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Statement to Shareholders from the Chairman and Chief Executive Officer

The first half of 2002 has been a very difficult period for the company and for the container liner industry as a whole. As a result of this very adverse environment in which we are presently operating, the Orient Overseas (International) Limited Group has attained a profit before tax of US\$4.12 million for the first six months of this year. After tax and minority interests a profit of US\$1.03 million was recorded. This level of profitability represents a significant decrease from the US\$49.07 million profit after tax and minority interests earned during the first half of 2001. The earnings per ordinary share of 0.2 of US1 cent compare with the earnings per ordinary share of US9.5 cents for the first half of 2001.

DIVIDEND

The Board of Directors has decided not to declare an interim dividend. This decision was reached not only as a result of the lack of meaningful profits recorded for the period but also as a reflection of the uncertain market conditions which we face for the remainder of the year. It is by no means certain that your Board of Directors will be in a position to declare a dividend for the full year although there are signs that the business climate is at least beginning to show signs of less volatility.

INTERNATIONAL CONTAINERISED TRANSPORTATION

The core international containerised transportation business of the Group, trading under the "OOCL" name, has had to contend in 2002 with one of the worst business environments in the history of the industry. The slowdown in the world's economies, which began in late 2000, gathered pace during 2001 and is only now showing signs of abating and indeed of turning around. This slowdown had its greatest impact upon the industry from early 2001 onwards as it coincided with the almost unprecedented increase in the rate of delivery of newbuilding container vessels, especially in the post-Panamax sub-sector of container vessels i.e. those with a carrying capacity of about 5,000 TEU and above. In late 2001 the forecasts for poor container volume growth and an excessive rate of delivery and introduction into service of new tonnage, were pessimistic in the extreme. The all pervading sentiment which they created led to the widespread belief that many vessels would be operating at significantly below capacity during 2002 and that freight rates would fall dramatically as a result. Whilst rates have indeed fallen significantly as predicted, in the event the growth in container volumes carried has been at a somewhat higher rate than first forecast. In addition, efforts by individual carriers and the alliances to slow down the introduction of new capacity and to suspend certain services temporarily during the first half of the year, served to soften this negative sentiment. However, the imbalance is expected to persist, albeit to a lesser extent than earlier forecast. Nevertheless, these overly pessimistic forecasts did their damage by convincing liner operators to conclude service contracts with their customers at too earlier a stage and at too low a price level. It has taken some time for the stronger than forecast growth in volumes and, arguably, lower than forecast rate of newbuilding deliveries to have their effect upon freight rates. These movements in the supply and demand equation have finally resulted in a slight but noticeable strengthening of freight rates as we enter the peak shipping season.

TERMINAL OPERATIONS

Our terminal operations have enjoyed mixed fortunes during the first half of 2002. Both Deltaport and Vanterm in Vancouver have benefited from increased throughput resulting in performances significantly ahead of budget. However, the competitive situation and current overcapacity in the Port of New York and New Jersey has led to below budget performances by our Howland Hook Terminal on Staten Island and Global Terminal in New Jersey. Global Terminal has suffered especially as a result of the loss of its two major customers over the past twelve months, one due to bankruptcy and the other due to the rationalisation and consolidation of its services. Plans are in hand, however, to replace this lost throughput and we are confident of an improved performance during the second half of the year.

PROPERTY INVESTMENT AND DEVELOPMENT

The Group's property investment and development businesses have continued to perform well and ahead of budget during the first half of the year. Wall Street Plaza in New York was positioned to remain immune from the after effects of 11th September 2001 as a result of its 100% fully let position with the vast majority of leases fixed through until 2004. Unfortunately however, we have not remained immune from the fall out emanating from the much publicised and high profile U.S. corporate collapses of the last six months or so. One major tenant has filed for Chapter XI protection and this has led to the return during July 2002 of a significant amount of floor space, in fact just under 14% of the total area. Although negotiations are advancing and the space will be re-let, it will be at significantly lower rental levels. As a result, we expect the financial performance overall of this investment property to deteriorate during the second half of this year. Development under the group's investment in Beijing Oriental Plaza progresses according to schedule with just one block of serviced apartments yet to be completed. It is now almost certain that there will be no further calls upon the shareholders.

In Shanghai the strong residential housing market has resulted in a performance by our property development activities ahead of budget for the period. Selling prices for our Century Metropolis project on Ziyang Lu have strengthened and Phases 1A and 1B are now either handed over or virtually 100% presold and the sales programme for Phase 2A is to begin shortly. Detailed planning and negotiation continues in relation to the new development site in the Luwan District for which we reached agreement to acquire in September 2001. We continue to seek further potential projects and are looking to conclude negotiations to acquire a further development site prior to the end of the year.

OUTLOOK

I said in the Annual Report for 2001 that to predict the outcome for the coming year was a more difficult exercise than it had been for many years. We are now six months further into the year but the exercise remains no less difficult. We have seen economic recovery and an acceleration in growth in many of the world's major economies but concerns linger no less than in the U.S. where the ability of consumer confidence to overcome the falls in the equity markets and the discredit brought upon itself by significant members of the corporate sector is still in doubt. The high rate of newbuilding deliveries remains a problem for the industry. It will require strong economic growth, both in the U.S. and Europe, and a consequent strong growth in container volumes, to carry us through until this current surge in the deployment of new tonnage begins to abate. The further concern here is that increased competition between the various shipyards will result in newbuilding prices becoming yet more attractive when viewed on that criterion alone. Nevertheless, there have recently been signs of some stability returning to freight rates across a number of the major trade routes and, if this is sustained, sentiment will begin to change to our advantage and profitability may start to recover. To date however, there are few if any signs that rates will recover in the short term to a level anywhere near sufficient to allow profitability to return to the levels of the past few years. The caveats most definitely remain therefore and if these modest rate improvements serve only to encourage a further spate of newbuilding orders then, in common with the remainder of the industry, we will have little better to look forward to over the coming few years.

In this environment of weak freight rates we remain as a Group, concentrated as before upon the improvement in efficiency as part of our continuing efforts to drive down both fixed and variable costs. At the same time we continue in our pursuit to improve the level of service we provide to our customers in order to gain a larger share of their business and to attract new customers and once gained, to retain their loyalty by a demonstration of greater efficiency and higher levels of service. We will also remain focussed on mainland China as our growth market and the one in which we have an established expertise and reputation. In all these efforts our IT capabilities continue to play a vital role and enhancements and developments will continue to be introduced. Our people are the other essential part of this process and in these testing times I pay tribute to their continued dedication without which the Group could not have achieved what, in the context of the severely adverse business environment, remains a commendable result.

C C Tung

Chairman and Chief Executive Officer

Hong Kong, 16th August 2002

Management Discussion and Analysis

ANALYSIS OF RESULTS

For the first six months of 2002 Orient Overseas (International) Limited Group recorded a profit attributable to shareholders of US\$1.03 million. This compares with a profit attributable to shareholders of US\$49.07 million for the corresponding period of 2001. This dramatic fall in overall performance has been due almost entirely to a severe deterioration in the comparative performance of OOCL, the Group's core international containerised transportation business. This in turn, was the result of the very steep drop in the general level of freight rates resulting from the significantly adverse changes in the balance between the rates of growth of container volumes carried and the introduction of new tonnage into service.

Turnover for the six months ended 30th June 2002 was US\$1,135.04 million, a decrease of US\$52.63 million when compared with the corresponding period in 2001. Profit before tax for the first half of 2002 was US\$4.12 million compared with US\$54.66 million for the same period last year.

The recent problems within the industry have been largely on the supply side rather than on the demand side. Container volumes have continued to increase, albeit at a reduced rate, but this rate of increase has been overtaken by the rate at which new tonnage has been introduced into service. Whilst individually, OOCL has taken delivery of just one 5,700 TEU bareboat chartered new building during 2002 and has seen overall liftings rise by 14.6%, or 138,000 TEU in absolute terms to a total of 1.08 million during the first six months of the year, average revenues per TEU have fallen by 17.0% during 2002 as compared with the comparative period of 2001.

On the Trans-Pacific routes to the U.S. West Coast, while our total liftings have increased by 17.1% during the first six months of 2002, as compared with the same period last year, average revenues per TEU have fallen by 15.8%. Our organic growth plans have been met on all our trade routes except by the Asia to Europe trades on which we experienced a 3.7% fall in total liftings for the first six months of 2002 as compared with last year. However, it was on this trade that the effects were felt the most of our temporary suspension of certain services during the first half of the year.

Our two container terminals in the Port of Vancouver and the two in the Port of New York and New Jersey in total recorded a 5.3% increase in throughput for the first six months of 2002 and produced a result broadly in line with that for the same period last year. Deltaport and Vanterm in Vancouver achieved a total throughput in TEU terms of 533,800 representing a 31.5% increase over the comparable figures for 2001. Global Terminal and Howland Hook Container Terminal in New York are each in the process of a restructuring programme, the former in relation to its customer base and the latter in relation to its cost base. We are confident of an improved performance from both during the second half of this year.

Our investment property in the city of New York has produced a result ahead of budget aided by having been fully let throughout the period and by the continuing low interest rate environment. Our development properties in Shanghai have recorded profits significantly ahead of budget as a result of the strong residential property market. This has resulted in a faster than forecast rate of sale at a higher than forecast average sale price.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June 2002, the Group had cash, bond and portfolio investment balances of US\$400.84 million and a total indebtedness of US\$930.87 million. The net debt to equity ratio stood at 0.6:1, unchanged from that at the end of 2001.

The indebtedness of the Group mainly comprises bank loans, finance leases and other obligations which are largely denominated in US dollars. The Group's borrowings are monitored to ensure a smooth repayment schedule to maturity. The profile of the Group's long-term liabilities is set out in Note 11 to the Accounts.

NEW-BUILDING VESSELS

As at 30th June 2002, the Group has one 4,100 TEU ice-strengthened vessel and six 7,700 TEU vessels on order due for delivery in 2003 and 2004. The total consideration for these seven vessels amounts to approximately US\$530 million, financing of which has been arranged.

The Group had also committed in 2001 to four 2,754 TEU vessels under long-term charter arrangements for delivery in 2003. These new vessels in total, serve to satisfy the projected capacity needs of our international containerised transportation business for the foreseeable future. Adequate resources have been reserved to ensure that the delivery of these vessels does not impose an undue financial burden upon the Group as a whole.

OTHER SIGNIFICANT INVESTMENTS

The Group continues to hold an 8% interest in the “Beijing Oriental Plaza” project in Beijing. The first phase was completed during the first half 2000 and the whole project is due to reach completion during mid-2003. As at 30th June 2002, the Group’s total investment in this project amounted to US\$93.6 million and no further investment is required.

The Group also commenced a new property project in Luwan district, Shanghai which involves the development of a site with a gross floor area of 144,000 sq.m. and a total investment of approximately US\$160 million. The Group holds an 88% interest in the project and as at 30th June 2002, a total investment of US\$25.35 million had been made.

CURRENCY EXPOSURE AND RELATED HEDGES

The Group’s principal income is mainly comprised of freight revenues, receipts from terminal operations and rental income from the investment properties all of which is denominated in US dollars. Over 67% of cost items is also US dollar based. Certain costs, such as terminal charges, transportation charges and administrative expenses for regional offices, were expended in domestic currencies. The Group’s policy is to hedge the payment of certain major currencies such as the Euro, Canadian dollars and Japanese Yen.

Over 90% of the Group’s total liabilities are denominated in US dollars. The non-US dollar denominated liabilities were backed by an equivalent value of assets denominated in the respective local currency. Consequently, the risk of currency fluctuations affecting the Group’s debt profile is effectively mitigated.

EMPLOYEE INFORMATION

As at 30th June 2002, the Group worldwide employed total staff of approximately 4,685. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, discretionary bonuses, education assistance and medical & dental schemes. The Group also provides in-house training programmes and external training sponsorships.

Other Information

DIVIDEND

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

DIRECTORS' INTERESTS IN SHARES

As at 30th June 2002, Directors and their associates had the following interests in the ordinary shares of the Company as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance:

	Personal Interests	Family Interests	Other Interests		Total
			Beneficial	Voting Trustee	
C C Tung	—	—	80,835,548 (Note 1)	254,123,662 (Note 2)	334,959,210
Roger King	—	—	80,835,548 (Note 1)	—	80,835,548
T R Chang	506,390	—	—	—	506,390
Nicholas D Sims	46,000	—	—	—	46,000

Note 1: C C Tung and Roger King have an interest in the Tung Trust which, through Springfield Corporation ("Springfield"), beneficially owns 55,409,576 ordinary shares and, through Monterrey Limited ("Monterrey"), beneficially owns 25,425,972 ordinary shares.

Note 2: Wharnclyff Limited ("Wharnclyff"), a company owned by a discretionary trust established by the Tung family, holds 254,123,662 ordinary shares of the Company which include 482,000 ordinary shares purchased from the market by Wharnclyff during the first half of the year and the voting rights in respect of such shares are held by C C Tung through Tung Holdings (Trustee) Inc.

Note 3: Wharnclyff, Springfield and Monterrey together are hereafter referred to as the "controlling shareholders".

SUBSTANTIAL SHAREHOLDERS

1. Shares

As at 30th June 2002, the register of substantial shareholders maintained under Section 16(1) of the Securities (Disclosure of Interests) Ordinance showed the following interests being 10 per cent. or more of the Company's issued ordinary shares:

Name	Beneficially held	%
Wharnclyff Limited	254,123,662	49.14
Springfield Corporation	55,409,576	10.71

2. Disclosure

As at 30th June 2002, the Group had the following bank borrowings requiring the controlling shareholders of the Company to retain sufficient voting power in the Company to pass ordinary resolutions during the tenure of the respective loans.

Aggregate outstanding loan amount as at 30th June 2002	Tenure
US\$230,250,000	12 years from April 1997
US\$28,175,970.50	12 years and 7 months from February 1998

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

As at 30th June 2002, none of the Directors nor the Chief Executive of the Company (or any of their spouses or children under 18 years of age) had been granted any rights to acquire shares in or debt securities of the Company. No such rights were exercised by any Director or Chief Executive (or any of their spouses or children under 18 years of age) during the six-month period ended 30th June 2002.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

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

COMPANY'S COMPLIANCE WITH THE CODE OF BEST PRACTICE

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

Review Report of the Auditors

Independent Review Report to the Board of Directors of Orient Overseas (International) Limited

(Incorporated in Bermuda with limited liability)

Introduction

We have been instructed by the Company to review the financial information set out on pages 12 to 26.

Directors' responsibilities

The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of the interim financial information to be in compliance with the Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial information is the responsibility of and has been approved by the Directors.

Review work performed

We conducted our review in accordance with the Statement of Auditing Standard 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of the management and applying analytical procedures to the interim financial information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial information.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial information for the six months ended 30th June 2002.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 16th August 2002

Financial Statements

Consolidated Profit and Loss Account

For The Six Months Ended 30th June 2002

US\$'000	Note	2002	2001
Turnover	2	1,135,039	1,187,672
Operating costs		(983,692)	(949,897)
Gross profit		151,347	237,775
Other operating income		1,223	3,857
Other operating expenses		(137,412)	(170,189)
Operating profit before financing	3	15,158	71,443
Net financing charges	5	(16,386)	(25,501)
Share of profits less losses of jointly controlled entities		5,348	8,721
Profit before taxation		4,120	54,663
Taxation	6	(2,979)	(5,355)
Profit after taxation		1,141	49,308
Minority interests		(113)	(239)
Profit attributable to shareholders		1,028	49,069
		US cents	US cents
Earnings per ordinary share	7	0.2	9.5

Consolidated Balance Sheet

As At 30th June 2002

US\$'000	Note	30th June 2002	31st December 2001
Fixed assets		1,344,484	1,389,131
Jointly controlled entities		47,066	47,250
Long-term investments		104,612	107,272
Other non-current assets		63,736	53,212
Non-current assets		1,559,898	1,596,865
Properties under development and for sale		37,533	17,868
Debtors and prepayments	9	182,509	170,714
Current portion of investments in finance leases		559	527
Portfolio investments		44,694	42,935
Bank balances and deposits		297,727	307,008
Current assets		563,022	539,052
Creditors and accruals	10	345,882	355,528
Current portion of long-term liabilities	11	139,103	133,178
Bank overdrafts and short-term loans		43,038	42,895
Current taxation		2,357	416
Current liabilities		530,380	532,017
Net current assets		32,642	7,035
Long-term liabilities	11	(748,731)	(760,386)
Other non-current liabilities		(6,148)	(5,499)
		837,661	838,015
Capital employed			
Share capital	12	51,714	51,714
Reserves	13	778,056	781,654
Shareholders' funds		829,770	833,368
Minority interests		7,891	4,647
		837,661	838,015

Consolidated Cash Flow Statement

For The Six Months Ended 30th June 2002

US\$'000	2002	2001
Cash flows from operating activities		
Cash generated from operations	35,727	115,763
Interest paid	(10,959)	(23,694)
Interest element of finance lease rental payments	(8,581)	(9,142)
Financing charges paid	(2,000)	(3,172)
Overseas tax paid	(3,537)	(10,978)
Net cash from operating activities	10,650	68,777
Cash flows from investing activities		
Sale of fixed assets	1,170	4,926
Sale of long-term investments	3,244	21,965
Purchase of fixed assets	(6,203)	(23,240)
Purchase of long-term investments	(98)	(4,179)
Capital element from investments in finance leases	125	143
Increase in amounts due by jointly controlled entities	(2,671)	(375)
Decrease/(increase) in bank deposits maturing more than three months from the date of placement	2,252	(5,308)
Deferred expenditure incurred	(3,911)	(1,413)
Interest received	3,700	5,346
Long-term investment income	30	1,088
Portfolio investment income	1,040	2,991
Gross earnings from investments in finance leases	134	157
Dividend received from jointly controlled entities	8,204	392
Net cash from investing activities	7,016	2,493
Cash flows from financing activities		
New long-term loans	38,178	27,800
Repayment of long-term loans	(29,648)	(53,256)
Capital element of finance lease rental payments	(19,877)	(49,786)
Increase/(decrease) in short-term loans repayable more than three months from the date of advance	8,277	(1,001)
Capital contributions from minority interests	3,600	—
Dividends paid to shareholders	(7,757)	(15,514)
Dividends paid to minority interests	(469)	(510)
Net cash used in financing activities	(7,696)	(92,267)
Net increase/(decrease) in cash and cash equivalents	9,970	(20,997)
Cash and cash equivalents at beginning of period	331,591	324,663
Changes in exchange rates	1,517	748
Cash and cash equivalents at end of period	343,078	304,414
Analysis of cash and cash equivalents		
Bank balances and deposits maturing within three months from the date of placement	332,799	302,960
Portfolio investments	44,694	53,631
Overdrafts and bank loans repayable within three months from the date of advance	(34,415)	(52,177)
	343,078	304,414

Consolidated Statement of Changes in Equity

For The Six Months Ended 30th June 2002

US\$'000	Share capital	Share premium	Contributed surplus	Asset revaluation reserve	Retained profit	Total
At 31st December 2001	51,714	35,073	148,286	9,948	588,347	833,368
Changes in exchange rates	—	—	—	—	3,131	3,131
Profit for the period	—	—	—	—	1,028	1,028
Dividend (note 8)	—	—	—	—	(7,757)	(7,757)
At 30th June 2002	51,714	35,073	148,286	9,948	584,749	829,770
At 31st December 2000	51,714	35,073	148,286	9,948	551,726	796,747
Changes in exchange rates	—	—	—	—	224	224
Profit for the period	—	—	—	—	49,069	49,069
Dividend (note 8)	—	—	—	—	(15,514)	(15,514)
At 30th June 2001	51,714	35,073	148,286	9,948	585,505	830,526

Notes to the Accounts

1. Accounting Policies

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in conformity with generally accepted accounting principles in Hong Kong.

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

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

2. Turnover

US\$'000	2002	2001
International transportation and logistics		
Asia	653,311	682,461
North America	195,124	216,001
Europe	155,627	156,966
Australia	19,952	17,353
	1,024,014	1,072,781
Container terminals		
North America	100,195	105,064
Property investment and development		
North America	10,256	9,827
Asia	574	—
	1,135,039	1,187,672

2. Turnover (continued)

The principal activities of the Group are international transportation and logistics, container terminal operations, property investment and development.

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

Freight revenues from international transportation and logistics are analysed based on the outbound cargoes of each geographical territory.

3. Operating Profit Before Financing

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

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

4. Operating Profit

US\$'000	2002	2001
Operating profit before financing is arrived at after crediting :		
Operating lease rental income		
Land and buildings	11,890	9,827
Gross earnings on finance leases	134	157
and after charging :		
Depreciation		
Owned fixed assets	36,347	31,476
Leased fixed assets	19,250	16,101
Operating lease rental expense		
Vessels and equipment	143,901	118,170
Land and buildings	11,575	8,735
Amortisation of deferred expenditure	1,147	1,377

5. Net Financing Charges

US\$'000	2002	2001
Interest expense	(20,067)	(30,471)
Amount capitalised under fixed assets	891	—
Interest income	3,750	5,151
Net interest expense	(15,426)	(25,320)
Financing charges	(2,000)	(3,172)
Portfolio investment income	1,040	2,991
	(16,386)	(25,501)

6. Taxation

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

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

7. Earnings Per Ordinary Share

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

8. Dividend

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

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

9. Debtors and Prepayments

	30th June	31st December
US\$'000	2002	2001
Trade debtors	66,210	61,720
Other debtors	20,879	24,016
Prepayments	40,367	36,092
Utility and other deposits	34,943	31,290
Bunker	16,914	16,911
Tax recoverable	3,196	685
	182,509	170,714

As described in note 19 to the 2001 Annual Accounts, the Group has assigned and sold certain trade receivables to Rhino and TAPCO (as defined) respectively. Trade debtors of the Group includes the following trade receivables:

	30th June	31st December
US\$'000	2002	2001
Gross trade receivables assigned to Rhino	108,302	105,261
Less non-returnable proceeds received from TAPCO	(95,000)	(99,000)
	13,302	6,261

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. Debtors with overdue balances are requested to settle all outstanding balances before any further credit is granted. The ageing analysis of the Group's trade debtors, including those assigned to Rhino but net of provisions for bad and doubtful debts, prepared in accordance with the due date of invoices, is as follows:

	30th June	31st December
US\$'000	2002	2001
Below one month	138,077	132,317
Two to three months	19,420	23,726
Four to six months	1,914	3,550
Over six months	1,799	1,127
	161,210	160,720

10. Creditors and Accruals

	30th June	31st December
US\$'000	2002	2001
Trade creditors	111,182	103,494
Other creditors	14,041	18,518
Accrued operating expenses	201,373	208,279
Deferred revenue	19,286	25,237
	345,882	355,528

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

	30th June	31st December
US\$'000	2002	2001
Below one month	51,095	47,296
Two to three months	55,985	53,538
Four to six months	1,525	1,465
Over six months	2,577	1,195
	111,182	103,494

11. Long-term Liabilities

	30th June	31st December
US\$'000	2002	2001
Bank loans		
Secured	600,818	586,826
Other secured loans		
Wholly repayable within five years	23,253	15,339
Not wholly repayable within five years	—	12,814
Finance lease obligations		
Wholly payable within five years	165,659	130,758
Not wholly payable within five years	98,104	147,827
	887,834	893,564
Current portion included in current liabilities	(139,103)	(133,178)
	748,731	760,386

12. Share Capital

	30th June 2002	31st December 2001
US\$'000		
Authorised :		
900,000,000 ordinary shares of US\$0.10 each	90,000	90,000
65,000,000 convertible redeemable preferred shares of US\$1 each	65,000	65,000
50,000,000 redeemable preferred shares of US\$1 each	50,000	50,000
	205,000	205,000
Issued and fully paid :		
517,141,632 ordinary shares of US\$0.10 each	51,714	51,714

13. Reserves

	30th June 2002	31st December 2001
US\$'000		
Share premium	35,073	35,073
Contributed surplus	148,286	148,286
Asset revaluation reserve	9,948	9,948
Retained profit	584,749	588,347
	778,056	781,654

14. Capital Expenditure

US\$'000	Deferred expenditure	Fixed assets	Total
Net book amount at 31st December 2001	9,220	1,389,131	1,398,351
Additions	3,911	9,370	13,281
Disposals	—	(3,092)	(3,092)
Depreciation and amortisation	(1,147)	(55,597)	(56,744)
Reclassification	(876)	876	—
Changes in exchange rates	13	3,796	3,809
Net book amount at 30th June 2002	11,121	1,344,484	1,355,605
Net book amount at 31st December 2000	15,328	1,286,197	1,301,525
Additions	1,413	74,621	76,034
Disposals	—	(4,436)	(4,436)
Depreciation and amortisation	(1,377)	(47,577)	(48,954)
Reclassification	(5,277)	—	(5,277)
Changes in exchange rates	10	(996)	(986)
Net book amount at 30th June 2001	10,097	1,307,809	1,317,906

15. Commitments

(a) Capital commitments

	30th June 2002	31st December 2001
US\$'000		
Contracted but not provided for	431,587	420,586
Authorised but not contracted for	27,986	32,957
	459,573	453,543

The commitments as at 30th June 2002 include the balance of the purchase cost of six 7,700 TEU and one 4,100 TEU ice-strengthened container vessels (2001: six 7,700 TEU and one 4,100 TEU ice-strengthened container vessels) to be delivered in 2003 and 2004. In March 2002, the Group entered into agreements under which two 7,700 TEU and one 4,100 TEU container vessels will be sold to third parties at considerations equal to the acquisition costs to the Group upon delivery. The Group also entered into agreements to bareboat charter these vessels under operating lease terms for minimum periods ranging from eight to twelve years from their respective dates of delivery.

In addition, the Group has a long-term investment plan in respect of the Beijing property development as set out in note 15(a) to the 2001 Annual Accounts.

15. Commitments (continued)**(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 2002			
2002/03	215,079	19,791	234,870
2003/04	174,770	31,444	206,214
2004/05	165,478	28,389	193,867
2005/06	143,728	24,337	168,065
2006/07	114,416	22,842	137,258
2007/08 onwards	391,575	343,553	735,128
	1,205,046	470,356	1,675,402
As at 31st December 2001			
2002	232,250	19,791	252,041
2003	183,039	18,610	201,649
2004	154,062	27,152	181,214
2005	138,143	24,227	162,370
2006	113,642	20,738	134,380
2007 onwards	297,663	350,689	648,352
	1,118,799	461,207	1,580,006

16. Contingent Liabilities

- (a) Guarantees in respect of loan facilities given for:

US\$'000	Facilities		Utilised	
	30th June 2002	31st December 2001	30th June 2002	31st December 2001
Jointly controlled entities	—	40,000	—	11,700
Hui Xian (as defined in note 15 to the 2001 Annual Accounts)	43,100	43,100	26,093	25,131
	43,100	83,100	26,093	36,831

- (b) A jointly controlled entity, Shanghai Orient Overseas Xujiahui Real Estate Company Limited ("SOOZ") has entered into agreements with certain banks in China in relation to the mortgage financing arrangements for end purchasers of its property development project in Shanghai. Pursuant to the terms of the agreements, SOOZ has provided guarantees in respect of the outstanding loans and accrued interest owed by the purchasers to the financing banks. These guarantees will be discharged upon obtaining the legal title for the property. As at 30th June 2002, the guarantees for such mortgage loans remained outstanding and amounted to US\$18.7 million (2001: US\$2.5 million). The Group's share of such contingent liabilities is US\$8.9 million (2001: US\$1.2 million).
- (c) The Group holds an investment property in the USA and a taxation liability would arise if this property were sold. Based on the carrying value of the property of US\$90.0 million and the available taxation losses of the relevant subsidiaries as at 30th June 2002, this taxation liability would amount to approximately US\$19.5 million. No provision has been made in the accounts for this liability as the property is held for long-term investment purposes.
- (d) The Group is a member of the Trans-Atlantic Conference Agreement ("TACA") and involved in litigation with the European Commission as more fully described in note 28(d) to the 2001 Annual Accounts.