



ORIENT OVERSEAS (INTERNATIONAL) LIMITED

東方海外(國際)有限公司 †

(Incorporated in Bermuda with Limited Liability)

(Stock code: 316)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2007

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 2007, which have been reviewed by our auditor, PricewaterhouseCoopers whose unmodified review report is included in the Interim Report to be sent to Shareholders.

Consolidated Profit and Loss Account (unaudited) For the six months ended 30th June 2007

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

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

CONSOLIDATED BALANCE SHEET (unaudited)
As at 30th June 2007

US\$'000	Note	30th June 2007	31st December 2006
ASSETS			
Non-current assets			
Property, plant and equipment	13	3,047,070	2,777,004
Investment property	13	225,000	200,000
Prepayments of lease premiums	13	5,338	5,416
Jointly controlled entities		21,322	21,848
Associated companies		41,921	41,820
Intangible assets	13	35,178	29,363
Deferred taxation assets		671	1,053
Pension and retirement assets		3,562	4,068
Available-for-sale financial assets		20,319	22,409
Restricted bank balances and other deposits		78,665	88,519
Other non-current assets		87,437	85,906
		<u>3,566,483</u>	<u>3,277,406</u>
Current assets			
Properties under development and for sale		394,921	378,493
Inventories		71,110	57,605
Debtors and prepayments	14	431,751	382,527
Portfolio investments		493,283	264,514
Derivative financial instruments	15	4,410	3,510
Cash and bank balances		2,196,769	829,716
		<u>3,592,244</u>	<u>1,916,365</u>
Assets held for sale		-	406,232
		<u>3,592,244</u>	<u>2,322,597</u>
Total assets		<u>7,158,727</u>	<u>5,600,003</u>
EQUITY			
Equity holders			
Share capital	16	62,579	62,579
Reserves	17	4,317,051	2,664,627
		<u>4,379,630</u>	<u>2,727,206</u>
Minority interests		<u>13,607</u>	<u>12,827</u>
Total equity		<u>4,393,237</u>	<u>2,740,033</u>
LIABILITIES			
Non-current liabilities			
Borrowings	19	1,850,346	1,870,890
Deferred taxation liabilities		35,691	33,996
Pension and retirement liabilities		10,315	10,305
		<u>1,896,352</u>	<u>1,915,191</u>
Current liabilities			
Creditors and accruals	18	615,781	560,535
Derivative financial instruments	15	4,322	715
Borrowings	19	201,816	197,908
Current taxation		47,219	6,629
		<u>869,138</u>	<u>765,787</u>
Liabilities directly associated with assets classified as held for sale		-	178,992
		<u>869,138</u>	<u>944,779</u>
Total liabilities		<u>2,765,490</u>	<u>2,859,970</u>
Total equity and liabilities		<u>7,158,727</u>	<u>5,600,003</u>
Net current assets		<u>2,723,106</u>	<u>1,377,818</u>
Total assets less current liabilities		<u>6,289,589</u>	<u>4,655,224</u>

CONSOLIDATED CASH FLOW STATEMENT (unaudited)
For The Six Months Ended 30th June 2007

US\$'000	Note	2007	2006
Cash flows from operating activities			
Cash generated from operations		265,310	106,045
Interest paid		(16,704)	(15,101)
Interest element of finance lease rental payments		(26,648)	(22,166)
Dividend on preference shares		(4,626)	(5,293)
Hong Kong profits tax paid		(481)	-
Overseas tax paid		(58,918)	(19,797)
Net cash from operating activities		<u>157,933</u>	<u>43,688</u>
Cash flows from investing activities			
Sale of property, plant and equipment		32,130	9,949
Sale of available-for-sale financial assets		4,542	424
Purchase of property, plant and equipment		(328,621)	(145,864)
Purchase of available-for-sale financial assets		(14)	(54)
(Increase)/decrease in portfolio investments		(228,769)	9,732
Investment in an associated company		(1,227)	(7,000)
Disposal of subsidiaries	23	2,298,266	-
Decrease/(increase) in amounts due by jointly controlled entities		359	(550)
(Increase)/decrease in bank deposits maturing more than three months from the date of placement		(8,216)	10,095
Purchase of intangible assets		(7,270)	(8,505)
(Increase)/decrease in other non-current assets		(1,531)	7,466
Interest received		57,318	27,035
Income from available-for-sale financial assets		18	17
Dividends received from portfolio investments		233	786
Dividends received from jointly controlled entities		2,543	1,030
Net cash from/(used in) investing activities		<u>1,819,761</u>	<u>(95,439)</u>
Cash flows from financing activities			
New loans		40,146	84,558
Repayment of loans		(47,445)	(71,958)
Redemption of preference shares		(9,680)	(9,237)
Capital element of finance lease rental payments		(44,969)	(28,722)
Contribution from minority interests		-	4,000
Dividends paid to shareholders		(575,373)	(94,031)
Dividend paid to minority interests		-	(253)
Net cash used in financing activities		<u>(637,321)</u>	<u>(115,643)</u>
Net increase/(decrease) in cash and cash equivalents		1,340,373	(167,394)
Cash and cash equivalents at beginning of period		810,903	947,370
Currency translation adjustments		8,651	8,824
Cash and cash equivalents at end of period		<u>2,159,927</u>	<u>788,800</u>
Analysis of cash and cash equivalents			
Bank balances and deposits maturing within three months from the date of placement		2,160,033	788,952
Overdrafts		(106)	(152)
		<u>2,159,927</u>	<u>788,800</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
For The Six Months Ended 30th June 2007

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

Notes to the Interim Financial Information

1. General Information

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

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

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

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

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

2. Basis of Preparation

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

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual accounts for the year ended 31st December 2006.

2. Basis of Preparation (Continued)

The adoption of new / revised HKFRS

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

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

The Group has assessed the impact of the adoption of these new standard, amendment and interpretations and considered that there was no significant impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies, whereas the adoption of HKAS 1 (Amendment) and HKFRS 7 requires additional disclosures to be made in the annual consolidated accounts.

3. Financial Risk Management

All aspects of the Group’s financial risk management objectives and policies are consistent with those disclosed in the annual accounts for the year ended 31st December 2006.

4. Critical Accounting Estimates and Judgements

Estimates and judgements used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions applied in the preparation of the interim financial information are consistent with those used in the annual accounts for the year ended 31st December 2006.

5. Revenue

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

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

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

6. Operating Profit

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

7. Key Management Compensation

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

8. Finance Costs

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

9. Taxation

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

Taxation has been provided at the appropriate tax rates prevailing in the countries in which the Group operates on the estimated assessable profits for the period. These rates range from 6% to 52% (2006: 8% to 52%) and the rate applicable for Hong Kong profits tax is 17.5% (2006: 17.5%).

10. Discontinued Operation

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

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

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

(ii) Cash flows

Operating cash flows	7,171	19,722
Investing cash flows	(4,212)	(28,031)
Financing cash flows	<u>(2,578)</u>	<u>(1,397)</u>
Total cash flows	<u><u>381</u></u>	<u><u>(9,706)</u></u>

11. Interim Dividend

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

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

12. Earnings Per Ordinary Share

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

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

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

13. Capital Expenditure

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

14. Debtors and Prepayments

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

14. Debtors and Prepayments (Continued)

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

Trade receivables are normally due for payment on presentation of invoices or granted with an approved credit period ranging mainly from 10 to 45 days. Trade receivables with overdue balances are requested to settle all outstanding balances before any further credit is granted. The ageing analysis of the Group's trade receivables, net of provision for impairment, prepared in accordance with the due date of invoices, is as follows:

US\$'000	30th June 2007	31st December 2006
Below one month	280,086	227,635
Two to three months	21,586	21,841
Four to six months	1,021	4,212
Over six months	102	1,376
	<u>302,795</u>	<u>255,064</u>

15. Derivative Financial Instruments

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

16. Share Capital

US\$'000	30th June 2007	31st December 2006
Authorised :		
900,000,000 ordinary shares of US\$0.10 each	90,000	90,000
65,000,000 convertible redeemable preferred shares of US\$1 each	65,000	65,000
50,000,000 redeemable preferred shares of US\$1 each	50,000	50,000
	<u>205,000</u>	<u>205,000</u>
Issued and fully paid :		
625,793,297 (2006: 625,793,297) ordinary shares of US\$0.10 each	<u>62,579</u>	<u>62,579</u>

17. Reserves

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

18. Creditors and Accruals

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

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

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

19. Borrowings

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

20. Commitments

(a) Capital commitments

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

(b) Operating lease commitments

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

US\$'000	Vessels and equipment	Land and buildings	Total
As at 30th June 2007			
2007/08	330,312	19,930	350,242
2008/09	244,594	11,632	256,226
2009/10	132,389	8,143	140,532
2010/11	104,727	5,766	110,493
2011/12	73,460	2,275	75,735
2012/13 onwards	639,646	3,165	642,811
	<u>1,525,128</u>	<u>50,911</u>	<u>1,576,039</u>
As at 31st December 2006 *			
2007	293,667	48,521	342,188
2008	240,205	44,509	284,714
2009	168,128	38,813	206,941
2010	110,157	46,065	156,222
2011	86,586	44,816	131,402
2012 onwards	674,554	1,648,319	2,322,873
	<u>1,573,297</u>	<u>1,871,043</u>	<u>3,444,340</u>

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

21. Financial Guarantees

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

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

22. Segment Information

The principal activities of the Group are container transport and logistics and property investment and development. Container transport and logistics include global containerised shipping services in major trade lanes, covering Trans-Pacific, Transatlantic, Asia/Europe, Asia/Australia and Intra-Asia trades, and integrated services over the management and control of effective storage and flow of goods. In accordance with the Group's internal financial reporting and operating activities, the primary segment reporting is by business segments and the secondary segment reporting is by geographical segments.

For the geographical segment reporting, freight revenues from container transport and logistics are analysed based on the outbound cargoes of each geographical territory. The Directors consider that the nature of the container transport and logistics activities, which cover the world's major shipping lanes, and the way in which costs are allocated precludes a meaningful allocation of operating profit to specific geographical segments. Accordingly, geographical segment results for container transport and logistics business are not presented.

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

22. Segment Information (Continued)

Business segments

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

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

22. Segment Information (Continued)

Business segments (Continued)

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

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

22. Segment Information (Continued)

Business segments (Continued)

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

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

22. Segment Information (Continued)

Geographical segments

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

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

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

22. Segment Information (Continued)

Geographical segments (Continued)

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

23. Disposal of subsidiaries

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

Results for First Half 2007

Orient Overseas (International) Limited and its subsidiaries (the “Group”) attained a profit attributable to shareholders of US\$2,216.3 million for the first six months of this year. As tabulated below, these figures include the profit on the sale of the Group's former Terminals Division to the Ontario Teachers Pension Plan, the details of which have been announced previously. The net profit on these transactions, after associated costs, taxes and fees, amounts to US\$1,987 million.

<i>(USD000's)</i>	2007	2006
Profit before tax from continuing activities	229,033	204,001
Profit before tax from discontinued Terminals Division	-	32,184
Revaluation of Wall Street Plaza	25,000	75,000
Profit before tax for the period ended 30th June	254,033	311,185
Taxation on profit of continuing activities	(24,263)	(17,972)
Taxation on profit of discontinued Terminals Division	-	(12,657)
Net Profit from sale of Terminals Division	1,986,973	-
Minority Interests	(433)	(56)
Profit attributable to Shareholders	2,216,310	280,500

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

Review of Operations

The core international container transport business of the Group, trading under the “OOCL” name, has continued to experience strong overall container volume growth with total liftings for the first half of 2007 showing a 18.8% increase over the corresponding period last year. Total revenues, however, grew by 14.7% to US\$2,326.5 million for the first six months of 2007 as a result of a 3.4% fall in overall revenues per TEU. The deployment of the last two in our initial series of twelve 8,063 TEU “SX” Class newbuildings together with the second four of our series of eight 5,888 TEU “S” Class newbuildings and the first in our series of “P” Class Panamax vessels contributed towards an overall 20.0% increase in loadable capacity during the first half of the year. Despite this significant increase in fleet capacity, the strength in volume growth has been such that overall load factors registered only a slight 0.8% drop as compared with the first half of 2006.

Operational Statistics of Orient Overseas Container Line

	CURRENT QUARTER			YEAR-TO-DATE		
	Q2 2007	Q2 2006	change	1H 2007	1H 2006	change
LIFTINGS (TEU's) :						
Trans-Pacific	334,230	309,919	+ 7.8%	627,452	594,814	+ 5.5%
Asia / Europe	199,655	169,951	+ 17.5%	391,637	313,442	+ 24.9%
Transatlantic	100,786	86,275	+ 16.8%	190,225	167,441	+ 13.6%
Intra-Asia / Australasia	534,189	406,666	+ 31.4%	997,582	782,585	+ 27.5%
TOTAL ALL SERVICES	1,168,860	972,811	+ 20.2%	2,206,896	1,858,282	+ 18.8%
TOTAL REVENUES (USD000's) :						
Trans-Pacific	482,961	461,648	+ 4.6%	898,169	896,374	+ 0.2%
Asia / Europe	283,058	204,840	+ 38.2%	528,692	377,820	+ 39.9%
Transatlantic	155,874	142,466	+ 9.4%	297,783	274,779	+ 8.4%
Intra-Asia / Australasia	320,243	247,072	+ 29.6%	601,847	478,729	+ 25.7%
TOTAL ALL SERVICES	1,242,136	1,056,026	+ 17.6%	2,326,491	2,027,702	+ 14.7%

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

Our Intra-Asia and Australasia services have experienced a very strong increase in liftings of 27.5% against a 25.7% increase in total revenues denoting a marginal fall in average revenues overall per TEU compared with the same period last year. Again, however, the important southbound services to Australasia reflect a 5.4% improvement in average revenues for the month of June 2007 as compared with the same period in 2006. For our Asia / Europe services the increase in liftings was also very strong at 24.9% as a result of the introduction of new capacity. However, total revenues have surged by 39.9% as a result of a steep 12.0% rise in average revenues per TEU. Within this figure is an 18% rise in average revenues on the all important westbound legs to Northern Europe. For the month of June 2007 only, the overall average rate per TEU was 19.7% above the rate for the corresponding period last year. Our Transatlantic services by comparison have enjoyed a more modest increase in total liftings of 13.6% on a 4.6% drop in average revenues per TEU compared with the first half of 2006, resulting in an 8.4% increase in total revenues.

In the current environment of historically high costs, both variable and fixed, we have maintained our concentration upon operational efficiencies and tight cost control aided by better usage of and ongoing investment in our IT systems. Business and administration costs continue to fall on a per TEU basis, by a further 16.7% for the first half of 2007 when compared with the same period last year. Voyage costs, of which 70% is accounted for by bunker costs, remained largely unchanged on a per TEU basis for the first half of 2007 compared with 2006. In unit terms, bunker costs on average during the first half of 2007 were in fact US\$16 per ton lower than during the first half of 2006 i.e. a fall of 5%. However, the recent increase in oil prices has seen bunker prices rise and for the month of June 2007 only, the price paid per ton was US\$7, or 2.1% higher than the price paid during June 2006. These cost movements are largely beyond our control but efforts to mitigate the rises, such as the introduction of more economic service speeds, continue to be employed.

During the first half of 2007 the Group took delivery from Samsung Heavy Industries Co Ltd in South Korea of two further "SX" Class 8,063 TEU newbuildings, the *OOCL Tokyo* and its sister ship, the *OOCL Southampton*. These vessels completed delivery of the first series of 12 such vessels. Also delivered during the first half was the *OOCL Kobe*, the first of the series of "P" Class 4,506 TEU Panamax size vessels ordered also from Samsung Heavy Industries Co Ltd. This was followed shortly after in July by the second in the series, the *OOCL Yokohama*. Additionally during the first half of 2007 delivery of the total series of eight "S" Class 5,888 TEU vessels under long-term charter arrangements with Japanese owners was completed by Imabari Shipbuilding Co, Ltd in Japan. The vessels delivered were the *OOCL Seattle*, *OOCL Kuala Lumpur*, *OOCL Oakland* and *OOCL Italy*. During the first half of 2007, the Group placed orders for a series of another six "P" Class 4,506 TEU vessels. The delivery schedule for this series is March, June, August, September, November and December 2009.

Efforts to build the Group's property investment and development businesses continue as planned. However, as previously reported and as a result of project timings we do not expect a significant contribution to Group performance for 2007. Wall Street Plaza, our investment property in the city of New York has continued to perform to budget and has maintained an occupancy rate of almost 100%. As at 30th June 2007, it has been revalued by a further US\$25 million to US\$225 million. Beijing Oriental Plaza, our investment property in the city of Beijing, continues to perform as forecast. We expect the project to make a meaningful contribution to the Group results over the longer term. Our property development projects in Greater Shanghai continue as planned. Projects under development include residential, commercial and hotel projects in the Greater Shanghai area. Going forwards, we expect the existing pipeline projects to contribute significantly to Group profits. In addition, we shall continue to source property investment and development projects in Shanghai and beyond.

Looking Forward

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

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

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

Interim and Special Dividends

The Directors have recommended the payment of a total dividend of US89.5 cents (HK\$6.98 at the exchange rate of US\$1 : HK\$7.8) per ordinary share for the six months ended 30th June 2007, which is comprised of an interim dividend of US9.5 cents (HK\$0.74) and a special dividend of US80 cents (HK\$6.24), as a result of the sale of the Group's Terminals Division in North America, to be paid on 14th September 2007 to the shareholders of the Company whose names appear on the register of members of the Company on 3rd September 2007. Shareholders who wish to receive the dividends in US Dollars should complete the US Dollars election form and return it to the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 6th September 2007.

Closure of Register of Members

The register of members of the Company will be closed from 31st August 2007 to 3rd September 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar not later than 4:30 p.m. on 30th August 2007.

Purchase, Sale or Redemption of Shares

During the six-month period ended 30th June 2007, the Company has not redeemed any of its shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares.

Pre-emptive Rights

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

Corporate Governance

Compliance with the Code on Corporate Governance Practices

The Board 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 and is constantly reviewed to ensure transparency, accountability and independence.

Throughout the six months ended 30th June 2007, the Company has complied with the SEHK Code, except that there is no separation of the role of Chairman and Chief Executive Officer. Mr Chee Chen TUNG currently assumes the role of both Chairman and Chief Executive Officer of the Company. The executive members of the Board currently consist of chief executive officers of its principal divisions and there is effective separation of the roles between chief executives of its principal divisions and the Chief Executive Officer of the Company. The Board considers that further separation of the roles of Chief Executive Officer and Chairman would represent duplication and is not necessary for the time being.

Audit Committee

The Audit Committee currently comprises three Independent Non-Executive Directors, with the Head of Internal Audit of the Company as the secretary and the Company Secretary as the assistant secretary of the Audit Committee.

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

Remuneration Committee

The Remuneration Committee currently comprises the Chairman and two Independent Non-Executive Directors of the Company, with the Company Secretary as the secretary of the Committee.

Securities Transactions by Directors

The Company has adopted its own code of conduct regarding securities transactions by Directors (the “Code”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (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 Code throughout the period from 1st January to 30th June 2007.

Interim Report and Disclosure of Information on the Website of Hong Kong Exchanges and Clearing Limited and the Company

This result announcement is published on the website of Hong Kong Exchanges and Clearing Limited (“HKEx”) at <http://www.hkex.com.hk> under “Latest Listed Company Information” and on the Company’s website at <http://www.ooilgroup.com>.

The printed copy of the 2007 Interim Report will be sent to shareholders around 24th August 2007 and the soft copy of the Interim Report will be published on websites of both HKEx and the Company in due course.

Employee Information

As at 30th June 2007 the Group has 6,855 full time employees whose salary and benefit levels are maintained at competitive levels. Employees are rewarded on a performance related basis within the general policy and framework of the Group's salary and discretionary bonus schemes based on the performance of the Company which are regularly reviewed. Other benefits are also provided including medical insurance and pension funds and social and recreational activities are arranged around the world.

Directors

As at the date hereof, the Executive Directors of the Company are Messrs Chee Chen TUNG, Nicholas David SIMS, Kenneth Gilbert CAMBIE, Philip Yiu Wah CHOW and Alan Lieh Sing TUNG; the Non-Executive Directors are Messrs Roger KING and Tsann Rong CHANG and the Independent Non-Executive Directors are Mr Simon MURRAY, Dr Victor Kwok King FUNG and Professor Richard Yue Chim WONG.

Forward looking Statements

This announcement contains forward looking statements. Statements which are not of historical facts, including statements of the Company's beliefs and expectations, are forward looking statements. They are based upon current plans, estimates and projections and, therefore, no undue reliance should be placed upon them. Forward looking statements are correct only as of the day on which they are made. The Company has no obligation and does not undertake to update any of them publicly in the light of fresh information or of future events. Forward looking statements contain inherent risks, uncertainties and assumptions. The Company warns that should any of these risks or uncertainties ever materialise or that any of the assumptions should prove incorrect or should any number of important factors or events occur or not occur, then the actual results of the Company may differ materially from those either expressed or implied in any of these forward looking statements.

On behalf of the Board
Chee Chen TUNG
Chairman

Hong Kong, 3rd August 2007

† *For identification only*

Website : <http://www.ooilgroup.com>