ORIENT OVERSEAS (INTERNATIONAL) LIMITED

東方海外(國際)有限公司*

(Incorporated in Bermuda with members' limited liability)

(Stock code: 316)

2019 RESULTS ANNOUNCEMENT

The Directors of Orient Overseas (International) Limited (the "Company" or "OOIL") announce the results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2019 as follows:

Consolidated Profit and Loss Account
For the year ended 31st December 2019

US$'000	**Note**	**2019**	**2018**
Revenue	4	**6,878,740**	6,572,655
Operating costs		**(6,069,201)**	(5,859,839)
Gross profit		**809,539**	712,816
Other operating income		**83,679**	82,521
Business and administrative expenses		**(569,610)**	(550,733)
Other gains, net		**37,673**	18,331
Operating profit	5	**361,281**	262,935
Finance costs	6	**(151,599)**	(143,191)
Share of profits of joint ventures		**4,116**	2,953
Share of profits of associated companies		**10,028**	11,371
Profit before taxation		**223,826**	134,068
Taxation	7	**(69,839)**	(58,620)
Profit for the year from continuing operations		**153,987**	75,448
Discontinued operation:			
Profit for the year from discontinued operation	10	**1,194,806**	32,718
Profit for the year		**1,348,793**	108,166
Profit attributable to:			
Equity holders of the Company		**1,348,793**	108,166
Earnings per ordinary share (US cents)	8		
- from continuing operations		**24.6**	12.1
- from discontinued operation		**190.9**	5.2
Basic and diluted		**215.5**	17.3

Consolidated Statement of Comprehensive Income
For the year ended 31st December 2019

US$'000	2019	2018
Profit for the year	**1,348,793**	108,166
Other comprehensive loss:		
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement losses on defined benefit schemes	**(10,084)**	(5,107)
Investments at fair value through other comprehensive income		
- Change in fair value	**(7,925)**	(20,931)
Total items that will not be subsequently reclassified to profit or loss	**(18,009)**	(26,038)
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Currency translation adjustments		
- Foreign subsidiaries	**(1,643)**	(9,354)
- Associated companies	**(2,066)**	(6,371)
- Joint ventures	**(15)**	(378)
- Release of reserve upon disposal of subsidiaries	**-**	(116)
- Release of reserve upon partial disposal of a joint venture	**-**	(120)
Total items that have been reclassified or may be reclassified subsequently to profit or loss	**(3,724)**	(16,339)
Other comprehensive loss for the year, net of tax	**(21,733)**	(42,377)
Total comprehensive income for the year	**1,327,060**	65,789
Total comprehensive income for the year attributable to equity holders of the Company arising from:		
Continuing operations	**132,254**	33,071
Discontinued operation	**1,194,806**	32,718
	1,327,060	65,789

Consolidated Balance Sheet
As at 31st December 2019

US$'000	Note	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment		**3,162,424**	5,880,057
Right-of-use assets		**2,830,674**	-
Investment property		**310,000**	310,000
Prepayments of lease premiums		**-**	7,452
Investments in joint ventures		**10,163**	8,940
Investments in associated companies		**137,665**	139,676
Intangible assets		**30,824**	32,428
Deferred taxation assets		**5,083**	1,233
Restricted bank balances		**56,795**	58,001
Investments at fair value through other comprehensive income		**15,694**	24,422
Investments at amortised cost		**147,420**	189,391
Other non-current assets		**49,371**	155,075
		6,756,113	6,806,675
Current assets			
Inventories		**113,485**	119,710
Debtors and prepayments	11	**656,122**	634,229
Amounts due from joint ventures		**801**	478
Amounts due from fellow subsidiaries		**9,936**	12,969
Amounts due from related companies		**1,409**	690
Investments at amortised cost		**43,886**	33,568
Portfolio investments at fair value through profit or loss		**152,923**	378,257
Tax recoverable		**8,121**	6,966
Restricted bank balances		**3,499**	3,121
Cash and bank balances		**3,455,570**	1,584,465
		4,445,752	2,774,453
Assets held for sale	10	**-**	472,732
		4,445,752	3,247,185
Total assets		**11,201,865**	10,053,860
EQUITY			
Equity holders			
Share capital		**62,579**	62,579
Reserves		**4,864,828**	4,672,551
Total equity		**4,927,407**	4,735,130
LIABILITIES			
Non-current liabilities			
Borrowings		**1,033,141**	3,695,834
Lease liabilities		**2,309,083**	-
Deferred taxation liabilities		**150,479**	106,827
Pension and retirement liabilities		**11,494**	3,200
		3,504,197	3,805,861
Current liabilities			
Creditors and accruals	12	**1,034,577**	838,185
Amounts due to joint ventures		**4,826**	2,441
Amounts due to fellow subsidiaries		**19,223**	5,843
Amounts due to related companies		**13,979**	10,371
Borrowings		**394,996**	501,922
Lease liabilities		**253,869**	-
Derivative financial instruments		**-**	5,565
Current taxation		**47,522**	7,494
Dividend payable		**1,001,269**	-
		2,770,261	1,371,821
Liabilities directly associated with assets classified as held for sale	10	**-**	141,048
		2,770,261	1,512,869
Total liabilities		**6,274,458**	5,318,730
Total equity and liabilities		**11,201,865**	10,053,860

Consolidated Cash Flow Statement
For the year ended 31st December 2019

US$'000	2019	2018
Cash flows from operating activities		
Operating profit	**438,109**	299,386
Interest income	**(73,432)**	(56,452)
Dividend income and distribution	**(9,648)**	(24,805)
Depreciation and amortisation	**429,336**	403,701
Loss on disposal of intangible assets	**3,356**	657
Impairment on investments at amortised cost	**-**	1,985
Reversal of impairment on investments at amortised cost	**(2,260)**	-
Fair value gain from assets and liabilities	**(23,647)**	(16,004)
Gain on disposal of subsidiaries	**-**	(3,663)
Gain on partial disposal of a joint venture	**-**	(896)
Net gain on disposal of non-current assets	**(11,029)**	(14,171)
Employee share-based compensation	**2,651**	-
Operating profit before working capital changes	**753,436**	589,738
Decrease/(increase) in inventories	**5,535**	(22,913)
Increase in debtors and prepayments	**(5,403)**	(86,094)
Decrease/(increase) in amounts due from fellow subsidiaries	**3,599**	(20,350)
Increase in amounts due from related companies	**(719)**	(690)
Increase in creditors and accruals	**180,039**	121,038
Increase in amounts due to fellow subsidiaries	**13,228**	6,048
Increase in amounts due to related companies	**3,608**	10,371
Decrease in other non-current liabilities	**(5,005)**	(1,115)
Change in net pension assets/liabilities	**(1,945)**	(1,667)
Settlement of derivative financial instruments	**1,758**	3,394
Cash generated from operations	**948,131**	597,760
Interest and financing charges paid	**(170,123)**	(129,261)
Hong Kong profits tax paid	**(136)**	(702)
Overseas taxes paid	**(118,268)**	(15,135)
Net cash from operating activities	**659,604**	452,662
Cash flows from investing activities		
Sale and redemption on maturity of non-current assets	**60,153**	89,182
Purchase of property, plant and equipment	**(181,795)**	(490,041)
Purchase of other non-current assets	**(29,352)**	(47,975)
Decrease/(increase) in portfolio investments at fair value through profit or loss	**241,609**	(88,350)
Disposal of subsidiaries	**1,709,248**	(1,854)
Proceeds on partial disposal of a joint venture	**-**	1,230
Deposits paid for investment in an entity	**(1,678)**	-
Investment in a joint venture	**(146)**	(34)
Investment in an associated company	**(2,840)**	-
Net change in amounts due from joint ventures	**2,183**	444
(Increase)/decrease in restricted bank balances and bank deposits maturing more than three months	**(1,182,172)**	1,655
Interest received	**61,777**	56,240
Dividends and distribution received from investments	**9,648**	10,133
Dividends received from joint ventures and associated companies	**15,716**	18,212
Net cash from/(used in) investing activities	**702,351**	(451,158)
Cash flows from financing activities		
Drawdown of loans	**301,310**	213,692
Repayment of loans	**(684,659)**	(506,679)
Drawdown of finance lease obligations	**-**	262,228
Capital element of finance lease rental payments	**-**	(267,148)
Drawdown of lease liabilities	**99,145**	-
Repayment of lease liabilities	**(352,109)**	-
Dividend paid to equity holders of the Company	**(89,859)**	-
Net cash used in financing activities	**(726,172)**	(297,907)
Net increase/(decrease) in cash and cash equivalents	**635,783**	(296,403)
Cash and cash equivalents at beginning of year	**1,584,465**	1,940,975
Net change in cash and cash equivalents of disposal group classified as held for sale	**53,733**	(53,733)
Currency translation adjustments	**(1,411)**	(6,374)
Cash and cash equivalents at end of year	**2,272,570**	1,584,465
Analysis of cash and cash equivalents		
Cash and bank balances	**3,455,570**	1,584,465
Bank deposits maturing more than three months from the date of placement	**(1,183,000)**	-
Cash and cash equivalents at end of year	**2,272,570**	1,584,465

Consolidated Statement of Changes in Equity
For the year ended 31st December 2019

	Equity holders		
US$'000	**Share capital**	**Reserves**	**Total**
At 1st January 2018	62,579	4,606,762	4,669,341
Total comprehensive income for the year	-	65,789	65,789
At 31st December 2018	62,579	4,672,551	4,735,130
At 1st January 2019	62,579	4,672,551	4,735,130
Adjustment on adoption of HKFRS 16 (note 3(b))	-	(46,306)	(46,306)
Restated balance at 1st January 2019	62,579	4,626,245	4,688,824
Total comprehensive income for the year	-	1,327,060	1,327,060
Transactions with owners			
Employee share-based compensation	-	2,651	2,651
2018 final dividend	-	(48,181)	(48,181)
2019 interim dividend	-	(41,678)	(41,678)
2019 special dividend	-	(1,001,269)	(1,001,269)
At 31st December 2019	**62,579**	**4,864,828**	**4,927,407**

NOTES

1. Scope of work of PricewaterhouseCoopers

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2019 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

2. General information

The Company is a members' limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal office is 31st Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

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").

On 6th July 2018, the Group entered into the National Security Agreement pursuant to which the Group and COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings") committed to divest the Long Beach Container Terminal ("U.S. Terminal Business"). A Sale and Purchase Agreement ("SPA") was entered on 29th April 2019 and the sale was completed on 24th October 2019.

The U.S. Terminal Business is accounted for as discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Details of the transaction and analysis of the results, cash flows, assets and liabilities of the U.S. Terminal Business are presented in note 10.

3. Accounting policies and basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment property, investments at fair value through other comprehensive income, portfolio investments at fair value through profit or loss and derivative financial instruments which are carried at fair value.

The adoption of new or revised standards

In 2019, the Group adopted the following new standard, amendments, improvement and interpretation to existing standards below, which are relevant to its operations.

(a) Impact on the financial statements

New standard, amendments, improvement and interpretation	
HKAS 19 (Amendment)	Employee Benefits
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures
HKFRSs	Annual Improvements 2015 - 2017 Reporting Cycle
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation and Modification of Financial Liabilities
HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments

The adoption of the above new standard, amendments, improvement and interpretation to existing standards do not have a material impact on the Group, except for HKFRS 16 "Leases" as set out below.

(b) HKFRS 16 "Leases" - Impact of adoption

The adoption of HKFRS 16 from 1st January 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provision in HKFRS 16, comparative figures have not been restated. The reclassification and adjustments arising from the new standard are therefore not reflected in the restated consolidated balance sheet as at 31st December 2018, but are recognised in the opening consolidated balance sheet on 1st January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1st January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1st January 2019 was 3.7%.

3. Accounting policies and basis of preparation (Continued)

The adoption of new or revised standards (Continued)

(b) HKFRS 16 "Leases" - Impact of adoption (Continued)

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date.

For leases previously classified as operating leases, the associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets related to the following types of assets:

US$'000	31st December 2019	1st January 2019
Continuing operations		
Container vessels	**2,490,024**	2,692,013
Terminal leases	**18,708**	22,064
Land and buildings	**132,710**	109,067
Others	**189,232**	101,350
	2,830,674	2,924,494
Assets held for sale		
Terminal leases (note 10(d))	**-**	819,133
	2,830,674	3,743,627

3. Accounting policies and basis of preparation (Continued)

The adoption of new or revised standards (Continued)

(b) HKFRS 16 "Leases" - Impact of adoption (Continued)

(i) Consolidated balance sheet as at 1st January 2019

The adjustments on the consolidated balance sheet as at 1st January 2019 are summarised below:

US$'000 Consolidated balance sheet (extract)	31st December 2018 as originally presented	Effect of adoption of HKFRS 16	1st January 2019 as restated
Non-current assets			
Property, plant and equipment	5,880,057	(2,706,146)	3,173,911
Right-of-use assets	-	2,924,494	2,924,494
Prepayments of lease premiums	7,452	(7,452)	-
Current assets			
Debtors and prepayments	634,229	(191)	634,038
Assets held for sale	472,732	819,133	1,291,865
Total assets	10,053,860	1,029,838	11,083,698
Non-current liabilities			
Borrowings	3,695,834	(2,227,981)	1,467,853
Lease liabilities	-	2,407,860	2,407,860
Current liabilities			
Creditors and accruals	838,185	(3,048)	835,137
Borrowings	501,922	(210,798)	291,124
Lease liabilities	-	267,601	267,601
Liabilities directly associated with assets classified as held for sale	141,048	842,510	983,558
Total liabilities	5,318,730	1,076,144	6,394,874
Retained profit	4,357,737	(46,306)	4,311,431
Total equity	4,735,130	(46,306)	4,688,824

3. Accounting policies and basis of preparation (Continued)

The adoption of new or revised standards (Continued)

(b) HKFRS 16 "Leases" - Impact of adoption (Continued)

(ii) Consolidated profit and loss account for the year ended 31st December 2019

US$'000	Before adoption of HKFRS 16	Effect of adoption of HKFRS 16	As reported
Revenue	6,878,740	-	6,878,740
Operating costs	(6,076,047)	6,846	(6,069,201)
Gross profit	802,693	6,846	809,539
Other operating income	83,679	-	83,679
Business and administrative expenses	(571,407)	1,797	(569,610)
Other gains, net	38,296	(623)	37,673
Operating profit	353,261	8,020	361,281
Finance costs	(143,079)	(8,520)	(151,599)
Share of profits of joint ventures	4,116	-	4,116
Share of profits of associated companies	10,028	-	10,028
Profit before taxation	224,326	(500)	223,826
Taxation	(69,839)	-	(69,839)
Profit for the year from continuing operations	154,487	(500)	153,987
Discontinued operation:			
Profit for the year from discontinued operation	1,171,429	23,377	1,194,806
Profit for the year	1,325,916	22,877	1,348,793
Profit attributable to:			
Equity holders of the Company	1,325,916	22,877	1,348,793
Earnings per ordinary share (US cents)			
- from continuing operations	24.7	(0.1)	24.6
- from discontinued operation	187.2	3.7	190.9
Basic and diluted	211.9	3.6	215.5

3. Accounting policies and basis of preparation (Continued)

The adoption of new or revised standards (Continued)

(b) HKFRS 16 “Leases” - Impact of adoption (Continued)

(iii) Consolidated balance sheet as at 31st December 2019

US$'000 Consolidated balance sheet (extract)	Before adoption of HKFRS 16	Effect of adoption of HKFRS 16	As reported
Non-current assets			
Property, plant and equipment	5,784,468	(2,622,044)	3,162,424
Right-of-use assets	-	2,830,674	2,830,674
Prepayments of lease premiums	7,134	(7,134)	-
Total assets	11,000,369	201,496	11,201,865
Non-current liabilities			
Borrowings	3,185,738	(2,152,597)	1,033,141
Lease liabilities	-	2,309,083	2,309,083
Current liabilities			
Creditors and accruals	1,036,450	(1,873)	1,034,577
Borrowings	579,014	(184,018)	394,996
Lease liabilities	-	253,869	253,869
Total liabilities	6,049,994	224,464	6,274,458
Retained profit	4,582,441	(23,429)	4,559,012
Foreign exchange translation reserve	22,516	461	22,977
Total equity	4,950,375	(22,968)	4,927,407

3. **Accounting policies and basis of preparation (Continued)**

The adoption of new or revised standards (Continued)

(b) HKFRS 16 “Leases” - Impact of adoption (Continued)

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1st January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) - Int 4 “Determining whether an Arrangement contains a Lease”.

The Group leases various vessels, offices, and terminals. Rental contracts are typically made for fixed periods of 2 to 40 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1st January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

3. Accounting policies and basis of preparation (Continued)

The adoption of new or revised standards (Continued)

(b) HKFRS 16 “Leases” - Impact of adoption (Continued)

At 31st December 2018, the Group had non-cancellable operating lease commitments for continuing operations of US$419.6 million. As part of the transition, the Group assessed and applied following adjustments before discounting lease payments at the lessee’s incremental borrowing rate:

- Service components included in vessels’ time charter rates are not included as part of the lease liability. These costs will be recognised in the consolidated profit and loss account as incurred.

- Low-value leases will continue to be recognised on straight-line basis as expenses.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise containers and small items of office furniture.

3. Accounting policies and basis of preparation (Continued)

The adoption of new or revised standards (Continued)

(b) HKFRS 16 "Leases" - Impact of adoption (Continued)

Set out below is a reconciliation of the operating lease commitments disclosed at 31st December 2018 to the lease liabilities recognised on 1st January 2019:

	US$'000
Operating lease commitments disclosed as at 31st December 2018	**419,614**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**392,753**
Add: Finance lease liabilities recognised as at 31st December 2018	**2,438,779**
Less: Short-term leases not recognised as a liability	**(70,454)**
Less: Low-value leases not recognised as a liability	**(15,984)**
Less: Leases committed but not yet commenced	**(12,599)**
Less: Service components included in vessels' time charter rates not recognised as a liability	**(57,034)**
Lease liabilities recognised as at 1st January 2019	**2,675,461**
Of which are:	
Current lease liabilities	**267,601**
Non-current lease liabilities	**2,407,860**
	2,675,461

3. Accounting policies and basis of preparation (Continued)

New standard and amendments to existing standards that are relevant but not yet effective to the Group

New standard and amendments to existing standards		Effective for accounting periods beginning on or after
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1st January 2020
HKFRS 3 (Amendment)	Definition of a Business	1st January 2020
HKFRS 17	Insurance Contracts	1st January 2021
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 HKAS 1 and HKAS 8 (Amendments), HKFRS 3 (Amendment), HKFRS 10 and HKAS 28 (Amendments) and HKFRS 17 are not expected to have a significant effect on the consolidated financial statements of the Group.

4. Revenue and segment information

(a) Revenue

US$'000	2019	2018
Container transport and logistics	**6,851,974**	6,546,964
Others	**26,766**	25,691
	6,878,740	6,572,655

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

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

4. Revenue and segment information (Continued)

(b) Segment information

Operating segments

The segment results for the year ended 31st December 2019 are as follows:

	Continuing operations				
US$'000	**Container transport and logistics**	**Others**	**Sub-total**	**Discontinued operation***	**Total**
Revenue	6,851,974	26,766	6,878,740	111,608	6,990,348
Other operating income	25,978	57,701	83,679	1,198	84,877
	6,877,952	84,467	6,962,419	112,806	7,075,225
Revenue from contracts with customers:					
At a point in time	517,328	-	517,328	-	517,328
Over time	6,334,646	-	6,334,646	111,608	6,446,254
	6,851,974	-	6,851,974	111,608	6,963,582
Revenue from other source:					
Rental income	-	26,766	26,766	-	26,766
	6,851,974	26,766	6,878,740	111,608	6,990,348
Other operating income	25,978	57,701	83,679	1,198	84,877
	6,877,952	84,467	6,962,419	112,806	7,075,225
Operating profit	279,281	82,000	361,281	76,828	438,109
Finance costs (note 6)	(151,599)	-	(151,599)	(35,656)	(187,255)
Share of profits of joint ventures	4,116	-	4,116	-	4,116
Share of profits of associated companies	10,028	-	10,028	-	10,028
Profit before taxation	141,826	82,000	223,826	41,172	264,998
Taxation (note 7)	(22,722)	(47,117)	(69,839)	-	(69,839)
Profit after taxation	119,104	34,883	153,987	41,172	195,159
Profit on disposal of a subsidiary	-	-	-	1,153,634	1,153,634
Profit for the year	119,104	34,883	153,987	1,194,806	1,348,793
Fair value loss from an investment property	-	(703)	(703)	-	(703)
Capital expenditure	369,323	703	370,026	17,166	387,192
Depreciation of property, plant and equipment	213,477	11	213,488	-	213,488
Depreciation of right-of-use assets	195,767	-	195,767	-	195,767
Amortisation	20,081	-	20,081	-	20,081

4. Revenue and segment information (Continued)

(b) Segment information (Continued)

Operating segments (Continued)

The segment results for the year ended 31st December 2018 are as follows:

US$'000	Continuing operations: Container transport and logistics	Continuing operations: Others	Continuing operations: Sub-total	Discontinued operation*	Total
Revenue	6,546,964	25,691	6,572,655	131,721	6,704,376
Other operating income	10,468	72,053	82,521	560	83,081
	6,557,432	97,744	6,655,176	132,281	6,787,457
Revenue from contracts with customers:					
At a point in time	571,654	-	571,654	-	571,654
Over time	5,975,310	-	5,975,310	131,721	6,107,031
	6,546,964	-	6,546,964	131,721	6,678,685
Revenue from other source:					
Rental income	-	25,691	25,691	-	25,691
	6,546,964	25,691	6,572,655	131,721	6,704,376
Other operating income	10,468	72,053	82,521	560	83,081
	6,557,432	97,744	6,655,176	132,281	6,787,457
Operating profit	195,998	66,937	262,935	36,451	299,386
Finance costs (note 6)	(143,191)	-	(143,191)	(3,733)	(146,924)
Share of profits of joint ventures	2,953	-	2,953	-	2,953
Share of profits of associated companies	11,371	-	11,371	-	11,371
Profit before taxation	67,131	66,937	134,068	32,718	166,786
Taxation (note 7)	(12,396)	(46,224)	(58,620)	-	(58,620)
Profit for the year	54,735	20,713	75,448	32,718	108,166
Fair value gain from an investment property	-	39,500	39,500	-	39,500
Capital expenditure	410,346	554	410,900	2,001	412,901
Depreciation of property, plant and equipment	367,447	7	367,454	18,168	385,622
Amortisation	18,079	-	18,079	-	18,079

* The amount of revenue for discontinued operation is presented after eliminating inter-segment revenue of US$184.4 million for the year ended 31st December 2019 (2018: US$222.6 million).

4. **Revenue and segment information (Continued)**

(b) Segment information (Continued)

Operating segments (Continued)

The segment assets and liabilities at 31st December 2019 and 2018 are as follows:

	2019		
US$'000	**Container transport and logistics**	**Others**	**Group**
Segment assets	**9,478,546**	**1,574,690**	**11,053,236**
Joint ventures	**10,964**	**-**	**10,964**
Associated companies	**137,665**	**-**	**137,665**
Total assets	**9,627,175**	**1,574,690**	**11,201,865**
Segment liabilities	**(5,115,615)**	**(1,158,843)**	**(6,274,458)**

	2018		
US$'000	**Container transport and logistics**	**Others**	**Group**
Segment assets	7,401,147	2,030,887	9,432,034
Joint ventures	9,418	-	9,418
Associated companies	139,676	-	139,676
	7,550,241	2,030,887	9,581,128
Assets held for sale (note 10)	472,732	-	472,732
Total assets	8,022,973	2,030,887	10,053,860
Segment liabilities	(5,058,132)	(119,550)	(5,177,682)
Liabilities directly associated with assets classified as held for sale (note 10)	(141,048)	-	(141,048)
Total liabilities	(5,199,180)	(119,550)	(5,318,730)

The segment of "Others" primarily includes assets and liabilities of property and corporate level activities. Assets under the segment of "Others" consist primarily of investment property, investments at fair value through other comprehensive income, investments at amortised cost and portfolio investments at fair value through profit or loss together with cash and bank balances that are managed at the corporate level. Liabilities under the segment of "Others" primarily include creditors and accruals and deferred taxation liabilities related to investment property and corporate level activities.

4. Revenue and segment information (Continued)

(b) Segment information (Continued)

Geographical information

The Group's two reportable operating segments operate in four main geographical areas, even though they are managed on a worldwide basis. Freight revenues from container transport and logistics are analysed based on the outbound cargoes of each geographical territory.

The Group's total assets mainly include container vessels and containers which are primarily utilised across geographical markets for shipment of cargoes throughout the world. Accordingly, non-current assets by geographical areas are not presented.

US$'000	**Revenue**	**Capital expenditure**
Year ended 31st December 2019		
Continuing operations		
Asia	**4,955,430**	**77,244**
Europe	**1,043,705**	**2,335**
North America	**714,983**	**10,427**
Australia	**164,622**	**142**
Unallocated*	**-**	**279,878**
	6,878,740	**370,026**
Discontinued operation		
North America	**111,608**	**17,166**
	6,990,348	**387,192**
Year ended 31st December 2018		
Continuing operations		
Asia	4,785,888	15,164
Europe	937,060	418
North America	695,916	23,487
Australia	153,791	118
Unallocated*	-	371,713
	6,572,655	410,900
Discontinued operation		
North America	131,721	2,001
	6,704,376	412,901

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

5. Operating profit

US$'000	2019 Continuing operations	2019 Discontinued operation	2018 Continuing operations	2018 Discontinued operation
Operating profit is arrived at after crediting:				
Operating lease rental income				
Land and buildings	**26,766**	**-**	25,691	-
and after charging:				
Depreciation of property, plant and equipment				
Owned assets	**213,488**	**-**	232,138	14,723
Leased assets	**-**	**-**	135,316	3,445
Depreciation of right-of-use assets	**195,767**	**-**	-	-
Expenses relating to short-term leases and leases with low-value assets (2018: operating lease rental expenses)				
Vessels and equipment	**226,548**	**-**	254,099	-
Terminals and berths	**545**	**3,404**	5,618	56,905
Land and buildings	**6,293**	**5**	33,462	-
Direct operating expenses from property that generated rental income	**15,573**	**-**	15,365	-
Amortisation of intangible assets	**20,081**	**-**	17,843	-
Amortisation of prepayments of lease premiums	**-**	**-**	236	-
Auditors' remuneration				
Audit	**2,671**	**-**	2,961	173
Non-audit	**1,863**	**32**	1,355	46

6. Finance costs

US$'000	2019	2018
Interest expense		
Bank loans and bank overdrafts	**58,434**	60,681
Lease liabilities (2018: finance lease obligations)	**93,165**	82,636
	151,599	143,317
Amount capitalised under assets	**-**	(126)
Net interest expense	**151,599**	143,191

7. Taxation

US$'000	2019	2018
Current taxation		
Hong Kong profits tax	**7,660**	2,044
Overseas taxation	**22,347**	14,785
	30,007	16,829
Deferred taxation		
Hong Kong profits tax	**(32)**	(174)
Overseas taxation	**39,864**	41,965
	39,832	41,791
	69,839	58,620

Taxation has been provided at the appropriate tax rates prevailing in the countries in which the Group operates on the estimated assessable profits for the year. These rates range from 5% to 46% (2018: 10% to 46%) and the rate applicable for Hong Kong profits tax is 16.5% (2018: 16.5%).

8. Earnings per ordinary share

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

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

	2019	**2018**
Number of ordinary shares in issue (thousands)	**625,793**	625,793
Group's profit from continuing operations attributable to equity holders of the Company (US$'000)	**153,987**	75,448
Earnings per share from continuing operations attributable to equity holders of the Company (US cents)	**24.6**	12.1
Group's profit from discontinued operation attributable to equity holders of the Company (US$'000)	**1,194,806**	32,718
Earnings per share from discontinued operation attributable to equity holders of the Company (US cents)	**190.9**	5.2

9. Dividends

US$'000	**2019**	**2018**
Interim paid of US6.66 cents (2018: nil) per ordinary share	**41,678**	-
Special paid of US160.0 cents (2018: nil) per ordinary share	**1,001,269**	-
Proposed final of US2.69 cents (2018: US7.7 cents) per ordinary share	**16,834**	48,181
Proposed special of US24.0 cents (2018: nil) per ordinary share	**150,190**	-
	1,209,971	48,181

The Board of Directors declared a special dividend of US160.0 cents (2018: nil) per ordinary share on 6th December 2019. The declared special dividend was paid on 3rd February 2020.

9. Dividends (Continued)

The Board of Directors proposes a final dividend in respect of 2019 of US2.69 cents (2018: US7.7 cents) per ordinary share. In addition, the Board of Directors proposes a special dividend of US24.0 cents per ordinary share. The proposed final and special dividends will be accounted for as an appropriation of retained profit in the year ending 31st December 2020.

10. Discontinued operation

The U.S. Terminal Business was classified as discontinued operation as at 31st December 2018 pursuant to the divestment mentioned in note 2.

On 29th April 2019, the Group entered into the SPA with Olivia Holdings, LLC relating to the sale and purchase of the entire interests in LBCT LLC, a wholly owned subsidiary of the Company which operates the U.S. Terminal Business, for a consideration of US$1,780.0 million (subject to certain post-completion adjustments).

The transaction was completed on 24th October 2019. After transaction costs and taxation, the net profit arising on the disposal was approximately US$1,153.6 million which has been recognised in the consolidated profit and loss account for the year ended 31st December 2019.

On completion of the disposal, a terminal services agreement was entered with Olivia Holdings, LLC and LBCT LLC to which the Group committed to place, or procure the placement of an annual minimum number of vessel lifts (“MVC”) for 20 years. The Group expects the MVC is achievable.

10. Discontinued operation (Continued)

(a) Discontinued operation

Analysis of the results, cash flows and assets and liabilities of the U.S. Terminal Business is as follows:

(i) Results

US$'000	**2019**	**2018**
Revenue	**111,608**	131,721
Operating costs	**(12,048)**	(67,029)
Gross profit	**99,560**	64,692
Other operating income	**1,198**	560
Business and administrative expenses	**(23,930)**	(28,394)
Other losses, net	**-**	(407)
Operating profit	**76,828**	36,451
Finance costs	**(35,656)**	(3,733)
Profit after taxation	**41,172**	32,718
Profit on disposal of a subsidiary	**1,153,634**	-
Profit from discontinued operation	**1,194,806**	32,718

Note:

The Directors consider it is more appropriate to reflect only the revenue and the results arising from transactions with third parties under the discontinued operation. The inter-company profits are presented under continuing operations.

(ii) Cash flows

US$'000	**2019**	**2018**
Operating cash flows	**138,719**	32,035
Investing cash flows	**1,751,412**	1,569
Financing cash flows	**(116,848)**	(15,625)
Total cash flows	**1,773,283**	17,979

10. Discontinued operation (Continued)

(b) Assets held for sale

US$'000	2018
ASSETS	
Non-current asset	
Property, plant and equipment	371,547
Current assets	
Inventories	5,360
Debtors and prepayments	34,711
Amount due from immediate holding company	401
Amount due from a fellow subsidiary	7,381
Cash and bank balances	53,733
	101,586
Total assets (before intra-group elimination)	473,133
Less: Intra-group elimination	(401)
Total assets	472,732

(c) Liabilities directly associated with assets held for sale

US$'000	2018
LIABILITIES	
Non-current liabilities	
Borrowings	91,822
Other non-current liabilities	10,513
	102,335
Current liabilities	
Creditors and accruals	22,730
Amount due to an intermediate holding company	34,908
Amounts due to fellow subsidiaries	32,620
Borrowings	15,778
	106,036
Total liabilities (before intra-group elimination)	208,371
Less: Intra-group elimination	(67,323)
Total liabilities	141,048

Note:

As at 31st December 2018, assets held for sale and liabilities directly associated with assets held for sale are presented after elimination of intra-group balances of US$0.4 million and US$67.3 million respectively. As at 31st December 2018, the aggregate net book amount of assets pledged as securities for bank loans and finance leases amounted to US$137.1 million.

10. Discontinued operation (Continued)

(d) Right-of-use assets and lease liabilities

The Group entered into the Preferential Assignment Agreement (the "Agreement") with the City of Long Beach ("COLB") for the use of the Middle Harbor Terminal in Long Beach, California USA on 30th April 2012. The term of the Agreement is 40 years commencing on 1st July 2011. As of 31st December 2018, the Group signed several Amendments to the Agreement with COLB, which has amended certain terms in the Agreement and has revised the expected guaranteed minimum annual compensation to be made for the relevant period of the lease term.

On adoption of HKFRS 16, the Group recognised lease liabilities of US$847.6 million and right-of-use assets of US$819.1 million as at 1st January 2019 in relation to the Agreement which had previously been classified as operating leases under the principles of HKAS 17.

11. Debtors and prepayments

US$'000	**2019**	**2018**
Trade receivables	**396,007**	379,067
Less: provision for impairment	**(34,837)**	(29,525)
Trade receivables - net	**361,170**	349,542
Other debtors	**134,034**	122,299
Other prepayments	**146,037**	148,493
Utility and other deposits	**14,881**	13,895
	656,122	634,229

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.

11. Debtors and prepayments (Continued)

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	**2019**	**2018**
Below one month	**273,168**	269,210
Two to three months	**75,440**	67,182
Four to six months	**8,224**	7,770
Over six months	**4,338**	5,380
	361,170	349,542

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of internationally dispersed customers. Other debtors are fully performing.

12. Creditors and accruals

US$'000	**2019**	**2018**
Trade payables	**202,306**	193,382
Other creditors	**168,643**	162,251
Accrued expenses	**612,662**	443,200
Contract liabilities and deferred revenue*	**50,966**	39,352
	1,034,577	838,185

* As permitted by HKFRS 15, the transaction price for contracts with an original expected duration of one year or less is exempt from disclosure due to practical expedient.

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

US$'000	**2019**	**2018**
Below one month	**143,714**	109,641
Two to three months	**49,498**	75,285
Four to six months	**2,707**	2,524
Over six months	**6,387**	5,932
	202,306	193,382

13. Events subsequent to year end

On 10th March 2020, the Group entered into contracts to construct five units of 23,000 TEU container vessels at a consideration of US$778.4 million which are expected to deliver in year 2023.

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the world and have affected the business and economic activities to some extent. With the increasing market uncertainty regarding the impact of COVID-19 outbreak, the Group will pay close attention to the development of the COVID-19 outbreak and evaluate the impact on its future financial position and operating results. As at the date on which the consolidated financial statements were authorised for issue, the Group was not aware of any material adverse effects on the 2019 consolidated financial statements as a result of the COVID-19 outbreak.

Results for 2019

OOIL ANNUAL RESULTS ANALYSIS

(US$'000)	**2019**	**2018**
Profit before tax by activity:		
Container Transport and Logistics	141,826	67,131
Other Activities	82,000	66,937
Profit Before Tax for the Year Ended 31st December	**223,826**	**134,068**
Taxation	(69,839)	(58,620)
Profit from Continuing Operations	**153,987**	**75,448**
Profit from Discontinued Operation (Excluding Profit on Disposal of Long Beach Container Terminal)	**41,172**	**32,718**
Profit on Disposal of Long Beach Container Terminal	**1,153,634**	**-**
Profit Attributable to Equity Holders	**1,348,793**	**108,166**

Review of Operations

The Group recorded a profit attributable to equity holders of US$1,348.8 million for 2019, compared to a profit of US$108.2 million in 2018.

It is particularly pleasing to note that this solid performance was achieved in a context of an uncertain global economic and trade environment. Economic growth in most major economies continued to be relatively low, and seemingly escalating trade frictions gave rise to uncertainty throughout the year. It is a tribute to the professionalism and the "We take it personally" spirit of our staff that we managed to navigate these challenging times so smoothly. We believe that it is also further proof of the success of the entry of OOIL into the wider China COSCO SHIPPING Group, combining the strengths of both sides in one momentous step forward.

We continued to enjoy significant synergy benefits in 2019. Indeed, our original synergy targets established during the acquisition process have already been exceeded, and our teams continue to work hard to identify and exploit further areas where synergy benefits may be obtained. These highly tangible benefits, achieved through effective network planning, equipment management, joint procurement and co-operation in IT, will be a key success factor for our group in 2020 and beyond.

For many years, the OOIL balance sheet has been one of the most robust in the container shipping industry. This strength has been boosted in 2019 by year-on-year improvements in operating cash inflow, which increased from US$589.7 million in 2018 to US$753.4 million in 2019, and in our EBIT, which increased from US$313.7 million in 2018 to US$452.3 million in 2019.

In 2019, global economy had only 2.9% growth which was the lowest level since 2008-09. The uncertainties of the on-going US-China trade discussions and Brexit further hampered economic growth.

In container shipping industry, global demand growth in 2019 was only 2.6%, half of the growth in 2018. The global supply growth was 4%. However, effective supply growth was contained during the year because of few new vessels entering the market and the increase in the number of idled vessels, some of which were idled for the purpose of retrofitting scrubbers. Therefore, the market equilibrium of supply and demand was stable, which was favourable to freight rate stabilization.

In the cautiously optimistic environment of 2019, benefiting from the synergy arising from the "dual-brand" strategy of COSCO SHIPPING Holdings, we expanded our presence into new trade lanes, not only to benefit from the dynamic growth seen in many emerging markets, but also in order to further build up our global coverage.

OOCL has been growing its business in a measured and intelligent way for a number of years. This pattern continued in 2019, with total liftings growing by 3.8% and total revenue growing by 5.2%. We will continue this steady growth, and it is in this context that we have decided to implement the ship renewal plan that was made five years ago, by ordering five new building vessels. These are the first vessels to be ordered by the OOIL Group since 2015. Not only will these modern, efficient vessels improve our cost structure, fill the capacity gap caused by the future expiry of chartered-in capacity, and further improve the Group's environmental protection and green operation level, but they will also serve as clear evidence of the entire group's continuing commitment to our very successful dual brand strategy.

For many years now, we have commented on the benefits of alliance membership. Our situation within the Ocean Alliance continues to provide us significant advantage, and ensures that we are able to offer a broad, high-quality service network to our customers. We have been members of the Ocean Alliance for three years, and look forward to attaining further benefit from our continued membership into a fourth year.

We concluded the sale of our terminal in Long Beach, California. Recognising the high quality of the terminal, a good sales price was achieved, resulting in a profit of US$1,153.6 million. The new buyer has thereby acquired a very attractive asset, and as part of the overall arrangements, OOCL will continue to have access to the terminal to service the requirements of our Trans-Pacific trade.

Our logistics business, OOCL Logistics, in line with the wider environment in which it operates, grew more slowly than in some recent years. However, it laid good foundations for 2020, with new customer contracts and an ongoing strong commercial effort. We will continue to grow this business at a steady pace, bringing diversification to our overall activities, and thereby involving the Group in all parts of the end-to-end supply chain, which is becoming of greater and greater strategic importance.

The Group has long enjoyed a reputation for being at the forefront of digital technology advances in the sector. We continue to build on this strength, promoting digital development in the information era. In July 2019, CargoSmart, a subsidiary of OOIL, announced the execution of the Global Shipping Business Network ("GSBN") service agreements with the following leading industry participants, CMA CGM, COSCO SHIPPING Lines, COSCO SHIPPING Ports, Hapag-Lloyd, Hutchison Ports, OOCL, Port of Qingdao, PSA International and Shanghai International Port Group. GSBN aims to promote the establishment and information sharing of digital standards, and thereby to improve the operational efficiency of the industry, and the quality of its customer service.

Based on an independent valuation as at 31st December 2019, Wall Street Plaza was included in the consolidated balance sheet at US$310.0 million. As at 31st December 2018, Wall Street Plaza was valued at US$310.0 million with a net fair value gain of US$39.5 million in 2018.

Looking Forward

Looking forward into 2020 more broadly, we see the market is becoming increasingly complex, with two conflicting signals.

On the one hand, the signing of the first-phase trade agreement between China and the United States has removed some of the uncertainty in the escalation of trade frictions, and the narrowing of the gap between demand and supply in container shipping market has led to reasonably positive expectations for the industry at the start of 2020.

On the other hand, the sudden outbreak of COVID-19 creates a tremendous amount of uncertainty. Since February, we have witnessed the rapid control of the epidemic in China with the joint efforts of the Chinese government and the people, which made us believe that the economic growth may be massively reduced for a short period of time, accompanied by supply chain interruptions, but quite quickly a combination of catch-up demand and economic stimulus could help the global economy recover swiftly. In March, the outlook has become more pessimistic as the virus spreads around the world. If the epidemic is further escalated globally and lasts for a long time, the medium and long-term impact will be more extensive and significant, and the growth of the global economy and container shipping demand will decline.

In general, the impact of the epidemic in 2020 may be longer, and market uncertainty is further increasing. We expect the governments of many countries and regions may launch further stimulus packages to alleviate the downward pressure on the global economy. We firmly believe that China's economy will continue to maintain stable growth in the medium and long term, and will continue to be an important stabilizer for global economic growth, thereby supporting global trade demand and the development of the shipping industry.

The current situation of our industry is very challenging. Nevertheless, we can say that OOIL is well prepared to resist any potential headwinds, and has a good track record of adapting quickly to changes in demand and in the operating environment. We have introduced special working procedures to protect our staff, and have been in regular communication with our customers and vendors. We stand ready to work with all our stakeholders to deal with the situation as it evolves.

More than 18 months have passed since OOIL became part of the China COSCO SHIPPING Group. Together, we have made tremendous progress, as the results for 2019 attest. We will continue to work pro-actively and diligently to be at the forefront of our industry, in technology, in environmental efficiency, in customer service, as an employer, and in profitability and financial health. We will continue to create greater value for our shareholders and for all our stakeholders.

Final and Special Dividends

The Board of Directors of the Company (the "Board") has recommended the payment of a final dividend of US2.69 cents (HK$0.210 at the exchange rate of US$1 : HK$7.8) and a special dividend of US24.0 cents (HK$1.872 at the exchange rate of US$1 : HK$7.8) per ordinary share for the year ended 31st December 2019 to be paid on 23rd June 2020 to the shareholders of the Company whose names appear on the register of members of the Company on 26th May 2020. 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 12th June 2020.

Liquidity and Financial Resources

As at 31st December 2019, the Group had liquid assets amounting to US$2,858.8 million and a total indebtedness of US$3,991.1 million. The Group had a net debt to equity ratio of 0.23 : 1 as at end of 2019, compared with 0.41 : 1 at the end of 2018.

The indebtedness of the Group mainly comprises bank loans and lease liabilities which are mainly denominated in US dollar. The Group's borrowings are monitored to ensure a smooth repayment schedule to maturity.

Employee Information

As at 31st December 2019, the Group had 10,677 full-time employees. Their salary and benefit levels are maintained at competitive levels. Employees are rewarded on a performance related basis within the general policy and framework of the Group's salary and bonus schemes which are regularly reviewed. Other benefits including medical insurance and pension funds are also provided, and social and recreational activities are organised around the world.

Closure of Register of Members

The register of members of the Company will be closed during the following periods:

(a) from 11th May 2020 to 15th May 2020, both days inclusive, to ascertain the shareholders entitled to attend and vote at the Annual General Meeting of the Company to be held on 15th May 2020 (the "AGM"). During this period, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, 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 8th May 2020; and

(b) from 22nd May 2020 to 26th May 2020, both days inclusive, to ascertain the shareholders entitled to the proposed final and special dividends. During this period, no transfer of shares will be registered. To qualify for the proposed final and 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 21st May 2020.

Purchase, Sale or Redemption of Shares

During the year ended 31st December 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

Pre-emptive Rights

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

Corporate Governance

Compliance with the Corporate Governance Code

The Board and management of the Company are committed to maintaining high standards of corporate governance and the Company considers that effective corporate governance makes an important contribution to corporate success and to the enhancement of shareholder value.

The Company has adopted its own corporate governance code (the "CG Code"), which in addition to applying the principles as set out in the Corporate Governance Code and Corporate Governance Report (the "SEHK Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), also incorporates and conforms to local and international best practices. The CG Code sets out the corporate governance principles applied by the Group and is constantly reviewed to ensure transparency, accountability and independence.

Throughout the year of 2019, the Company complied with the SEHK Code, save for the following:-

- Mr. Xu Lirong, Chairman of the Board, did not attend the annual general meeting of the Company held on 17th May 2019 due to prior business engagement and delegated to Mr. Tung Lieh Cheung Andrew to chair the meeting.

Further information on the CG Code will be set out in the Corporate Governance Report contained in the Company's 2019 Annual Report.

Review of Financial Statements

The Audit Committee has reviewed the annual results of the Group for the year ended 31st December 2019, in conjunction with the external and internal auditors of the Company.

Securities Transactions by Directors

The Company has adopted its own code of conduct regarding securities transactions by Directors (the "Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standards set out in both the Code and the Model Code for the year ended 31st December 2019.

Annual General Meeting

The AGM will be held on 15th May 2020. Notice of the AGM will be despatched to the shareholders of the Company on or around 9th April 2020.

Publication of Results Announcement and Annual Report

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited ("HKEX") at http://www.hkexnews.hk and the Company at http://www.ooilgroup.com. The 2019 Annual Report will be published on the HKEX's website and the Company's website and will be despatched to the shareholders of the Company on or around 22nd April 2020.

Directors

As at the date of this announcement, our Executive Directors are Mr. XU Lirong, Mr. WANG Haimin, Mr. YANG Zhijian and Mr. FENG Boming; our Non-Executive Directors are Mr. TUNG Lieh Cheung Andrew, Mr. YAN Jun, Ms. WANG Dan, Mr. IP Sing Chi and Ms. CUI Hongqin; and our Independent Non-Executive Directors are Mr. CHOW Philip Yiu Wah, Dr. CHUNG Shui Ming Timpson, Mr. YANG Liang Yee Philip, Ms. CHEN Ying and Mr. SO Gregory Kam Leung.

Forward Looking Statements

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

On behalf of the Board
Orient Overseas (International) Limited

XU Lirong
Chairman

Hong Kong, 20th March 2020

* *For identification purpose only*

Website : http://www.ooilgroup.com