



ORIENT OVERSEAS (INTERNATIONAL) LIMITED

(Incorporated in Bermuda with Limited Liability)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2002

- Profit attributable to shareholders US\$1.0 million, a decrease of US\$48.1 million
- Earnings per ordinary share US0.2 cent
- Turnover decreased by 4.4% to US\$1,135 million
- Property development projects progressed as forecast
- Delivery taken under long-term charter of one new 5,700 TEU container vessel

The Directors of Orient Overseas (International) Limited ("the Company") announce the unaudited interim results of the Company and its subsidiaries ("the Group") for the six months ended 30th June 2002 as follows:

Consolidated Profit and Loss Account For The Six Months Ended 30th June 2002

	Note	2002 US\$'000	2001 US\$'000
Turnover	3	1,135,039	1,187,672
Operating costs		(983,692)	(949,897)
Gross profit		151,347	237,775
Other operating income		1,223	3,857
Other operating expenses		(137,412)	(170,189)
Operating profit before financing	4	15,158	71,443
Net financing charges		(16,386)	(25,501)
Share of profits less losses of jointly controlled entities		5,348	8,721
Profit before taxation		4,120	54,663
Taxation	5	(2,979)	(5,355)
Profit after taxation		1,141	49,308
Minority interests		(113)	(239)
Profit attributable to shareholders		1,028	49,069
		US cents	US cents
Earnings per ordinary share	6	0.2	9.5

NOTES

1. The interim results for the six months ended 30th June 2002 are unaudited, but have been reviewed in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants, by the Company's auditors, PricewaterhouseCoopers, whose report is to be included in the interim report to be sent to shareholders.

2. Accounting policies

In 2002, the Group has adopted the provisions of the Statement of Standard Accounting Practice No. 34 "Employee benefits" issued by the Hong Kong Society of Accountants. The effect of such change to the results for the period is not material and details of this change in accounting policy will be given in the 2002 Annual Accounts.

Apart from the foregoing, the accounting policies adopted are consistent with those described in the 2001 Annual Accounts.

3. Turnover

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

4. Operating profit before financing

	2002 US\$'000	2001 US\$'000
International transportation and logistics	6,316	76,044
Container terminals	4,466	(5,405)
Property investment and development	5,060	4,621
Others	3,127	193
	18,969	75,453
Corporate services	(3,811)	(4,010)
	15,158	71,443

In respect of the international transportation and logistics activities which cover the world's major shipping lanes, the Directors consider that the nature of the trade and the way in which costs are allocated precludes a meaningful allocation of operating profit to specific geographical segments. Operating profit from international transportation and logistics includes the results from the operations of the terminals at Long Beach and Kaohsiung which form an integral part of that business. The other container terminals and the investment property are located in North America. The Group has no other significant identifiable components in one geographical location for the purpose of carrying on a distinct and separate business.

5. Taxation

	2002 US\$'000	2001 US\$'000
Current overseas taxation		
Company and subsidiaries	2,967	5,313
Jointly controlled entities	12	42
	2,979	5,355

Current taxation has been provided at the appropriate rates of taxation prevailing in the countries in which the Group operates on the estimated assessable profits for the period. No provision for Hong Kong profits tax has been made as the Group does not have any assessable profit for the period (2001: nil).

6. Earnings per ordinary share

The calculation of earnings per ordinary share is based on the profit attributable to ordinary shareholders of US\$1.0 million (2001: US\$49.1 million) and 517.1 million ordinary shares in issue during the period.

7. Dividend

	2002 US\$'000	2001 US\$'000
Final dividend in respect of 2001 of US1.5 cents (2000: US3 cents) per ordinary share	7,757	15,514

The Board of Directors do not recommend to declare an interim dividend for 2002 (2001: US1 cent per ordinary share).

Results for First Half 2002

In the first six months of 2002, Orient Overseas (International) Limited Group reported a profit attributable to shareholders of US\$1.0 million. This level of profitability represents a significant decrease from the US\$49.1 million profit after tax and minority interests earned during the first half of 2001. This dramatic fall in overall performance has been due almost entirely to a severe deterioration in the comparative performance of the Group's core international containerised transportation business. It was the result of the very steep drop in the general level of freight rates resulting from the significantly adverse changes in the balance between the rates of growth of container volumes carried and the introduction of new tonnage into service.

Review of Operations

The core international containerised transportation business of the Group, trading under the "OOCL" name, has had to contend in 2002 with one of the worst business environments in the history of the industry. The slowdown in the world's economies had its greatest impact upon the industry from early 2001 onwards as it coincided with the almost unprecedented increase in the rate of delivery of newbuilding container vessels. Whilst rates have indeed fallen significantly as predicted, in the event the growth in container volumes carried has been at a somewhat higher rate than first forecast. In addition, efforts by individual carriers and the alliances to slow down the introduction of new capacity and to suspend certain services temporarily during the first half of the year, served to soften this negative sentiment.

Our terminal operations have enjoyed mixed fortunes during the first half of 2002. Both Deltaport and Vanterm in Vancouver have benefited from increased throughput resulting in performances significantly ahead of budget. However, the competitive situation and current overcapacity in the Port of New York and New Jersey has led to below budget performances by our Howland Hook Terminal on Staten Island and Global Terminal in New Jersey.

The Group's property investment and development businesses have continued to perform well and ahead of budget during the first half of the year. Our investment property, Wall Street Plaza, in the city of New York has produced a result ahead of budget aided by having been fully let throughout the period and by the continuing low interest rate environment. Development under the Group's investment in Beijing Oriental Plaza progresses according to schedule with just one block of serviced apartments yet to be completed. In Shanghai, the strong residential housing market has resulted in a performance by our property development activities ahead of budget for the period.

Looking Forward

We have seen economic recovery and an acceleration in growth in many of the world's major economies but concerns linger no less than in the U.S. where the ability of consumer confidence to overcome the falls in the equity markets and the discredit brought upon itself by significant members of the corporate sector is still in doubt. The high rate of newbuilding deliveries remains a problem for the industry. It will require strong economic growth, both in the U.S. and Europe, and a consequent strong growth in container volumes, to carry us through until this current surge in the deployment of new tonnage begins to abate.

Nevertheless, there have recently been signs of some stability returning to freight rates across a number of the major trade routes and, if this is sustained, sentiment will begin to change to our advantage and profitability may start to recover. To date however, there are few if any signs that rates will recover in the short term to a level anywhere near sufficient to allow profitability to return to the levels of the past few years. The caveats most definitely remain therefore and if these modest rate improvements serve only to encourage a further spate of newbuilding orders then, in common with the remainder of the industry, we will have little better to look forward to over the coming few years.

In this environment of weak freight rates we remain as a Group, concentrated as before upon the improvement in efficiency as part of our continuing efforts to drive down both fixed and variable costs. We will also remain focussed on mainland China as our growth market and the one in which we have an established expertise and reputation.

Interim Report and Disclosure of Information on the Website of The Stock Exchange of Hong Kong Limited ("HKSE")

The printed copy of the 2002 Interim Report will be sent to shareholders on or about 3rd September 2002. The soft copy of the Interim Report will be available on the Company's website at www.oocl.com on or about 3rd September 2002.

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 will be subsequently published on the HKSE's website www.hkex.com.hk in due course.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six-month period ended 30th June 2002.

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

Company's Compliance with the Code of Best Practice

In the opinion of the Directors, the Company has complied with the Code of Best Practice, as set out in Appendix 14 of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, throughout the accounting period covered by these interim results except that the Non-Executive Directors of the Company are not appointed for a specific term as they are subject to retirement by rotation in accordance with the Company's Bye-laws.

On behalf of the Board
C C TUNG
Chairman

Hong Kong, 16th August 2002