Interim Report 2009

Orient Overseas (International) Limited

(Incorporated in Bermuda with Limited Liability)

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(Incorporated in Bermuda with Limited Liability)
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Contents

Statement to Shareholders from the Chairman

Market conditions in the first six months of 2009 have been extraordinarily difficult for our core business of Container Transportation and Logistics, resulting in a trading loss for the Group for the half year. Recessionary economic conditions in OECD countries have affected demand for consumer goods and semi-finished goods globally, while excess capacity in the container shipping industry has seen freight rates fall to levels that at times failed to cover voyage costs.

Our property development division continued to progress with a revised development schedule reflecting anticipated market conditions and the Group's maintenance of a strong financial position through the global economic downturn and protracted period of difficult conditions for the container shipping operation.

INTERIM RESULT

Orient Overseas (International) Limited and its subsidiaries (the "Group") recorded a loss after tax and minority interests attributable to shareholders of US$231.8 million for the six month period ended 30th June 2009.

Loss per ordinary share for the first half of 2009 was US37.0 cents, whereas earnings per ordinary share for the first half of 2008 were US25.3 cents.

DIVIDEND

The Board of Directors has decided that there will be no interim dividend for 2009. The suspension of the interim dividend reflects the lack of profitability for the first half of the year and is consistent with the Group's efforts in preserving capital and minimising cash out flows given the poor trading outlook.

The Board of Directors will consider a final dividend for the full year 2009 as performance and future business prospects dictate.

CONTAINER TRANSPORT AND LOGISTICS

The core international container transport and logistics business of the Group, "OOCL" reported an operating loss of US$196.6 million for the first six months of the year, a 412.3 million decrease on the result reported for the first half of 2008.

The unprecedented contraction in market volume, and intense pressure on freight rates, saw OOCL's freight revenue decline 37.2% year-on-year for the first half of 2009. Low demand following the acute deterioration in the global economy saw OOCL's total liftings reduce by 17.2% compared to last year. We have experienced a reduction in demand across all trades limiting our ability to re-allocate capacity further. Volume growth between the first and second quarters of this year was particularly disappointing, and does not bode well for the remainder of the year.

Reduced demand, continued new-build deliveries, and limited capacity reduction through lay-ups, have seen further deterioration in market freight rates. Financial stress within the industry due to the low prevailing rates is already evident. While some reduction of services and limited removal of capacity have occurred, market rates remain unprofitable and in many cases fail to cover even variable cost.

In anticipation of the deterioration in market conditions, OOCL has continued to tightly manage its capacity and controllable costs, and to minimise cash outflow. We are reducing capacity through lay-bys and redelivery of chartered-in vessels to owners. Reductions in vendor and service-provider charges have been sought and in a number of cases charter rates for our remaining chartered-in vessels have been reduced.

We have pared capital expenditure to a minimum for 2009. While all items of expenditure have been reviewed, OOCL remains committed to its investment in IT. Together with our investment in our people, information technology remains key to delivering superior customer services, revenue maximisation and cost control.

PROPERTY INVESTMENT AND DEVELOPMENT

Our New York and Beijing investment properties are performing in line with expectations in terms of operating results. While the carrying value of Wall Street Plaza has been reduced by a further US$15 million to US$160 million reflecting the weaker property market in lower Manhattan, occupancy and rentals for the building remain acceptable.

The Hilton Double-Tree Hotel in Kunshan opened in January this year. While initial occupancy levels have been disappointing, we expect better operating performance as the economic recovery gathers momentum and business conditions for the surrounding community improve.

With the Shanghai residential market having firmed in the first half of the year, our residential development projects are our primary focus. Despite China experiencing lower economic growth in 2009, the longer term outlook for office, retail and hotel sectors remains satisfactory and we believe it will strengthen with the economy. Planning and approval work on all projects continues with expected completion dates realigned to our view of future market conditions.

Given the location, quality, mix, expected timing of completion and our ability to phase sales to meet market demand, we remain confident that the existing projects will contribute significantly to Group profits as they come to fruition.

CORPORATE SOCIAL RESPONSIBILITY

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

OUTLOOK

With industry capacity continuing to increase, and continued weakness in US and European economies, I expect trading conditions for the remainder of the year to remain difficult. While there are signs that the worst of the downturn may be behind us, a rebound in the global economy is expected to be subdued.

Sentiment should improve as the rate of slowdown abates, but higher levels of consumer consumption may take longer to emerge. The traditional peak season in the third quarter is likely to be relatively muted, though upside exists should European and especially United States retailers restock ahead of the festive season.

Cost pressures will continue with energy prices having crept up again over the course of the second quarter, and repositioning costs having increased with lower backhaul volumes. Despite competitive conditions remaining intense, we are seeking an improvement in freight revenues with our recently announced rate restorations.

While 2009 is shaping up to be one of the worst ever experienced in container shipping, the industry is highly cyclical and global trade volumes will pick-up as the global economic recovery takes hold.

We will be well positioned for the eventual upswing through management of our fleet capacity and its deployment, and through our intense focus on costs. We have financing in place for all of our new vessels delivering over the remainder of 2009 and into 2010. Our customer base remains solid and operationally we remain sound, supported by our ongoing investment in information technology.

While the result for the first half of the year has been disappointing and the outlook for the remainder of the year and into 2010 remains challenging, the eventual pick-up in demand as the global economy recovers will improve industry dynamics. Positive sentiment should see freight rates rise, and global trade volume growth will redress the current supply/demand imbalance. I am therefore confident that the global container shipping industry will return to health as the global economy begins to recover in earnest.

C C Tung
Chairman
Hong Kong, 6th August 2009

Management Discussion and Analysis

ANALYSIS OF RESULTS

For the first six months of 2009 Orient Overseas (International) Limited and its subsidiaries (the "Group") recorded a net loss before tax of US$222.7 million including a US$15 million negative revaluation of Wall Street Plaza. This is a US$398.3 million reduction compared to the profit before tax of US$175.6 million for the corresponding period of 2008, which included a US$10 million negative revaluation of Wall Street Plaza in that period.

OOIL INTERIM RESULTS ANALYSIS

US$'000	2009	2008
Profit/(Loss) from Operating Activities		
– Container Transport and Logistics	**(196,636)**	215,650
– Property Investment and Development	**(5,114)**	5,894
– Unallocated	**15,111**	6,076
Total Operating Profit/(Loss) Excluding Property Revaluation	**(186,639)**	227,620
Revaluation of Wall Street Plaza	**(15,000)**	(10,000)
Total Operating Profit/(Loss)	**(201,639)**	217,620
Finance Costs and Other Items	**(21,045)**	(42,029)
Profit/(Loss) Before Tax for the Period Ended 30th June	**(222,684)**	175,591
Taxation	**(8,382)**	(15,626)
Minority Interests	**(782)**	(1,715)
Profit/(Loss) Attributable to Shareholders	**(231,848)**	158,250

The Total Operating Loss excluding the revaluation of Wall Street Plaza of US$186.6 million was US$414.2 million down as compared to the first half of 2008. This loss arose from the difficult trading conditions faced by our Container Transport and Logistics business. That business incurred an operating loss of US$196.6 million for the first half of 2009 compared to a profit of US$215.7 million for the equivalent 2008 period.

The Property Investment and Development division also reported a loss for the first half of 2009 with no income from sales of properties to offset operating overheads. Unallocated Operating Profit, primarily being earnings from our portfolio and treasury functions associated with managing our liquid assets, was higher in the first six months of 2009 compared to the first half of 2008. The increase was due to the improved performance of our investment portfolio.

ORIENT OVERSEAS CONTAINER LINE

The deterioration in the performance of our Container Transport and Logistics operations was a result of dramatically reduced revenue as business volumes suffered across all trade lines. With the United States and other OECD countries officially in recession during the period, freight rates and volumes continued the decline that started at the end of last year. The continued delivery of new-build capacity into the market aggravated the supply/demand imbalance in the industry despite many carriers suspending services and laying-up vessels.

While we also achieved capacity reduction through lay-bys, return of chartered vessels and operational realignments, our load factor nevertheless deteriorated with inadequate volume available at acceptable rates.

The company has undertaken an extensive cost review and reduction exercise during the half year. A number of partially controllable costs such as charter hire expense, equipment expense and other operating costs were trimmed but the bulk of the business' expense base is largely fixed on a per TEU basis for the existing scope of activity.

While there was relief from the high bunker fuel prices experienced last year, this was partly offset as revenue from the Bunker Adjustment Factor also reduced. While in past years the increase in energy costs also hit us indirectly through the cost of third-party services, including terminal handling, rail, and trucking, those costs have not reduced as much as expected given declines in oil prices and throughput volumes declined.

Group turnover for the six months ended 30th June 2009 was US$2,066.8 million, a decrease of US$1,136.9 million or 35.5% as compared with the corresponding period of 2008. OOCL accounted for 99% of Group turnover, and had liner and logistics revenue of US$2,053.3 million for the first six months of 2009 being a US$1,122.4 million decrease over that in the 2008 half year. Both volume and rate declines contributed to the decline in revenue.

By 30th June, OOCL had been able to reduce capacity by approximately 14% compared to the end of December. Capacity reduction came from redelivery of chartered vessels at maturity in the first half of this year, and from operational adjustments.

With a dramatic fall in demand in January and ongoing weakness in consumer demand particularly in OECD countries as economies moved to recessionary conditions all trades have been affected. As a consequence, OOCL's total liftings decreased by 17.2%, and overall revenue per TEU declined by 24.1%, versus the 2008 half-year period.

ORIENT OVERSEAS CONTAINER LINE

	CURRENT QUARTER			YEAR-TO-DATE		
	Q2 2009	Q2 2008	*change*	**1H 2009**	1H 2008	*change*
LIFTINGS *(TEU'S)* :						
Trans-Pacific	**279,589**	331,248	*- 15.6%*	**558,966**	660,744	*- 15.4%*
Asia / Europe	**170,614**	213,821	*- 20.2%*	**334,914**	405,725	*- 17.5%*
Trans-Atlantic	**84,219**	108,194	*- 22.2%*	**169,597**	207,907	*- 18.4%*
Intra-Asia / Australasia	**486,413**	603,001	*- 19.3%*	**935,520**	1,141,037	*- 18.0%*
TOTAL ALL SERVICES	**1,020,835**	1,256,264	*- 18.7%*	**1,998,997**	2,415,413	*- 17.2%*
TOTAL REVENUES *(USD 000'S)* :						
Trans-Pacific	**343,822**	543,102	*- 36.7%*	**753,802**	1,039,700	*- 27.5%*
Asia / Europe	**142,623**	367,440	*- 61.2%*	**292,442**	710,961	*- 58.9%*
Trans-Atlantic	**114,140**	186,792	*- 38.9%*	**245,293**	355,747	*- 31.0%*
Intra-Asia / Australasia	**268,985**	418,817	*- 35.8%*	**532,200**	797,049	*- 33.2%*
TOTAL ALL SERVICES	**869,570**	1,516,151	*- 42.6%*	**1,823,737**	2,903,457	*- 37.2%*

Liftings decreased by 15.4% on our Trans-Pacific services compared with the corresponding period last year. Total revenue decreased by 27.5% and average revenues per TEU decreased 14.3% compared to the first half of 2008. Average revenue per TEU fell consistently for the first five months of the year showing some signs of stabilisation, albeit at an unsustainably low level in June. While some of the decline at the start of the year was attributable to the reduction in recovery of fuel costs as the Bunker Adjustment Factor declines with lower oil prices, the bulk of the decline came from reduced base rates. Market demand in the first quarter was below expectations, with market rates continuing the marked decline first experienced in December last year.

The recently completed annual Trans-Pacific service contract negotiations for Trans-Pacific have been at rates that reflect current market pricing. While contracted volumes are down on last year, this gives us greater exposure to any upside movement in spot rates. Some improvement in rates is expected in the second half of the year through our announced rate restoration, while demand conditions may pick up as retailers restock ahead of the festive season.

The global economic recession also saw liftings on our Asia - Europe services well down on 2008, with a 17.5% reduction on the equivalent period last year. Freight rates for these services decreased markedly as increased industry capacity competed for reduced demand volume. Average Revenue per TEU for the first half of the year was only 50% of what it was for the first half of 2008.

Some stabilisation of rate for Asia - Europe services occurred in the second quarter of this year. As with the Trans-Pacific trade, improvement in volumes in the second half through restocking by retailers is hoped for, while rate increases are being sought to lift these trades back to profitability.

While volumes on our Intra-Asia and Australasia services had held up well last year until the fourth quarter, the global slowdown saw liftings on those services down 18.0% for the first half of the year compared 2008. Revenue was down 33.2%, with average Revenue per TEU being down by 18.6% for the six months year-on-year, reflecting the competition for volume amongst carriers.

Our Trans-Atlantic services, which make up only 8.5% of our total liftings, also experienced reduced volume in the first half of 2009 compared to the first half of 2008. Volumes were down 18.4%, while revenue was down 31.0% due to the same pressure on freight rates experienced on other trades.

Bunker fuel prices have increased steadily from the US$240 per ton at the beginning of the year to US$400 per ton by the end of June. The majority of our freight contracts with longer term commitments remain subject to fuel price adjustments though recovery only partially covers actual cost. Despite capacity reductions, reduced load factors also increase the per TEU cost of bunker fuel.

VESSELS

During the first half of 2009 the Group took delivery of one more "P" Class 4,578 TEU Panamax size vessel, the *OOCL Norfolk*, from Samsung Heavy Industries Co. Ltd. in South Korea. This was our first new-build delivery since April last year.

OOCL has a further nine "P" Class and four "SX" Class 8,063 TEU vessels to be delivered from Samsung through the remainder of 2009 and 2010. Committed financing for all these vessels is in place. Additionally we have six 8,600 TEU newbuild vessels from Hudong – Zhonghua Shipyard (Group) Co. Ltd. scheduled for delivery from late 2010 on. We remain confident that financing for these six ships will be available to us when we decide to seek it.

Adequate resources will continue to be reserved to ensure that the delivery of the vessels on order does not impose any undue financial burden upon the Group as a whole.

ORIENT OVERSEAS DEVELOPMENTS LTD ("OODL")

The Group's property development and investment activities are conducted under OODL. Our property development activities are focused in the Greater Shanghai and Greater Bohai (Beijing/Tianjin) areas of China. For property investment, we currently have three investments in properties, namely Wall Street Plaza in New York, Beijing Oriental Plaza in Beijing, and Kunshan Huaqiao Double Tree by Hilton in Jiangsu Province, China.

Wall Street Plaza, our 100% owned investment property in the city of New York has continued to perform solidly despite deterioration in the Manhattan commercial property rental market. Real estate values in the United States are being impacted both by increasing unemployment (which has a direct impact on vacancy rates and rentals) and by the de-leveraging of US banks which impacts asset classes that rely on financing. The Manhattan office market began showing signs of weakness in the second quarter of 2008 and job losses in New York's financial services sector and associated industries are forecast to be 300,000 by the end of 2010. The overall Manhattan vacancy rate is now 10.5%, while for downtown Manhattan, where our building is located, the vacancy rate has increased from 7.4% a year ago to around 8.0%. Wall Street Plaza occupancy has increased from 90% at the start of the year to 94.1% currently. As at 30th June 2009, Wall Street Plaza was valued at US$160 million, a US$15 million reduction on the valuation as at 31st December 2008.

Beijing Oriental Plaza which we own 7.9%, is performing as forecast. While it continues to make reasonable profits at the project level, it is not expected to make a meaningful contribution to Group profitability in the near term.

In Kunshan, Jiangsu Province, the 399 room Double-Tree by Hilton hotel commenced operation in the first quarter of the year. The market during the initial opening phase has been unfavourable given the decline in activity levels experienced by businesses in the neighbouring areas and with intense competition from downtown Shanghai. The operating environment should improve as economic activity in the area recovers. We continue to believe that given the quality of the product, provision of conference and meeting facilities, and the location of the project, within 45 minutes from downtown Shanghai along the Naning/Suzhou/Kunshan/Shanghai economic corridor, the project outlook is favourable.

The near term focus of our property development activities in China continues to be on execution of existing projects. While we expect to be ready to launch presales of selected residential products in Kunshan and Shanghai by early 2010, we do not expect resumption of material earnings until 2011 onwards.

The range of projects under development is unchanged from the start of the year with no material disposals and no new sites or projects acquired in the first half of 2009. Given the condition of the market, we do not expect to complete any new acquisitions for the remainder of the year.

Expected completion dates remain subject to revision based on the market outlook. Given the overall environment, our residential developments will be our primary and immediate focus with timing for Shanghai projects having to factor in possible restrictions on construction ahead of and during the EXPO period next year.

Luwan Changle Lu Project is a project combining high-end residential units and a luxury hotel in downtown Shanghai with a total GFA of approximately 145,000 sqm. Piling for the hotel portion has been completed and basement construction for the residential portion will be completed in before year-end. The timetable for this project continues to be reviewed in the light of market conditions and potential temporary EXPO related restrictions on construction.

Changning Lu Project is a mixed used project in Shanghai with a total GFA of approximately 240,000 sqm. We have submitted a revised master layout plan to the local District Planning Bureau.

Pudong Nanmatou Project is a residential project in Pudong, Shanghai with a total GFA of approximately 100,000 sqm. We expect piling to commence in the second half of this year.

Hengshan Lu Project is a small commercial site in Xu Hui District, Shanghai with a total GFA of approximately 15,000 sqm. We expect to be making a formal submission of the master plan later this year.

In Kunshan Jiangsu Province, piling for the first phase of the Huaqiao Residential Project, consisting of 60,000 sqm of residential units, has been completed. The total project size is approximately 700,000 sqm including 70,000 sqm of commercial area. Given the size of the project, the overall timetable for the project is dependent upon forecast market conditions.

The Tianjin International Trade Centre Project is a 190,000 sqm GFA mixed used project in downtown Tianjin, China. We obtained land title in the first half of this year and master planning is now underway.

All of our development projects are capitalised in accordance with PRC regulatory requirements. We believe that given the current credit and market environment, the location of the projects, and our portfolio's overall competitive entry cost, we will be able to raise the necessary domestic financing facilities in accordance with our development timeframe.

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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June 2009, the Group had cash, bond and portfolio investment balances of US$1,666.5 million and a total indebtedness of US$2,390.6 million. Net debt as at 30th June 2008 was therefore US$724.1 million versus US$295 million as at the 2008 year-end. The increase in net debt has occurred due to a US$18.4 million net increase in gross debt and a US$410.6 million reduction in liquid assets. Liquid assets reduced due to the final payment being made for the Tianjin development site; progress payments on newbuild vessels on order; payment of the final dividend for 2008, and funding of operations in the first half of the year.

We expect the net debt position of the Group to increase over the remainder of the year with little net change in gross debt anticipated and a decrease in cash due to capital expenditure payments and additional funding of operations. The Group continues to have significant borrowing capacity and remains comfortably within its target of keeping its net debt to equity ratio below 1:1.

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

The liquid assets of the Group are predominantly cash deposits with a range of banks and with tenors from overnight to up to three months. The list of approved banks and exposure limits on each bank were reviewed again in the first half of the year in light of the ongoing losses in the banking industry.

Given the inherently volatile nature of shipping industry earnings and experience with fluctuations in asset values, the Group maintains a portion of its US$1.67 billion of liquid assets in a portfolio of longer tenor investments. The Group's investment portfolio of US$102.3 million as at 30th June 2009 comprised a mix of investment grade bonds, and Hong Kong listed equities.

CURRENCY EXPOSURE AND RELATED HEDGES

The Group's principal income is mainly comprised of freight revenues, receipts from terminal operations and rental income from investment properties, all of which are denominated in US dollars. Over 60% of cost items are also US-dollar based. Certain costs, such as terminal charges, transportation charges and administrative expenses for regional offices, are 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 95% of the Group's total liabilities are denominated in US dollars. The non-US dollar denominated liabilities are backed by an equivalent value of assets denominated in the respective local currency. Consequently, the risk of currency fluctuations affecting the Group's debt profile is effectively mitigated.

EMPLOYEE INFORMATION

As at 30th June 2009, the Group had 7,911 full-time employees. Salary and benefit levels are maintained at competitive levels and employees are rewarded on a performance-related basis within the general policy and framework of the Group's salary and discretionary bonus schemes. These schemes, based on the performance of the Company and the individual employee, are regularly reviewed. Other benefits are also provided including medical insurance and retirement funds. Social and recreational activities are arranged for our employees around the world. In support of the continuous development of individual employees, training and development programmes for each different level of employees are arranged.

ENVIRONMENTAL PROTECTION

OOIL recognises that businesses must take responsibility for their industry's effects on the environment. Our Group is dedicated to meeting the needs of the present without compromising those of the future. We encourage sustainable economic development through innovative environmental care measures.

We believe that by taking a proactive role in caring for the environment, we can help minimise our carbon footprint, as well as other harmful pollutants such as sulphur oxides (SOx), nitrogen oxides (NOx) and particulate matters, and make the world a better place to live for ourselves and future generations.

At OOCL, we encourage sustainable economic development through innovative and voluntary measures. We keep our environmental care website updated with relevant emissions figures and performance (www.oocl.com/eng/aboutoocl/Environmentalcare/) to raise awareness of our proactive role in caring for the environment.

The website is divided into three main sections:reducing emissions (CO2, NOx and SOx), promoting care for the environment and conserving resources. The three sections cover every aspect of OOCL's business, from on board our vessels, to terminals, containers, inside our offices and employee training.

Despite the current difficult operating environment, we believe that businesses around the world cannot afford to ignore the long-term threat of climate change to our planet, which will ultimately affect the communities where we live and work. Through membership of organisations such as the Climate Change Business Forum, Clean Cargo Working Group and World Wildlife Fund (WWF), the OOIL Group has demonstrated its commitment to tackling this problem in Hong Kong and in the regions where we operate.

OOCL voluntarily co-operates with many programs and standards around the world, and has received numerous awards and recognition for our achievements and quality practices in the first half of the year. In May, OOCL's environmental initiatives were featured in the Climate Change Business Forum "How to reduce emissions guide" which was the first guide of its kind, aimed at empowering businesses in Hong Kong to reduce their carbon footprint. OOCL Logistics was awarded an "Eco-Ship Mark" by the Japan Ministry of Land, Transport and Tourism. In the US, our logistics partner Baydelta Maritime commended OOCL for our environmental stewardship efforts.

During the first half of this year, we were proud to announce that for the third consecutive year, OOCL achieved a compliance level of 100% in voluntary vessel speed reduction under the Port of Long Beach Green Flag Incentive Program, and 100% compliance with the Port of Los Angeles Voluntary Speed Reduction Program for 2008.

SAFETY AND SECURITY

The Group has long been committed to the security of our operations against possible compromise and to the maintenance of the highest level of compliance in security-related areas. We fully recognise our responsibility to ensure the safety and integrity of all our employees, both on shore and at sea, of our managed ships, our customers' cargoes and our port facilities.

The Group's Corporate Security Policy and other internal guidelines comply with Customs-Trade Partnership Against Terrorism rules and regulations, and we work actively with various governments and other authorities worldwide in their efforts against any act that would impinge upon maritime or cargo security. Our Group meets the International Ship and Port Facility Security Code ("ISPS" Code), which ensures that security threats are detected and assessed, and that preventative measures are in place on our vessels and at our port facilities. In addition, to provide world-class quality and secure information to customers and partners, our Global Data Centre has achieved and maintained BS7799 certification, which is a code of practice for information security management.

Other Information

INTERIM DIVIDEND

The Directors do not recommend the payment of any dividend on the ordinary shares of the Company for the first six months of the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30th June 2009, the issued share capital of the Company consisted of 625,793,297 ordinary shares (the "Shares") and the interests and short positions of the Directors and the Chief Executive of the Company in the Shares, the underlying Shares and the debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name	Direct Interests	Other Interests	Total Number of Shares (Long Position)	Percentage
Tung Chee Chen	—	426,416,088 *(Notes 1 and 2)*	426,416,088	68.14%
Chang Tsann Rong Ernest	612,731	—	612,731	0.09%
Chow Philip Yiu Wah	133,100	7,000 *(Note 3)*	140,100	0.02%
Simon Murray	122,000	—	122,000	0.02%
Professor Wong Yue Chim Richard	—	500 *(Note 4)*	500	0.00008%

Notes:

1. Mr. Tung Chee Chen has an interest in a trust which, through Artson Global Limited ("Artson") as trustee, holds shares of Thelma Holdings Limited ("Thelma"), which has an indirect interest in 426,416,088 Shares, in which Fortune Crest Inc. ("Fortune Crest") and Gala Way Company Inc. ("Gala Way"), wholly owned subsidiaries of Thelma, have direct interests in 347,188,656 Shares and 79,227,432 Shares respectively. The voting rights in respect of such 426,416,088 Shares are held by Mr. Tung Chee Chen through Tung Holdings (Trustee) Inc. ("THTI").

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

3. 7,000 Shares are held by the spouse of Mr. Chow Philip Yiu Wah.

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

As at 30th June 2009, 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 2009, none of the Directors or the Chief Executive of the Company had any interest or short position in the Shares, the underlying Shares and the debentures of the Company or any of its associated corporation (within the meaning of the SFO) which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' SHARE INTEREST

As at 30th June 2009, the following persons (other than a Director or Chief Executive of the Company) had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Name	Nature of Interest	Number of Shares Interested (Long Position)	Percentage
Artson Global Limited*	Trustee	426,416,088 *(Note 1)*	68.14%
Hanberry Global Limited*	Trustee	426,416,088 *(Note 2)*	68.14%
Thelma Holdings Limited*	Indirect	426,416,088 *(Note 3)*	68.14%
Tung Chee Hwa	Indirect	426,441,319 *(Note 4)*	68.14%
Archmore Investment Limited*	Beneficiary of a trust	426,416,088 *(Note 5)*	68.14%
Edgemont Holdings Limited*	Indirect	426,416,088 *(Note 6)*	68.14%
Javier Global Limited*	Indirect	426,416,088 *(Note 7)*	68.14%
Bartlock Assets Ltd.*	Beneficiary of a trust	426,416,088 *(Note 8)*	68.14%
Flowell Development Inc.	Beneficiary of a trust	426,416,088 *(Note 9)*	68.14%
Izone Capital Limited*	Beneficiary of a trust	426,416,088 *(Note 10)*	68.14%
Jeference Capital Inc.*	Beneficiary of a trust	426,416,088 *(Note 11)*	68.14%
Tung Holdings (Trustee) Inc.*	Voting	426,416,088 *(Note 12)*	68.14%
Fortune Crest Inc.	Direct	347,188,656 *(Note 13)*	55.47%
Gala Way Company Inc.	Direct	79,227,432 *(Note 14)*	12.66%

Notes:

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

2. Hanberry Global Limited ("Hanberry"), a company which is wholly owned by Mr. Tung Chee Hwa, holds 43.64% of the shares of Thelma and, accordingly, has an indirect interest in the same Shares in which Thelma has an interest.

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

4. Mr. Tung Chee Hwa has an interest in a trust which, through Hanberry as trustee, holds shares of Thelma, which has an indirect interest in 426,416,088 Shares. Mrs. Tung Chiu Hung Ping Betty (spouse of Mr. Tung Chee Hwa, sister-in-law of Mr. Tung Chee Chen and Mr. King Roger and mother of Mr. Tung Lieh Sing Alan) owns 25,231 Shares.

5. Archmore Investment Limited ("Archmore"), a company which is wholly owned by Edgemont Holdings Limited ("Edgemont"), has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 426,416,088 Shares.

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

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

8. Bartlock Assets Ltd., a company which is wholly owned by Mr. Tung Chee Hwa, has an interest in a trust which, through Hanberry as trustee, holds shares of Thelma, which has an indirect interest in 426,416,088 Shares.

9. Flowell Development Inc., a company which is wholly owned by Mr. Tung Chee Chen, has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 426,416,088 Shares.

10. Izone Capital Limited, a company which is wholly owned by Mr. Tung Chee Chen, has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 426,416,088 Shares.

11. Jeference Capital Inc., a company which is wholly owned by Mr. Tung Chee Chen, has an interest in a trust which, through Artson as trustee, holds shares of Thelma, which has an indirect interest in 426,416,088 Shares.

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

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

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

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

Save as disclosed herein, as at 30th June 2009, the Company has not been notified by any person (other than the Directors or Chief Executive of the Company) who had an interest or short position in the Shares or the underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES AND DEBT SECURITIES

As at 30th June 2009, none of the Directors nor the Chief Executive of the Company (or any of their associates) (as defined in the Listing Rules) was granted any right to acquire shares in or debt securities of the Company or any of its associated corporations.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six-month period ended 30th June 2009, the Company has not redeemed any of its Shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's Shares.

PRE-EMPTIVE RIGHTS

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

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

Below are the changes of Directors' information since the date of the 2008 Annual Report, required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. CHANG Tsann Rong Ernest, an Independent Non-Executive Director of the Company, is entitled to receive a total director's fee of HK$200,000 per annum for his services as an Independent Non-Executive Director and as a member of the Finance Committee, the Share Committee, the Audit Committee and the Remuneration Committee of the Company with effect from 1st January 2009.

Mr. CHENG Wai Sun Edward, an Independent Non-Executive Director of the Company, ceased to be a member of the Council of the Hong Kong Polytechnic University with effect from 31st March 2009 and has been appointed as a member of the University Grants Committee with effect from 1st April 2009.

Professor WONG Yue Chim Richard, an Independent Non-Executive Director of the Company, has been elected as the Chairman of the Audit Committee of the Company and is entitled to receive a total fee of HK$150,000 per annum for his services as the Chairman and a member of the Audit Committee of the Company, with effect from 1st May 2009.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Board of Directors (the "Board") and management of the Company are committed to maintaining high standards of corporate governance and the Company considers that effective corporate governance makes an important contribution to corporate success and to the enhancement of shareholder value. The Company has adopted its own code on corporate governance practices (the "CG Code") which in addition to applying the principles as set out in the Code on Corporate Governance Practices (the "SEHK Code") contained in Appendix 14 to the Listing Rules, also incorporates and conforms to local and international best practices. The CG Code sets out the corporate governance principles to be applied by the Company and its subsidiaries (the "Group") and is constantly reviewed to ensure transparency, accountability and independence.

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

- Code Provision

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

- Recommended Best Practice

  ➢ a nomination committee has not been established

  ➢ the remuneration of senior management is disclosed in bands

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

Audit Committee

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

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

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

The Audit Committee has reviewed the Group's interim results for the six months ended 30th June 2009.

Remuneration Committee

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

The primary duties of the Remuneration Committee include to:

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

Securities Transactions by Directors

The Company has adopted its own code of conduct regarding securities transactions by Directors (the "Securities Code") on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standards set out in both the Model Code and the Securities Code throughout the period from 1st January 2009 to 30th June 2009.

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 18 to 40, which comprise the condensed consolidated balance sheet of Orient Overseas (International) Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th June 2009 and the condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the 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 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, 6th August 2009

Condensed Consolidated Profit and Loss Account (unaudited)

For the six months ended 30th June 2009

US$'000	Note	2009	2008
Revenue	5	**2,066,785**	3,203,723
Operating costs		**(2,048,619)**	(2,775,581)
Gross profit		**18,166**	428,142
Fair value loss from an investment property		**(15,000)**	(10,000)
Other operating income		**27,144**	35,635
Other operating expenses		**(231,949)**	(236,157)
Operating (loss)/profit	6	**(201,639)**	217,620
Finance costs	8	**(23,000)**	(45,931)
Share of profits less losses of jointly controlled entities		**774**	1,591
Share of profits of associated companies		**1,181**	2,311
(Loss)/profit before taxation		**(222,684)**	175,591
Taxation	9	**(8,382)**	(15,626)
(Loss)/profit for the period		**(231,066)**	159,965
(Loss)/profit attributable to:			
Equity holders of the Company		**(231,848)**	158,250
Minority interests		**782**	1,715
		(231,066)	159,965
(Loss)/earnings per ordinary share (US cents)			
Basic and diluted	11	**(37.0)**	25.3
Interim dividend	10	**—**	40,677

Condensed Consolidated Statement of Comprehensive Income (unaudited)

For the six months ended 30th June 2009

US$'000	2009	2008
(Loss)/profit for the period	**(231,066)**	159,965
Other comprehensive income:		
Available-for-sale financial assets		
- Change in fair value	**(14,099)**	14,291
- Assets revaluation reserve realised	**(774)**	—
Currency translation adjustments		
- Group	**4,393**	36,950
- Jointly controlled entities	**5**	532
- Associated companies	**24**	3,300
- Deferred taxation	**—**	(1,802)
- Minority interests	**14**	1,079
Other comprehensive (loss)/income for the period, net of tax	**(10,437)**	54,350
Total comprehensive (loss)/income for the period	**(241,503)**	214,315
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	**(242,299)**	211,521
Minority interests	**796**	2,794
	(241,503)	214,315

Condensed Consolidated Balance Sheet (unaudited)

As at 30th June 2009

US$'000	Note	30th June 2009	31st December 2008
ASSETS			
Non-current assets			
Property, plant and equipment	12	**3,798,148**	3,780,945
Investment property	12	**160,000**	175,000
Prepayments of lease premiums	12	**13,985**	14,201
Jointly controlled entities		**10,608**	10,748
Associated companies		**56,270**	57,163
Intangible assets	12	**50,978**	47,098
Deferred taxation assets		**942**	1,008
Pension and retirement assets		**24,142**	21,868
Restricted bank balances		**202**	92,759
Bank deposit		**55,200**	55,200
Other non-current assets		**181,614**	195,427
		4,352,089	4,451,417
Current assets			
Properties under development and for sale		**833,360**	826,889
Inventories		**81,309**	89,905
Debtors and prepayments	13	**368,970**	440,237
Portfolio investments		**51,677**	54,043
Derivative financial instruments	14	**2,818**	6,126
Restricted bank balances		**16,593**	28,108
Cash and bank balances		**1,492,208**	1,804,910
		2,846,935	3,250,218
Total assets		**7,199,024**	7,701,635

As at 30th June 2009

US$'000	Note	30th June 2009	31st December 2008
EQUITY			
Equity holders			
Share capital	15	**62,579**	62,579
Reserves	16	**4,054,006**	4,324,492
		4,116,585	4,387,071
Minority interests		**34,246**	34,292
Total equity		**4,150,831**	4,421,363
LIABILITIES			
Non-current liabilities			
Borrowings	18	**2,165,317**	2,218,251
Deferred taxation liabilities		**33,797**	37,689
Pension and retirement liabilities		**3,190**	3,931
		2,202,304	2,259,871
Current liabilities			
Creditors and accruals	17	**602,560**	836,535
Derivative financial instruments	14	**5,069**	13,937
Borrowings	18	**225,264**	153,895
Current taxation		**12,996**	16,034
		845,889	1,020,401
Total liabilities		**3,048,193**	3,280,272
Total equity and liabilities		**7,199,024**	7,701,635
Net current assets		**2,001,046**	2,229,817
Total assets less current liabilities		**6,353,135**	6,681,234

C C Tung
Kenneth G Cambie
Directors

Condensed Consolidated Cash Flow Statement (unaudited)

For the six months ended 30th June 2009

US$'000	2009	2008
Cash flows from operating activities		
Cash (used in)/generated from operations	**(248,935)**	223,338
Interest paid	**(12,948)**	(19,906)
Interest element of finance lease rental payments	**(27,241)**	(38,384)
Dividend on preference shares	**(3,235)**	(1,982)
Overseas taxes paid	**(14,720)**	(10,358)
Net cash (used in)/from operating activities	**(307,079)**	152,708
Cash flows from investing activities		
Sale of property, plant and equipment	**8,307**	18,515
Sale of available-for-sale financial assets	**3,936**	54
Sale of held-to-maturity investments	**1,942**	—
Purchase of property, plant and equipment	**(117,417)**	(421,133)
Purchase of available-for-sale financial assets	**(30)**	(20)
Purchase of held-to-maturity investments	**(13,403)**	—
Decrease in portfolio investments	**2,366**	125,294
Decrease/(increase) in amounts due by jointly controlled entities	**372**	(1,174)
Decrease/(increase) in restricted bank balances and bank deposits maturing more than three months from the date of placement	**113,854**	(102,271)
Purchase of intangible assets	**(7,110)**	(6,619)
Decrease/(increase) in other non-current assets	**7,195**	(199)
Interest received	**11,919**	27,994
Income from available-for-sale financial assets	**3**	17
Dividends received from portfolio investments	**535**	396
Dividends received from jointly controlled entities	**547**	1,264
Net cash from/(used in) investing activities	**13,016**	(357,882)
Cash flows from financing activities		
New loans	**176,098**	258,567
Repayment of loans	**(83,763)**	(183,794)
Redemption of preference shares	**(45,689)**	(10,145)
Capital element of finance lease rental payments	**(35,445)**	(27,884)
Contributions from minority interests	**—**	1,871
Dividends paid to shareholders	**(28,187)**	(84,433)
Dividend paid to minority interests	**(842)**	—
Net cash used in financing activities	**(17,828)**	(45,818)
Net decrease in cash and cash equivalents	**(311,891)**	(250,992)
Cash and cash equivalents at beginning of period	**1,778,453**	1,855,289
Currency translation adjustments	**9,090**	9,837
Cash and cash equivalents at end of period	**1,475,652**	1,614,134
Analysis of cash and cash equivalents		
Bank balances and deposits maturing within three months from the date of placement	**1,475,795**	1,614,328
Bank overdrafts	**(143)**	(194)
	1,475,652	1,614,134

Condensed Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 30th June 2009

	Equity holders				
US$'000	Share capital	Reserves	Sub-total	Minority interests	Total
At 31st December 2008	62,579	4,324,492	4,387,071	34,292	4,421,363
Total comprehensive loss for the period	—	(242,299)	(242,299)	796	(241,503)
2008 final dividend	—	(28,187)	(28,187)	—	(28,187)
Dividend paid to minority interests	—	—	—	(842)	(842)
At 30th June 2009	**62,579**	**4,054,006**	**4,116,585**	**34,246**	**4,150,831**
At 31st December 2007	62,579	4,113,789	4,176,368	14,937	4,191,305
Total comprehensive income for the period	—	211,521	211,521	2,794	214,315
2007 final dividend	—	(84,433)	(84,433)	—	(84,433)
Contributions from minority interests	—	—	—	1,871	1,871
At 30th June 2008	62,579	4,240,877	4,303,456	19,602	4,323,058

Notes to the Condensed Interim Financial Information

1. General Information

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

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

This interim financial information was approved by the Board of Directors on 6th August 2009.

2. Basis of Preparation

The interim financial information has been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, available-for-sale financial assets, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, which are carried at fair value and in accordance with HKAS 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual accounts for the year ended 31st December 2008.

The adoption of new / revised HKFRS

In 2009, the Group adopted the new standards, amendments and interpretations of Hong Kong Financial Reporting Standards ("HKFRS") below, which are relevant to its operations.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HKFRS 7 Amendment	Improving Disclosures about Financial Instruments

Annual improvements to HKFRS published in October 2008	
HKAS 1 Amendment	Presentation of Financial Statements
HKAS 10 Amendment	Events after the Reporting Period
HKAS 16 Amendment	Property, Plant and Equipment
HKAS 19 Amendment	Employee Benefits
HKAS 23 Amendment	Borrowing Costs
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKAS 28 Amendment	Investments in Associates
HKAS 31 Amendment	Interests in Joint Ventures
HKAS 34 Amendment	Interim Financial Reporting
HKAS 36 Amendment	Impairment of Assets
HKAS 38 Amendment	Intangible Assets
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement
HKAS 40 Amendment	Investment Property
HKFRS 7 Amendment	Financial Instruments: Disclosures

2. Basis of Preparation (Continued)

The adoption of new / revised HKFRS (Continued)

The Group has assessed the impact of the adoption of these new standards, amendments and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the accounts except the presentation of the consolidated statement of comprehensive income to present the non-owner consolidated changes in equity as required under HKAS 1 (Revised) and the segment information as required under HKFRS 8.

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

		Effective for accounting periods beginning on or after
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st July 2009
HKFRS 3 (Revised)	Business Combinations	1st July 2009
HK(IFRIC) - Int 17	Distributions of non-cash assets to owners	1st July 2009
HKAS 7 Amendment	Statement of Cash Flows	1st January 2010
HKAS 17 Amendment	Leases	1st January 2010
HKAS 36 Amendment	Impairment of Assets	1st January 2010
HKFRS 8 Amendment	Operating Segments	1st January 2010

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

3. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual accounts for the year ended 31st December 2008.

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 2008 except as stated below.

Impairment of container vessels, containers, chassis and computer software

The Group's major operating assets represent container vessels, containers, chassis and computer software ("Operating Assets"). Management performs review for impairment of the Operating Assets whenever events or changes in circumstances indicate that the carrying amounts of the Operating Assets may not be recoverable.

The recoverable amounts of Operating Assets are the higher of their value-in-use and fair value less costs to sell. The fair values of the assets were determined by independent valuers based on market transactions at the balance sheet date less cost of disposal. While the value-in-use calculations require the use of estimates on the projections of cash inflows from the continuing use of the Operating Assets, when applicable, including the amount to be received for the disposal and discount rate. All these items have been historically volatile and may impact the results of the value-in-use calculations.

Based on the management's best estimates for the value-in-use calculations, there was no impairment of Operating Assets noted during the period.

5. Revenue

US$'000	2009	2008
Container transport and logistics	**2,053,268**	3,175,693
Property investment and development	**13,517**	28,030
	2,066,785	3,203,723

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 sale of properties, rental income from the investment property and hotel operating income.

6. Operating (Loss)/Profit

US$'000	2009	2008
Operating (loss)/profit is arrived at after crediting:		
Interest income from banks	**7,312**	25,201
Interest income from held-to-maturity investments	**1,184**	—
Gross rental income from an investment property	**11,870**	14,186
Profit on disposal of property, plant and equipment	**—**	1,046
Profit on disposal of available-for-sale financial assets	**1,407**	—
Gain on foreign exchange forward contracts	**8,047**	603
Portfolio investment income	**8,113**	—
Exchange gain	**—**	6,291
and after charging:		
Depreciation		
Owned assets	**58,236**	62,226
Leased assets	**35,286**	33,575
Operating lease rental expense		
Vessels and equipment	**277,413**	271,677
Land and buildings	**13,530**	13,623
Rental outgoings in respect of an investment property	**5,363**	5,704
Portfolio investment loss	**—**	2,218
Loss on interest rate swap contracts	**3,043**	290
Loss on currency option contracts	**376**	—
Loss on disposal of property, plant and equipment	**1,509**	—
Loss on disposal of held-to-maturity investments	**664**	—
Amortisation of intangible assets	**3,231**	3,421
Amortisation of leasehold land and land use rights	**217**	892
Exchange loss	**3,926**	—

7. Key Management Compensation

US$'000	2009	2008
Salaries and other short-term employee benefits	**3,262**	6,345
Pension costs - defined contribution plans	**296**	565
	3,558	6,910

8. Finance Costs

US$'000	2009	2008
Interest expense	**(25,306)**	(46,002)
Amount capitalised under assets	**3,910**	2,053
Net interest expense	**(21,396)**	(43,949)
Dividend on preference shares	**(1,604)**	(1,982)
	(23,000)	(45,931)

9. Taxation

US$'000	2009	2008
Current taxation		
Overseas taxation	**(11,414)**	(10,488)
Deferred taxation		
Overseas taxation	**3,032**	(5,138)
	(8,382)	(15,626)

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 8% to 52% (2008:4% to 52%) and the rate applicable for Hong Kong profits tax is 16.5% (2008:16.5%).

10. Interim Dividend

The Board of Directors does not recommend the payment of an interim dividend for 2009 (2008:US6.5 cents per ordinary share).

At a meeting held on 19th March 2009, the Directors proposed a final dividend of US4.5 cents per ordinary share amounting to US$28,187,000 for the year ended 31st December 2008, which was paid on 18th May 2009 and have been reflected as appropriations of retained profit for the six months ended 30th June 2009.

11. (Loss)/Earnings Per Ordinary Share

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

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

	2009	2008
Number of ordinary shares in issue (thousands)	**625,793**	625,793
Group's (loss)/profit attributable to equity holders (US$'000)	**(231,848)**	158,250
(Loss)/earnings per share (US cents)	**(37.0)**	25.3

12. Capital Expenditure

US$'000	Property, plant and equipment	Investment property	Prepayments of lease premiums	Intangible assets	Total
Net book amounts:					
At 31st December 2008	3,780,945	175,000	14,201	47,098	4,017,244
Currency translation adjustments	129	—	1	1	131
Fair value loss	—	(15,000)	—	—	(15,000)
Additions	120,412	—	—	7,110	127,522
Disposals	(9,816)	—	—	—	(9,816)
Depreciation and amortisation	(93,522)	—	(217)	(3,231)	(96,970)
At 30th June 2009	**3,798,148**	**160,000**	**13,985**	**50,978**	**4,023,111**
At 31st December 2007	3,350,844	200,000	8,710	39,696	3,599,250
Currency translation adjustments	5,494	—	421	—	5,915
Fair value loss	—	(10,000)	—	—	(10,000)
Additions	422,949	—	—	6,619	429,568
Disposals	(17,469)	—	—	—	(17,469)
Depreciation and amortisation	(95,801)	—	(219)	(3,421)	(99,441)
At 30th June 2008	3,666,017	190,000	8,912	42,894	3,907,823

13. Debtors and Prepayments

US$'000	30th June 2009	31st December 2008
Trade receivables	**214,603**	289,203
Less:Provision for impairment	**(5,459)**	(4,072)
Trade receivables - net	**209,144**	285,131
Other debtors	**53,406**	50,594
Other prepayments	**74,746**	72,349
Utility and other deposits	**8,451**	9,208
Tax recoverable	**23,223**	22,955
	368,970	440,237

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 2009	31st December 2008
Below one month	**197,900**	255,626
Two to three months	**11,244**	24,693
Four to six months	**—**	4,812
	209,144	285,131

14. Derivative Financial Instruments

US$'000	30th June 2009	31st December 2008
Assets/(liabilities)		
Interest rate swap contracts	**2,818**	6,126
Foreign exchange forward contracts	**(5,069)**	(12,464)
Currency option contracts	**—**	(1,473)
	(5,069)	(13,937)

15. Share Capital

US$'000	30th June 2009	31st December 2008
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 (2008:625,793,297) ordinary shares of US$0.10 each	**62,579**	62,579

16. Reserves

US$'000	Share premium	Contributed surplus	Capital redemption reserve	Asset revaluation reserve: Vessels	Asset revaluation reserve: Available-for-sale financial assets	Foreign exchange translation reserve	Retained profit	Total
At 31st December 2008	172,457	88,547	4,696	9,948	53,385	39,449	3,956,010	4,324,492
Total comprehensive loss for the period	—	—	—	—	(14,873)	4,422	(231,848)	(242,299)
2008 final dividend	—	—	—	—	—	—	(28,187)	(28,187)
At 30th June 2009	**172,457**	**88,547**	**4,696**	**9,948**	**38,512**	**43,871**	**3,695,975**	**4,054,006**
At 31st December 2007	172,457	88,547	4,696	9,948	19,063	10,238	3,808,840	4,113,789
Total comprehensive income for the period	—	—	—	—	14,291	38,980	158,250	211,521
2007 final dividend	—	—	—	—	—	—	(84,433)	(84,433)
At 30th June 2008	172,457	88,547	4,696	9,948	33,354	49,218	3,882,657	4,240,877
Total comprehensive income/(loss) for the period	—	—	—	—	20,031	(9,769)	114,087	124,349
2008 interim dividend	—	—	—	—	—	—	(40,734)	(40,734)
At 31st December 2008	172,457	88,547	4,696	9,948	53,385	39,449	3,956,010	4,324,492

17. Creditors and Accruals

US$'000	30th June 2009	31st December 2008
Trade payables	**185,159**	159,436
Other creditors	**46,742**	43,728
Accrued expenses	**338,418**	586,744
Deferred revenue	**32,241**	46,627
	602,560	836,535

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

US$'000	30th June 2009	31st December 2008
Below one month	**127,245**	103,227
Two to three months	**49,782**	47,894
Four to six months	**7,346**	7,873
Over six months	**786**	442
	185,159	159,436

18. Borrowings

US$'000	30th June 2009	31st December 2008
Non-current		
Bank loans		
- Secured	**516,197**	455,585
- Unsecured	**7,472**	63,000
Loans from minority interests, secured	**151,913**	154,394
Redeemable preference shares and premium	**—**	35,057
Finance lease obligations	**1,489,735**	1,510,215
	2,165,317	2,218,251
Current		
Bank overdrafts, unsecured	**143**	262
Bank loans		
- secured	**90,551**	65,949
- unsecured	**69,556**	4,389
Other loans, secured	**—**	6
Loans from minority interests, secured	**4,963**	4,963
Redeemable preference shares and premium	**—**	10,632
Finance lease obligations	**60,051**	67,694
	225,264	153,895
Total borrowings	**2,390,581**	2,372,146

19. Commitments

(a) Capital commitments

US$'000	30th June 2009	31st December 2008
Contracted but not provided for	**908,253**	1,004,763
Authorised but not contracted for	**16,821**	69,458
	925,074	1,074,221

(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 2009			
2009/10	224,581	27,661	**252,242**
2010/11	162,181	20,547	**182,728**
2011/12	91,689	8,421	**100,110**
2012/13	79,270	4,864	**84,134**
2013/14	74,275	2,607	**76,882**
2014/15 onwards	498,040	1,197	**499,237**
	1,130,036	65,297	**1,195,333**
As at 31st December 2008			
2009	320,040	29,833	349,873
2010	177,960	23,019	200,979
2011	122,425	14,526	136,951
2012	79,297	4,984	84,281
2013	76,891	2,804	79,695
2014 onwards	534,245	2,731	536,976
	1,310,858	77,897	1,388,755

20. 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 provided to the chief operating decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are container transport and logistics and property investment and development.

Operating segments

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

US$'000	Container transport and logistics	Property investment and development	Others*	Elimination	Group
Revenue	2,053,268	14,013	—	(496)	**2,066,785**
Operating (loss)/profit	(196,636)	(20,114)	15,111	—	**(201,639)**
Finance costs	(20,723)	(2,277)	—	—	**(23,000)**
Share of profits of jointly controlled entities	619	155	—	—	**774**
Share of profits of associated companies	1,181	—	—	—	**1,181**
(Loss)/profit before taxation	(215,559)	(22,236)	15,111	—	**(222,684)**
Taxation	(7,948)	(434)	—	—	**(8,382)**
(Loss)/profit for the period	(223,507)	(22,670)	15,111	—	**(231,066)**
Capital expenditure	127,211	311	—	—	**127,522**
Depreciation	91,703	1,819	—	—	**93,522**
Amortisation	3,393	55	—	—	**3,448**

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

20. Segment Information (Continued)

Operating segments (Continued)

The segment results for the six months ended 30th June 2008 are as follows:

US$'000	Container transport and logistics	Property investment and development	Others*	Elimination	Group
Revenue	3,175,693	28,493	—	(463)	3,203,723
Operating profit/(loss)	215,650	(4,106)	6,076	—	217,620
Finance costs	(39,230)	(6,701)	—	—	(45,931)
Share of profits of jointly controlled entities	997	594	—	—	1,591
Share of profits of associated companies	2,311	—	—	—	2,311
Profit/(loss) before taxation	179,728	(10,213)	6,076	—	175,591
Taxation	(17,604)	1,978	—	—	(15,626)
Profit/(loss) for the period	162,124	(8,235)	6,076	—	159,965
Capital expenditure	411,769	17,799	—	—	429,568
Depreciation	95,679	122	—	—	95,801
Amortisation	3,592	721	—	—	4,313

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

20. Segment Information (Continued)

Operating segments (Continued)

The segment assets and liabilities as at 30th June 2009 are as follows:

US$'000	Container transport and logistics	Property investment and development	Total
As at 30th June 2009			
Segment assets	4,644,475	1,535,049	**6,179,524**
Jointly controlled entities	3,533	7,075	**10,608**
Associated companies	56,270	—	**56,270**
	4,704,278	1,542,124	**6,246,402**
Other assets			**952,622**
			7,199,024
Segment liabilities	(2,845,763)	(193,588)	**(3,039,351)**
Other liabilities	—	—	**(8,842)**
	(2,845,763)	(193,588)	**(3,048,193)**
As at 31st December 2008			
Segment assets	4,869,914	1,863,236	6,733,150
Jointly controlled entities	3,831	6,917	10,748
Associated companies	57,163	—	57,163
	4,930,908	1,870,153	6,801,061
Other assets			900,574
			7,701,635
Segment liabilities	(2,837,631)	(427,880)	(3,265,511)
Other liabilities	—	—	(14,761)
	(2,837,631)	(427,880)	(3,280,272)

20. Segment Information (Continued)

Operating segments (Continued)

Other assets primarily include portfolio investments, held-to-maturity investments, derivative financial instruments together with restricted bank balances and cash and bank balances that are managed at corporate level. While other liabilities primarily include derivative financial instruments.

Geographical analysis

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

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

US$'000	Revenue	Capital expenditure
Six months ended 30th June 2009		
Asia	1,311,797	8,630
North America	427,776	2,086
Europe	270,744	156
Australia	56,468	5
Unallocated*	—	116,645
	2,066,785	**127,522**
Six months ended 30th June 2008		
Asia	2,144,356	33,363
North America	563,827	7,929
Europe	436,419	585
Australia	59,121	49
Unallocated*	—	387,642
	3,203,723	429,568

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

\# Certain comparative figures have been restated to conform with the adoption of HKFRS 8: Operating Segments.