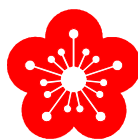


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ORIENT OVERSEAS (INTERNATIONAL) LIMITED

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 2011

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 2011, which have been reviewed by our auditor, PricewaterhouseCoopers whose unmodified review report is included in the Interim Report to be sent to Shareholders.

Condensed Consolidated Profit and Loss Account (unaudited) For the six months ended 30th June 2011

US\$'000	Note	2011	2010
Revenue	5	2,920,803	2,732,616
Operating costs		<u>(2,554,174)</u>	<u>(2,192,265)</u>
Gross profit		366,629	540,351
Fair value gain from an investment property		5,000	-
Other operating income		35,128	11,279
Other operating expenses		<u>(218,351)</u>	<u>(241,710)</u>
Operating profit	6	188,406	309,920
Finance costs	8	(13,267)	(13,425)
Share of profits of jointly controlled entities		954	653
Share of profits of associated companies		<u>5,271</u>	<u>2,653</u>
Profit before taxation		181,364	299,801
Taxation	9	<u>(6,025)</u>	<u>(12,462)</u>
Profit for the period from continuing operations		175,339	287,339
Discontinued operation :			
Profit for the period from discontinued operation	10	<u>-</u>	<u>1,004,354</u>
Profit for the period		<u>175,339</u>	<u>1,291,693</u>
Profit attributable to :			
Equity holders of the Company		174,970	1,284,628
Non-controlling interests		<u>369</u>	<u>7,065</u>
		<u>175,339</u>	<u>1,291,693</u>
Earnings per ordinary share (US cents)	12		
- from continuing operations		28.0	44.8
- from discontinued operation		-	160.5
Basic and diluted		<u>28.0</u>	<u>205.3</u>
Interim and special dividends	11	<u>43,806</u>	<u>322,283</u>

Condensed Consolidated Statement of Comprehensive Income (unaudited)
For the six months ended 30th June 2011

US\$'000	2011	2010
Profit for the period	<u>175,339</u>	<u>1,291,693</u>
Other comprehensive income:		
Vessels		
- Assets revaluation reserve realised	-	(1,915)
Available-for-sale financial assets		
- Change in fair value	59,261	8,218
- Assets revaluation reserve realised	(696)	-
Currency translation adjustments	<u>3,101</u>	<u>(956)</u>
Other comprehensive income for the period	<u>61,666</u>	<u>5,347</u>
Total comprehensive income for the period	<u><u>237,005</u></u>	<u><u>1,297,040</u></u>
Total comprehensive income attributable to:		
Equity holders of the Company	236,599	1,289,981
Non-controlling interests	<u>406</u>	<u>7,059</u>
	<u><u>237,005</u></u>	<u><u>1,297,040</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)

As at 30th June 2011

US\$'000	Note	30th June 2011	31st December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	13	4,219,847	3,860,367
Investment property	13	160,000	155,000
Prepayments of lease premiums	13	10,071	10,122
Jointly controlled entities		2,002	3,256
Associated companies		66,937	66,222
Intangible assets	13	43,011	46,648
Deferred taxation assets		2,230	1,778
Pension and retirement assets		40,005	29,692
Derivative financial instruments	15	7,176	5,672
Restricted bank balances		7,747	4,648
Other non-current assets		<u>366,786</u>	<u>333,001</u>
		<u>4,925,812</u>	<u>4,516,406</u>
Current assets			
Inventories		161,849	96,265
Debtors and prepayments	14	466,843	454,997
Portfolio investments		113,779	151,448
Derivative financial instruments	15	-	155
Restricted bank balances		3,263	1,206
Cash and bank balances		<u>2,213,654</u>	<u>3,851,902</u>
		<u>2,959,388</u>	<u>4,555,973</u>
Total assets		<u>7,885,200</u>	<u>9,072,379</u>
EQUITY			
Equity holders			
Share capital	16	62,579	62,579
Reserves	17	<u>4,291,637</u>	<u>5,510,153</u>
		<u>4,354,216</u>	<u>5,572,732</u>
Non-controlling interests		<u>6,489</u>	<u>6,799</u>
Total equity		<u>4,360,705</u>	<u>5,579,531</u>
LIABILITIES			
Non-current liabilities			
Borrowings	19	2,279,824	2,416,367
Deferred taxation liabilities		35,373	39,914
Pension and retirement liabilities		2,199	2,493
Derivative financial instruments	15	<u>9,183</u>	<u>10,157</u>
		<u>2,326,579</u>	<u>2,468,931</u>
Current liabilities			
Creditors and accruals	18	837,911	758,212
Borrowings	19	349,336	247,755
Current taxation		<u>10,669</u>	<u>17,950</u>
		<u>1,197,916</u>	<u>1,023,917</u>
Total liabilities		<u>3,524,495</u>	<u>3,492,848</u>
Total equity and liabilities		<u>7,885,200</u>	<u>9,072,379</u>
Net current assets		<u>1,761,472</u>	<u>3,532,056</u>
Total assets less current liabilities		<u>6,687,284</u>	<u>8,048,462</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (unaudited)
For the six months ended 30th June 2011

US\$'000	Note	2011	2010
Cash flows from operating activities			
Cash generated from operations		280,719	475,244
Interest paid		(6,841)	(7,814)
Interest element of finance lease rental payments		(9,660)	(9,207)
Hong Kong tax (paid)/refunded		(6)	2,473
Overseas taxes paid		<u>(17,043)</u>	<u>(2,069)</u>
Net cash from operating activities		<u>247,169</u>	458,627
Cash flows from investing activities			
Sale of property, plant and equipment		6,427	13,114
Sale of available-for-sale financial assets		1,560	228
Sale of held-to-maturity investments		-	15,290
Purchase of property, plant and equipment		(484,617)	(63,754)
Purchase of available-for-sale financial assets		-	(52)
Purchase of held-to-maturity investments		(46,582)	(17,781)
Repayment of loan advanced to an investee company		71,100	-
Decrease/(increase) in portfolio investments		37,669	(22,847)
Disposal of subsidiaries	22	-	2,130,202
Acquisition of additional interests in subsidiaries		-	(14,123)
Decrease in amounts due by jointly controlled entities		1,809	2,304
Decrease/(increase) in restricted bank balances and bank deposits maturing more than three months from the date of placement		1,982,334	(1,522,412)
Increase in intangible assets		(2,811)	(1,960)
Increase in other non-current assets		(590)	(1,228)
Interest received		19,105	4,477
Income from available-for-sale financial assets		-	7
Dividends received from portfolio investments		334	287
Dividend received from associated companies		6,078	2,599
Dividend received from a jointly controlled entity		<u>688</u>	<u>524</u>
Net cash from investing activities		<u>1,592,504</u>	<u>524,875</u>
Cash flows from financing activities			
New loans		60,350	559,840
Repayment of loans		(70,067)	(441,223)
Capital element of finance lease rental payments		(26,809)	(26,342)
Dividends paid to equity holders of the Company		(1,455,115)	-
Dividend paid to non-controlling interests		<u>(716)</u>	<u>(2,017)</u>
Net cash (used in)/from financing activities		<u>(1,492,357)</u>	<u>90,258</u>
Net increase in cash and cash equivalents		347,316	1,073,760
Cash and cash equivalents at beginning of period		1,213,283	1,088,254
Currency translation adjustments		<u>1,844</u>	<u>(4,286)</u>
Cash and cash equivalents at end of period		<u>1,562,443</u>	<u>2,157,728</u>
Analysis of cash and cash equivalents			
Bank balances and deposits maturing within three months from the date of placement		1,562,603	2,157,842
Bank overdrafts		<u>(160)</u>	<u>(114)</u>
		<u>1,562,443</u>	<u>2,157,728</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(unaudited)
For the six months ended 30th June 2011

US\$'000	Equity holders			Non-controlling interests	Total
	Share capital	Reserves	Sub-total		
Balance at 31st December 2010	62,579	5,510,153	5,572,732	6,799	5,579,531
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	4,291,637	4,354,216	6,489	4,360,705
Balance at 31st December 2009	62,579	3,882,105	3,944,684	23,723	3,968,407
Total comprehensive income for the period	-	1,289,981	1,289,981	7,059	1,297,040
Transactions with owners					
Acquisition of additional interests in subsidiaries	-	8,205	8,205	(22,328)	(14,123)
Dividend paid to non-controlling interests	-	-	-	(2,017)	(2,017)
Balance at 30th June 2010	62,579	5,180,291	5,242,870	6,437	5,249,307

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.

On 18th January 2010, the Board announced that the Company had entered into the Sale and Purchase Agreement with CapitalLand China (RE) Holdings Co., Ltd. to sell its entire interest in Orient Overseas Developments Limited and its subsidiaries and jointly controlled entities (collectively referred to as the “Disposal Group”) and the assignment and transfer of the shareholder’s loan for an aggregate consideration of US\$2.2 billion, receivable in cash. The transaction was completed on 10th February 2010. After transaction costs, the profit arising on the disposal was approximately US\$1.0 billion which had been recognised in the consolidated profit and loss account in 2010.

Analysis of the results, cash flows, assets and liabilities of the Disposal Group is presented in notes 10 and 22.

This interim financial information was approved by the Board of Directors on 5th August 2011.

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, 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 Hong Kong Accounting Standard (“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 2010.

2. Basis of Preparation (Continued)

The adoption of revised HKFRS

In 2011, the Group adopted the revised standard, amendments and interpretations of HKFRS below, which are relevant to its operations.

HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) - Int 14 Amendment	Prepayments of a Minimum Funding Requirement
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

Annual improvements to HKFRS published in May 2010

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 27 Amendment	Consolidated and Separate Financial Statements
HKAS 34 Amendment	Interim Financial Reporting
HKFRS 3 Amendment	Business Combinations
HKFRS 7 Amendment	Financial Instruments: Disclosures

The Group has assessed the impact of the adoption of these revised standard, amendments and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the accounts.

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
HKFRS 7 Amendment	Financial Instruments: Disclosures – Transfer of Financial Assets	1st July 2011
HKAS 12 Amendment	Deferred Tax: Recovery of Underlying Assets	1st January 2012
HKAS 1 Amendment	Presentation of Financial Statements	1st July 2012
HKAS 19 Amendment	Employee Benefits	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
HKFRS 9	Financial Instruments	1st January 2015*

* *Tentative*

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 2010.

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 condensed interim financial information are consistent with those used in the annual accounts for the year ended 31st December 2010.

5. Revenue

US\$'000	2011	2010
Container transport and logistics	2,908,241	2,720,717
Others	<u>12,562</u>	<u>11,899</u>
	<u>2,920,803</u>	<u>2,732,616</u>

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.

6. Operating Profit

US\$'000	2011	2010
Operating profit is arrived at after crediting :		
Interest income from banks	10,540	5,944
Interest income from held-to-maturity investments	4,203	2,723
Gross rental income from an investment property	12,562	11,899
Profit on disposal of property, plant and equipment	2,424	232
Profit on disposal of held-to-maturity investments	-	492
Profit on disposal of available-for-sale financial assets	696	-
Gain on interest rate swap contracts	289	712
Gain on foreign exchange forward contracts	2,803	-
Portfolio investment income	3,336	155
Exchange gain	<u>10,542</u>	<u>-</u>
and after charging :		
Depreciation		
Owned assets	79,759	84,963
Leased assets	42,544	42,899
Operating lease rental expense		
Vessels and equipment	204,762	151,146
Land and buildings	13,110	11,046
Rental outgoings in respect of an investment property	6,014	5,591
Loss on foreign exchange forward contracts	-	2,086
Amortisation of intangible assets	6,448	4,937
Amortisation of prepayments of lease premiums	241	229
Exchange loss	<u>-</u>	<u>7,518</u>

7. Key Management Compensation (Including Executive Directors)

US\$'000	2011	2010
Salaries and other short-term employee benefits	18,816	3,893
Pension costs - defined contribution plans	<u>1,639</u>	<u>171</u>
	<u>20,455</u>	<u>4,064</u>

The Group usually determines and pays discretionary bonuses to employees (including Executive Directors) around April/May each year based on the actual financial results of the Group for the preceding year. Save for the discretionary bonuses paid in relation to the disposal of Orient Overseas Developments Limited group in last period, 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.

8. Finance Costs

US\$'000	2011	2010
Interest expense	(13,491)	(13,932)
Amount capitalised under assets	<u>224</u>	<u>507</u>
Net interest expense	<u>(13,267)</u>	<u>(13,425)</u>

9. Taxation

US\$'000	2011	2010
Current taxation		
Hong Kong taxation	(306)	(9)
Overseas taxation	<u>(10,919)</u>	<u>(6,862)</u>
	(11,225)	(6,871)
Deferred taxation		
Overseas taxation	<u>5,200</u>	<u>(5,591)</u>
	<u>(6,025)</u>	<u>(12,462)</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 12% to 47% (2010: 12% to 47%) and the rate applicable for Hong Kong profits tax is 16.5% (2010: 16.5%).

10. Discontinued Operation

US\$'000	2011	2010
(i) Results		
Profit on disposal of subsidiaries (note 22)	<u>-</u>	<u>1,004,354</u>
Profit from discontinued operation	<u>-</u>	<u>1,004,354</u>
(ii) Cash flows		
Investing cash flows	<u>-</u>	<u>1,004,354</u>

11. Interim and Special Dividends

US\$'000	2011	2010
Interim dividend of US7.0 cents (2010 : US11.5 cents) per ordinary share	43,806	71,966
Special dividend of US nil (2010 : US40.0 cents) per ordinary share	<u>-</u>	<u>250,317</u>
	<u>43,806</u>	<u>322,283</u>

The Board of Directors proposes an interim dividend in respect of 2011 of US7.0 cents (2010: US11.5 cents) per ordinary share. This proposed dividend will be accounted for as an appropriation of retained profit for the year ending 31st December 2011.

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 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	2011	2010
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 of the Company	174,970	280,274
Non-controlling interests	<u>369</u>	<u>7,065</u>
	<u>175,339</u>	<u>287,339</u>
Earnings per share from continuing operations attributable to equity holders of the Company (US cents)	<u>28.0</u>	<u>44.8</u>
Group's profit from discontinued operation attributable to :		
Equity holders of the Company	<u>-</u>	<u>1,004,354</u>
Earnings per share from discontinued operation attributable to equity holders of the Company (US cents)	<u>-</u>	<u>160.5</u>

13. Capital Expenditure

US\$'000	Property, plant and equipment	Investment property	Prepayments of lease premiums	Intangible assets	Total
Net book amounts:					
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	<u>(122,303)</u>	<u>-</u>	<u>(241)</u>	<u>(6,448)</u>	<u>(128,992)</u>
Balance at 30th June 2011	<u>4,219,847</u>	<u>160,000</u>	<u>10,071</u>	<u>43,011</u>	<u>4,432,929</u>
Balance at 31st December 2009	3,798,048	150,000	10,175	53,104	4,011,327
Currency translation adjustments	81	-	207	(1)	287
Additions	190,282	-	-	1,960	192,242
Disposals	(14,797)	-	-	-	(14,797)
Depreciation and amortisation	<u>(127,862)</u>	<u>-</u>	<u>(229)</u>	<u>(4,937)</u>	<u>(133,028)</u>
Balance at 30th June 2010	<u>3,845,752</u>	<u>150,000</u>	<u>10,153</u>	<u>50,126</u>	<u>4,056,031</u>

14. Debtors and Prepayments

US\$'000	30th June 2011	31st December 2010
Trade receivables	306,891	302,159
Less: Provision for impairment	<u>(4,460)</u>	<u>(4,597)</u>
Trade receivables - net	302,431	297,562
Other debtors	58,806	60,146
Other prepayments	87,262	77,467
Utility and other deposits	7,118	7,139
Tax recoverable	<u>11,226</u>	<u>12,683</u>
	<u>466,843</u>	<u>454,997</u>

14. 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 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 2011	31st December 2010
Below one month	285,142	283,418
Two to three months	15,569	13,539
Four to six months	1,720	605
	<u>302,431</u>	<u>297,562</u>

15. Derivative Financial Instruments

US\$'000	30th June 2011	31st December 2010
Assets		
Non-current assets		
Interest rate swap contracts	<u>7,176</u>	<u>5,672</u>
Current assets		
Interest rate swap contracts	<u>-</u>	<u>155</u>
Liabilities		
Non-current liabilities		
Interest rate swap contract	(4,156)	(3,353)
Foreign exchange forward contract	<u>(5,027)</u>	<u>(6,804)</u>
	<u>(9,183)</u>	<u>(10,157)</u>

16. Share Capital

US\$'000	30th June	31st
	2011	December
		2010
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 (2010: 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			
Balance at 31st December 2010	172,457	88,547	4,696	-	115,018	51,414	5,078,021	5,510,153
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	3,797,876	4,291,637
Balance at 31st December 2009	172,457	88,547	4,696	1,915	44,398	44,563	3,525,529	3,882,105
Total comprehensive income/(loss) for the period	-	-	-	(1,915)	8,218	(950)	1,284,628	1,289,981
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	8,205	8,205
Balance at 30th June 2010	172,457	88,547	4,696	-	52,616	43,613	4,818,362	5,180,291
Total comprehensive income for the period	-	-	-	-	62,402	7,801	259,659	329,862
Balance at 31st December 2010	172,457	88,547	4,696	-	115,018	51,414	5,078,021	5,510,153

18. Creditors and Accruals

US\$'000	30th June 2011	31st December 2010
Trade payables	258,359	198,514
Other creditors	123,125	62,532
Accrued expenses	416,426	461,620
Deferred revenue	40,001	35,546
	<u>837,911</u>	<u>758,212</u>

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

US\$'000	30th June 2011	31st December 2010
Below one month	201,646	131,765
Two to three months	56,558	61,882
Four to six months	155	4,697
Over six months	-	170
	<u>258,359</u>	<u>198,514</u>

19. Borrowings

US\$'000	30th June 2011	31st December 2010
Non-current		
Bank loans		
- secured	821,907	851,177
- unsecured	58,304	74,459
Finance lease obligations	<u>1,399,613</u>	<u>1,490,731</u>
	<u>2,279,824</u>	<u>2,416,367</u>
Current		
Bank overdrafts, unsecured	160	78
Bank loans		
- secured	153,328	117,621
- unsecured	32,311	32,310
Finance lease obligations	<u>163,537</u>	<u>97,746</u>
	<u>349,336</u>	<u>247,755</u>
Total borrowings	<u>2,629,160</u>	<u>2,664,122</u>

20. Commitments

(a) Capital commitments – Property, plant and equipment

US\$'000	30th June 2011	31st December 2010
Contracted but not provided for	1,672,487	690,422
Authorised but not contracted for	<u>75,321</u>	<u>229,735</u>
	<u>1,747,808</u>	<u>920,157</u>

(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 2011			
2011/12	227,988	22,642	250,630
2012/13	113,495	13,109	126,604
2013/14	98,256	6,678	104,934
2014/15	96,108	3,150	99,258
2015/16	76,775	1,881	78,656
2016/17 onwards	<u>391,828</u>	<u>1,037</u>	<u>392,865</u>
	<u>1,004,450</u>	<u>48,497</u>	<u>1,052,947</u>
As at 31st December 2010			
2011	186,026	26,446	212,472
2012	108,044	15,692	123,736
2013	98,461	7,580	106,041
2014	96,415	4,098	100,513
2015	86,859	615	87,474
2016 onwards	<u>426,136</u>	<u>158</u>	<u>426,294</u>
	<u>1,001,941</u>	<u>54,589</u>	<u>1,056,530</u>

21. 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.

21. Segment Information (Continued)

Operating segments

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

US\$'000	Continuing operations			
	Container transport and logistics	Others	Elimination	Group
Revenue	<u>2,908,241</u>	<u>13,044</u>	<u>(482)</u>	<u>2,920,803</u>
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	<u>143,426</u>	<u>31,913</u>	<u>-</u>	<u>175,339</u>
Capital expenditure	487,652	-	-	487,652
Depreciation	122,303	-	-	122,303
Amortisation	6,689	-	-	6,689

21. Segment Information (Continued)

Operating segments (Continued)

The segment results for the six months ended 30th June 2010 are as follows:

US\$'000	Continuing operations				Discontinued operation	
	Container transport and logistics	Others	Elimination	Sub-total	Property development	Group
Revenue	<u>2,720,717</u>	<u>12,375</u>	<u>(476)</u>	<u>2,732,616</u>	-	<u>2,732,616</u>
Operating profit	297,948	11,972	-	309,920	-	309,920
Finance costs	(13,079)	(346)	-	(13,425)	-	(13,425)
Share of profits of jointly controlled entities	653	-	-	653	-	653
Share of profits of associated companies	2,653	-	-	2,653	-	2,653
Profit before taxation	<u>288,175</u>	<u>11,626</u>	<u>-</u>	<u>299,801</u>	<u>-</u>	<u>299,801</u>
Taxation	(7,812)	(4,650)	-	(12,462)	-	(12,462)
Profit after taxation	<u>280,363</u>	<u>6,976</u>	<u>-</u>	<u>287,339</u>	<u>-</u>	<u>287,339</u>
Profit on disposal of subsidiaries	-	-	-	-	1,004,354	1,004,354
Profit for the period	<u>280,363</u>	<u>6,976</u>	<u>-</u>	<u>287,339</u>	<u>1,004,354</u>	<u>1,291,693</u>
Capital expenditure	192,242	-	-	192,242	-	192,242
Depreciation	127,862	-	-	127,862	-	127,862
Amortisation	5,166	-	-	5,166	-	5,166

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.

* *In prior years, others mainly represented corporate level activities including central treasury management, property investment and administrative function. Net expenses of US\$5,438,000 in relation to administrative function are reclassified from others to container transport and logistics segment so as to conform with the current period presentation.*

21. Segment Information (Continued)

Operating segments (Continued)

The segment assets and liabilities as at 30th June 2011 are as follows:

US\$'000	Container transport and logistics	Others	Group
As at 30th June 2011			
Segment assets	5,389,781	2,426,480	7,816,261
Jointly controlled entities	2,002	-	2,002
Associated companies	66,937	-	66,937
Total assets	<u>5,458,720</u>	<u>2,426,480</u>	<u>7,885,200</u>
Segment liabilities	<u>(3,450,298)</u>	<u>(74,197)</u>	<u>(3,524,495)</u>
As at 31st December 2010			
Segment assets	4,656,195	4,346,706	9,002,901
Jointly controlled entities	3,256	-	3,256
Associated companies	66,222	-	66,222
Total assets	<u>4,725,673</u>	<u>4,346,706</u>	<u>9,072,379</u>
Segment liabilities	<u>(3,413,034)</u>	<u>(79,814)</u>	<u>(3,492,848)</u>

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, loan to an investee company and portfolio investments together with cash and bank balances that are managed at corporate level. Other liabilities primarily include creditors and accruals, deferred tax liabilities and derivative financial instruments related to corporate level activities.

* *In prior years, container transport and logistics segment included certain segment assets and liabilities of US\$29,692,000 and US\$4,211,000 respectively in relation to administrative function which are reclassified to others so as to conform with the current period presentation.*

21. 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 2011		
Asia	1,922,047	9,053
North America	525,195	718
Europe	400,765	192
Australia	72,796	10
Unallocated*	-	477,679
	<u>2,920,803</u>	<u>487,652</u>
 Six months ended 30th June 2010		
Continuing operations :		
Asia	1,816,014	3,356
North America	500,678	849
Europe	349,151	156
Australia	66,773	47
Unallocated*	-	187,834
	<u>2,732,616</u>	<u>192,242</u>

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

22. Disposal of Subsidiaries

US\$'000	2011	2010
Net assets disposed		
Property, plant and equipment	-	104,010
Prepayments of lease premiums	-	3,467
Goodwill	-	23,599
Jointly controlled entities	-	9,804
Deferred tax assets	-	592
Inventories	-	218
Properties under development and for sale	-	855,886
Debtors and prepayments	-	8,554
Cash and bank balances	-	262,124
Total assets	<u>-</u>	<u>1,268,254</u>
Borrowings, secured	-	(87,565)
Deferred taxation liabilities	-	(11,377)
Creditors and accruals	-	(39,639)
Amount due to a jointly controlled entity	-	(1,800)
Current taxation	-	(2,025)
Total liabilities	<u>-</u>	<u>(142,406)</u>
Net assets	-	1,125,848
Profit on disposal of subsidiaries	<u>-</u>	<u>1,004,354</u>
Cash consideration, net	<u>-</u>	<u>2,130,202</u>

Results for First Half 2011

For the first six months of 2011 Orient Overseas (International) Limited and its subsidiaries (the “Group”) recorded a profit attributable to equity holders of US\$175.0 million. This is a US\$105.3 million decrease from the profit attributable to equity holders of US\$280.3 million for the corresponding period of 2010, excluding, for comparative purposes only, the net profit of US\$1,004.4 million from the sale of the Group PRC property development business recorded in 2010.

The profit attributable to equity holders for the first half of 2011 includes a US\$5 million positive revaluation of Wall Street Plaza. There was no revaluation adjustment of Wall Street Plaza in the corresponding period last year.

OOIL INTERIM RESULTS ANALYSIS		
<i>(US\$'000)</i>	2011	2010
Profit before tax from continuing activities	176,364	299,801
Revaluation of Wall Street Plaza	5,000	-
Profit Before Tax for the Period Ended 30th June	181,364	299,801
Taxation on continuing activities	(6,025)	(12,462)
Net Profit from sale of OODL	-	1,004,354
Non-controlling Interests	(369)	(7,065)
Profit Attributable to Equity Holders	174,970	1,284,628

Review of Operations

Following the record result for the container transportation and logistics business in 2010, trading conditions in the first half of the year have been difficult and the outlook for the full year is disappointing. Demand levels remain reasonable as reflected in an overall year-on-year increase in liftings, but, with the rate of new capacity introduction having outpaced demand growth, freight rates on many east-west trades have steadily deteriorated since last year. This is particularly noticeable on the Asia-Europe trades. The deterioration in freight rates has occurred despite the need for improved revenues to offset the significant increases in the price of bunker and other energy related costs that have occurred this year.

The container shipping industry remains extremely competitive with a fine balance between supply and demand that sees rates fall rapidly when new capacity is introduced in an injudicious manner. Improving services for customers so as to attract additional volume and to avoid profitability being unduly sacrificed, is essential given the ongoing cost pressures that all operators face.

OOCL's total liftings for the half year were 9.4% higher than in the first six months of 2010, while freight revenue per TEU was 0.9% lower, primarily reflecting the impact of the decline in freight rates on the Asia-Europe trade.

ORIENT OVERSEAS CONTAINER LINE						
	CURRENT QUARTER			YEAR-TO-DATE		
	Q2 2011	Q2 2010	<i>change</i>	1H 2011	1H 2010	<i>change</i>
LIFTINGS (TEU's) :						
Trans-Pacific	301,833	313,174	- 3.6%	598,266	583,435	+ 2.5%
Asia / Europe	224,572	190,291	+ 18.0%	420,746	371,501	+ 13.3%
Trans-Atlantic	96,471	89,029	+ 8.4%	187,408	176,219	+ 6.3%
Intra-Asia / Australasia	635,854	588,862	+ 8.0%	1,233,087	1,098,942	+ 12.2%
TOTAL ALL SERVICES	1,258,730	1,181,356	+ 6.5%	2,439,507	2,230,097	+ 9.4%
TOTAL REVENUES (USD 000's) :						
Trans-Pacific	482,592	510,043	- 5.4%	956,018	893,932	+ 6.9%
Asia / Europe	283,753	326,164	- 13.0%	561,595	603,566	- 7.0%
Trans-Atlantic	164,785	143,112	+ 15.1%	321,336	271,484	+ 18.4%
Intra-Asia / Australasia	479,756	412,608	+ 16.3%	901,706	757,088	+ 19.1%
TOTAL ALL SERVICES	1,410,886	1,391,927	+ 1.4%	2,740,655	2,526,070	+ 8.5%

Revenue from the Trans-Pacific services increased by 6.9% in the first half of this year compared to the corresponding period last year. This was due to a 2.5% increase in liftings and a 4.3% increase in Revenue per TEU compared to the first half of 2010.

Lifting increased by 13.3% on the Asia-Europe services compared to the corresponding period last year. However, the trade has suffered from a decline in freight rates in the first half of 2011 against the highs in 2010 due to the influx of additional capacity. Total revenue decreased by 7.0%, while average revenue per TEU dropped by 17.8% compared with the first half of 2010.

Cargo volume increased by 14.0% on the Intra-Asia services compared with the first half of 2010, due to strong ongoing economic growth in most of the major Asian economies. Revenue grew by 24.2% in the first six months of this year compared to last year, with average Revenue per TEU increasing by 8.9%. However, the increase in revenue was more than offset by cost increases.

Lifting on the Trans-Atlantic services increased by 6.3% against same period last year and total revenue increased by 18.4%. Average Revenue per TEU was up 11.3% compared to the first half of 2010, with demand growth steady against moderate capacity increases during the period.

OOCL Logistics achieved improved results in the first half of 2011. Total revenue grew by 9.7% as compared to the equivalent 2010 period, with the continued building of scale in major markets. The revenue from domestic logistics activities grew by 12.6%, while the overall gross profit margin was 0.4% higher than in the first six months of 2010.

The average price of bunker that OOCL paid in the first half of 2011 was US\$593 per ton, trending up over the period from US\$500 per ton in January to US\$642 in June.

OOCL took delivery of just one new-build vessel, the OOCL Beijing, during the first half of 2011- being the first 8,888 TEU vessel from Hudong-Zhonghua Shipbuilding. OOCL took delivery of a second unit of the same series, the OOCL Canada, in July. The delivery of remaining six 8,888 TEU vessels on order from Hudong-Zhonghua Shipbuilding will be completed by 2014. Currently all vessels in the fleet, including these new additions, are fully deployed in OOCL services.

The other activities of the Group consist of support functions, including a centralised treasury and management of the Group's liquidity and investments. The Group's investments include its long-standing ownership of Wall Street Plaza and a minority indirect investment in Beijing Oriental Plaza.

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 30 June 2011 to reflect an assessed market value of US\$160 million. As at 30 June last year, Wall Street Plaza was valued at US\$150 million and there was no revaluation gain or loss in the equivalent 2010 interim period.

In April this year, Beijing Oriental Plaza was successfully floated publicly via a Real Estate Investment Trust ("REIT"). The Group's interest in Beijing Oriental Plaza is indirect, via investment in its ultimate parent, Hui Xian Holdings. The Group's shareholder loan to Hui Xian Holdings was fully repaid out of proceeds of the REIT, and the Group retains only the existing 7.9% equity investment in Hui Xian Holdings. The value of the Group's equity investment is now largely dependent on the market value of the REIT units owned by Hui Xian. The Group's holding in Hui Xian Holdings has been revalued as at 30 June 2011 to US\$173.6 million

The investments in Wall Street Plaza and Hui Xian Holdings are both historical in nature and the Group currently has no intention of further investment in property other than as may arise in relation to the operation of the container transportation and logistics business.

Looking Forward

The late introduction of peak season surcharges on the Trans-Pacific trade, despite reasonable levels of demand, is an indicator of the difficult trading conditions expected for the remainder of the year.

Capacity deployment issues in the industry are likely to continue in the near term, and the traditional peak season lift in demand may give only limited improvement, at best, in average freight rates over the remainder of the year. There is uncertainty as to how strong consumer demand in the United States will be over the Thanksgiving and Christmas retail selling seasons this year following the recent termination of the US Government's fiscal and monetary stimulus programs.

While the economies of northern European countries are performing well, the support needed for those members of the Euro-zone with excessive levels of sovereign debt may constrain consumer demand. Most Asian and commodity-based economies continue to show strength, with Japan rebuilding following the earthquakes and tsunami this year.

Overall, this will make for continued difficult trading conditions in the second half of the year with relief from high oil prices and increased energy-related costs not expected.

Despite the disappointing trend in freight rates during the first half of the year, the Group has remained profitable. OOCL's results in the first half, particularly its operating margin, remain at an acceptable level despite the high price of oil – reflecting our success in meeting and exceeding customer expectations while keeping a tight control on its cost base. But with the industry still to absorb further new capacity in the second half of the year, and given the uncertain economic outlook in the United States and Europe, together with the ongoing pressure from energy costs, we expect that trading conditions for the second half of this year will be difficult. Despite the poor short-term outlook, the Group remains in good financial health and is on a clear path of sustainable competitive growth.

Interim Dividend

The Board of Directors (the “Board”) of the Company is pleased to announce an interim dividend of US7.0 cents (HK\$0.546 at the exchange rate of US\$1 : HK\$7.8) per ordinary share for the six months ended 30th June 2011 to be paid on 7th October 2011 to the shareholders of the Company whose names appear on the register of members of the Company on 7th September 2011. 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 29th September 2011.

Closure of Register of Members

The register of members of the Company will be closed from 5th September 2011 to 7th September 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Branch Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 2nd September 2011.

Purchase, Sale or Redemption of Shares

During the six-month period ended 30th June 2011, 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.

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 applied by the Group and is constantly reviewed to ensure transparency, accountability and independence.

Throughout the six months ended 30th June 2011, the Company has complied with the SEHK Code, except that there is no separation of the role of Chairman and Chief

Executive Officer. 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.

Audit Committee

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

The Audit Committee has reviewed the Group's interim results for the six months ended 30th June 2011.

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 Remuneration Committee.

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 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 Company's own code and the Model Code throughout the period from 1st January 2011 to 30th June 2011.

Publication of Results Announcement and Interim Report

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited ("HKEx") at <http://www.hkexnews.hk> and the Company at <http://www.ooilgroup.com>. The 2011 Interim Report will be despatched to shareholders of the Company on or around 2nd September 2011 and will also be available on the HKEx's website and the Company's website.

Employee Information

As at 30th June 2011 the Group has 7,859 full time employees whose salary and benefit levels are maintained at competitive levels. Employees are rewarded on a performance related basis within the general policy and framework of the Group's salary and discretionary bonus schemes based on the performance of the Company and individual

employees which are regularly reviewed. Other benefits are also provided including medical insurance and retirement funds and social and recreational activities are arranged around the world.

Directors

As at the date of this announcement, our Executive Directors are Messrs. TUNG Chee Chen, CHOW Yiu Wah Philip, Kenneth Gilbert CAMBIE and TUNG Lieh Sing Alan; our Non-Executive Director is Professor Roger KING and our Independent Non-Executive Directors are Mr. Simon MURRAY, Mr. CHANG Tsann Rong Ernest, Professor WONG Yue Chim Richard and Mr. CHENG Wai Sun Edward.

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
Orient Overseas (International) Limited

TUNG Chee Chen
Chairman

Hong Kong, 5th August 2011

† *For identification only*

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