Orient Overseas (International) Limited

(Incorporated in Bermuda with Limited Liability)

2012

Interim Report

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Orient Overseas (International) Limited

(Incorporated in Bermuda with Limited Liability)

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The first half of 2012 has been challenging with very low market freight rates at the start of the year, low demand growth on the East-West trades, and a spike up in bunker fuel prices in early January. Fortunately there has been a marked improvement in freight rates, particularly on the Asia-Europe services, to offset the low growth in demand on the East-West trades. Despite this recovery in rates, trading conditions have been, and are likely to remain, difficult and volatile given prevailing economic conditions and the continuing surplus of capacity on the major trades.

The outlook for the United States remains uncertain with a tepid recovery in employment and the housing markets since the global financial crisis of 2008. The Eurozone struggles with maintaining country specific fiscal policy and divergent economic performance within a single monetary system. And Asia faces a slowing in exports which have been a key component of growth for the region over the last decade.

While facing low demand growth, mirroring sluggish economic activity in key consumer markets, the industry has had to absorb over 110 new container ships in the first half of the year. The pressure from the delivery of new-build capacity will continue, and the industry's ability to absorb and judiciously deploy capacity will be key to stability for both the rest of this year and for the next few years to come.

INTERIM RESULT

I am pleased to report that, despite the poor market conditions at the start of 2012, Orient Overseas (International) Limited and its subsidiaries (the "Group") has recorded a profit after tax and non-controlling interests attributable to equity holders of US$116.8 million for the six month period ended 30th June 2012. The 2012 interim result represents a US$58.2 million (33%) decrease in earnings compared to the profit for the same period in 2011 of US$175.0 million.

The profit after tax and non-controlling interests attributable to equity holders for the first six months of 2012 includes a revaluation US$5 million of Wall Street Plaza to reflect an independent assessed market value for that property of US$165 million as at 30th June 2012. The comparable 2011 interim period also included a US$5 million revaluation gain for Wall Street Plaza.

The result for the half year also includes a profit of US$42.6 million in relation to our investment in Hui Xian Holdings, and losses and charges relating to the disposal of two older 5,500 TEU vessels of US$4.0 million, both as discussed below.

Earnings per ordinary share for the first half of 2012 were US18.6 cents, whereas earnings per ordinary share for the first half of 2011 were US28 cents.

DIVIDEND

The Board of Directors is pleased to announce an interim dividend for 2012 of US4.66 cents (HK$0.363) per ordinary share. The dividend will be paid on 15th October 2012 to those ordinary shareholders whose names appear on the register on 11th September 2012.

The Board of Directors will consider a final dividend for the full year 2012 as performance and future business prospects dictate.

CONTAINER TRANSPORT AND LOGISTICS

The international container transport and logistics business of the Group, trading under the "OOCL" name, reported a net profit after tax US$43.1 million for the first six months of the year, a US$100.3 million decrease from the profit of US$143.4 million reported for the first half of 2011.

Total liftings for the first half of 2012 were up 6.1% compared to the corresponding period last year. Average freight revenue per TEU for the period was US$1,112, a decrease of 1.0% over the 2011 first half average of US$1,123 per TEU.

The key feature of the operating environment in the first half of 2012 was the strong rebound in freight rates on the Asia-Europe trade from the unsustainable levels that prevailed at the end of 2011. The rebound was most noticeable in the second quarter but came from an ongoing series of rate restorations that were needed to offset the spike in oil prices at the start of the year and that prevailed for most of the first six months. While the rate improvements were most welcome, volumes on the Asia-Europe trade increased by only 1.3% compared to last year, reflecting the recessionary conditions that exist in a number of Eurozone countries.

Statement to Shareholders from the Chairman

Freight rate improvements on the Trans-Pacific have been more modest and have failed to sufficiently compensate for the higher cost of bunker fuel. With the continued slow economic growth in North America volume growth has also been modest. As a result, the trade was loss making for most of the first half and even some services remain loss making while the rest are producing an unacceptably low return. With the difficult trading conditions in the East-West trades it was the Intra-Asia trade, which is our largest trade by volume, that under-pinned the overall increase in OOCL's liftings and revenue over last year.

OOCL has been fortunate during this period of low demand growth in not having any new-build vessels delivering. The first of our new mega 13,200 TEU container vessels, which are expected to deliver significant operating cost efficiencies, delivers at the start of next year. With the next delivery of our 8,888 TEU vessels also not due until next year, any capacity growth for us in the second half of the year will come from the charter market.

As part of our longer term fleet plan, we sold two more of our 5,500 TEU vessels in June with one settling before the half year cut-off and the other soon after. As with the four 5,500 TEU vessels we sold at the end of last year, we have time-chartered each of these ships back for three years. These sales have taken advantage of current market conditions to dispose of vessels that will be surplus to requirements as we move to using larger vessels in each of our trades.

OTHER ACTIVITIES

The Group's investments include its long-standing ownership of Wall Street Plaza located in New York. Wall Street Plaza continues to perform in line with budget and is nearly fully leased at this time. With an improvement in the commercial office market in lower Manhattan, Wall Street Plaza has been revalued by US$5 million to US$165 million as at 30th June 2012, with the revaluation gain included in the net profit reported above.

Another long-standing Group investment is in Hui Xian Holdings which holds units in the Hui Xian REIT which owns the Beijing Oriental Plaza. During the first half of the year Hui Xian Holdings paid a cash dividend and also distributed 25% of the units that it holds in the Hui Xian REIT to shareholders. These two elements, totalling US$42.6 million, form part of the net profit to shareholders for the 2012 half year period. With this first distribution of REIT units, 25% of our interest in the Hui Xian REIT is now held directly by the Group, with 75% still held through Hui Xian Holdings.

CORPORATE SOCIAL RESPONSIBILITY

The OOIL Group places the utmost importance on environmental care and community support. Despite the ongoing difficult economic environment, we must continue to address the long-term threat of climate change. We strive to play our part in tackling this global problem through membership of organisations such as the Business Environment Council, the Clean Cargo Working Group and the World Wildlife Fund. Over the first six months of the year, the Group has won awards and accolades for its environmental performance, and OOIL Group employees around the world have been actively supporting their local communities through various environmental initiatives.

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

OOIL has been included as a founding constituent member of the Hang Seng Corporate Sustainability Index Series since 2010, recognising our high standard of performance in environmental, social and corporate governance. Building upon this recognition, we have further enhanced our efforts to promote sustainability throughout the whole organisation so as to elevate our corporate social responsibility profile to a higher level.

Statement to Shareholders from the Chairman

OUTLOOK

Prospects of a strong third quarter, the traditional peak season for container shipping, have dimmed a little of late as a result of the poor economic data from the major consumer markets. A large number of mega-ships have still to deliver in the second half of the year and deployed capacity will need to adjust quickly to meet demand levels if freight rates are to be maintained in the seasonally weaker fourth quarter.

Despite limited ordering of new vessels over the last twelve to eighteen months, the industry needs to absorb an estimated 2.4 million TEU of new-building capacity, which is about 15% of the current global capacity, over the next eighteen months. Given the substantial new-build capacity still to deliver, and with ongoing weak demand growth, volatile fuel prices, and fragile freight rates, continued discipline in capacity deployment and cost control will be needed for the industry to rebuild stability toward profitability.

The financial health of the industry in total is poor, and yet it remains extremely competitive. Freight rates remain fragile and attempts to grow volume by taking market share from others have time and again seen a rapid downward spiral in freight rates with minimal permanent gain. However, the need to meet higher operating costs, and in particular high fuel costs, has seen freight rates improve this year, and it is hoped that they will now remain at these more reasonable levels.

For OOIL, operating through its OOCL brand, our focus will remain on fleet deployment flexibility, on tight cost control, and on continuous IT development to drive productivity gains and deliver ever better service to customers. Container shipping has always been a capital intensive industry but as sources of funding, particularly bank debt and non-operating ownership of vessels for charter, have contracted since the global financial crisis, access to capital is now a critical key success factor. OOIL is one of the financially stronger industry participants and we will maintain our strong balance sheet and liquidity to be able to retain access to the debt and equity capital needed to grow the business.

Putting aside the non-recurring items at the OOIL level, the performance of the liner and logistics business has been credible in the face of the difficult trading conditions experienced. OOCL's positive operating margin for the first half was adversely impacted by the unexpected increase in bunker fuel, but the recent fall in the price of crude oil, if it holds, should see an improvement in that margin to more appropriate levels. But, fundamentally, margins will remain volatile, and likely thin, until supply and demand rebalance.

Finally, on behalf of the Board I would like to acknowledge and thank Mr. Philip Chow for his contribution to the Group over the last thirty-two years which included the last nine years as Chief Executive Officer of OOCL. Philip retired from the Company with effect 30th June 2012. In his time as CEO he helped build OOCL's market-leading position in both operational and financial terms. Philip has left his successor, Mr. Andy Tung, a solid, vibrant and financially sound operation that is well placed competitively and is positioned for consistent profitable growth.

C C Tung
Chairman

Hong Kong, 1st August 2012

Management Discussion and Analysis

GROUP RESULTS

For the first six months of 2012 Orient Overseas (International) Limited and its subsidiaries (the "Group") recorded a profit attributable to equity holders of US$116.8 million, representing a US$58.2 million decrease from the profit attributable to equity holders of US$175.0 million for the corresponding period of 2011.

OOIL Interim Results Analysis

US$'000	2012	2011
Profit before tax from operating activities	82,014	176,364
Dividends from Hui Xian Holdings	42,596	–
Revaluation of Wall Street Plaza	5,000	5,000
Profit Before Tax for the Period Ended 30th June	129,610	181,364
Taxation	(12,138)	(6,025)
Non-controlling interests	(699)	(369)
Profit Attributable to Equity Holders	116,773	174,970

The profit attributable to equity holders for the first half of 2012 includes dividends from Hui Xian Holdings amounting to US$42.6 million and a US$5.0 million upward revaluation of Wall Street Plaza.

Profit from operating activities for the first half of the year was US$82.0 million, as compared to a profit of US$176.4 million in the first six months of 2011. Earnings from the Group's operations arise from its business of container transportation and logistics conducted through the "OOCL" brand, augmented by earnings from the Group's liquidity management and investment activities at the holding company.

ORIENT OVERSEAS CONTAINER LINE

Total lifting for the first half year increased by 6.1% and total revenue increased by 5.0% compared with corresponding period in 2011. The decline in average revenue seen in 2011 has stopped and average revenue started to recover in March, notably for Asia to Europe business. The trend, however, is uncertain for the second half year in view of the slowing economies in the major markets and the ongoing delivery of new build mega ships into the industry.

Overall capacity has increased by 9.8% and the overall load factor was 2.6% lower than the corresponding period in 2011. The formation of the G6 alliance in the early part of the year has improved service level and reduced operating costs in the Asia-Europe trade.

Trans-Pacific Trade

Total lifting and revenue increased by 5.7% and 1.3% respectively. Average revenue per TEU was down by 4.1% in the first half of this year compared to the corresponding period last year. The lower freight rate per TEU was primarily attributed to competition among carriers during the last quarter of 2011 and into the first quarter of 2012 amid the uncertain economic environment. Nevertheless, a gradual improvement in revenue levels was seen in the second quarter and we expect an improvement in eastbound lifting and revenue for the usual peak seasonal pick-up. A moderate improvement for westbound freight rates in the latter part of this year is also anticipated.

Asia-Europe Trade

Lifting increased by 1.3% on Asia-Europe services compared to the corresponding period last year. Total revenue decreased by 2.8% while average revenue per TEU dropped by 4% compared with the first half year of 2011. Revenue has recovered gradually given a series of rate restoration programs implemented since March. We expect that revenue will continue to be volatile due to dampened demand in Europe and as the continuing delivery of new-build capacity is absorbed.

Management Discussion and Analysis

Intra-Asia & Australasia Trade

Cargo volume increased by 4% in the Intra-Asia sector compared with the first half of 2011. Boosted by 5.8% increase in average revenue per TEU, total revenue grew by 9.9%. Exports from Thailand have not fully recovered from the severe flooding during the fourth quarter of last year. Insufficient terminal capacity in Mumbai has hindered growth of imports and exports through this biggest gateway in India.

Through the extension of joint services, our Australasia liftings increased by 24.3% and overall revenue increased by 22.3% compared with corresponding period in 2011. The trading environment for these services continues to be challenging with a capacity and demand gap of around 10 to 15% at present.

Trans-Atlantic Trade

Volume increased by 13.5% compared to the same period in 2011 with a 6% reduction in average revenue per TEU due to the introduction of new and upgraded capacity in the market against moderate trade growth. Total revenue increased by 6.7%.

Logistics

Our international logistics business was greatly enhanced by the growth of our advanced product of ocean transportation services ("OceanPlus"). OceanPlus contributed significantly to the first half 2012 revenue. Together with supply chain management business, overall revenue and profit margin surpassed the corresponding period last year.

Domestic logistics revenue grew by 22.6%. We see pleasing development in logistics business in China as well as in most of the Asian countries.

In order to respond to market changes and to serve our customer faster, we reorganised our China and Hong Kong offices in March this year. We set up eight sub-regions with further empowerment to dedicated executives. We believe that this will propel our growth in China market.

During the first half year, we opened a new multipurpose facility in Shanghai of 83,455 square meters. This includes a 13,000 square meter warehouse, with the balance being for the container depot business.

We expect steady growth in the second half of this year over the first half supported mainly by our OceanPlus business and domestic logistics business.

Bunker Price

The average price of bunker recorded by OOCL in the first half of 2012 was US$689 per ton compared with US$593 per ton for the corresponding period in 2011. Fuel costs increased by 6.9% in the first half of 2012 compared with the corresponding period of 2011.

VESSELS

During the first half of 2012 no new-build vessel was delivered and no orders for new vessels were placed. Ten units of 13,200 TEU new-build vessels outfitted with modern design and energy efficiency system contracted with Samsung Heavy Industries/ Korea will be delivered from the beginning of 2013 to 2014.

The Group exercised a purchase option under a long-term charter of the 5,770 TEU vessel 'OOCL Shanghai' in January 2012. A 16-year-old 5,344 TEU vessel 'OOCL Hong Kong' was sold at end of June 2012 and leased back from the new owner for 3 years on a time-charter basis. Another 16-year-old 5,344 TEU vessel 'OOCL China' was sold in early July and was also leased back from the new owner for 3 years on a time-charter basis. Currently all vessels in our fleet are fully deployed in our services.

Management Discussion and Analysis

NEWBUILDING DELIVERY SCHEDULE

Delivery	Shipyard	Hull No.	TEU	Date of Order
Jan 2013	Hudong-Zhonghua Shipbuilding	H1564A	8,888	2007
Jan 2013	Samsung Heavy Industries	HN2002	13,200	2011
Jan 2013	Samsung Heavy Industries	HN2003	13,200	2011
Feb 2013	Samsung Heavy Industries	HN2004	13,200	2011
Mar 2013	Hudong-Zhonghua Shipbuilding	H1584A	8,888	2007
Apr 2013	Samsung Heavy Industries	HN2005	13,200	2011
May 2013	Samsung Heavy Industries	HN2006	13,200	2011
Jun 2013	Samsung Heavy Industries	HN2007	13,200	2011
Jul 2013	Samsung Heavy Industries	HN2008	13,200	2011
Sep 2013	Samsung Heavy Industries	HN2009	13,200	2011
Feb 2014	Samsung Heavy Industries	HN2010	13,200	2011
Mar 2014	Samsung Heavy Industries	HN2011	13,200	2011
Oct 2014	Hudong-Zhonghua Shipbuilding	H1565A	8,888	2007
Dec 2014	Hudong-Zhonghua Shipbuilding	H1585A	8,888	2007
Feb 2015	Hudong-Zhonghua Shipbuilding	H1667A	8,888	2010
Apr 2015	Hudong-Zhonghua Shipbuilding	H1668A	8,888	2010

OTHER ACTIVITIES

The other activities of the Group consist of support functions, including a centralised treasury and investment management. The Group's investments include its long-standing ownership of Wall Street Plaza and a minority (7.9%) investment in Hui Xian Holdings Ltd. which is the ultimate majority unit holder of Hui Xian REIT, the first RMB – denominated REIT listed in Hong Kong.

Wall Street Plaza continues to perform in line with expectations, and based on an independent valuation, it has been re-valued upwards by US$5 million as at 30th June 2012 to reflect an assessed market value of US$165 million. As at 30th June 2011, Wall Street Plaza was valued at US$160 million with a revaluation gain of US$5 million for the first half of 2011.

Following the successful floating of Beijing Oriental Plaza via a REIT last year, the value of our 7.9% investment in the project is now largely dependent on the market value of the REIT units ultimately owned by Hui Xian Holdings Ltd. In the first half of 2012, Hui Xian Holdings Ltd. declared dividends, in forms of both cash and Hui Xian REIT units, to its shareholders, of which the Group's share amounted to cash of US$7.9 million and Hui Xian REIT units valued at US$34.7 million. As at 30th June 2012, the Group's investment in Hui Xian Holdings Ltd. was valued at US$99.0 million, a drop of US$29.3 million from 31st December 2011, mainly a result of distributing the REIT units to its shareholders.

The investments in Wall Street Plaza and Hui Xian are both historical in nature and the Group currently has no intention of further investment in property other than that relating to the operations of our container transportation and logistics business.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June 2012, the Group had total liquid assets amounting to US$2,527.5 million and a total indebtedness of US$2,812.1 million. Net debt as at 30th June 2012 was therefore US$284.6 million versus US$259.1 million as at the 2011 year-end. The increase in net debt in the first half of 2012 was mainly a result of stage payments made for newbuilding orders.

The Group continues to have sufficient borrowing capacity and remains comfortably within its target of keeping its net debt to equity ratio below 1:1.

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

The liquid assets of the Group are predominantly cash deposits with a range of banks and with tenors from overnight to up to six months. We review the list of approved banks and exposure limits on each bank on a regular basis.

Given the volatile shipping industry earnings and asset values, the Group maintains a portion of its liquidity reserves in a portfolio of longer tenor investments. The Group's investment portfolio of US$350.5 million as at 30th June 2012 was predominantly comprised of 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, of which are mainly denominated in US dollars. Over 62% 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 as appropriate.

Nearly 99% 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 2012, the Group had 8,280 full-time equivalent employees. Salary and benefit levels are maintained at competitive levels and employees are rewarded on a performance-related basis within the general policy and framework of the Group's salary and discretionary bonus schemes. These schemes, based on the performance of the Company and individual employees, are regularly reviewed. Other benefits are also provided including medical insurance and retirement funds. In support of the continuous development of individual employees, training and development programmes for each different level of employee are arranged. Social and recreational activities are arranged for our employees around the world.

Management Discussion and Analysis

SAFETY, SECURITY AND ENVIRONMENTAL PROTECTION

Safety and security are a top priority in our business operations onshore and at sea, for our people, cargo, ships and facilities. Our Group maintains the highest safety and security standards.

The Group's Corporate Security Policy, standards and procedures guide our company in the prevention and suppression of security threats against international supply chain operations. We are committed not only to complying with rules and regulations such as the ISPS Code, but also to exceeding them by embracing industry best practices and voluntary initiatives. We participate in various national security programs, including the US Customs-Trade Partnership Against Terrorism (C-TPAT) and EU Authorised Economic Operator (AEO) initiatives.

We also actively collaborate with various governments and authorities worldwide in our efforts against acts that might impinge upon maritime or cargo security. In addition, our Global Data Centre maintains BS7799 certification in order to provide our customers and partners with quality and secure information in accordance with international standards on information security management.

To combat the increasing threat of maritime piracy, OOCL applies anti-piracy measures by adopting best practice guidelines and establishing close communications with our staff onboard.

The OOIL Group recognises that businesses must take responsibility for their industry's effects on the environment. OOIL proactively promotes and adopts green practices at every level of our organisation.

OOCL's online Carbon Calculator is designed for our customers to measure carbon dioxide emissions in their supply chains, and it has been verified by a third party auditor for data accuracy and transparency. It is the first emissions calculator of its kind to offer multiple shipment searches and full intermodal emissions data. This new calculator demonstrates OOCL's commitment to environmental care and our drive to help our customers understand the carbon footprint in their end-to-end supply chains.

Apart from our intense focus on ship emissions, we also implemented Sustainability Performance Reporting for all regional operations to meet high Corporate Social Responsibility Standards. In the first half of 2012, we have successfully received certification on the accuracy and transparency of our environmental data disclosure which reflects our commitment to a high standard of data integrity and information management.

Our first annual Sustainability Report was launched this year, signifying an important milestone in our sustainable development agenda and demonstrating our long-term commitment to corporate sustainability, transparency and accountability. This report covers the significant environmental, economic and social aspects of the business arising from the principal activities of OOIL and its subsidiaries.

During the first half of 2012, OOCL won the Green Award 2012 from the Hong Kong Marine Department and four Hong Kong Voluntary Observing Ship Gold Awards from the Hong Kong Observatory. We are very pleased to have been recognised for our consistent and sustained efforts in striving for environmental protection initiatives.

We continue to achieve one of the best records for the Green Flag Program organised by the Port of Long Beach and Port of Los Angeles in the USA, achieving full voluntary compliance in vessel speed reduction for our vessels. OOCL is also one of the leading carriers that voluntarily initiated and signed on to the Fair Winds Charter (FWC) in Hong Kong. Under this Charter, our vessels need to switch to cleaner fuel of 0.5% sulphur content or less when berthed at the Hong Kong port.

Through membership with organisations such as the Clean Cargo Working Group, the Business Environment Council and the World Wildlife Fund, the OOIL Group has demonstrated its commitment to tackling the issue of climate change and environmental protection in Hong Kong and the regions in which we operate.

Other Information

INTERIM DIVIDEND

The Board of Directors (the "Board") of the Company is pleased to announce an interim dividend of US4.66 cents (HK$0.363 at the exchange rate of US$1: HK$7.8) per ordinary share for the six months ended 30th June 2012 to be paid on 15th October 2012 to the shareholders of the Company whose names appear on the register of members of the Company on 11th September 2012. Shareholders should complete the Dividend Election Form (if applicable) and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited (the "Branch Share Registrar"), not later than 4:30 p.m. on 5th October 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6th September 2012 to 11th September 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, the share transfers must be accompanied with the relevant share certificates and lodged with the Branch Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 5th September 2012.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30th June 2012, the issued share capital of the Company consisted of 625,793,297 ordinary shares (the "Shares"). The interests and short positions of the Directors and the Chief Executive of the Company in the Shares, the underlying Shares and the debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as 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	–	429,950,088 *(Notes 1 and 2)*	429,950,088	68.70%
Chang Tsann Rong Ernest	612,731	–	612,731	0.09%
Chow Philip Yiu Wah	133,100	20,000 *(Note 3)*	153,100	0.02%
Simon Murray	10,000	–	10,000	0.002%
Professor Wong Yue Chim Richard	–	500 *(Note 4)*	500	0.00008%

Other Information

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 429,950,088 Shares, in which Fortune Crest Inc. ("Fortune Crest") and Gala Way Company Inc. ("Gala Way"), wholly owned subsidiaries of Thelma, have direct interests in 350,722,656 Shares and 79,227,432 Shares respectively. The voting rights in respect of such 429,950,088 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. 20,000 Shares are held by the spouse of Mr. Chow Philip Yiu Wah.

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

Save as disclosed above, as at 30th June 2012, none of the Directors or the Chief Executive of the Company had any interest or short position in the Shares, the underlying Shares and the debentures of the Company or any of its associated corporation (within the meaning of the SFO) which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed in below section "Substantial Shareholders' Share Interest", as at 30th June 2012, none of the Directors or the Chief Executive of the Company is a director or an employee of a company which had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Other Information

SUBSTANTIAL SHAREHOLDERS' SHARE INTEREST

As at 30th June 2012, the following persons (other than the Directors or the Chief Executive of the Company) had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of Shares interested (Long position)	Percentage
Artson Global Limited*	Trustee	429,950,088 *(Note 1)*	68.70%
Hanberry Global Limited	Trustee	429,950,088 *(Note 2)*	68.70%
Thelma Holdings Limited*	Indirect	429,950,088 *(Note 3)*	68.70%
Tung Chee Hwa	Indirect	429,975,319 *(Note 4)*	68.70%
Archmore Investment Limited*	Beneficiary of a trust	429,950,088 *(Note 5)*	68.70%
Edgemont Holdings Limited*	Indirect	429,950,088 *(Note 6)*	68.70%
Javier Global Limited*	Indirect	429,950,088 *(Note 7)*	68.70%
Bartlock Assets Ltd.	Beneficiary of a trust	429,950,088 *(Note 8)*	68.70%
Flowell Development Inc.	Beneficiary of a trust	429,950,088 *(Note 9)*	68.70%
Izone Capital Limited*	Beneficiary of a trust	429,950,088 *(Note 10)*	68.70%
Jeference Capital Inc.*	Beneficiary of a trust	429,950,088 *(Note 11)*	68.70%
Tung Holdings (Trustee) Inc.*	Voting	429,950,088 *(Note 12)*	68.70%
Fortune Crest Inc.*	Direct	350,722,656 *(Note 13)*	56.04%
Gala Way Company Inc.*	Direct	79,227,432 *(Note 14)*	12.66%

Other Information

Notes:

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

2. Hanberry Global Limited ("Hanberry"), a company which is wholly owned by Mr. Tung Chee Hwa (brother of Mr. Tung Chee Chen, brother-in-law of Professor Roger King and father of Mr. Tung Lieh Cheung Andrew and Mr. Tung Lieh Sing Alan), holds 43.64% of the shares of Thelma and, accordingly, has an indirect interest in the same Shares in which Thelma has an interest.

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

4. Mr. Tung Chee Hwa has an interest in a trust which, through Hanberry as trustee, holds shares of Thelma, which has an indirect interest in 429,950,088 Shares. Mrs. Tung Chiu Hung Ping Betty (spouse of Mr. Tung Chee Hwa) 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 429,950,088 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 429,950,088 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 429,950,088 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 429,950,088 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 429,950,088 Shares.

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

13. Fortune Crest has a direct interest in 350,722,656 Shares.

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

* For those companies marked with an asterisk, Mr. Tung Chee Chen is either a director of these companies or a director of a company which is a corporate director of these companies.

Save as disclosed herein, as at 30th June 2012, the Company has not been notified by any person (other than the Directors or the Chief Executive of the Company) who had an interest or short position in the Shares or the underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Other Information

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

As at 30th June 2012, 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 2012, 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 laws of Bermuda 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 2011 Annual Report, required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. TUNG Chee Chen, the Chairman, President and Chief Executive Officer of the Company, retired as an Independent Non-Executive Director of Zhejiang Expressway Co., Ltd. on 11th June 2012.

Mr. TUNG Lieh Cheung Andrew, an Executive Director of the Company, has been appointed as the Chief Executive Officer and Senior Managing Director of Orient Overseas Container Line Limited ("OOCLL"), an indirect wholly owned subsidiary of the Company, with effect from 1st July 2012, and resigned as the Vice-Chairman of the International Chamber of Commerce Commission for Transport & Logistics on 28th June 2012.

Professor Roger KING, a Non-Executive Director of the Company, resigned as an Independent Non-Executive Director of Sincere Watch (Hong Kong) Limited on 19th June 2012.

Mr. CHOW Philip Yiu Wah, a Non-Executive Director of the Company, was re-designated from an Executive Director of the Company to a Non-Executive Director of the Company and retired as the Chief Executive Officer of OOCLL, both with effect from 1st July 2012. Mr. Chow is a consultant of the Company for a term of one year from 1st July 2012 to 30th June 2013. As a consultant, Mr. Chow shall receive a consultancy fee of HK$3,314,968 per annum and as a Non-Executive Director of the Company and a member of the Finance Committee and the Share Committee of the Company, Mr. Chow shall receive a total director's fee of HK$50,000 per annum.

Other Information

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

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 Hong Kong Stock Exchange's Code on Corporate Governance Practices (the "Former SEHK Code"), Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong, took effect for accounting periods commencing from 1st January 2005 onwards. It sets out the principles of good corporate governance and two levels of recommendation:

- code provisions, with which issuers are expected to comply or to give considered reasons for any deviation; and
- recommended best practices, for guidance only, save that issuers are encouraged to comply or give reasons for deviation.

Amendments to the Former SEHK Code were announced in October 2011. The revised Appendix 14, Corporate Governance Code and Corporate Governance Report (the "Revised SEHK Code") became effective on 1st April 2012.

The Company has adopted its own corporate governance code (the "CG Code"), which also incorporates and conforms to local and international best practices and was recently updated in March 2012 to reflect the new requirements under the Revised SEHK Code. The CG Code sets out the corporate governance principles applied by the Company and its subsidiaries (the "Group") and is constantly reviewed to ensure transparency, accountability and independence.

Throughout the period from 1st January 2012 to 31st March 2012, the Company complied with the Former SEHK Code, save for the following:

- Code Provision

Code provision of the Former 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 the principal divisions of the Group 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.

Other Information

- Recommended Best Practices

    - a nomination committee was established on 9th March 2012

    - the remuneration of senior management is disclosed in bands

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

Throughout the period from 1st April 2012 to 30th June 2012, the Company complied with the Revised SEHK Code, save for the same deviations as disclosed above and the following:

- Code Provision

Code provision of the Revised SEHK Code	Deviation	Considered reason for deviation
Independent Non-Executive Directors and other Non-Executive Directors should attend general meetings.	Mr. CHENG Wai Sun Edward, an Independent Non-Executive Director of the Company, did not attend the annual general meeting of the Company held on 18th May 2012.	Mr. CHENG had prior business commitment set a year ago and was unable to attend the annual general meeting of the Company on 18th May 2012.

Securities Transactions by Directors

The Company has adopted its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code contained in Appendix 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 Company's own code and the Model Code throughout the period from 1st January 2012 to 30th June 2012.

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Report on Review of Interim Financial Information

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

Introduction

We have reviewed the interim financial information set out on pages 19 to 36, which comprises the condensed consolidated balance sheet of Orient Overseas (International) Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th June 2012 and the condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 1st August 2012

Condensed Consolidated Profit and Loss Account (unaudited)

For the six months ended 30th June 2012

US$'000	Note	2012	2011
Revenue	5	3,121,743	2,920,803
Operating costs		(2,845,428)	(2,554,174)
Gross profit		276,315	366,629
Fair value gain from an investment property		5,000	5,000
Other operating income		73,017	35,128
Other operating expenses		(214,737)	(218,351)
Operating profit	6	139,595	188,406
Finance costs	8	(17,078)	(13,267)
Share of profits of jointly controlled entities		1,391	954
Share of profits of associated companies		5,702	5,271
Profit before taxation		129,610	181,364
Taxation	9	(12,138)	(6,025)
Profit for the period		117,472	175,339
Profit attributable to :			
Equity holders of the Company		116,773	174,970
Non-controlling interests		699	369
		117,472	175,339
Earnings per ordinary share (US cents)			
Basic and diluted	11	18.6	28.0
Interim dividend	10	29,162	43,805

Condensed Consolidated Statement of Comprehensive Income (unaudited)

For the six months ended 30th June 2012

US$'000	2012	2011
Profit for the period	**117,472**	175,339
Other comprehensive income:		
Available-for-sale financial assets		
– Change in fair value	**(29,690)**	59,261
– Assets revaluation reserve realised	**–**	(696)
Share of other comprehensive (loss)/income of associated companies	**(443)**	1,522
Share of other comprehensive (loss)/income of jointly controlled entities	**(34)**	289
Currency translation adjustments	**(886)**	1,290
Other comprehensive (loss)/income for the period	**(31,053)**	61,666
Total comprehensive income for the period	**86,419**	237,005
Total comprehensive income attributable to:		
Equity holders of the Company	**85,726**	236,599
Non-controlling interests	**693**	406
	86,419	237,005

Condensed Consolidated Balance Sheet (unaudited)

As at 30th June 2012

US$'000	Note	30th June 2012	Restated 31st December 2011
ASSETS			
Non-current assets			
Property, plant and equipment	12	4,259,116	4,205,194
Investment property	12	165,000	160,000
Prepayments of lease premiums	12	9,983	10,249
Jointly controlled entities		1,146	2,688
Associated companies		94,911	75,670
Intangible assets	12	38,385	40,014
Deferred taxation assets		1,757	1,803
Pension and retirement assets		42,134	38,452
Derivative financial instruments	14	7,707	7,983
Restricted bank balances		14,921	11,728
Other non-current assets		360,767	335,937
		4,995,827	4,889,718
Current assets			
Inventories		169,103	150,127
Debtors and prepayments	13	529,745	470,594
Portfolio investments		148,193	119,180
Restricted bank balances		2,432	543
Cash and bank balances		2,159,669	2,098,884
		3,009,142	2,839,328
Asset held for sale		30,843	–
		3,039,985	2,839,328
Total assets		8,035,812	7,729,046
EQUITY			
Equity holders			
Share capital	15	62,579	62,579
Reserves	16	4,274,009	4,188,283
		4,336,588	4,250,862
Non-controlling interests		6,675	6,686
Total equity		4,343,263	4,257,548

Condensed Consolidated Balance Sheet (unaudited)

As at 30th June 2012

US$'000	Note	30th June 2012	Restated 31st December 2011
LIABILITIES			
Non-current liabilities			
Borrowings	18	2,361,091	2,233,095
Deferred taxation liabilities		67,491	65,817
Pension and retirement liabilities		1,196	2,427
Derivative financial instruments	14	9,421	10,358
		2,439,199	2,311,697
Current liabilities			
Creditors and accruals	17	791,357	709,449
Borrowings	18	450,981	439,111
Current taxation		11,012	11,241
		1,253,350	1,159,801
Total liabilities		3,692,549	3,471,498
Total equity and liabilities		8,035,812	7,729,046
Net current assets		1,755,792	1,679,527
Total assets less current liabilities		6,782,462	6,569,245

C C Tung
Kenneth G Cambie
Directors

Condensed Consolidated Cash Flow Statement (unaudited)

For the six months ended 30th June 2012

US$'000	2012	2011
Cash flows from operating activities		
Cash generated from operations	194,171	280,719
Interest paid	(7,654)	(6,841)
Interest element of finance lease rental payments	(8,700)	(9,660)
Hong Kong profits tax paid	–	(6)
Overseas taxes paid	(5,968)	(17,043)
Net cash from operating activities	171,849	247,169
Cash flows from investing activities		
Sale of property, plant and equipment	32,099	6,427
Sale of available-for-sale financial assets	–	1,560
Purchase of property, plant and equipment	(237,529)	(484,617)
Purchase of available-for-sale financial assets	(5)	–
Purchase of held-to-maturity investments	(19,400)	(46,582)
Repayment of loan advanced to an investee company	–	71,100
(Increase)/decrease in portfolio investments	(29,013)	37,669
Increase in amounts due to jointly controlled entities	2,079	1,809
(Increase)/decrease in restricted bank balances and bank deposits maturing more than three months from the date of placement	(434,363)	1,982,334
Increase of investment in an associated company	(19,837)	–
Increase in intangible assets	(4,557)	(2,811)
Increase in other non-current assets	(257)	(590)
Interest received	17,684	19,105
Dividends received from portfolio investments	275	305
Dividends received from available-for-sale financial assets	7,937	29
Dividends received from associated companies	820	6,078
Dividend received from a jointly controlled entity	5,855	688
Net cash (used in)/from investing activities	(678,212)	1,592,504
Cash flows from financing activities		
New loans	348,985	60,350
Repayment of loans	(116,746)	(70,067)
Capital element of finance lease rental payments	(92,507)	(26,809)
Dividends paid to equity holders of the Company	–	(1,455,115)
Dividend paid to non-controlling interests	(704)	(716)
Net cash from/(used in) financing activities	139,028	(1,492,357)
Net (decrease)/increase in cash and cash equivalents	(367,335)	347,316
Cash and cash equivalents at beginning of period	1,909,154	1,213,283
Currency translation adjustments	(1,035)	1,844
Cash and cash equivalents at end of period	1,540,784	1,562,443
Analysis of cash and cash equivalents		
Bank balances and deposits maturing within three months from the date of placement	1,540,894	1,562,603
Bank overdrafts	(110)	(160)
	1,540,784	1,562,443

Condensed Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 30th June 2012

	Equity holders				
US$'000	Share capital	Reserves	Sub-total	Non-controlling interests	Total
Balance at 31st December 2011					
As previously reported	**62,579**	**4,212,569**	**4,275,148**	**6,686**	**4,281,834**
Prior year adjustment (note 2)	**–**	**(24,286)**	**(24,286)**	**–**	**(24,286)**
As restated	**62,579**	**4,188,283**	**4,250,862**	**6,686**	**4,257,548**
Total comprehensive income for the period	**–**	**85,726**	**85,726**	**693**	**86,419**
Transactions with owners					
Dividend paid to non-controlling interests	**–**	**–**	**–**	**(704)**	**(704)**
Balance at 30th June 2012	**62,579**	**4,274,009**	**4,336,588**	**6,675**	**4,343,263**
Balance at 31st December 2010					
As previously reported	62,579	5,510,153	5,572,732	6,799	5,579,531
Prior year adjustment (note 2)	–	(24,286)	(24,286)	–	(24,286)
As restated	62,579	5,485,867	5,548,446	6,799	5,555,245
Total comprehensive income for the period	–	236,599	236,599	406	237,005
Transactions with owners					
2010 final dividend	–	(144,071)	(144,071)	–	(144,071)
2010 special dividend	–	(1,311,044)	(1,311,044)	–	(1,311,044)
Dividend paid to non-controlling interests	–	–	–	(716)	(716)
Balance at 30th June 2011	62,579	4,267,351	4,329,930	6,489	4,336,419

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.

This interim financial information was approved by the Board of Directors on 1st August 2012.

2. Basis of Preparation

The interim financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment property, available-for-sale financial assets, portfolio investments and derivative financial instruments, which are carried at fair value and in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual accounts for the year ended 31st December 2011 except as disclosed below.

The adoption of revised HKFRS

In 2012, the Group adopted the amendments of HKFRS below, which are relevant to its operations.

HKFRS 7 Amendment	Financial Instruments: Disclosures – Transfer of Financial Assets
HKAS 12 Amendment	Deferred Tax: Recovery of Underlying Assets

In December 2010, the HKICPA amended HKAS 12, 'Income taxes', to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1st January 2012 with early adoption permitted.

The Group has adopted this amendment retrospectively for the financial period ended 30th June 2012 and the effects of adoption are disclosed as follows.

As disclosed in Note 12, the Group has an investment property measured at its fair value of US$160.0 million as of 1st January 2012. As required by the amendment, the Group has re-measured the deferred tax relating to the investment property according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. There is no material impact on the consolidated profit and loss account. The comparative figures for 2011 have been restated to reflect the change in accounting policy. The effect of the restatement on the 31st December 2011 consolidated balance sheet, and the consequential effect on the 30th June 2012 consolidated balance sheet are as follows:

Effect on consolidated balance sheet	30th June 2012 US$'000	31st December 2011 US$'000
Increase in deferred tax liabilities	**24,286**	24,286
Decrease in retained profit	**24,286**	24,286

The Group has assessed the impact of the adoption of HKFRS 7 Amendment "Financial Instruments: Disclosures – Transfer of Financial Assets" and considered that there were no significant impact on the Group's results and financial position and no substantial changes in the Group's accounting policies and presentation of the accounts.

Notes to the Interim Financial Information

2. Basis of Preparation (Continued)

Standards and amendments to existing standards that are relevant but not yet effective to the Group

New standards and amendments		Effective for accounting periods beginning on or after
HKAS 1 Amendment	Presentation of Financial Statements	1st July 2012
HKAS 19 Amendment	Employee Benefits	1st January 2013
HKAS 27 (2011)	Separate Financial Statements	1st January 2013
HKAS 28 (2011)	Associates and Joint Ventures	1st January 2013
HKFRS 7 Amendment	Financial Instruments: Disclosure: Offsetting Financial Assets and Financial Liabilities	1st January 2013
HKFRS 10	Consolidated Financial Statements	1st January 2013
HKFRS 11	Joint Arrangements	1st January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1st January 2013
HKFRS 13	Fair Value Measurements	1st January 2013
HKAS 32 Amendment	Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKFRS 7 Amendment	Financial Instruments: Disclosures – Mandatory Effective date of HKFRS 9 and Transitional Disclosures	1st January 2015*
HKFRS 9	Financial Instruments	1st January 2015

* *Effective for annual periods beginning 1st January 2015 for those in connection with HKFRS 9.*

The Group has not early adopted the above standards and amendments 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 2011.

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 2011.

5. Revenue

US$'000	2012	2011
Container transport and logistics	**3,107,661**	2,908,241
Others	**14,082**	12,562
	3,121,743	2,920,803

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

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

Notes to the Interim Financial Information

6. Operating Profit

US$'000	2012	2011
Operating profit is arrived at after crediting:		
Interest income from banks	**12,232**	10,540
Interest income from held-to-maturity investments	**3,834**	4,203
Gross rental income from an investment property	**14,082**	12,562
Net gain on disposal of property, plant and equipment		
– Containers	**–**	2,656
– Others	**–**	(232)
Income from available-for-sale financial assets		
– Profit on disposal	**–**	696
– Dividend income	**42,633**	29
Gain on interest rate swap contracts	**350**	289
Gain on foreign exchange forward contracts	**687**	2,803
Portfolio investment income	**10,950**	3,307
Exchange gain	**2,035**	10,542
and after charging:		
Depreciation		
Owned assets	**80,282**	79,759
Leased assets	**36,179**	42,544
Operating lease rental expense		
Vessels and equipment	**208,295**	186,207
Land and buildings	**13,712**	13,110
Rental outgoings in respect of an investment property	**5,899**	6,014
Net loss on disposal of property, plant and equipment		
– Container vessels	**4,041**	–
– Containers	**596**	–
– Others	**(120)**	–
Amortisation of intangible assets	**6,186**	6,448
Amortisation of prepayments of lease premiums	**229**	241

7. Key Management Compensation

US$'000	2012	2011
Salaries and other short-term employee benefits	**2,270**	18,816
Pension costs – defined contribution plans	**211**	1,639
	2,481	20,455

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

Notes to the Interim Financial Information

8. Finance Costs

US$'000	2012	2011
Interest expense	**(17,748)**	(13,491)
Amount capitalised under assets	**670**	224
Net interest expense	**(17,078)**	(13,267)

9. Taxation

US$'000	2012	2011
Current taxation		
Hong Kong profits tax	**(650)**	(306)
Overseas taxation	**(9,777)**	(10,919)
	(10,427)	(11,225)
Deferred taxation		
Overseas taxation	**(1,711)**	5,200
	(12,138)	(6,025)

Taxation has been provided at the appropriate tax rates prevailing in the countries in which the Group operates on the estimated assessable profits for the period. These rates range from 10% to 47% (2011: 12% to 47%) and the rate applicable for Hong Kong profits tax is 16.5% (2011: 16.5%).

10. Interim Dividend

US$'000	2012	2011
Interim dividend of US4.66 cents (2011: US7.0 cents) per ordinary share	**29,162**	43,805

The Board of Directors proposes an interim dividend in respect of 2012 of US4.66 cents (2011: US7.0 cents) per ordinary share. This proposed dividend will be accounted for as an appropriation of retained profit for the year ending 31st December 2012.

11. Earnings Per Ordinary Share

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

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

US$'000	2012	2011
Number of ordinary shares in issue (thousands)	**625,793**	625,793
Group's profit attributable to:		
Equity holders of the Company	**116,773**	174,970
Non-controlling interests	**699**	369
	117,472	175,339
Earnings per share attributable to equity holders of the Company (US cents)	**18.6**	28.0

Notes to the Interim Financial Information

12. Capital Expenditure

US$'000	Property, plant and equipment	Investment property	Prepayments of lease premiums	Intangible assets	Total
Net book amounts:					
Balance at 31st December 2011	**4,205,194**	**160,000**	**10,249**	**40,014**	**4,415,457**
Currency translation adjustments	**(357)**	**–**	**(37)**	**–**	**(394)**
Fair value gain	**–**	**5,000**	**–**	**–**	**5,000**
Additions	**238,199**	**–**	**–**	**4,557**	**242,756**
Classified as asset held for sale	**(33,186)**	**–**	**–**	**–**	**(33,186)**
Disposals	**(34,273)**	**–**	**–**	**–**	**(34,273)**
Depreciation and amortisation	**(116,461)**	**–**	**(229)**	**(6,186)**	**(122,876)**
Balance at 30th June 2012	**4,259,116**	**165,000**	**9,983**	**38,385**	**4,472,484**
Balance at 31st December 2010	3,860,367	155,000	10,122	46,648	4,072,137
Currency translation adjustments	945	–	190	–	1,135
Fair value gain	–	5,000	–	–	5,000
Additions	484,841	–	–	2,811	487,652
Disposals	(4,003)	–	–	–	(4,003)
Depreciation and amortisation	(122,303)	–	(241)	(6,448)	(128,992)
Balance at 30th June 2011	4,219,847	160,000	10,071	43,011	4,432,929

13. Debtors and Prepayments

US$'000	30th June 2012	31st December 2011
Trade receivables	**363,438**	296,583
Less: Provision for impairment	**(4,855)**	(5,373)
Trade receivables – net	**358,583**	291,210
Other debtors	**69,073**	64,417
Other prepayments	**81,895**	90,147
Utility and other deposits	**7,632**	7,570
Tax recoverable	**12,562**	17,250
	529,745	470,594

Notes to the Interim Financial Information

13. Debtors and Prepayments (Continued)

Trade receivables are normally due for payment on presentation of invoices or granted with an approved credit period ranging mainly from 10 to 30 days. 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 dates of invoices, is as follows:

US$'000	30th June 2012	31st December 2011
Below one month	334,013	270,539
Two to three months	18,250	18,108
Four to six months	6,320	2,563
	358,583	291,210

14. Derivative Financial Instruments

US$'000	30th June 2012	31st December 2011
Assets		
Non-current assets		
Interest rate swap contracts	7,707	7,983
Liabilities		
Non-current liabilities		
Interest rate swap contract	(4,051)	(4,328)
Foreign exchange forward contract	(5,370)	(6,030)
	(9,421)	(10,358)

15. Share Capital

US$'000	30th June 2012	31st December 2011
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 (2011: 625,793,297) ordinary shares of US$0.10 each	62,579	62,579

Notes to the Interim Financial Information

16. Reserves

US$'000	Share premium	Contributed surplus	Capital redemption reserve	Asset revaluation reserve: Available-for-sale financial assets	Foreign exchange translation reserve	Retained profit	Total
Balance at 31st December 2011							
As previously reported	172,457	88,547	4,696	128,178	57,945	3,760,746	4,212,569
Prior year adjustment (note 2)	–	–	–	–	–	(24,286)	(24,286)
As restated	172,457	88,547	4,696	128,178	57,945	3,736,460	4,188,283
Total comprehensive income/ (loss) for the period	–	–	–	(29,690)	(1,357)	116,773	85,726
Balance at 30th June 2012	172,457	88,547	4,696	98,488	56,588	3,853,233	4,274,009
Balance at 31st December 2010							
As previously reported	172,457	88,547	4,696	115,018	51,414	5,078,021	5,510,153
Prior year adjustment (note 2)	–	–	–	–	–	(24,286)	(24,286)
As restated	172,457	88,547	4,696	115,018	51,414	5,053,735	5,485,867
Total comprehensive income for the period	–	–	–	58,565	3,064	174,970	236,599
2010 final dividend	–	–	–	–	–	(144,071)	(144,071)
2010 special dividend	–	–	–	–	–	(1,311,044)	(1,311,044)
Balance at 30th June 2011	172,457	88,547	4,696	173,583	54,478	3,773,590	4,267,351
Total comprehensive income/ (loss) for the period	–	–	–	(45,405)	3,467	6,675	(35,263)
2011 interim dividend	–	–	–	–	–	(43,805)	(43,805)
Balance at 31st December 2011	172,457	88,547	4,696	128,178	57,945	3,736,460	4,188,283

Notes to the Interim Financial Information

17. Creditors and Accruals

US$'000	30th June 2012	31st December 2011
Trade payables	**304,768**	247,575
Other creditors	**53,467**	82,209
Accrued expenses	**385,269**	342,915
Deferred revenue	**47,853**	36,750
	791,357	709,449

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

US$'000	30th June 2012	31st December 2011
Below one month	**258,690**	178,514
Two to three months	**41,299**	64,935
Four to six months	**4,779**	3,416
Over six months	**–**	710
	304,768	247,575

18. Borrowings

US$'000	30th June 2012	31st December 2011
Non-current		
Bank loans		
– Secured	**1,217,215**	954,208
– Unsecured	**25,997**	42,151
Finance lease obligations	**1,117,879**	1,236,736
	2,361,091	2,233,095
Current		
Bank overdrafts, unsecured	**110**	236
Bank loans		
– Secured	**138,215**	152,829
– Unsecured	**32,307**	32,307
Finance lease obligations	**280,349**	253,739
	450,981	439,111
Total borrowings	**2,812,072**	2,672,206

Notes to the Interim Financial Information

19. Commitments

(a) Capital commitments – Property, plant and equipment

US$'000	30th June 2012	31st December 2011
Contracted but not provided for	**1,622,195**	1,595,176
Authorised but not contracted for	**61,308**	284,447
	1,683,503	1,879,623

(b) Operating lease commitments

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

US$'000	Vessels and equipment	Land and buildings	Total
As at 30th June 2012			
2012/13	**197,691**	**46,682**	**244,373**
2013/14	**151,776**	**42,930**	**194,706**
2014/15	**126,022**	**34,837**	**160,859**
2015/16	**76,940**	**55,924**	**132,864**
2016/17	**74,196**	**65,413**	**139,609**
2017/18 onwards	**317,902**	**3,887,103**	**4,205,005**
	944,527	**4,132,889**	**5,077,416**
As at 31st December 2011			
2012	196,097	27,725	223,822
2013	148,235	17,928	166,163
2014	137,718	11,158	148,876
2015	88,216	2,652	90,868
2016	74,449	2,421	76,870
2017 onwards	354,364	356	354,720
	999,079	62,240	1,061,319

20. Segment Information

The principal activities of the Group are container transport and logistics. Container transport and logistics include global containerised shipping services in major trade lanes, covering Trans-Pacific, Trans-Atlantic, Asia/Europe, Asia/Australia and Intra-Asia trades, and integrated services over the management and control of effective storage and flow of goods. In accordance with the Group's internal financial reporting provided to the chief operating decision-makers, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are container transport and logistics and others.

Notes to the Interim Financial Information

20. Segment Information (Continued)

Operating segments

The segment results for the six months ended 30th June 2012 are as follows:

US$'000	Container transport and logistics	Others	Elimination	Group
Revenue	3,107,661	14,499	(417)	3,121,743
Operating profit	60,867	78,728	–	139,595
Finance costs	(17,078)	–	–	(17,078)
Share of profits of jointly controlled entities	1,391	–	–	1,391
Share of profits of associated companies	5,702	–	–	5,702
Profit before taxation	50,882	78,728	–	129,610
Taxation	(7,756)	(4,382)	–	(12,138)
Profit for the period	43,126	74,346	–	117,472
Capital expenditure	242,756	–	–	242,756
Depreciation	116,461	–	–	116,461
Amortisation	6,415	–	–	6,415

The segment results for the six months ended 30th June 2011 are as follows:

US$'000	Container transport and logistics	Others	Elimination	Group
Revenue	2,908,241	13,044	(482)	2,920,803
Operating profit	161,816	26,590	–	188,406
Finance costs	(13,267)	–	–	(13,267)
Share of profits of jointly controlled entities	954	–	–	954
Share of profits of associated companies	5,271	–	–	5,271
Profit before taxation	154,774	26,590	–	181,364
Taxation	(11,348)	5,323	–	(6,025)
Profit for the period	143,426	31,913	–	175,339
Capital expenditure	487,652	–	–	487,652
Depreciation	122,303	–	–	122,303
Amortisation	6,689	–	–	6,689

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

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

Notes to the Interim Financial Information

20. Segment Information (Continued)

Operating segments (Continued)

The segment assets and liabilities as at 30th June 2012 are as follows:

US$'000	Container transport and logistics	Others	Group
As at 30th June 2012			
Segment assets	**5,583,975**	**2,355,780**	**7,939,755**
Jointly controlled entities	**1,146**	**–**	**1,146**
Associated companies	**94,911**	**–**	**94,911**
Total assets	**5,680,032**	**2,355,780**	**8,035,812**
Segment liabilities	**(3,633,337)**	**(59,212)**	**(3,692,549)**
As at 31st December 2011 (Restated)			
Segment assets	5,170,026	2,480,662	7,650,688
Jointly controlled entities	2,688	–	2,688
Associated companies	75,670	–	75,670
Total assets	5,248,384	2,480,662	7,729,046
Segment liabilities	(3,416,045)	(55,453)	(3,471,498)

Others primarily include assets and liabilities of property and corporate level activities. Other assets consist primarily of investment property, available-for-sale financial assets, held-to-maturity investments and portfolio investments together with cash and bank balances that are managed at corporate level. Other liabilities primarily include creditors and accruals, deferred taxation liabilities and derivative financial instruments related to corporate level activities.

Notes to the Interim Financial Information

20. Segment Information (Continued)

Geographical information

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

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

US$'000	Revenue	Capital expenditure
Six months ended 30th June 2012		
Asia	**2,070,648**	**17,675**
North America	**534,872**	**4,809**
Europe	**420,408**	**73**
Australia	**95,815**	**17**
Unallocated*	**–**	**220,182**
	3,121,743	**242,756**
Six months ended 30th June 2011		
Asia	1,922,047	9,053
North America	525,195	718
Europe	400,765	192
Australia	72,796	10
Unallocated*	–	477,679
	2,920,803	487,652

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