17. Reserves

				Asset revaluation reserve				
					Available-	Foreign		
			Capital		for-sale	exchange		
	Share	Contributed	redemption		financial	translation	Retained	
US$'000	premium	surplus	reserve	Vessels	assets	reserve	profit	Total
At 31st December 2006	172,457	88,547	4,696	9,948	12,711	(21,097)	2,397,365	2,664,627
Currency translation adjustments								
Group	—	—	—	—	—	9,605	—	9,605
Jointly controlled entities	—	—	—	—	—	1,783	—	1,783
Change in fair value	—	—	—	—	2,349	—	—	2,349
Asset revaluation reserve realised	—	—	—	—	(2,250)	—	—	(2,250)
Profit for the period	—	—	—	—	—	—	2,216,310	2,216,310
2006 final dividend	—	—	—	—	—	—	(75,049)	(75,049)
2006 special dividend	—	—	—	—	—	—	(500,324)	(500,324)
At 30th June 2007	**172,457**	**88,547**	**4,696**	**9,948**	**12,810**	**(9,709)**	**4,038,302**	**4,317,051**
At 31st December 2005	172,457	88,547	4,696	9,948	3,134	(36,763)	1,979,732	2,221,751
Currency translation adjustments								
Group	—	—	—	—	—	9,095	—	9,095
Jointly controlled entities	—	—	—	—	—	47	—	47
Change in fair value	—	—	—	—	2,921	—	—	2,921
Profit for the period	—	—	—	—	—	—	280,500	280,500
2005 final dividend	—	—	—	—	—	—	(94,031)	(94,031)
At 30th June 2006	172,457	88,547	4,696	9,948	6,055	(27,621)	2,166,201	2,420,283
Currency translation adjustments								
Group	—	—	—	—	—	5,129	—	5,129
Jointly controlled entities	—	—	—	—	—	1,395	—	1,395
Change in fair value	—	—	—	—	6,656	—	—	6,656
Profit for the period	—	—	—	—	—	—	300,103	300,103
2006 interim dividend	—	—	—	—	—	—	(68,939)	(68,939)
At 31st December 2006	172,457	88,547	4,696	9,948	12,711	(21,097)	2,397,365	2,664,627

18. Creditors and Accruals

US$'000	30th June 2007	31st December 2006
Trade payables	**177,987**	139,327
Other creditors	**56,604**	69,916
Accrued expenses	**343,374**	320,751
Deferred revenue	**37,816**	30,541
	615,781	560,535

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

US$'000	30th June 2007	31st December 2006
Below one month	**146,165**	87,770
Two to three months	**27,774**	48,554
Four to six months	**3,733**	1,605
Over six months	**315**	1,398
	177,987	139,327

19. Borrowings

US$'000	30th June 2007	31st December 2006
Non-current		
Bank loans, secured	**423,987**	468,859
Other loans, secured	**100,206**	100,436
Loans from minority interests		
- secured	**35,253**	37,735
- unsecured	**31,384**	—
Redeemable preference shares and premium	**45,689**	55,834
Finance lease obligations	**1,213,827**	1,208,026
	1,850,346	1,870,890
Current		
Bank overdrafts, unsecured	**106**	147
Bank loans		
- secured	**129,402**	123,195
- unsecured	**3,939**	3,842
Other loans, secured	**456**	460
Loans from minority interests		
- secured	**4,963**	2,481
- unsecured	**4,823**	4,704
Redeemable preference shares and premium	**10,145**	9,680
Finance lease obligations	**47,982**	53,399
	201,816	197,908
Total borrowings	**2,052,162**	2,068,798

20. Commitments

(a) Capital commitments

US$'000	30th June 2007	31st December 2006
Contracted but not provided for		
Continuing operations	**928,555**	634,981
Discontinued operation	**—**	23,855
	928,555	658,836
Authorised but not contracted for		
Continuing operations	**40,556**	235,494
Discontinued operation	**—**	120,395
	40,556	355,889
	969,111	1,014,725

20. 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 2007			
2007/08	**330,312**	**19,930**	**350,242**
2008/09	**244,594**	**11,632**	**256,226**
2009/10	**132,389**	**8,143**	**140,532**
2010/11	**104,727**	**5,766**	**110,493**
2011/12	**73,460**	**2,275**	**75,735**
2012/13 onwards	**639,646**	**3,165**	**642,811**
	1,525,128	**50,911**	**1,576,039**
As at 31st December 2006 *			
2007	293,667	48,521	342,188
2008	240,205	44,509	284,714
2009	168,128	38,813	206,941
2010	110,157	46,065	156,222
2011	86,586	44,816	131,402
2012 onwards	674,554	1,648,319	2,322,873
	1,573,297	1,871,043	3,444,340

* Includes US$1,816,801,000 in respect of discontinued operation.

21. Financial Guarantees

The Group has given corporate guarantee of approximately US$43.1 million (2006: US$43.1 million) in respect of bank loan facilities extended to an investee company. At 30th June 2007, the amount utilised by the investee company is US$26.5 million (2006: US$32.5 million).

The Directors consider that the investee company is financially resourceful in settling the obligations.

22. Segment Information

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

Unallocated assets under business segment reporting primarily include portfolio investments, derivative financial instruments, deferred taxation assets, tax recoverable, restricted bank balances and cash and bank balances. While unallocated segment liabilities include borrowings, derivative financial instruments, current and deferred taxation liabilities.

22. Segment Information (Continued)

Business segments

The segment results for the six months ended 30th June 2007 are as follows:

US$'000	Continuing operations: Container transport and logistics	Continuing operations: Property investment and development	Continuing operations: Unallocated	Continuing operations: Elimination	Continuing operations: Sub-total	Discontinued operation: Terminal	Elimination	Group
Turnover	2,501,266	13,448	—	(464)	2,514,250	53,387	(5,773)	**2,561,864**
Operating profit	205,389	32,595	60,431	—	298,415	9,864	—	**308,279**
Finance costs					(43,849)	(748)	—	**(44,597)**
Share of profits less losses of jointly controlled entities					1,633	—	—	**1,633**
Share of losses of associated companies					(2,166)	—	—	**(2,166)**
Profit before taxation					254,033	9,116	—	**263,149**
Taxation					(24,263)	(4,577)	—	**(28,840)**
Profit after taxation					229,770	4,539	—	**234,309**
Gain on disposal of subsidiaries					—	1,982,434	—	**1,982,434**
Profit for the period					229,770	1,986,973	—	**2,216,743**
Capital expenditure	387,623	27	—	—	387,650	4,400	—	**392,050**
Depreciation	82,135	45	—	—	82,180	1,867	—	**84,047**
Amortisation	1,614	698	—	—	2,312	—	—	**2,312**

22. Segment Information (Continued)

Business segments (Continued)

The segment results for the six months ended 30th June 2006 are as follows :

US$'000	Continuing operations: Container transport and logistics	Continuing operations: Property investment and development	Continuing operations: Unallocated	Continuing operations: Elimination	Continuing operations: Sub-total	Discontinued operation: Terminal	Elimination	Group
Turnover	2,160,046	17,422	—	(332)	2,177,136	235,204	(26,000)	2,386,340
Operating profit	201,431	80,608	24,721	—	306,760	35,390	—	342,150
Finance costs					(30,067)	(3,206)	—	(33,273)
Share of profits less losses of jointly controlled entities					2,345	—	—	2,345
Share of loss of an associated company					(37)	—	—	(37)
Profit before taxation					279,001	32,184	—	311,185
Taxation					(17,972)	(12,657)	—	(30,629)
Profit for the period					261,029	19,527	—	280,556
Capital expenditure	131,399	74	—	—	131,473	29,804	—	161,277
Depreciation	72,162	194	—	—	72,356	13,635	—	85,991
Amortisation	1,573	630	—	—	2,203	642	—	2,845

22. Segment Information (Continued)

Business segments (Continued)

The segment assets and liabilities as at 30th June 2007 are as follows:

US$'000	Container transport and logistics	Property investment and development	Unallocated	Group
As at 30th June 2007				
Segment assets				
Property, plant and equipment	3,046,778	292	—	**3,047,070**
Jointly controlled entities	3,839	17,483	—	**21,322**
Associated companies	41,921	—	—	**41,921**
Other assets	528,836	738,081	2,781,497	**4,048,414**
Total assets	3,621,374	755,856	2,781,497	**7,158,727**
Segment liabilities				
Creditors and accruals	(598,348)	(16,484)	(949)	**(615,781)**
Other liabilities	(10,315)	—	(2,139,394)	**(2,149,709)**
Total liabilities	(608,663)	(16,484)	(2,140,343)	**(2,765,490)**
As at 31st December 2006				
Segment assets				
Property, plant and equipment	2,776,703	301	—	2,777,004
Jointly controlled entities	3,391	18,457	—	21,848
Associated companies	41,820	—	—	41,820
Assets held for sale	—	—	406,232	406,232
Other assets	462,716	685,553	1,204,830	2,353,099
Total assets	3,284,630	704,311	1,611,062	5,600,003
Segment liabilities				
Creditors and accruals	(544,002)	(15,330)	(1,203)	(560,535)
Liabilities directly associated with assets classified as held for sale	—	—	(178,992)	(178,992)
Other liabilities	(10,305)	—	(2,110,138)	(2,120,443)
Total liabilities	(554,307)	(15,330)	(2,290,333)	(2,859,970)

22. Segment Information (Continued)

Geographical segments

The Group's two business segments operate in four main geographical areas, even though they are managed on a worldwide basis.

US$'000	Turnover	Operating profit /(loss)	Capital expenditure
Six months ended 30th June 2007			
Asia	1,721,949	3,674	5,738
North America	388,822	30,868	10,837
Europe	356,874	322	439
Australia	46,605	(217)	12
Unallocated*	—	263,768	370,624
	2,514,250	298,415	387,650
Discontinued operation	53,387	9,864	4,400
Elimination	(5,773)	—	—
	2,561,864	**308,279**	**392,050**
Six months ended 30th June 2006			
Asia	1,464,735	1,131	14,047
North America	400,304	83,599	12,022
Europe	257,286	—	460
Australia	54,811	—	258
Unallocated*	—	222,030	104,686
	2,177,136	306,760	131,473
Discontinued operation	235,204	35,390	29,804
Elimination	(26,000)	—	—
	2,386,340	342,150	161,277

22. Segment Information (Continued)

Geographical segments (Continued)

US$'000	30th June 2007	31st December 2006
Total assets		
Asia	**693,190**	656,040
North America	**359,962**	322,090
Europe	**42,324**	28,546
Australia	**696**	823
Unallocated*	**6,062,555**	4,186,272
	7,158,727	5,193,771
Assets held for sale	**—**	406,232
	7,158,727	5,600,003

* Operating profit comprises results from container transport and logistics and investment activities. Whereas total assets mainly comprise vessels, containers, intangible assets, portfolio investments, derivative financial instruments, inventories, deferred taxation assets, tax recoverable, restricted bank balances and cash and bank balances while capital expenditure comprises additions to vessels, containers and intangible assets.

23. Disposal of subsidiaries

US$'000	2007	2006
Net assets disposed		
Property, plant and equipment	246,427	—
Other non-current assets	14,860	—
Debtors and prepayments	74,749	—
Amounts receivable from group companies	9,895	—
Cash and bank balances	62,699	—
Borrowings	(97,599)	—
Other non-current liabilities	(22,927)	—
Creditors and accruals	(45,044)	—
Amounts payable to group companies	(2,207)	—
Current taxation	(9,074)	—
	231,779	—
Profit on disposal, net of tax	1,982,434	—
Taxation	84,053	—
Cash consideration, net	2,298,266	—