Orient Overseas (International) Limited

(Incorporated in Bermuda with members' limited liability)
Stock code: 0316.HK

INTERIM REPORT 2023

Contents

Chairman's Statement

I am pleased to report that, Orient Overseas (International) Limited ("OOIL") and its subsidiaries (the "Group") achieved a profit attributable to shareholders of US$1,128.7 million for the six-month period ended 30th June 2023 (2022: US$5,663.6 million). The profit per ordinary share for the first half of 2023 was US$1.71, compared to US$8.58 in the first half of 2022.

The Board of Directors is pleased to announce an interim dividend of US$0.69 per ordinary share (2022: US$3.43 per ordinary share) and a special dividend of US$0.17 (2022: US$2.57) per ordinary share.

As was clearly to be expected, the extraordinary market conditions of the past two to three years came to an end. The long, steady decline in freight rates, which began around the middle of last year, continued during the first half of 2023. The fall from the great heights of 2020-2022 has certainly been spectacular in terms of both absolute dollar value and in terms of percentage, but this is simply a reflection of just how high the freight market had risen. At the time of writing, freight rates are, broadly speaking, around, and in some cases above, the levels they were at pre-COVID-19, before global reactions to the pandemic created the exceptional container shipping market conditions of the past few years.

Those market conditions were a combination of (1) better-than-expected demand and (2) severe congestion around the network that placed massive downward pressure on the effective level of capacity available to shipping customers, notwithstanding the deployment of additional capacity by shipping companies. Surprisingly resilient demand put together with reduced effective levels of supply drove freight rates up.

Starting from mid-year 2022, and continuing throughout the reporting period, very different market forces applied. First, congestion at existing chokepoints was alleviated, releasing additional effective supply into the market, with very little material new disruption occurring. Second, in a number of key importing economies, inventory levels had risen, not to historical highs, but certainly to levels higher than seen in the prior two to three years. This caused importers in the US and Australia, for example, to take a more cautious approach in their ordering of new goods, thereby reducing the demand for container shipping.

It is well understood that congestion in multiple locations reduced effective levels of supply during the past two to three years, and thereby drove freight rates higher. By the same token, those same chokepoints at multiple locations around the network drove considerable increases in costs for container shipping company. Congestion had forced shipping companies to purchase and to lease in additional container boxes, as well to pay higher costs in respect of cargo demurrage and in terms of equipment repositioning – as pressure on the supply chain eased, so too did these upward pressures on costs. Bunker costs decreased largely on account of a fall in the average bunker price as compared to the first half of 2022. In general terms, other underlying operating costs were broadly steady, with the final numbers further benefiting from a need for lower provisioning levels (as compared to the first half of 2022), and from some reversals of 2022 provisions that had been based on the assumptions of the previously higher market.

Our reputation for excellent customer service, our long-term relationships with customers and our track record of honouring contractual commitments has served us well in this evolving market. We continue to be a carrier of choice for many customers, who are certainly aware of the importance of these aspects when it comes to managing supply chain risks. The events of recent years certainly remind all participants in the supply chain of the need to work with reliable counterparties, and as part of efforts to work more and more with beneficial cargo owners on an end-to-end basis, we look forward to bringing our dedication and skillset to the benefit of our many customers, new and old. Our *We Take It Personally* approach will be at the forefront of these efforts.

Our financial resilience, and indeed our P&L, have also been helped by (1) the reduction of our outstanding financing (whether through loans or leasing structures) by US$2.1 billion since 30th June 2020, without the addition of new financing, and (2) our decision to use our own funds to make instalment payments falling due on the construction of our programme of newbuildings. We have thereby not only avoided additional financing cost, but we have also mitigated the Group's interest rate risk.

The net cash position of the Group is also worthy of mention, and not only in the context of financial resilience. Given recent interest rate rises combined with the size of our current cash position, the Group has been able to earn a considerable amount of interest income, which has certainly helped to smoothen out the fall in the freight rate markets. Our net cash to equity position now stands at 0.53, compared to 0.63 as at 30th June 2022 and 0.26 as at 30th June 2021.

The Dual Brand strategy of the Group continues to bring us many advantages. Not only in terms of cost efficiency and synergy, but also in terms of taking market opportunities to grow where those exist, and in terms of being able to adapt to levels of demand in the market without jeopardising customer service or facing unjustified costs. We will continue to build on the success of this innovative strategy.

Looking forward, no matter the more positive sentiment in recent weeks, particularly on routes to the US West Coast, we must be clear that there remain challenges ahead. The conflicting positive and negative signals that have made forecasting so difficult in the past 12-24 months remain firmly in place.

Certainly, the market is very far from being in disaster territory, and of course there are some indications that demand is improving and that shipping companies are behaving rationally in the face of fluctuating demand – all of this is reassuring. However, undeniably, there are risks associated with the impact of inflation and higher interest rates on consumer spending, and from the unclear economic outlook. There is also the uncertainty of not knowing exactly what the net fleet growth, in terms of effective capacity, will be in the coming months and years. No-one can predict with accuracy the extent to which, in any given period, capacity from new deliveries will outpace the loss of capacity driven by scrapping and speed reductions, whether for CII/EEXI compliance or simply for cost reasons.

At the time of writing, our ships are sailing full on our main long-haul tradelanes, and are forecast to continue to be fully loaded in the coming weeks. US West Coast rates have indeed risen, as one might expect at this time of year. Similarly, Asia Europe rates are currently holding and in some tradelanes increasing. Nonetheless, a cautious outlook is appropriate, given the challenges and uncertainties that abound.

OOIL, as part of the COSCO SHIPPING Group, will continue to be a leader in the container shipping industry. Our newbuilding programme and our expansion into new markets such as routes between Europe and the East Coast of South America show our commitment to growing in scale, in a measured and intelligent way. Our online platform, FreightSmart, and our expanded focus on broader integrated supply chain "end-to-end" capabilities show our determination to be at the cutting edge of developing our industry in the fullest, most technologically advanced and most sustainable way. We will continue to be a Vital Link to World Trade, and we are ready for the challenges ahead.

Wan Min
Chairman

Hong Kong, China, 18th August 2023

Management Discussion and Analysis

GROUP RESULTS

For the first six months of 2023, Orient Overseas (International) Limited and its subsidiaries (the "Group") recorded a profit attributable to equity holders of US$1,128.7 million compared to US$5,663.6 million for the corresponding period of 2022.

OOIL INTERIM RESULTS ANALYSIS

US$'000	2023	2022
Profit/(Loss) Before Taxation by Activity:		
Container Transport and Logistics	**1,127,790**	5,720,956
Other Activities	**(3,605)**	2,645
Profit Before Taxation	**1,124,185**	5,723,601
Taxation	**5,212**	(59,489)
Profit for the Period Ended 30th June	**1,129,397**	5,664,112
Non-Controlling Interests	**(664)**	(469)
Profit Attributable to Equity Holders	**1,128,733**	5,663,643

Results of the Group's operations arise from its business of container transportation and logistics conducted through the "OOCL" brand, augmented by earnings from the Group's liquidity management and investment activities at holding company level.

CONTAINER TRANSPORT

The results achieved in the period, while certainly far below the results achieved during the extraordinary conditions of the previous 2 years, nonetheless reflect a strong performance by historical standards. Demand for imports in several key importing economies fell as a result of higher levels of inventory having built up, and in some cases as a result of a cautious economic outlook. During 2021 and 2022, congestion around the network had reduced effective levels of supply. However, for most of the first of 2023, congestion was almost totally absent. As a result, compared to the same period in 2022, OOCL's total liner liftings for the first half of 2023 reduced by 1%, total revenue decreased by 60%, resulting in a 60% decrease in revenue per TEU.

Trans-Pacific Trade

Total Trans-Pacific liftings decreased by 2% compared to the same period in 2022, while revenue decreased by 67%. Revenue per TEU as a result fell by 66%. For Trans-Pacific headhaul, liftings specifically, the first half of 2023 saw a reduction of 8% compared to the same period last year. Revenue decreased by 72% and revenue per TEU fell by 69%.

While consumer spending data, though fluctuating, remained surprisingly resilient, demand for container shipping services on the Trans-Pacific tradelane fell compared to the same period in 2022. Moreover, the almost complete alleviation of the port and yard congestion that had been present during the same period last year released additional effective capacity into a market under pressure. As a result, whereas 2021-2022 saw considerable amounts of nominal capacity being added to Trans-Pacific routes, including by new market participants, excess capacity was being withdrawn and redeployed to other parts of the network in response to the change in expected demand during the first half of 2023.

Given market conditions, it was to be expected that the Trans-Pacific contract rates agreed for 2023-2024 were concluded at notably lower levels than the extraordinary levels of 2022-2023. However, they remained above the level of the lowest spot rates, which arguably suggests a general market expectation that those spot rates would recover.

Asia/Europe Trade

Total liftings for the Asia/Europe trade increased slightly by 0.4% compared to the same period last year. Revenue on the other hand was reduced by 68%, resulting in revenue per TEU declining by 68%. For the Asia/Europe headhaul in particular, liftings in the first half of 2023 increased by 5% as compared to the first half of 2022, revenue and revenue per TEU decreased by 76% and 77% respectively.

Similarly to the Trans-Pacific trade lanes, Asia/Europe demand has not been as strong as it was during the same period last year, and furthermore the congestion that plagued many of the ports of Northern Europe at that time has been relieved, which had the effect of unblocking effective capacity that had been trapped by disruption. As a result of all these various factors, freight rates were markedly lower than during the first half of 2022, especially on routes to the large ports of Northern Europe.

In the first half of 2023, we have begun taking delivery of our new 24,188 TEU mega vessels that began to operate in the Asia/Europe trade. This will add to our offering to our customers, and will also improve both our environmental efficiency and our cost structure.

Trans-Atlantic Trade

Liftings for Trans-Atlantic for the first half of 2023 rose by 20% compared to the same period last year, primarily due to our decision to inject additional capacity into this trade. The Trans-Atlantic trade as a whole managed to resist the same pace of falls in demand levels and freight rates that were seen on the Trans-Pacific and Asia/Europe routes, which also added support to our volume growth. Revenue and revenue per TEU dropped by 18% and 32% respectively, a lower decrease than seen in other long-haul East West routes.

Intra-Asia/Australasia Trade

Overall liftings fell by 4% on Intra-Asia (including Australasia) trades for the first half of 2023 as compared to the same period last year, revenue decreased by 53% and the revenue per TEU dropped by 51%. This is primarily attributed to reduced congestion, which has released capacity back into the market at a time when, for much of the reporting period, demand levels were lower than last year. In Australia, there were also challenges created by increases in levels of inventory held by our customers. With capacity growth exceeding demand growth, vessel load factors and freight rates were adversely affected. In order to address the changed market environment, the Group returned some Intra-Asia vessels upon expiry of their charters.

Bunker Cost

The average price of bunker recorded by OOCL in the first half of 2023 was US$609 per ton, compared to US$729 per ton for the corresponding period in 2022. The total bunker cost decreased by 17% in the first half of 2023 compared to the corresponding period in 2022, even though the consumption of bunker was nearly the same in both periods.

The volatile bunker price is the result of uncertainty in the market's recovery, and instability in the global supply. Global issues, such as geopolitical conflicts and sanctions, have led to unstable market demand, while the OPEC+ production cut plan will affect the tightness of supply.

LOGISTICS

Despite increased consumer caution and slowing demand for products in the first half of 2023, OOCL Logistics has seen some successes. Our ocean freight business revenue has returned to normal level of previous years while increases were noted in handling volume in TEU. Additionally, our domestic business unit has recorded satisfying growth.

To continue this positive trend, all logistics business units are actively developing new services, both in breadth and depth, by engaging with different stakeholders in our customers' organisations. These services include traditional logistics activities as well as digital supply chain management processes. We are also exploring and implementing more synergies with our liner companies to generate value and savings for our customers.

At OOCL Logistics, we are dedicated to continuously enhancing our capabilities, expanding our coverage, and improving our services. Our goal is to empower our customers to successfully navigate the current market challenges by providing them with greater visibility and agile control over their supply chain.

VESSELS

In the first half of 2023, the Group took delivery of the first two 24,188 TEU new-build vessels from Nantong COSCO KHI Ship Engineering Co., Ltd. (NACKS) and Dalian COSCO KHI Ship Engineering Co., Ltd. (DACKS) respectively. The first one delivered from NACKS is named the *OOCL Spain*; and the first one delivered from DACKS is named the *OOCL Piraeus*. These 24,188 TEU vessels are currently the largest vessels being delivered to the Group. The delivery of the remaining newbuildings of same series will be delivered from 2023 third quarter to 2024 third quarter.

The ten 16,000 TEU container vessels we ordered in the year 2021 will be delivered from 2024 fourth quarter to 2025 fourth quarter. As for the seven 24,000 TEU methanol compatible container vessels we ordered from NACKS, they will be delivered from 2026 third quarter to 2028 third quarter.

No orders for newbuildings were placed in the first half of 2023.

OTHER ACTIVITIES

The other activities of the Group consist of property investments and other investing activities. The latter includes a centralised treasury department that manages the Group's liquidity and investments. The Group's property investments being its long-standing ownership of Wall Street Plaza. Based on an independent valuation as at 30th June 2023, Wall Street Plaza was re-valued downwards by US$10.0 million, reflecting an assessed market value of US$260.0 million. Taking into consideration of US$0.8 million capital expenditures on the building in the first half of 2023, the fair value loss for the first half of 2023 was US$10.8 million. As at 31st December 2022, Wall Street Plaza was valued at US$270.0 million.

The investment in Wall Street Plaza is 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 our container transport and logistics business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June 2023, the Group had cash and bank balances amounting to US$7.8 billion and total indebtedness of US$1.6 billion. Net cash as at 30th June 2023 was therefore US$6.2 billion, compared to a net cash of US$9.1 billion in 2022 year-end.

The indebtedness of the Group comprises lease liabilities which are mainly denominated in US dollar. The Group's debts are monitored to ensure a smooth repayment schedule to maturity. The profile of the Group's lease liabilities is set out in Note 17 to the Financial Information.

The cash and bank balances of the Group are predominantly cash deposits placed with a variety of banks and with tenors ranging from overnight to up to 1 year. We review the list of approved banks and the exposure limits of each bank on a regular basis.

Given the inherently volatile nature of shipping industry earnings and the fluctuations of its asset values, the Group maintains a portion of its liquidity reserves in a portfolio of longer tenor investments. The Group's investment portfolio of US$77.2 million as at 30th June 2023 is predominantly comprised of investment grade bonds.

CURRENCY EXPOSURE AND RELATED HEDGES

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to fluctuation in the exchange rates of foreign currencies to the US dollar. Income and expenses from container transport and logistics activities are mainly denominated in US dollar and in various currencies, mainly including Euro, Canadian dollar, Japanese yen and Renminbi.

EMPLOYEE INFORMATION

As at 30th June 2023, the Group had 11,385 full-time employees. Salary and benefit levels are maintained at competitive levels and employees are rewarded on a performance-related basis within the general policy and framework of the Group's salary and discretionary bonus schemes. These schemes, based on the performance of the Company and individual employees, are regularly reviewed. Other benefits are also provided including medical insurance and retirement funds. In support of the continuous development of individual employees, training and development programmes are offered for different levels of employee. Social and recreational activities are arranged for our employees around the world.

SAFETY, SECURITY AND ENVIRONMENTAL PROTECTION

Our Group consistently maintains the highest safety and security standards as they remain a top priority in our business operations for our people, cargo, ships and facilities, both onshore and at sea.

The Group's Corporate Security Policy guides our company in the prevention and suppression of security threats against international supply chain operations. We are not only committed to complying with rules and regulations such as the International Ship and Port Facility Security (ISPS) Code, but also to doing much more by embracing many other industry best practices and voluntary initiatives. We actively collaborate with various governments and relevant authorities around the world as part of our efforts against activities that might impinge upon maritime or cargo security. For example, we participate in various national security programmes including the Customs-Trade Partnership Against Terrorism (C-TPAT) and the Authorized Economic Operator (AEO) initiatives.

In addition, our Global Data Centre maintains ISO 27001 certification in order to provide our customers and partners with quality and secure information that is in accordance with international standards on information security management.

To ensure everyone takes part in protecting our assets and becomes more resilient against cyber-attacks, we have developed new programmes and initiatives such as monthly knowledge and trend updates, annual cyber security training and mandatory tests for all employees, sophisticated monitoring and protective systems, as well as conducting awareness exercises focusing on various aspects of this subject.

OOCL signed the Gulf of Guinea Declaration on Suppression of Piracy, demanding that no seafarer should face the grave risks of kidnapping and violence when working in the Gulf of Guinea. We recognise the important steps taken and positive initiatives underway by coastal States in the region. We urge stakeholders to sign this pledge and join together in a coalition to end the threat of piracy in the Gulf of Guinea.

The Group also recognises that businesses must take responsibility for their industry's effects on the environment. In our commitment to further build on our Environmental, Social and Governance (ESG) profile, we continue to engage in the United Nations' Sustainable Development Goals (SDG) across our business strategies, operation, and corporate culture. We are committed to supporting the Ten Principles of the United Nations Global Compact (UNGC) that sets out fundamental responsibilities in areas such as human rights, labour, environment and anticorruption to tackle global environmental and social challenges. OOCL is also a member of the Maritime Anti-Corruption Network (MACN), which aims to work within the industry to eliminate all forms of maritime corruption and foster fair trade practices through collective initiatives.

OOCL is dedicated to environmental protection and committed to data integrity standards. Each year, OOCL ensures that such standards are consistent and upheld by certifying our environmental data through independent business assurance service providers. Accredited by Lloyd's Register Quality Assurance (LRQA), OOCL has achieved excellent reporting standards through the use of the Clean Cargo Working Group (CCWG) verification tool. Our Group Sustainability Report is published on an annual basis and it covers the significant environmental, economic and social aspects of the business arising from the principal activities of OOIL and its subsidiaries. To continue with our commitment in aligning with international sustainability guidelines and principles, the report is prepared with reference to the Global Reporting Initiative (GRI) Sustainability Reporting Standards and based on the reporting principles of materiality, quantitative, consistency and balance, which have been set out in the Environmental, Social and Governance (ESG) Reporting Guide on The Stock Exchange of Hong Kong Limited, Appendix 27 of Main Board Listing Rules. The report also refers to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to disclose how the Group manages climate-related risks and opportunities.

Our report has been assured by the independent business assurance service provider, LRQA with respect to the extent of its coverage and information provided with reference to our adopted reporting standards. In doing so, this demonstrates our commitment to high standards in governance, credibility and transparency.

We are very pleased to have been recognised for our consistent and sustained efforts in environmental protection initiatives, safety management and community engagement. In recognition of our achievements, OOCL continues to achieve one of the best records for the Green Flag Program organised by the Port of Long Beach and Port of Los Angeles in the United States, achieving full voluntary compliance in vessel speed reduction for our vessels. Through our memberships with environment-focused organisations such as the Clean Cargo and Global Logistics Emissions Council under Smart Freight Centre, the World Shipping Council, and the Business Environment Council, we are committed to doing our part in addressing climate change and environmental protection issues in countries and regions in which we operate. OOIL was selected by Dow Jones Sustainability Indices (DJSI) to become a constituent of Dow Jones Sustainability Asia/Pacific Index (DJSI Asia/Pacific), listed in S&P Global's Sustainability Yearbook (China Edition) 2023, and ranked as being in the "Top 1% S&P Global ESG Score (Chinese Corporate)" in our industry. The stock of OOIL has also been included in the FTSE4Good Index Series and three five sustainability-related Hang Seng Indexes (HSI), namely Hang Seng Corporate Sustainability Index ("HSSUS"), Hang Seng ESG 50 Index, HSI ESG Enhanced Index, HSI ESG Enhanced Select Index and Hang Seng Climate Change 1.5℃ Target Index. The inclusion is a strong testament to the Group's commitments in ESG and sustainability.

As part of our sustainability efforts in environmental and wildlife protection, OOCL participated in the 2022 Protecting Blue Whales and Blue Skies Program – a Vessel Speed Reduction (VSR) incentive programme that aims to reduce air pollution, fatal ship strikes on whales, and underwater noise, in the San Francisco Bay and Southern California regions. OOCL also participated in the Enhancing Cetacean Habitat and Observation (ECHO) Program to study how to reduce the cumulative effects of shipping on at-risk whales throughout the southern coast of British Columbia in Canada. By creating seasonal and predictable slow speed zones, the programmes help protect endangered whales, reduce fuel use and regional greenhouse gas emissions, and improve air quality and human health outcomes.

To maintain business process and ensure business integrity during periods when the Company's system applications or offices cannot be accessed due to exceptional events such as natural disasters, Business Continuity Plans (BCP) are in place for all regions in which we operate. Each local BCP is customised according to the possible natural disasters or severe incidences that might happen in the area. All local BCPs are reviewed periodically and updated upon external changes that could create a huge impact on our office.

INTERIM AND SPECIAL DIVIDENDS

The Board of Directors of the Company (the "Board") is pleased to announce an interim dividend of US$0.69 (HK$5.382 at the exchange rate of US$1: HK$7.8) per ordinary share and a special dividend of US$0.17 (HK$1.326 at the exchange rate of US$1: HK$7.8) per ordinary share for the six months ended 30th June 2023 to be paid on 11th October 2023 to the shareholders of the Company whose names appear on the register of members of the Company on 6th September 2023. 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") at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 26th September 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 4th September 2023 to 6th September 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim and the special dividends, all share transfer documents must be accompanied with the relevant share certificates and lodged with the Branch Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 1st September 2023.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30th June 2023, the issued share capital of the Company consisted of 660,373,297 ordinary shares (the "Shares"). The interests and short positions of the Directors and the Chief Executive of the Company in the shares, the underlying shares and the debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as at 30th June 2023, as recorded in the register kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Interests and short positions in the Shares, underlying Shares and debentures of the Company:

Nil.

(b) Interests and short positions in the shares of the associated corporations of the Company:

Name of associated corporation	Name of Director	Capacity	Number of ordinary shares held as personal interest	Total number of shares interested	Approximate percentage of total issued share capital of relevant class of shares of associated corporation
COSCO SHIPPING Development Co., Ltd.	WAN Min	Beneficial owner	200,000 (H shares)	200,000 (H shares)	0.00544% *(Note 1)*
		Interest of spouse	–	2,000 (A shares)	0.00002% *(Note 1)*
	YANG Zhijian	Beneficial owner	400,000 (H shares)	400,000 (H shares)	0.01088% *(Note 1)*
COSCO SHIPPING Holdings Co., Ltd.	YANG Zhijian	Beneficial owner	130,000 (H shares)	130,000 (H shares)	0.00387% *(Note 2)*
		Beneficial owner	803,088 (A shares)	803,088 (A shares)	0.00626% *(Note 2)*
	TUNG Lieh Cheung Andrew	Beneficial owner	413,712 (A shares)	413,712 (A shares)	0.00322% *(Note 2)*
COSCO SHIPPING Ports Limited	WAN Min	Beneficial owner	320,215	320,215	0.00914% *(Note 3)*

(c) Interests and short positions in the underlying shares and the debentures of the associated corporation of the Company:

Name of associated corporation	Name of Director	Capacity	Date of grant	Exercise price per A share	Number of outstanding share options granted *(Note 4)*	Total number of shares interested	Approximate percentage of total issued share capital of relevant class of shares of associated corporation *(Note 2)*
COSCO SHIPPING Holdings Co., Ltd. (A shares)	YANG Zhijian	Beneficial owner	29th May 2020	RMB1	413,712	413,712	0.00322%

Notes:

(1) The shareholding percentage was calculated on the basis of 3,676,000,000 H shares and 9,899,938,612 A shares of COSCO SHIPPING Development Co., Ltd. in issue as at 30th June 2023 (as the case may be).

(2) The shareholding percentage was calculated on the basis of 3,354,780,000 H shares and 12,815,473,938 A shares of COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings") in issue as at 30th June 2023 (as the case may be).

(3) The shareholding percentage was calculated on the basis of 3,500,810,248 shares of COSCO SHIPPING Ports Limited in issue as at 30th June 2023.

(4) According to the terms of the Share Option Incentive Scheme of COSCO SHIPPING Holdings (the "Scheme") and its amendments approved on 18th May 2020, the Scheme is valid for 10 years from 30th May 2019 and the share options shall be vested 24 months after the date of grant (the "Vesting Period"). Subject to the fulfilment of the relevant conditions of exercise, these share options shall be exercisable in three batches after the expiry of the Vesting Period, i.e. (a) the exercise period of 33% of the share options will commence on the first trading day after expiration of the 24-month period from the date of grant and ending on the last trading day of the 36-month period from the date of grant; (b) the exercise period of 33% of the share options will commence on the first trading day after expiration of the 36-month period from the date of grant and ending on the last trading day of the 48-month period from the date of grant; and (c) the exercise period of 34% of the share options will commence on the first trading day after expiration of the 48-month period from the date of grant and ending on the last trading day of the 84-month period from the date of grant. Details of the Scheme are set out in the announcements dated 3rd June 2019 and 30th March 2020 of COSCO SHIPPING Holdings (A shares). No consideration was paid by the grantees for acceptance of the share options.

Save as disclosed above, as at 30th June 2023, none of the Directors or the Chief Executive of the Company had any interest or short position in the shares, the underlying shares and the debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' SHARE INTERESTS

As at 30th June 2023, the following persons (other than the Directors or the Chief Executive of the Company) had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of Shares interested (Long position)	Percentage
Faulkner Global Holdings Limited	Beneficial owner	469,344,972	71.07%
COSCO SHIPPING Holdings (Hong Kong) Limited	Interest of controlled corporation	469,344,972 *(Note 1)*	71.07%
COSCO SHIPPING Holdings Co., Ltd.	Interest of controlled corporation	469,344,972 *(Note 2)*	71.07%
China Ocean Shipping Company Limited	Interest of controlled corporation	469,344,972 *(Note 3)*	71.07%
China COSCO SHIPPING Corporation Limited	Interest of controlled corporation	469,344,972 *(Notes 3 & 4)*	71.07%
Shanghai Port Group (BVI) Development Co., Limited	Beneficial owner	59,880,536	9.06%
Shanghai International Port Group (HK) Co., Ltd.	Interest of controlled corporation	59,880,536 *(Note 5)*	9.06%
Shanghai International Port (Group) Co., Ltd.	Interest of controlled corporation	59,880,536 *(Note 6)*	9.06%

Notes:

1. COSCO SHIPPING Holdings (Hong Kong) Limited ("COSCO SHIPPING HK") held 100% of the shares of Faulkner Global Holdings Limited ("Faulkner") and, accordingly, had an indirect interest in the same Shares in which Faulkner had an interest.

2. COSCO SHIPPING Holdings held 100% of the shares of COSCO SHIPPING HK and, accordingly, had an indirect interest in the same Shares in which COSCO SHIPPING HK had an interest.

3. China Ocean Shipping Company Limited ("China Ocean Shipping") held 36.64% of the shares of COSCO SHIPPING Holdings and, accordingly, had an indirect interest in the same Shares in which COSCO SHIPPING Holdings had an interest. China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING") held 43.35% of the shares of COSCO SHIPPING Holdings by itself and its subsidiaries. Both China Ocean Shipping and COSCO SHIPPING are state-owned enterprises established in the People's Republic of China.

4. COSCO SHIPPING held 100% of the shares of China Ocean Shipping and, accordingly, had an indirect interest in the same Shares in which China Ocean Shipping had an interest.

5. Shanghai International Port Group (HK) Co., Ltd. ("SIPG HK") held 100% of the shares of Shanghai Port Group (BVI) Development Co., Limited ("SIPG BVI") and, accordingly, had an indirect interest in the same Shares in which SIPG BVI had an interest.

6. Shanghai International Port (Group) Co., Ltd. ("SIPG") held 100% of the shares of SIPG HK and, accordingly, had an indirect interest in the same Shares in which SIPG HK had an interest.

The directorships and positions held by the Directors of the Company in the companies disclosed above as at the date of this interim report are set out below:

(1) Mr. WAN Min is the chairman of the board and the Party Secretary of COSCO SHIPPING, and the chairman of the board and an executive director of China Ocean Shipping and COSCO SHIPPING Holdings.

(2) Mr. HUANG Xiaowen is an executive director and the vice chairman of the board of COSCO SHIPPING Holdings.

(3) Mr. YANG Zhijian is the employee representative director of COSCO SHIPPING, the general manager, an executive director and the Party Secretary of COSCO SHIPPING Holdings, and a director of COSCO SHIPPING HK and Faulkner.

Save as disclosed above, as at 30th June 2023, the Company had not been notified by any person (other than the Directors or the Chief Executive of the Company) who had an interest or short position in the Shares or the underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Neither the Company nor any of its subsidiaries was a party to any arrangement enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the six-month period ended 30th June 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six-month period ended 30th June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's Shares.

PRE-EMPTIVE RIGHTS

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

TOP-UP PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Company entered into a placing and subscription agreement (the "Placing and Subscription Agreement") with Faulkner and J.P. Morgan Securities (Asia Pacific) Limited (the "Placing Agent") on 9th September 2021, pursuant to which (a) the Placing Agent agreed, as agent of Faulkner, to procure purchasers to purchase or, failing which itself to purchase 23,180,000 ordinary shares of the Company (the "Placing Shares") then beneficially owned by Faulkner at the price of HK$151.00 per share (the "Placing"); and (b) Faulkner conditionally agreed to subscribe for 23,180,000 new ordinary shares of the Company (the "Subscription Shares") at the price of HK$151.00 per share (the "Subscription"). On 9th September 2021, being the date of the signing of the Placing and Subscription Agreement, the closing price for each Share was HK$165.50.

On 14th September 2021, the Placing Shares were successfully placed by the Placing Agent to not less than 6 placees. Each of the placees (and their respective ultimate beneficial owners) was independent of the Company and its connected persons. As all conditions of the Subscription had been fulfilled, completion of the Subscription took place on 17th September 2021 and the Subscription Shares were subscribed by Faulkner. The aggregate nominal value of the Subscription Shares was US$2,318,000. The Company received total net proceeds of approximately HK$3,477.66 million from issuing the Subscription Shares and the net price per Subscription Share was approximately HK$150.03.

The Subscription Shares were allotted and issued pursuant to the general mandate granted to the Directors of the Company by a resolution of the shareholders passed at the annual general meeting of the Company held on 21st May 2021. Accordingly, the allotment and issuance of the Subscription Shares were not subject to the approval of the shareholders of the Company.

The Board was of the view that issuing the Subscription Shares provided a good opportunity for the Company to finance the Group's expansion, and to further broaden its shareholder base with a view to further improving the trading liquidity of the Shares.

The table below sets out the intended use of the net proceeds from the Placing and the Subscription and the status of utilisation. As at 31st July 2023, all the net proceeds from the Placing and the Subscription had been fully utilised.

Intended use of net proceeds	Planned allocation of net proceeds (HK$ million)	As at 1st January 2023		Up to 30th June 2023		Status of utilisation
		Utilised amount (HK$ million)	Unutilised balance (HK$ million)	Utilised amount (HK$ million)	Unutilised balance (HK$ million)	
Milestone payments for the 12 newbuilds ordered in 2020 (due before 31st December 2022)	Approximately 1,950	1,950	0	1,950	0	Fully utilised as at 31st December 2022
Milestone payments for the 10 newbuilds ordered in 2021 (due before 31st December 2021)	Approximately 1,248	1,229.12 *(Note)*	18.88 *(Note)*	1,229.12 *(Note)*	18.88 *(Note)*	Fully utilised as at 31st July 2023 *(Note)*
Purchase of container boxes and general corporate purposes	Approximately 279.66	279.66	0	279.66	0	Fully utilised as at 31st December 2022

Note:

Regarding the payments for the 10 newbuilds ordered in 2021, approximately HK$1,229.12 million was settled by the allocated net proceeds before 31st December 2021; no payment was due in 2022; due to a slight change in construction progress, the remaining unutilised net proceeds of approximately HK$18.88 million brought forward from 2022 was utilised in July 2023, instead of originally scheduled to be paid before 30th June 2023. As at 31st July 2023, the net proceeds allocated to the payments for the said 10 newbuilds were fully utilised.

Details of the Placing and the Subscription are set out in the announcements of the Company dated 10th September 2021 and 17th September 2021.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Board and the management of the Company are committed to maintaining high standards of corporate governance. 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 corporate governance code (the "CG Code"), which in addition to applying the principles as set out in the Corporate Governance Code (the "SEHK Code") contained in Appendix 14 to 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 Company and its subsidiaries (the "Group") and is constantly reviewed to ensure transparency, accountability and independence.

Throughout the period from 1st January 2023 to 30th June 2023, the Company complied with the SEHK Code, save for two recommended best practices, as described below:

- the remuneration of senior management of the Group was disclosed in bands, not on an individual basis

- quarterly operational results, instead of quarterly financial results, were announced and published

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 contained in Appendix 10 to the Listing Rules.

All Directors of the Company have confirmed, following specific enquiry by the Company, that they fully complied with the required standards set out in both the Code and the Model Code throughout the period from 1st January 2023 to 30th June 2023.

Changes in Composition of the Board and the Board Committees

Mr. YAN Jun resigned as a Non-Executive Director and ceased as a member of the Nomination Committee and the Risk Committee of the Company, all with effect from 1st August 2023.

Board of Directors

The composition of the Board as at the date of this interim report is set out below:

Executive Directors
Mr. WAN Min *(Chairman)*
Mr. HUANG Xiaowen *(Chief Executive Officer)*
Mr. YANG Zhijian

Non-Executive Directors
Mr. TUNG Lieh Cheung Andrew
Ms. WANG Dan
Mr. IP Sing Chi

Independent Non-Executive Directors
Mr. CHOW Philip Yiu Wah
Dr. CHUNG Shui Ming Timpson
Mr. YANG Liang Yee Philip
Ms. CHEN Ying
Mr. SO Gregory Kam Leung

CHANGES IN DIRECTORS' INFORMATION

The changes in Directors' information are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. HUANG Xiaowen, an Executive Director and the Chief Executive Officer of the Company, ceased as an executive vice president and a Party Committee member of COSCO SHIPPING.

Mr. TUNG Lieh Cheung Andrew, a Non-Executive Director of the Company, was appointed as a governor of China-United States Exchange Foundation on 13th February 2023 and as a member of the Chief Executive's Council of Advisers of the Hong Kong Special Administrative Region on 17th March 2023.

Mr. IP Sing Chi, a Non-Executive Director of the Company, ceased as an independent non-executive director of Piraeus Port Authority S.A. (a company listed in Athens) on 2nd August 2023.

Mr. YANG Liang Yee Philip, an Independent Non-Executive Director of the Company, was appointed as a member of the Asian International Arbitration Centre (AIAC) Advisory Council on 23rd May 2023.

Mr. SO Gregory Kam Leung, an Independent Non-Executive Director of the Company, ceased as an independent non-executive director of Shui On Xintiandi Limited on 30th June 2023. Mr. So was appointed as an independent non-executive director of Shui On Land Limited (a company listed in Hong Kong) on 1st July 2023.

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Report on Review of Interim Financial Information

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

Introduction

We have reviewed the interim financial information set out on pages 18 to 40, which comprises the condensed consolidated balance sheet of Orient Overseas (International) Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th June 2023 and the condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18th August 2023

Condensed Consolidated Profit and Loss Account (Unaudited)

For the six months ended 30th June 2023

US$'000	Note	2023	2022
Revenue	5, 6	**4,540,681**	11,061,132
Operating costs		**(3,637,879)**	(4,941,101)
Gross profit		**902,802**	6,120,031
Other operating income		**289,853**	54,052
Business and administrative expenses		**(68,903)**	(462,734)
Reversal of/(provision for) impairment losses on financial assets, net		**14,763**	(12,758)
Other (losses)/gains, net		**(4,216)**	46,840
Operating profit	7	**1,134,299**	5,745,431
Finance costs	9	**(15,732)**	(28,124)
Share of profits of joint ventures		**2,091**	1,664
Share of profits of associated companies		**3,527**	4,630
Profit before taxation		**1,124,185**	5,723,601
Taxation	10	**5,212**	(59,489)
Profit for the period		**1,129,397**	5,664,112
Profit attributable to:			
Equity holders of the Company		**1,128,733**	5,663,643
Non-controlling interests		**664**	469
		1,129,397	5,664,112
Earnings per ordinary share (US$)	11		
Basic and diluted		**1.71**	8.58

The notes on pages 24 to 40 form an integral part of this interim financial information.

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30th June 2023

US$'000	2023	2022
Profit for the period	**1,129,397**	5,664,112
Other comprehensive (loss)/income:		
Item that will not be subsequently reclassified to profit or loss:		
Remeasurement (losses)/gains on defined benefit schemes	**(624)**	923
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Currency translation adjustments		
Subsidiaries	**(14,876)**	(17,878)
Joint ventures	**(265)**	(395)
Associated companies	**(3,339)**	(5,004)
Release of reserve upon disposal of a subsidiary and an associated company	**–**	(7,917)
Total amount that has been reclassified or may be reclassified subsequently to profit or loss	**(18,480)**	(31,194)
Other comprehensive loss for the period, net of tax	**(19,104)**	(30,271)
Total comprehensive income for the period	**1,110,293**	5,633,841
Total comprehensive income attributable to:		
Equity holders of the Company	**1,109,569**	5,633,486
Non-controlling interests	**724**	355
	1,110,293	5,633,841

The notes on pages 24 to 40 form an integral part of this interim financial information.

Condensed Consolidated Balance Sheet (Unaudited)

As at 30th June 2023

US$'000	Note	30th June 2023	31st December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	13	**5,213,173**	4,696,239
Right-of-use assets	13	**2,051,362**	2,509,695
Investment property	13	**260,000**	270,000
Investments in joint ventures and associated companies		**104,919**	106,248
Intangible assets	13	**9,094**	10,805
Deferred taxation assets		**27,347**	30,349
Pension and retirement assets		**13,983**	10,093
Restricted bank balances		**290**	300
Investments at fair value through other comprehensive income		**34**	34
Investments at amortised cost		**52,946**	52,966
Other non-current assets		**9,533**	17,945
		7,742,681	7,704,674
Current assets			
Inventories		**180,033**	179,561
Debtors and prepayments	14	**721,783**	873,260
Investments at amortised cost		**10,000**	35,340
Portfolio investments at fair value through profit or loss		**14,229**	13,369
Tax recoverable		**12,032**	11,929
Restricted bank balances		**4,516**	3,126
Cash and bank balances		**7,823,896**	11,213,902
		8,766,489	12,330,487
Total assets		**16,509,170**	20,035,161
EQUITY			
Equity holders			
Share capital	15	**66,037**	66,037
Reserves	16	**11,468,343**	13,369,961
		11,534,380	13,435,998
Non-controlling interests		**3,299**	2,900
Total equity		**11,537,679**	13,438,898

Condensed Consolidated Balance Sheet (Unaudited)

As at 30th June 2023

US$'000	Note	30th June 2023	31st December 2022
LIABILITIES			
Non-current liabilities			
Lease liabilities	17	**1,062,822**	1,367,909
Deferred taxation liabilities		**193,942**	192,868
Provision	18	**894,745**	894,745
		2,151,509	2,455,522
Current liabilities			
Creditors and accruals	19	**2,116,310**	3,282,974
Lease liabilities	17	**597,443**	712,211
Current taxation		**106,229**	145,556
		2,819,982	4,140,741
Total liabilities		**4,971,491**	6,596,263
Total equity and liabilities		**16,509,170**	20,035,161

Wan Min
Director

Yang Zhijian
Director

The notes on pages 24 to 40 form an integral part of this interim financial information.

Condensed Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30th June 2023

US$'000	2023	2022
Cash flows from operating activities		
Cash generated from operations	**609,152**	6,340,396
Interest and financing charges paid	**(30,911)**	(23,088)
Income tax paid	**(29,922)**	(74,235)
Net cash from operating activities	**548,319**	6,243,073
Cash flows from investing activities		
Disposal/redemption on maturity of investments at amortised cost and decrease in portfolio investments at fair value through profit or loss	**25,351**	16,203
Proceeds from disposal of property, plant and equipment	**16,927**	89,374
Purchase of property, plant and equipment and other non-current assets	**(792,828)**	(96,716)
Disposal of a subsidiary	**–**	52,475
(Increase)/decrease in restricted bank balances and bank deposits maturing more than three months from the date of placement	**(2,348,820)**	599,065
Interest received	**286,308**	42,640
Movements of other investing activities	**7,833**	3,759
Net cash (used in)/from investing activities	**(2,805,229)**	706,800
Cash flows from financing activities		
Repayment of loans	**–**	(19,428)
Repayment of lease liabilities	**(453,390)**	(408,364)
Dividends paid to equity holders of the Company	**(3,011,302)**	(2,179,232)
Dividends paid to non-controlling interests	**(325)**	–
Net cash used in financing activities	**(3,465,017)**	(2,607,024)
Net (decrease)/increase in cash and cash equivalents	**(5,721,927)**	4,342,849
Cash and cash equivalents at beginning of period	**9,463,902**	3,940,809
Currency translation adjustments	**(15,519)**	(16,748)
Cash and cash equivalents at end of period	**3,726,456**	8,266,910
Analysis of cash and cash equivalents		
Cash and bank balances	**7,823,896**	10,922,473
Bank deposits maturing more than three months from the date of placement	**(4,097,440)**	(2,655,563)
Cash and cash equivalents at end of period	**3,726,456**	8,266,910

The notes on pages 24 to 40 form an integral part of this interim financial information.

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30th June 2023

US$'000	Equity holders			Non-controlling interests	Total
	Share capital	Reserves	Sub-total		
At 1st January 2023	66,037	13,369,961	13,435,998	2,900	13,438,898
Total comprehensive income for the period	–	1,109,569	1,109,569	724	1,110,293
Transactions with owners					
Employee share-based compensation	–	115	115	–	115
2022 final dividend	–	(1,723,574)	(1,723,574)	–	(1,723,574)
2022 second special dividend	–	(1,287,728)	(1,287,728)	–	(1,287,728)
Dividends paid to non-controlling interests	–	–	–	(325)	(325)
At 30th June 2023	**66,037**	**11,468,343**	**11,534,380**	**3,299**	**11,537,679**
At 1st January 2022	66,037	9,603,620	9,669,657	2,079	9,671,736
Total comprehensive income for the period	–	5,633,486	5,633,486	355	5,633,841
Transactions with owners					
Employee share-based compensation	–	336	336	–	336
2021 final dividend	–	(1,723,574)	(1,723,574)	–	(1,723,574)
2021 second special dividend	–	(455,658)	(455,658)	–	(455,658)
At 30th June 2022	66,037	13,058,210	13,124,247	2,434	13,126,681

The notes on pages 24 to 40 form an integral part of this interim financial information.

Notes to the Interim Financial Information

1. General information

Orient Overseas (International) Limited (the "Company") is a members' limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal office is 31st Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, China.

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

The ultimate parent company of the Group is China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"), a state-owned enterprise established in the People's Republic of China (the "PRC").

This interim financial information is presented in US dollar, unless otherwise stated.

This interim financial information was approved by the Board of Directors on 18th August 2023.

2. Basis of preparation

The interim financial information of the Company and its subsidiaries (the "Group") has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of investment property, investments at fair value through other comprehensive income and portfolio investments 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 HKICPA.

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual consolidated financial statements for the year ended 31st December 2022 except for the adoption of new standard and amendments to existing standards effective for the financial year ending 31st December 2023.

The adoption of new or revised standards

In 2023, the Group adopted the following new standard and amendments to existing standards, which are relevant to its operations.

New standard and amendments to existing standards	
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendment)	Definition of Accounting Estimates
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Amendment)	International Tax Reform – Pillar Two Model Rules
HKFRS 17 and HKFRS 17 (Amendment)	Insurance Contracts

The adoption of the above new standard and amendments to existing standards does not have a material impact to the results and financial position of the Group.

2. Basis of preparation (Continued)

Amendments and interpretation to existing standards that are relevant to the Group but not yet effective

Amendments and interpretation to existing standards		Effective for accounting periods beginning on or after
HK Int 5 (Revised)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1st January 2024
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1st January 2024
HKAS 1 (Amendment)	Non-current Liabilities with Covenants	1st January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1st January 2024
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback	1st January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of the above amendments and interpretation to existing standards is not expected to have a significant effect on the consolidated financial statements of the Group.

3. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended 31st December 2022.

3.1 Fair value estimation

The financial instruments that are measured in the consolidated balance sheet at fair value, require disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value at 30th June 2023:

US$'000	Level 1	Level 3	Total
Assets			
Portfolio investments at fair value through profit or loss			
Equity securities	**14,229**	**–**	**14,229**
Investments at fair value through other comprehensive income			
Unlisted equity securities	**–**	**34**	**34**
Total	**14,229**	**34**	**14,263**

3. Financial risk management (Continued)

3.1 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value at 31st December 2022:

US$'000	Level 1	Level 3	Total
Assets			
Portfolio investments at fair value through profit or loss			
Equity securities	13,369	–	13,369
Investments at fair value through other comprehensive income			
Unlisted equity securities	–	34	34
Total	13,369	34	13,403

There were no transfers among levels 1, 2 and 3 during the period.

Specific valuation techniques used to value levels 2 and 3 financial instruments include:

- Dealer quotes.

There were no changes in valuation techniques during the period.

Instruments included in level 3 comprise unlisted equity securities classified as investments at fair value through other comprehensive income.

The following table presents the changes in level 3 instruments:

	US$'000
At 1st January 2023 and 30th June 2023	**34**

	US$'000
At 1st January 2022	42
Disposals	(8)
At 30th June 2022	34

3. Financial risk management (Continued)

3.2 Fair values of financial assets and liabilities measured at amortised cost

	Carrying amounts		Fair values	
US$'000	30th June 2023	31st December 2022	30th June 2023	31st December 2022
Investments at amortised cost	**62,946**	88,306	**61,254**	86,158

The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Debtors and prepayments
- Cash and bank balances
- Restricted bank balances
- Other current financial assets
- Creditors and accruals
- Other current financial liabilities

4. Critical accounting estimates and judgements

Estimates and judgements used in preparing the consolidated financial statements 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 consolidated financial statements for the year ended 31st December 2022.

5. Revenue

US$'000	2023	2022
Container transport and logistics	**4,528,025**	11,049,611
Others	**12,656**	11,521
	4,540,681	11,061,132

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

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

6. 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. The Executive Directors are the Group's chief operating decision-makers.

Operating segments

The segment results for the six months ended 30th June 2023 are as follows:

US$'000	Container transport and logistics	Others	Total
Revenue from contracts with customers:			
Over time	4,528,025	–	4,528,025
Revenue from other source:			
Rental income	–	12,656	12,656
	4,528,025	12,656	4,540,681
Other operating income	287,551	2,302	289,853
	4,815,576	14,958	4,830,534
Operating profit/(loss)	1,137,904	(3,605)	1,134,299
Finance costs	(15,732)	–	(15,732)
Share of profits of joint ventures	2,091	–	2,091
Share of profits of associated companies	3,527	–	3,527
Profit/(loss) before taxation	1,127,790	(3,605)	1,124,185
Taxation	2,978	2,234	5,212
Profit/(loss) for the period	1,130,768	(1,371)	1,129,397
Fair value loss from an investment property	–	10,792	10,792
Additions to non-current assets*	505,625	793	506,418
Depreciation of property, plant and equipment	189,596	10	189,606
Depreciation of right-of-use assets	237,229	–	237,229
Amortisation of intangible assets	2,251	–	2,251

6. Segment information (Continued)

Operating segments (Continued)

The segment results for the six months ended 30th June 2022 are as follows:

US$'000	Container transport and logistics	Others	Total
Revenue from contracts with customers:			
Over time	11,049,611	–	11,049,611
Revenue from other source:			
Rental income	–	11,521	11,521
	11,049,611	11,521	11,061,132
Other operating income	50,859	3,193	54,052
	11,100,470	14,714	11,115,184
Operating profit	5,742,786	2,645	5,745,431
Finance costs	(28,124)	–	(28,124)
Share of profits of joint ventures	1,664	–	1,664
Share of profits of associated companies	4,630	–	4,630
Profit before taxation	5,720,956	2,645	5,723,601
Taxation	(57,933)	(1,556)	(59,489)
Profit for the period	5,663,023	1,089	5,664,112
Fair value loss from an investment property	–	824	824
Additions to non-current assets*	489,608	884	490,492
Depreciation of property, plant and equipment	158,305	10	158,315
Depreciation of right-of-use assets	250,601	–	250,601
Amortisation of intangible assets	4,404	–	4,404

* Additions to non-current assets comprise additions to property, plant and equipment, right-of-use assets, investment property and intangible assets.

6. Segment information (Continued)

Operating segments (Continued)

The segment assets and liabilities at 30th June 2023 are as follows:

US$'000	Container transport and logistics	Others	Group
Segment assets	16,020,545	383,326	16,403,871
Joint ventures	8,779	–	8,779
Associated companies	96,520	–	96,520
Total assets	**16,125,844**	**383,326**	**16,509,170**
Segment liabilities	**(4,835,332)**	**(136,159)**	**(4,971,491)**

The segment assets and liabilities at 31st December 2022 are as follows:

US$'000	Container transport and logistics	Others	Group
Segment assets	19,513,595	415,318	19,928,913
Joint ventures	9,916	–	9,916
Associated companies	96,332	–	96,332
Total assets	19,619,843	415,318	20,035,161
Segment liabilities	(6,456,306)	(139,957)	(6,596,263)

The segment of "Others" primarily includes assets and liabilities of property investment and corporate level activities. Assets under the segment of "Others" consist primarily of investment property, investments at amortised cost and portfolio investments at fair value through profit or loss. Liabilities under the segment of "Others" primarily include creditors and accruals and deferred taxation liabilities related to property investment and corporate level activities.

6. 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	Additions to non-current assets#
Six months ended 30th June 2023		
Asia	**3,073,899**	**21,400**
Europe	**888,269**	**6,727**
North America	**400,753**	**2,070**
Australia	**177,760**	**23**
Unallocated*	**–**	**476,198**
	4,540,681	**506,418**
Six months ended 30th June 2022		
Asia	9,110,712	15,732
Europe	1,316,312	1,091
North America	462,405	1,275
Australia	171,703	40
Unallocated*	–	472,354
	11,061,132	490,492

Additions to non-current assets comprise additions to property, plant and equipment, right-of-use assets, investment property and intangible assets.

* Unallocated additions to non-current assets comprise additions to container vessels and capitalised dry-docking costs, containers and computer software costs.

7. Operating profit

US$'000	2023	2022
Operating profit is arrived at after crediting:		
Interest income from banks	**285,414**	49,218
Interest income from deposits in a fellow subsidiary	**1,137**	545
Interest income from investments at amortised cost	**1,583**	2,314
Gross rental income from an investment property	**12,656**	11,521
Dividend income from investments at fair value through other comprehensive income	**–**	2
Gain on disposal of property, plant and equipment	**4,544**	64,554
Gain on disposal of a subsidiary and an associated company	**–**	15,764
Gain on disposal of investments at amortised cost	**–**	59
Income from portfolio investments at fair value through profit or loss		
Fair value gain (realised and unrealised)	**321**	–
Interest income	**–**	702
Distribution	**136**	122
Dividend income	**566**	53
Exchange gain	**2,124**	–
and after charging:		
Fair value loss from an investment property	**10,792**	824
Loss on written-off of right-of-use assets	**413**	812
Fair value loss on portfolio investments at fair value through profit or loss (realised and unrealised)	**–**	3,623
Exchange loss	**–**	28,278

8. Key management compensation

US$'000	2023	2022
Salaries, discretionary bonuses and other employee benefits	**12,078**	9,432
Estimated money value of other benefits	**10**	9
Pension costs – defined contribution plans	**756**	676
Share-based compensation	**36**	96
	12,880	10,213

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

9. Finance costs

US$'000	2023	2022
Interest expense		
Bank loans	–	2,121
Lease liabilities	**37,491**	30,467
	37,491	32,588
Amount capitalised under assets under construction	**(21,759)**	(4,464)
Net interest expense	**15,732**	28,124

10. Taxation

US$'000	2023	2022
Current taxation		
HKSAR profits tax	**(8,145)**	4,796
Non HKSAR taxation	**(1,187)**	78,487
	(9,332)	83,283
Deferred taxation		
HKSAR profits tax	–	(1,580)
Non HKSAR taxation	**4,120**	(22,214)
	4,120	(23,794)
	(5,212)	59,489

Taxation has been provided at the appropriate tax rates prevailing in the countries/regions in which the Group operates on the estimated assessable profits for the period. These rates range from 2.5% to 34.2% (2022: 2.5% to 34.2%) and the rates applicable to the withholding tax for undistributed earnings of subsidiaries range from 5% to 30% (2022: 5% to 30%). The HKSAR profits tax for ocean freight transportation business is charged based on the relevant entity's Hong Kong-sourced income (i.e. at a percentage of the total worldwide ocean freight transportation business profit) under the HKSAR tax incentive regime for international shipping businesses and at the applicable tax rate of 16.5% (2022: 16.5%).

11. Earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share is based on the Group's profit attributable to equity holders of the Company divided by the weighted average 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.

	2023	2022
Weighted average number of ordinary shares in issue (thousands)	**660,373**	660,373
Group's profit attributable to equity holders of the Company (US$'000)	**1,128,733**	5,663,643
Earnings per share attributable to equity holders of the Company (US$)	**1.71**	8.58

12. Dividends

The final and second special dividends for 2022 of US$1,723.6 million and US$1,287.7 million respectively have been accounted for as an appropriation of retained profit in the six months ended 30th June 2023.

The Board of Directors declares an interim dividend of US$0.69 (HK$5.382 at the exchange rate of US$1: HK$7.8) (2022: US$3.43 (HK$26.754 at the exchange rate of US$1: HK$7.8)) per ordinary share for the six months ended 30th June 2023 on 18th August 2023. In addition, the Board of Directors declares a special dividend of US$0.17 (HK$1.326 at the exchange rate of US$1: HK$7.8) (2022: US$2.57 (HK$20.046 at the exchange rate of US$1: HK$7.8)) per ordinary share for the six months ended 30th June 2023 on 18th August 2023.

13. Capital expenditure

US$'000	Property, plant and equipment	Right-of-use assets	Investment property	Intangible assets	Total
Net book amounts					
At 1st January 2023	**4,696,239**	**2,509,695**	**270,000**	**10,805**	**7,486,739**
Currency translation adjustments	**(1,374)**	**(2,122)**	**–**	**(12)**	**(3,508)**
Fair value loss	**–**	**–**	**(10,792)**	**–**	**(10,792)**
Additions	**467,833**	**37,241**	**792**	**552**	**506,418**
Reclassification, disposals/written off	**240,081**	**(256,223)**	**–**	**–**	**(16,142)**
Depreciation and amortisation	**(189,606)**	**(237,229)**	**–**	**(2,251)**	**(429,086)**
At 30th June 2023	**5,213,173**	**2,051,362**	**260,000**	**9,094**	**7,533,629**
At 1st January 2022	4,047,629	2,801,858	285,000	7,656	7,142,143
Currency translation adjustments	(1,514)	(6,321)	–	(22)	(7,857)
Fair value loss	–	–	(824)	–	(824)
Additions	128,290	360,340	824	1,038	490,492
Reclassification, disposals/written off	46,680	(98,303)	–	–	(51,623)
Depreciation and amortisation	(158,315)	(250,601)	–	(4,404)	(413,320)
At 30th June 2022	4,062,770	2,806,973	285,000	4,268	7,159,011

Note:

During the six months ended 30th June 2023, construction of two (2022: nil) vessels was completed and the vessels were delivered to the Group.

14. Debtors and prepayments

US$'000	30th June 2023	31st December 2022
Trade receivables		
Third parties	351,805	487,673
Joint ventures	380	–
Fellow subsidiaries	3,557	12,123
Related companies	1,079	644
Less: Provision for impairment	(47,243)	(62,164)
Trade receivables – net	309,578	438,276
Other debtors	197,506	221,235
Other prepayments	161,783	171,509
Utility and other deposits	14,472	16,065
Amounts due from related parties		
Fellow subsidiaries	19,140	13,911
Related companies	19,304	12,264
	721,783	873,260

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

US$'000	30th June 2023	31st December 2022
Below 1 month	225,973	307,781
2 to 3 months	74,584	122,301
4 to 6 months	7,140	8,051
Over 6 months	1,881	143
	309,578	438,276

15. Share capital

US$'000	30th June 2023	31st December 2022
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:		
660,373,297 ordinary shares of US$0.10 each	66,037	66,037

16. Reserves

US$'000	Share premium	Employee share-based compensation reserve	Contributed surplus	Capital redemption reserve	Foreign exchange translation reserve	Retained profit	Total
At 1st January 2023	734,717	10,628	88,547	4,696	(16,265)	12,547,638	13,369,961
Total comprehensive income/(loss) for the period	–	–	–	–	(18,540)	1,128,109	1,109,569
Transactions with owners							
Employee share-based compensation	–	115	–	–	–	–	115
2022 final dividend	–	–	–	–	–	(1,723,574)	(1,723,574)
2022 second special dividend	–	–	–	–	–	(1,287,728)	(1,287,728)
At 30th June 2023	734,717	10,743	88,547	4,696	(34,805)	10,664,445	11,468,343
At 1st January 2022	734,717	9,511	88,547	4,696	38,231	8,727,918	9,603,620
Total comprehensive income/(loss) for the period	–	–	–	–	(31,080)	5,664,566	5,633,486
Transactions with owners							
Employee share-based compensation	–	336	–	–	–	–	336
2021 final dividend	–	–	–	–	–	(1,723,574)	(1,723,574)
2021 second special dividend	–	–	–	–	–	(455,658)	(455,658)
At 30th June 2022	734,717	9,847	88,547	4,696	7,151	12,213,252	13,058,210

17. Lease liabilities

US$'000	30th June 2023	31st December 2022
Non-current	1,062,822	1,367,909
Current	597,443	712,211
	1,660,265	2,080,120

18. Provision

The Group entered into the Terminal Service Agreement ("TSA") in October 2019 to which the Group committed to place, or procure the placement of an annual minimum number of vessel lifts in Long Beach Container Terminal ("LBCT") for 20 years. Failure to meet the committed volume for each contract year would require certain level of deficiency payment as stipulated in the TSA.

As at 30th June 2023, the Group reassessed the expected number of vessel lifts in LBCT for each of the remaining contract years with reference to future prospects of the market and its expected load factor. The overall economic environment in the USA is still highly uncertain, in particular, dropping cargo demand and freight rates became more evident from the fourth quarter of 2022. It is expected that high inflation and interest rate environment would further slow down the USA economy growth and would adversely affect the demand/import of the USA for some time, it is expected the economy in the USA would take years to recover. As at 30th June 2023, with these uncertainties over such a long-term contract period, management reassessed that the projected vessel lifts in LBCT would result in a shortfall on minimum volume commitment over the remaining contract period. The Group estimated an onerous contract provision of US$894.7 million as at 30th June 2023 (31st December 2022: US$894.7 million).

19. Creditors and accruals

US$'000	30th June 2023	31st December 2022
Trade payables		
Third parties	154,876	156,028
Joint ventures	1,107	1,214
Fellow subsidiaries	19,472	39,553
Related companies	22,273	19,128
	197,728	215,923
Other creditors	168,855	176,976
Accrued expenses*	1,710,705	2,483,714
Contract liabilities	26,492	34,649
Amounts due to related parties		
Joint ventures	2,420	7,172
Fellow subsidiaries	9,859	4,520
Related companies	251	360,020
	2,116,310	3,282,974

* Accrued expenses mainly represent accrual for operating costs for container transport operation and accrued discretionary bonuses.

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

US$'000	30th June 2023	31st December 2022
Below 1 month	155,179	158,991
2 to 3 months	31,883	50,106
4 to 6 months	8,632	2,547
Over 6 months	2,034	4,279
	197,728	215,923

20. Commitments

(a) Capital commitments – Property, plant and equipment

US$'000	30th June 2023	31st December 2022
Contracted but not provided for		
Vessels under construction	**3,747,887**	4,086,092
Others	**3,736**	7,112
	3,751,623	4,093,204

(b) Lease commitments

The future aggregate minimum lease rental expenses under non-cancellable short-term leases or low-value leases are payable in the following years:

US$'000	Vessels and equipment	Land and buildings	Total
At 30th June 2023			
Less than 1 year	**118,291**	**1,856**	**120,147**
Between 1 and 2 years	**77,129**	**–**	**77,129**
Between 2 and 5 years	**159,527**	**–**	**159,527**
Over 5 years	**26,952**	**–**	**26,952**
	381,899	**1,856**	**383,755**
At 31st December 2022			
Less than 1 year	84,008	1,391	85,399
Between 1 and 2 years	77,386	–	77,386
Between 2 and 5 years	182,022	–	182,022
Over 5 years	39,594	–	39,594
	383,010	1,391	384,401

21. Significant related party transactions

The Company is controlled by COSCO SHIPPING, the ultimate parent company of the Group and a state-owned enterprise established in the PRC.

COSCO SHIPPING itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. Government-related entities and their subsidiaries directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include COSCO SHIPPING and its subsidiaries (other than the Group) (collectively referred to as "COSCO SHIPPING Group") and related entities of COSCO SHIPPING (including joint ventures and associated companies), other government-related entities and their subsidiaries, entities in which the Company is able to exercise joint control or significant influence, and key management personnel of the Company and COSCO SHIPPING as well as their close family members.

For the purpose of related party transaction disclosures, the Directors believe that it is meaningful to disclose the related party transactions with COSCO SHIPPING Group companies and related entities of COSCO SHIPPING (including joint ventures and associated companies) for the interests of financial statements users, although certain of those transactions which are individually or collectively not significant are exempted from disclosure. The Directors believe that the information of related party transactions has been adequately disclosed in the interim financial information.

21. Significant related party transactions (Continued)

In addition to the related party information and transactions disclosed elsewhere in the interim financial information, the following is a summary of significant related party transactions conducted in the ordinary course of business between the Group and its related parties during the period.

(a) Transactions with COSCO SHIPPING Group and related entities of COSCO SHIPPING (including joint ventures and associated companies)

US$'000	2023	2022
Income		
Container transport income (note ii)	**48,803**	228,507
Freight forwarding income	**3,215**	4,183
Terminal handling and storage income	**2,080**	3,031
Service income		
Vessels	**43,158**	25,991
Containers	**6,317**	14,040
IT service income	**14,374**	16,824
Interest income	**1,137**	545
Expenses		
Cargo transportation costs	**67,497**	46,387
Freight forwarding expenses	**6,392**	50,022
Terminal charges (note iii)	**119,674**	117,131
Expenses relating to short-term leases and leases with low-value assets		
Vessels	**74,422**	51,008
Containers	**24,254**	18,541
Land and buildings	**408**	399
Slot hire expenses	**186,520**	168,712
Purchase of bunker (note iv)	**154,042**	144,993
Crew expenses	**1,131**	1,081
Service fee	**150**	150
Others		
Purchase of containers	**184**	3,000
Instalments of vessels under construction	**366,640**	46,704

21. Significant related party transactions (Continued)

(b) Transactions with joint ventures of the Group

US$'000	2023	2022
Income		
Container transport income	**92**	108
Expenses		
Cargo transportation costs	**8,171**	6,034

(c) Transactions with other related parties

US$'000	2023	2022
Income		
Container transport income	**1,378**	205
Freight forwarding income	**143**	–
Terminal handling and storage income	**266**	–
Expenses		
Cargo transportation costs	**10,186**	19,717
Freight forwarding expenses	**459**	–
Terminal charges	**74,738**	21,844
Expenses relating to short-term leases and leases with low-value assets		
Vessels	**2**	–
Containers	**43**	36
Slot hire expenses	**–**	2,145
Crew expenses	**1**	2

(d) Transactions with state-owned banks

As at 30th June 2023, approximately 70% (31st December 2022: 90%) of the Group's bank balances are with state-owned banks.

Notes:

(i) These transactions were conducted either (i) based on terms as governed by the master agreements and subsisting agreements entered into between the Group and COSCO SHIPPING Group or (ii) based on terms as set out in the underlying agreements, statutory rates or market prices or actual costs incurred, or as mutually agreed between the Group and the parties in concern.

(ii) Container transport income of US$17.9 million (2022: US$80.3 million) were transacted with the associated companies and joint ventures of COSCO SHIPPING during the six months ended 30th June 2023.

(iii) Terminal charges of US$82.8 million (2022: US$73.6 million) were transacted with the associated companies and joint ventures of COSCO SHIPPING during the six months ended 30th June 2023.

(iv) Bunker of US$88.4 million (2022: US$102.4 million) was purchased from the joint ventures of COSCO SHIPPING during the six months ended 30th June 2023.