

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ORIENT OVERSEAS (INTERNATIONAL) LIMITED

東方海外(國際)有限公司†

(Incorporated in Bermuda with members' limited liability)

(Stock code: 316)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2021

The Directors of Orient Overseas (International) Limited (the “Company” or “OOIL”) announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June 2021. The following financial information, including the Group’s unaudited condensed consolidated balance sheet as at 30th June 2021 and the unaudited condensed consolidated profit and loss account, the unaudited condensed consolidated statement of comprehensive income, the unaudited condensed consolidated cash flow statement and the unaudited condensed consolidated statement of changes in equity for the six-month period and explanatory notes 1 to 22 as presented below are extracted from the Interim Financial Information which has been reviewed by the Company’s independent auditor, PricewaterhouseCoopers, 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 (the “HKICPA”).

Condensed Consolidated Profit and Loss Account (Unaudited) For the six months ended 30th June 2021

| US\$'000 | Note | 2021 | 2020 |
|---|------|-------------------------|-----------------------|
| Revenue | 5 | 6,987,582 | 3,430,496 |
| Operating costs | | <u>(3,672,430)</u> | <u>(3,005,815)</u> |
| Gross profit | | 3,315,152 | 424,681 |
| Other operating income | | 27,712 | 46,601 |
| Business and administrative expenses | | (482,994) | (276,950) |
| Net impairment losses on financial assets | | (6,837) | (23,178) |
| Other gains/(losses), net | | <u>1,973</u> | <u>(16,080)</u> |
| Operating profit | 7 | 2,855,006 | 155,074 |
| Finance costs | 9 | (29,757) | (55,895) |
| Share of profits of joint ventures | | 2,280 | 1,587 |
| Share of profits of associated companies | | <u>8,399</u> | <u>4,288</u> |
| Profit before taxation | | 2,835,928 | 105,054 |
| Taxation | 10 | <u>(24,872)</u> | <u>(2,889)</u> |
| Profit for the period | | <u>2,811,056</u> | <u>102,165</u> |
| Profit attributable to: | | | |
| Equity holders of the Company | | 2,810,857 | 102,082 |
| Non-controlling interests | | <u>199</u> | <u>83</u> |
| | | <u>2,811,056</u> | <u>102,165</u> |
| Earnings per ordinary share (US cents) | 11 | | |
| Basic and diluted | | <u>442.4</u> | <u>16.3</u> |

Condensed Consolidated Statement of Comprehensive Income (Unaudited)
For the six months ended 30th June 2021

| US\$'000 | 2021 | 2020 |
|--|-------------------------|----------------------|
| Profit for the period | <u>2,811,056</u> | <u>102,165</u> |
| Other comprehensive income/(loss): | | |
| Items that will not be subsequently reclassified to profit or loss: | | |
| Remeasurement gains/(losses) on defined benefit schemes | 14,434 | (10,278) |
| Investments at fair value through other comprehensive income | | |
| Change in fair value | <u>(6,688)</u> | <u>(7,820)</u> |
| Total items that will not be subsequently reclassified to profit or loss | <u>7,746</u> | <u>(18,098)</u> |
| Items that have been reclassified or may be reclassified | | |
| subsequently to profit or loss: | | |
| Currency translation adjustments | | |
| Foreign subsidiaries | 162 | (3,719) |
| Associated companies | 1,408 | (1,974) |
| Joint ventures | 102 | (54) |
| Release of reserve upon step acquisition from joint venture | | |
| to subsidiary | <u>-</u> | <u>652</u> |
| Total items that have been reclassified or may be reclassified | <u>1,672</u> | <u>(5,095)</u> |
| Other comprehensive income/(loss) for the period, net of tax | <u>9,418</u> | <u>(23,193)</u> |
| Total comprehensive income for the period | <u>2,820,474</u> | <u><u>78,972</u></u> |
| Total comprehensive income attributable to: | | |
| Equity holders of the Company | 2,820,310 | 78,876 |
| Non-controlling interests | <u>164</u> | <u>96</u> |
| | <u>2,820,474</u> | <u><u>78,972</u></u> |

Condensed Consolidated Balance Sheet (Unaudited)
As at 30th June 2021

| US\$'000 | Note | 30th June 2021 | 31st December 2020 |
|--|------|-------------------|-----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 13 | 3,744,709 | 3,744,666 |
| Right-of-use assets | 13 | 2,354,506 | 2,303,265 |
| Investment property | 13 | 280,000 | 280,000 |
| Investments in joint ventures and associated companies | | 161,133 | 154,835 |
| Intangible assets | 13 | 10,083 | 18,856 |
| Deferred taxation assets | | 8,175 | 6,255 |
| Pension and retirement assets | | 2,516 | - |
| Restricted bank balances | | 321 | 321 |
| Investments at fair value through other comprehensive income | | 43 | 7,895 |
| Investments at amortised cost | | 113,316 | 113,295 |
| Other non-current assets | | 23,091 | 21,344 |
| | | <u>6,697,893</u> | <u>6,650,732</u> |
| Current assets | | | |
| Inventories | | 125,478 | 94,778 |
| Debtors and prepayments | 14 | 1,068,743 | 681,126 |
| Investments at amortised cost | | 5,599 | 34,117 |
| Portfolio investments at fair value through profit or loss | | 79,569 | 100,560 |
| Tax recoverable | | 7,711 | 8,520 |
| Restricted bank balances | | 2,590 | 1,925 |
| Cash and bank balances | | 4,972,075 | 3,072,795 |
| | | <u>6,261,765</u> | <u>3,993,821</u> |
| Total assets | | <u>12,959,658</u> | <u>10,644,553</u> |
| EQUITY | | | |
| Equity holders | | | |
| Share capital | 15 | 63,719 | 62,579 |
| Reserves | 16 | 7,646,842 | 5,579,535 |
| | | <u>7,710,561</u> | <u>5,642,114</u> |
| Non-controlling interests | | <u>544</u> | <u>380</u> |
| Total equity | | <u>7,711,105</u> | <u>5,642,494</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | 17 | 739,289 | 820,325 |
| Lease liabilities | 18 | 1,577,891 | 1,669,163 |
| Deferred taxation liabilities | | 141,052 | 143,121 |
| Pension and retirement liabilities | | - | 15,447 |
| Provision | 19 | 348,545 | 348,545 |
| | | <u>2,806,777</u> | <u>2,996,601</u> |
| Current liabilities | | | |
| Creditors and accruals | 20 | 1,711,712 | 1,387,711 |
| Borrowings | 17 | 189,726 | 213,270 |
| Lease liabilities | 18 | 491,874 | 367,085 |
| Current taxation | | 48,464 | 37,392 |
| | | <u>2,441,776</u> | <u>2,005,458</u> |
| Total liabilities | | <u>5,248,553</u> | <u>5,002,059</u> |
| Total equity and liabilities | | <u>12,959,658</u> | <u>10,644,553</u> |

Condensed Consolidated Cash Flow Statement (Unaudited)
For the six months ended 30th June 2021

| US\$'000 | 2021 | 2020 |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Cash generated from operations | 2,993,263 | 519,449 |
| Interest and financing charges paid | (22,130) | (47,432) |
| Income tax paid | <u>(16,577)</u> | <u>(7,010)</u> |
| Net cash from operating activities | <u>2,954,556</u> | <u>465,007</u> |
| Cash flows from investing activities | | |
| Redemption on maturity of investments at amortised cost and decrease in portfolio investments at fair value through profit or loss | 49,848 | 26,430 |
| Proceeds from disposal of property, plant and equipment | 18,641 | 9,541 |
| Purchase of property, plant and equipment and other non-current assets | (156,119) | (184,876) |
| Acquisition of a subsidiary | - | 2,924 |
| (Increase)/decrease in restricted bank balances and bank deposits maturing more than three months | (1,081,195) | 68,011 |
| Interest received | 11,764 | 36,883 |
| Movements of other investing activities | <u>15,702</u> | <u>15,402</u> |
| Net cash used in investing activities | <u>(1,141,359)</u> | <u>(25,685)</u> |
| Cash flows from financing activities | | |
| Drawdown of loans | - | 99,550 |
| Repayment of loans | (105,608) | (400,825) |
| Repayment of lease liabilities | (136,423) | (304,169) |
| Issue of shares | 119,101 | - |
| Dividends paid to equity holders of the Company | (872,062) | (1,168,293) |
| Capital contribution from non-controlling interests | - | 120 |
| Net cash used in financing activities | <u>(994,992)</u> | <u>(1,773,617)</u> |
| Net increase/(decrease) in cash and cash equivalents | 818,205 | (1,334,295) |
| Cash and cash equivalents at beginning of period | 1,398,109 | 2,272,570 |
| Currency translation adjustments | <u>545</u> | <u>(3,409)</u> |
| Cash and cash equivalents at end of period | <u>2,216,859</u> | <u>934,866</u> |
| Analysis of cash and cash equivalents | | |
| Cash and bank balances | 4,972,075 | 2,050,340 |
| Bank deposits maturing more than three months from the date of placement | <u>(2,755,216)</u> | <u>(1,115,474)</u> |
| Cash and cash equivalents at end of period | <u>2,216,859</u> | <u>934,866</u> |

Condensed Consolidated Statement of Changes in Equity (Unaudited)
For the six months ended 30th June 2021

| US\$'000 | Equity holders | | | Non-controlling interests | Total |
|---|----------------|------------------|------------------|---------------------------|------------------|
| | Share capital | Reserves | Sub-total | | |
| At 1st January 2021 | 62,579 | 5,579,535 | 5,642,114 | 380 | 5,642,494 |
| Total comprehensive income for the period | - | 2,820,310 | 2,820,310 | 164 | 2,820,474 |
| Transactions with owners | | | | | |
| Issue of shares (note 15) | 1,140 | 117,961 | 119,101 | - | 119,101 |
| Employee share-based compensation | - | 1,098 | 1,098 | - | 1,098 |
| 2020 final dividend | - | (320,253) | (320,253) | - | (320,253) |
| 2020 special dividend | - | (551,809) | (551,809) | - | (551,809) |
| At 30th June 2021 | 63,719 | 7,646,842 | 7,710,561 | 544 | 7,711,105 |
| At 1st January 2020 | 62,579 | 4,864,828 | 4,927,407 | - | 4,927,407 |
| Total comprehensive income for the period | - | 78,876 | 78,876 | 96 | 78,972 |
| Transactions with owners | | | | | |
| Employee share-based compensation | - | 2,283 | 2,283 | - | 2,283 |
| 2019 final dividend | - | (16,834) | (16,834) | - | (16,834) |
| 2019 second special dividend | - | (150,190) | (150,190) | - | (150,190) |
| Capital contribution from non-controlling interests | - | - | - | 120 | 120 |
| At 30th June 2020 | 62,579 | 4,778,963 | 4,841,542 | 216 | 4,841,758 |

Notes to the Interim Financial Information

1. 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, 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 20th August 2021.

2. Basis of preparation

The interim financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by 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 2020 except for the adoption of amendment to existing standard effective for the financial year ending 31st December 2021.

The adoption of revised standard

In 2021, the Group adopted the following amendment to existing standard below, which is relevant to its operations.

Amendment to existing standard

| | |
|----------------------|-----------------------------------|
| HKFRS 16 (Amendment) | COVID-19 Related Rent Concessions |
|----------------------|-----------------------------------|

The adoption of the above amendment to existing standard does not have a material impact on the Group.

2. 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 |
|--|---|---|
| HKFRS 16 (Amendment) | COVID-19 Related Rent Concessions beyond 30th June 2021 | 1st April 2021 |
| HKAS 16 (Amendment) | Property, Plant and Equipment - Proceeds before Intended Use | 1st January 2022 |
| HKAS 37 (Amendment) | Onerous Contracts - Cost of Fulfilling a Contract | 1st January 2022 |
| HKAS 1 (Amendment) | Presentation of Financial Statements | 1st January 2023 |
| HKFRS 17 | Insurance Contracts | 1st January 2023 |
| 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 HKFRS 16 (Amendment), HKAS 16 (Amendment), HKAS 37 (Amendment), HKAS 1 (Amendment), HKFRS 17 and HKFRS 10 and HKAS 28 (Amendments) 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 2020.

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).

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 30th June 2021:

| US\$'000 | Level 1 | Level 3 | Total |
|--|---------------|-----------|---------------|
| Assets | | | |
| Portfolio investments at fair value through profit or loss | | | |
| Equity securities | 21,022 | - | 21,022 |
| Debt securities | 58,547 | - | 58,547 |
| Investments at fair value through other comprehensive income | | | |
| Unlisted equity securities | - | 43 | 43 |
| Total | 79,569 | 43 | 79,612 |

The following table presents the Group's financial assets that are measured at fair value at 31st December 2020:

| US\$'000 | Level 1 | Level 3 | Total |
|--|----------------|--------------|----------------|
| Assets | | | |
| Portfolio investments at fair value through profit or loss | | | |
| Equity securities | 20,156 | - | 20,156 |
| Debt securities | 80,404 | - | 80,404 |
| Investments at fair value through other comprehensive income | | | |
| Unlisted equity securities | - | 7,895 | 7,895 |
| Total | 100,560 | 7,895 | 108,455 |

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

Specific valuation techniques used to value level 3 financial instruments include:

- Dealer quotes.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

3. Financial risk management (Continued)

3.1 Fair value estimation (Continued)

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 2021 | 7,895 |
| Currency translation adjustments | (1) |
| Disposals | (1,163) |
| Fair value change recognised in other comprehensive income | <u>(6,688)</u> |
| At 30th June 2021 | <u>43</u> |
| | US\$'000 |
| At 1st January 2020 | 15,694 |
| Fair value change recognised in other comprehensive income | <u>(7,820)</u> |
| At 30th June 2020 | <u>7,874</u> |

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

| | Carrying amounts | | Fair values | |
|-------------------------------|----------------------|--------------------------|----------------------|--------------------------|
| | 30th June 2021 | 31st December 2020 | 30th June 2021 | 31st December 2020 |
| US\$'000 | | | | |
| Investments at amortised cost | <u>118,915</u> | <u>147,412</u> | <u>128,303</u> | <u>157,911</u> |

3. Financial risk management (Continued)

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

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
- Borrowings
- 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 2020.

5. Revenue

| US\$'000 | 2021 | 2020 |
|-----------------------------------|------------------|------------------|
| Container transport and logistics | 6,975,320 | 3,416,666 |
| Others | <u>12,262</u> | <u>13,830</u> |
| | <u>6,987,582</u> | <u>3,430,496</u> |

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.

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.

6. Segment information (Continued)

Operating segments

The segment results for the six months ended 30th June 2021 are as follows:

| US\$'000 | Container transport and logistics | Others | Total |
|---|---|----------------------|-------------------------|
| Revenue from contracts with customers: | | | |
| Over time | 6,975,320 | - | 6,975,320 |
| Revenue from other source: | | | |
| Rental income | - | 12,262 | 12,262 |
| | <u>6,975,320</u> | <u>12,262</u> | <u>6,987,582</u> |
| Other operating income | <u>13,613</u> | <u>14,099</u> | <u>27,712</u> |
| | <u>6,988,933</u> | <u>26,361</u> | <u>7,015,294</u> |
| Operating profit | 2,842,332 | 12,674 | 2,855,006 |
| Finance costs | (29,757) | - | (29,757) |
| Share of profits of joint ventures | 2,280 | - | 2,280 |
| Share of profits of associated companies | <u>8,399</u> | - | <u>8,399</u> |
| Profit before taxation | 2,823,254 | 12,674 | 2,835,928 |
| Taxation | <u>(23,612)</u> | <u>(1,260)</u> | <u>(24,872)</u> |
| Profit for the period | <u>2,799,642</u> | <u>11,414</u> | <u>2,811,056</u> |
| Additions to non-current assets* | 297,026 | - | 297,026 |
| Depreciation of property, plant and equipment | 127,731 | 6 | 127,737 |
| Depreciation of right-of-use assets | 109,945 | - | 109,945 |
| Amortisation | <u>9,160</u> | - | <u>9,160</u> |

6. Segment information (Continued)

Operating segments (Continued)

The segment results for the six months ended 30th June 2020 are as follows:

| US\$'000 | Container transport and logistics | Others | Total |
|---|---|----------------------|-------------------------|
| Revenue from contracts with customers: | | | |
| At a point in time | 224,843 | - | 224,843 |
| Over time | <u>3,191,823</u> | - | <u>3,191,823</u> |
| | 3,416,666 | - | 3,416,666 |
| Revenue from other source: | | | |
| Rental income | - | 13,830 | 13,830 |
| | <u>3,416,666</u> | 13,830 | <u>3,430,496</u> |
| Other operating income | <u>25,087</u> | <u>21,514</u> | <u>46,601</u> |
| | <u><u>3,441,753</u></u> | <u><u>35,344</u></u> | <u><u>3,477,097</u></u> |
| Operating profit | 152,121 | 2,953 | 155,074 |
| Finance costs | (55,895) | - | (55,895) |
| Share of profits of joint ventures | 1,587 | - | 1,587 |
| Share of profits of associated companies | <u>4,288</u> | - | <u>4,288</u> |
| Profit before taxation | 102,101 | 2,953 | 105,054 |
| Taxation | <u>(5,425)</u> | <u>2,536</u> | <u>(2,889)</u> |
| Profit for the period | <u><u>96,676</u></u> | <u><u>5,489</u></u> | <u><u>102,165</u></u> |
| Fair value loss from an investment property | - | (10,000) | (10,000) |
| Additions to non-current assets* | 178,944 | 1 | 178,945 |
| Depreciation of property, plant and equipment | 112,215 | 6 | 112,221 |
| Depreciation of right-of-use assets | 99,928 | - | 99,928 |
| Amortisation | <u>9,617</u> | - | <u>9,617</u> |

* 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 2021 are as follows:

| US\$'000 | Container transport and logistics | Others | Group |
|----------------------------|--|-------------------------|---------------------------|
| Segment assets | 11,762,154 | 1,036,371 | 12,798,525 |
| Joint ventures | 11,154 | - | 11,154 |
| Associated companies | 149,979 | - | 149,979 |
| Total assets | <u>11,923,287</u> | <u>1,036,371</u> | <u>12,959,658</u> |
| Segment liabilities | <u>(5,101,240)</u> | <u>(147,313)</u> | <u>(5,248,553)</u> |

The segment assets and liabilities at 31st December 2020 are as follows:

| US\$'000 | Container transport and logistics | Others | Group |
|----------------------------|--|-------------------------|---------------------------|
| Segment assets | 8,922,942 | 1,566,571 | 10,489,513 |
| Joint ventures | 10,053 | - | 10,053 |
| Associated companies | <u>144,987</u> | - | <u>144,987</u> |
| Total assets | <u>9,077,982</u> | <u>1,566,571</u> | <u>10,644,553</u> |
| Segment liabilities | <u>(4,856,120)</u> | <u>(145,939)</u> | <u>(5,002,059)</u> |

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 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 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 2021 | | |
| Asia | 5,588,573 | 13,358 |
| Europe | 877,285 | 1,336 |
| North America | 411,343 | 222 |
| Australia | 110,381 | 38 |
| Unallocated* | - | 282,072 |
| | <u>6,987,582</u> | <u>297,026</u> |
| Six months ended 30th June 2020 | | |
| Asia | 2,401,394 | 25,595 |
| Europe | 569,857 | 639 |
| North America | 368,296 | 329 |
| Australia | 90,949 | 13 |
| Unallocated* | - | 152,369 |
| | <u>3,430,496</u> | <u>178,945</u> |

[#] 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 comprises additions to container vessels and capitalised dry-docking costs, containers and computer software costs.

7. Operating profit

| US\$'000 | 2021 | 2020 |
|----------|------|------|
|----------|------|------|

Operating profit is arrived at after crediting:

| | | |
|--|---------------|--------|
| Interest income from banks | 15,026 | 28,182 |
| Interest income from deposits in a fellow subsidiary | 105 | - |
| Interest income from investments at amortised cost | 2,625 | 4,032 |
| Gross rental income from an investment property | 12,262 | 13,830 |
| Dividend income from investments at fair value through other comprehensive income | 6,695 | 7,903 |
| Gain on disposal of property, plant and equipment | 12,616 | 4,453 |
| Income from portfolio investments at fair value through profit or loss | | |
| Fair value gain (realised and unrealised) | 357 | - |
| Interest income | 1,302 | 2,348 |
| Distribution | 295 | 392 |
| Dividend income | 57 | 103 |

and after charging:

| | | |
|--|---------------|--------|
| Fair value loss from an investment property | - | 10,000 |
| Loss on written-off of right-of-use assets | 64 | 58 |
| Loss on written-off of intangible assets | 16 | - |
| Fair value loss on portfolio investments at fair value through profit or loss (realised and unrealised) | - | 7,322 |
| Loss on step acquisition from joint venture to subsidiary | - | 164 |
| Exchange loss | 10,920 | 3,238 |

8. Key management compensation

| US\$'000 | 2021 | 2020 |
|---|--------------|--------------|
| Salaries, discretionary bonuses and other employee benefits | 7,462 | 4,811 |
| Estimated money value of other benefits | 10 | 15 |
| Pension costs - defined contribution plans | 533 | 432 |
| Share-based compensation | 193 | 320 |
| | <u>8,198</u> | <u>5,578</u> |

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 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 | 2021 | 2020 |
|--|---------------|---------------|
| Interest expense | | |
| Bank loans | 7,198 | 16,317 |
| Lease liabilities | 24,290 | 39,928 |
| | <u>31,488</u> | <u>56,245</u> |
| Amount capitalised under assets under construction | (1,731) | (350) |
| Net interest expense | <u>29,757</u> | <u>55,895</u> |

10. Taxation

| US\$'000 | 2021 | 2020 |
|---------------------------|----------------|----------------|
| Current taxation | | |
| PRC enterprise income tax | 7,367 | 2,423 |
| HKSAR profits tax | 2,324 | (249) |
| Overseas taxation | 19,062 | 5,710 |
| | <u>28,753</u> | <u>7,884</u> |
| Deferred taxation | | |
| PRC enterprise income tax | (61) | (488) |
| HKSAR profits tax | (243) | (14) |
| Overseas taxation | (3,577) | (4,493) |
| | <u>(3,881)</u> | <u>(4,995)</u> |
| | <u>24,872</u> | <u>2,889</u> |

10. Taxation (Continued)

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 5% to 35% (2020: 5% to 35%) and the rate applicable for HKSAR profits tax is 16.5% (2020: 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 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.

| | 2021 | 2020 |
|--|------------------|----------------|
| Weighted average number of ordinary shares in issue (thousands) | <u>635,430</u> | <u>625,793</u> |
| Group's profit attributable to equity holders of the Company (US\$'000) | <u>2,810,857</u> | <u>102,082</u> |
| Earnings per share attributable to equity holders of the Company (US cents) | <u>442.4</u> | <u>16.3</u> |

12. Dividends

The final and special dividends for 2020 of US\$320.3 million and US\$551.8 million respectively have been accounted for as an appropriation of retained profit in the six months ended 30th June 2021.

The Board of Directors declares an interim dividend of US\$1.76 (HK\$13.728 at the exchange rate of US\$1 : HK\$7.8) (2020: US4.89 cents (HK\$0.381 at the exchange rate of US\$1 : HK\$7.8)) per ordinary share for the six months ended 30th June 2021 on 20th August 2021. In addition, the Board of Directors declares a special dividend of US\$2.65 (HK\$20.670 at the exchange rate of US\$1 : HK\$7.8) (2020: nil) per ordinary share for the six months ended 30th June 2021 on 20th August 2021.

13. Capital expenditure

| US\$'000 | Property, plant and equipment | Right-of-use assets | Investment property | Intangible assets | Total |
|---|-------------------------------------|-------------------------|------------------------|----------------------|-------------------------|
| Net book amounts | | | | | |
| At 1st January 2021 | 3,744,666 | 2,303,265 | 280,000 | 18,856 | 6,346,787 |
| Currency translation adjustments | 134 | (1,737) | - | 39 | (1,564) |
| Additions | 133,671 | 162,991 | - | 364 | 297,026 |
| Disposals/written off | (6,025) | (68) | - | (16) | (6,109) |
| Depreciation and amortisation | <u>(127,737)</u> | <u>(109,945)</u> | <u>-</u> | <u>(9,160)</u> | <u>(246,842)</u> |
| At 30th June 2021 | <u>3,744,709</u> | <u>2,354,506</u> | <u>280,000</u> | <u>10,083</u> | <u>6,389,298</u> |
| At 1st January 2020 | 3,162,424 | 2,830,674 | 310,000 | 30,824 | 6,333,922 |
| Currency translation adjustments | (672) | (865) | - | (1) | (1,538) |
| Fair value loss | - | - | (10,000) | - | (10,000) |
| Additions | 159,612 | 17,335 | - | 1,998 | 178,945 |
| Acquisition of a subsidiary | 33 | 225 | - | - | 258 |
| Reclassification, disposals/written off | 156,210 | (211,369) | - | - | (55,159) |
| Depreciation and amortisation | <u>(112,221)</u> | <u>(99,928)</u> | <u>-</u> | <u>(9,617)</u> | <u>(221,766)</u> |
| At 30th June 2020 | <u>3,365,386</u> | <u>2,536,072</u> | <u>300,000</u> | <u>23,204</u> | <u>6,224,662</u> |

14. Debtors and prepayments

| US\$'000 | 30th June 2021 | 31st December 2020 |
|----------------------------------|---------------------------|-------------------------------|
| Trade receivables | | |
| Third parties | 748,429 | 446,246 |
| Joint ventures | - | 205 |
| Fellow subsidiaries | 9,869 | 6,598 |
| Related companies | 3,584 | 5,875 |
| Less: Provision for impairment | <u>(54,450)</u> | <u>(47,566)</u> |
| Trade receivables - net | 707,432 | 411,358 |
| Other debtors | 130,104 | 105,972 |
| Other prepayments | 183,240 | 132,150 |
| Utility and other deposits | 17,756 | 17,518 |
| Amounts due from related parties | | |
| Fellow subsidiaries | 29,577 | 13,578 |
| Related companies | <u>634</u> | <u>550</u> |
| | <u>1,068,743</u> | <u>681,126</u> |

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 2021 | 31st December 2020 |
|-----------------|---------------------------|-------------------------------|
| Below 1 month | 549,285 | 319,114 |
| 2 to 3 months | 144,452 | 84,194 |
| 4 to 6 months | 11,944 | 6,680 |
| Over 6 months | <u>1,751</u> | <u>1,370</u> |
| | <u>707,432</u> | <u>411,358</u> |

15. Share capital

| US\$'000 | 30th June 2021 | 31st December 2020 |
|---|-----------------------|-----------------------|
| Authorised: | | |
| 900,000,000 ordinary shares of US\$0.10 each | 90,000 | 90,000 |
| 65,000,000 convertible redeemable preferred shares of US\$1 each | 65,000 | 65,000 |
| 50,000,000 redeemable preferred shares of US\$1 each | 50,000 | 50,000 |
| | <u>205,000</u> | <u>205,000</u> |
| Issued and fully paid : | | |
| 637,193,297 (2020: 625,793,297) ordinary shares of US\$0.10 each | <u>63,719</u> | <u>62,579</u> |

On 22nd January 2021, the Company entered into a share placing and subscription agreement for the allotment and issue of 11,400,000 shares at a subscription price of HK\$81.8 per share (equivalent to approximately US\$10.55 per share). The related share issuance expenses amounting to US\$1,185,000 were netted off against share premium. The share subscription was completed on 29th January 2021.

16. Reserves

| US\$'000 | Share premium | Employee share-based compensation reserve | Contributed surplus | Capital redemption reserve | Investments revaluation reserve | Foreign exchange translation reserve | Retained profit | Total |
|--|----------------|---|---------------------|----------------------------|---------------------------------|--------------------------------------|------------------|------------------|
| At 1st January 2021 | 172,457 | 7,427 | 88,547 | 4,696 | 6,688 | 42,387 | 5,257,333 | 5,579,535 |
| Total comprehensive income/(loss) for the period | - | - | - | - | (6,688) | 1,707 | 2,825,291 | 2,820,310 |
| Transactions with owners | | | | | | | | |
| Issue of shares (note 15) | 117,961 | - | - | - | - | - | - | 117,961 |
| Employee share-based compensation | - | 1,098 | - | - | - | - | - | 1,098 |
| 2020 final dividend | - | - | - | - | - | - | (320,253) | (320,253) |
| 2020 special dividend | - | - | - | - | - | - | (551,809) | (551,809) |
| At 30th June 2021 | 290,418 | 8,525 | 88,547 | 4,696 | - | 44,094 | 7,210,562 | 7,646,842 |
| At 1st January 2020 | 172,457 | 2,651 | 88,547 | 4,696 | 14,488 | 22,977 | 4,559,012 | 4,864,828 |
| Total comprehensive income/(loss) for the period | - | - | - | - | (7,820) | (5,108) | 91,804 | 78,876 |
| Transactions with owners | | | | | | | | |
| Employee share-based compensation | - | 2,283 | - | - | - | - | - | 2,283 |
| 2019 final dividend | - | - | - | - | - | - | (16,834) | (16,834) |
| 2019 second special dividend | - | - | - | - | - | - | (150,190) | (150,190) |
| At 30th June 2020 | 172,457 | 4,934 | 88,547 | 4,696 | 6,668 | 17,869 | 4,483,792 | 4,778,963 |

17. Borrowings

| US\$'000 | 30th June 2021 | 31st December 2020 |
|--------------------|-------------------|-----------------------|
| Non-current | | |
| Bank loans | | |
| Secured | 586,971 | 648,346 |
| Unsecured | <u>152,318</u> | <u>171,979</u> |
| | <u>739,289</u> | <u>820,325</u> |
| Current | | |
| Bank loans | | |
| Secured | 150,405 | 173,948 |
| Unsecured | <u>39,321</u> | <u>39,322</u> |
| | <u>189,726</u> | <u>213,270</u> |
| Total borrowings | <u>929,015</u> | <u>1,033,595</u> |

18. Lease liabilities

| US\$'000 | 30th June 2021 | 31st December 2020 |
|-------------|-------------------|-----------------------|
| Non-current | 1,577,891 | 1,669,163 |
| Current | <u>491,874</u> | <u>367,085</u> |
| | <u>2,069,765</u> | <u>2,036,248</u> |

19. 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 2021, 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. Considering the prolonged COVID-19 pandemic in the USA and the uncertain vaccine efficacy, recovery of the USA economy has been uncertain and is expected to be continuously affected for the foreseeable future. It is expected that a slower economy growth would affect the demand/import of the USA for some time as the economy shall take years to recover from various pandemic impact. In addition, the pandemic has also changed the cargo inflow to the USA by other means and expecting to continue in longer term. As at 30th June 2021, albeit a short-term increased demand for ocean transportation was noted during the current period, with these uncertainties over such long-term contract period, management reassessed that the projected vessel lifts in LBCT would continue lead to a shortfall on minimum volume commitment over the remaining contract period. Based on the assessment, the Group estimated an onerous contract provision of US\$348.5 million as at 30th June 2021 (31st December 2020: US\$348.5 million).

20. Creditors and accruals

| US\$'000 | 30th June 2021 | 31st December 2020 |
|--------------------------------|-------------------|-----------------------|
| Trade payables | | |
| Third parties | 232,350 | 213,626 |
| Joint ventures | 534 | 3,467 |
| Fellow subsidiaries | 42,383 | 92,410 |
| Related companies | 38,522 | 9,724 |
| | <u>313,789</u> | <u>319,227</u> |
| Other creditors | 152,379 | 144,343 |
| Accrued expenses | 1,195,347 | 894,288 |
| Contract liabilities | 24,153 | 14,253 |
| Amounts due to related parties | | |
| Joint ventures | 6,054 | 651 |
| Fellow subsidiaries | 19,954 | 13,489 |
| Related companies | 36 | 1,460 |
| | <u>1,711,712</u> | <u>1,387,711</u> |

20. Creditors and accruals (Continued)

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

| US\$'000 | 30th June 2021 | 31st December 2020 |
|-----------------|---------------------------|-------------------------------|
| Below 1 month | 253,899 | 257,905 |
| 2 to 3 months | 49,225 | 55,148 |
| 4 to 6 months | 6,740 | 2,726 |
| Over 6 months | 3,925 | 3,448 |
| | <u>313,789</u> | <u>319,227</u> |

21. Commitments

(a) Capital commitments - Property, plant and equipment

| US\$'000 | 30th June 2021 | 31st December 2020 |
|---------------------------------|---------------------------|-------------------------------|
| Contracted but not provided for | <u>1,839,730</u> | <u>1,701,811</u> |

(b) Capital commitments - Investment in an associated company

| US\$'000 | 30th June 2021 | 31st December 2020 |
|---------------------------------|---------------------------|-------------------------------|
| Contracted but not provided for | <u>4,139</u> | <u>4,139</u> |

21. Commitments (Continued)

(c) Lease commitments

The future aggregate minimum lease rental expenses under non-cancellable short-term leases and low-value leases which have not been recognised as lease liabilities are payable in the following years:

| US\$'000 | Vessels and equipment | Land and buildings | Total |
|------------------------------|--------------------------|-----------------------|----------------|
| At 30th June 2021 | | | |
| Less than 1 year | 132,943 | 2,032 | 134,975 |
| Between 1 and 2 years | 57,614 | - | 57,614 |
| Between 2 and 5 years | 163,145 | - | 163,145 |
| Over 5 years | 92,020 | - | 92,020 |
| | <u>445,722</u> | <u>2,032</u> | <u>447,754</u> |
| At 31st December 2020 | | | |
| Less than 1 year | 97,106 | 1,632 | 98,738 |
| Between 1 and 2 years | 25,360 | - | 25,360 |
| Between 2 and 5 years | 69,309 | - | 69,309 |
| Over 5 years | 34,099 | - | 34,099 |
| | <u>225,874</u> | <u>1,632</u> | <u>227,506</u> |

22. Significant related party transactions

The Company is controlled by COSCO SHIPPING, the ultimate parent company 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.

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.

22. Significant related party transactions (Continued)

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

| US\$'000 | 2021 | 2020 |
|---|------------|---------------|
| Income | | |
| Container transport income (note ii) | 155,870 | 44,149 |
| Freight forwarding income | 3,603 | 1,788 |
| Terminal handling and storage income | 2,689 | 1,682 |
| Rental income | | |
| Vessels | 28,078 | 7,064 |
| Containers | 3,715 | 3,990 |
| IT service income | 17,194 | 16,083 |
| Interest income | <u>105</u> | <u>10</u> |
| Expenses | | |
| Cargo transportation costs | 61,127 | 56,735 |
| Freight forwarding expenses | 24,239 | 7,866 |
| Terminal charges (note iii) | 76,606 | 56,769 |
| Expenses relating to short-term leases and leases with low-value assets | | |
| Vessels | 41,700 | 35,534 |
| Containers | 18,594 | 1,138 |
| Land and buildings | 218 | 201 |
| Slot hire expenses | 84,597 | 29,193 |
| Purchase of bunker (note iv) | 65,244 | 75,707 |
| Crew expenses | 1,004 | 517 |
| Service fee | <u>202</u> | <u>150</u> |
| Others | | |
| Purchase of containers | 81,416 | 25,845 |
| Instalments of vessels under construction | <u>-</u> | <u>77,840</u> |

(b) Transactions with a joint venture of the Group

| US\$'000 | 2021 | 2020 |
|----------------------------|--------------|--------------|
| Income | | |
| Container transport income | <u>102</u> | <u>69</u> |
| Expenses | | |
| Cargo transportation costs | <u>5,338</u> | <u>3,394</u> |

22. Significant related party transactions (Continued)

(c) Transactions with other related parties

| US\$'000 | 2021 | 2020 |
|--|---------------|--------------|
| Income | | |
| Container transport income | <u>1,767</u> | <u>2,769</u> |
| Expenses | | |
| Cargo transportation costs | 12,753 | 8,256 |
| Freight forwarding expenses | - | 2 |
| Terminal charges | 20,567 | 15,524 |
| Expenses relating to short-term leases and leases with low-value assets | | |
| Containers | <u>19</u> | <u>12</u> |
| Others | | |
| Purchase of containers | <u>30,000</u> | <u>-</u> |

(d) Transactions with state-owned banks

As at 30th June 2021 and 31st December 2020, approximately 90% of the Group's bank balances and 50% of the Group's borrowings 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\$26.8 million (2020: US\$7.3 million) and US\$43.0 million (2020: US\$10.0 million) were transacted with the associated companies and joint ventures of COSCO SHIPPING respectively during the six months ended 30th June 2021.
- (iii) Terminal charges of US\$49.8 million (2020: US\$37.5 million) were transacted with the associated companies of COSCO SHIPPING during the six months ended 30th June 2021.
- (iv) Bunker of US\$57.8 million (2020: US\$65.8 million) was purchased from a joint venture of COSCO SHIPPING during the six months ended 30th June 2021.

Results for First Half 2021

For the first six months of 2021, the Group recorded a profit attributable to equity holders of US\$2,810.9 million, compared to a profit of US\$102.1 million for the corresponding period of 2020.

| OOIL INTERIM RESULTS ANALYSIS | | |
|--|------------------|----------------|
| <i>(US\$'000)</i> | 2021 | 2020 |
| Profit Before Taxation by Activity: | | |
| Container Transport and Logistics | 2,823,254 | 102,101 |
| Other Activities | 12,674 | 2,953 |
| Profit Before Taxation | 2,835,928 | 105,054 |
| Taxation | (24,872) | (2,889) |
| Profit for the Period Ended 30th June | 2,811,056 | 102,165 |
| Non-Controlling Interests | (199) | (83) |
| Profit Attributable to Equity Holders | 2,810,857 | 102,082 |

Review of Operations

After the lockdowns that immediately followed the onset of the COVID-19 pandemic in early 2020, we started to see signs of reopening and economic recovery as from the middle of last year, led at first by China and other Asian economies and then joined by other nations. This trend has continued very strongly throughout this reporting period. Demand in key importing economies has been considerably stronger than forecast, especially on Trans-Pacific routes. We have worked hard to inject additional capacity into key routes on our network in order to provide further space for our customers, and we continue to do so.

However, even with this increase in nominal supply, the level of total effective supply has been under severe pressure as a result of a long list of operational challenges, occurring all over the world, for different reasons and at different times. During the period we have seen port congestion, bad weather delays, labour disputes, shortages of truckers, the Suez Canal incident, insufficient rail capacity, empty box shortages in key locations, quarantine/social distancing in terminals, depots, yards, and for vessel crew, and a range of other difficulties. All these have combined to slow down the velocity of circulation of container boxes across the network, as well to slow down the progress of container ships travelling from port to port. The global container shipping system is one large, interconnected network: any material disruption rarely has only a localised effect, but rather has a ripple effect around the world.

Despite our efforts to increase capacity, supply and demand have been in severe imbalance as a result of both stronger-than-expected demand and also the numerous operational challenges.

These market forces have put upward pressure on freight rates on most tradelanes, and it is these market forces, in addition to our usual careful attention to cost control, that have driven the strong profitability that has been achieved during the period.

The first half of 2021 produced the best six-monthly result in the Group's history. Compared to the same period in 2020, OOCL's total liner liftings for the first half of 2021 increased by 19%, total revenue increased by 108%, and revenue per TEU increased by 74%.

Trans-Pacific liftings increased by 17% compared to the same period in 2020, with revenues increasing by 88%. Revenue per TEU improved by 61%. In the Trans-Pacific Eastbound, liftings for the first half of 2021 increased by 28% compared with the same period last year. Revenues increased by 112% and the revenue per TEU increased by 66%. In the Trans-Pacific Westbound, although there was a 1% reduction in the liftings for the first half of 2021, revenues and revenue per TEU increased by 12% and 13% respectively. The Trans-Pacific trade has performed very strongly as the US economy seems to have been more resilient than anticipated to the effects of COVID-19 lockdowns, and to have recovered more quickly and more strongly. Demand was assisted by US government stimulus, as well as by a shift from spending on services to spending on goods, as a result of lockdowns limiting consumption choices. Despite wholesalers and retailers' efforts to re-stock following better-than-expected sales, inventory-to-retail sales levels continued to be at very low levels throughout the period, and remain so at the time of writing.

The Asia/Europe trade performed very well, with liftings increasing by 20% and revenues by 183%, resulting in a 137% increase in revenue per TEU. For much of the period, several of the key ports in Europe were heavily congested, which then spilled over into other ports. This resulted in significant delays to vessel schedules. The Suez Canal incident back in March created significant disruption in the supply chain, not only during the period when the Ever Given was blocking the canal, but also for months thereafter, leading to delayed vessels and a slowdown in the movement of laden container boxes to Europe, and then empty boxes heading back to Asia.

The Trans-Atlantic trade started the period more slowly than the other, larger East West routes. However, towards the end of the first half, the pickup became increasingly strong. Liftings on this tradelane remain at a similar level to the first half of 2021, whereas both revenue and revenue per TEU have increased by 36%. This reflects a similar (if delayed) dynamic to what we saw elsewhere, with terminal congestion (e.g. in Montreal and European hub ports) combining with better-than-forecast demand to create a strong rate environment.

Overall liftings increased by 24% on Intra-Asia (including Australasia) trades for the first half of 2021, revenues increased by 101% and the revenue per TEU increased by 61%. In line with what was seen on the main East West routes, the Intra-Asia and Australasia tradelanes suffered from significant disruption. In addition to the well-known congestion in Yantian, which had and continues to have a global effect, these tradelanes had to contend with congestion in key South East Asian hubs, as well as in several ports in Australia and New Zealand. Demand was stronger than expected, and in combination with pressure on effective supply caused by congestion, equipment availability and other issues, resulted in very strong operating performances, particularly on Middle Eastern, Indian Sub-Continent and Australasian routes.

The average price of bunker recorded by OOCL in the first half of 2021 was US\$449 per ton compared with US\$424 per ton for the corresponding period in 2020. The price increase, in combination with increased consumption in fuel oil and diesel oil led to an increase in total bunker costs of 26% for the first half of 2021 when compared to the corresponding period in 2020.

OOIL continues to benefit from its co-operation with the wider COSCO SHIPPING Group. The many synergies achieved through our joint efforts are one of the underpinning drivers of our highly successful Dual Brand strategy. We were able to obtain additional space to offer to our customers by means of taking extra slots on COSCO SHIPPING Lines' services, including extra loaders, and we have suffered fewer problems of box availability than most liner companies, thanks to our shared container box fleet with COSCO SHIPPING Lines, and to the power of our joint procurement programmes.

In the first half of 2021, no new-build container vessel was delivered, and no new order was placed by the Group. The twelve 23,000 TEU container vessels ordered by the Group in 2020 are expected to be delivered starting 2023.

For the first half of 2021, OOCL Logistics revenue and contribution increased significantly as compared with the same period last year. The contribution from all business units recorded healthy increases, with International Business Units more than doubling their performance, as business volume handled improved significantly year on year. While Domestic Logistics continues to face fierce competition, the business unit achieved a revenue increase of over 15%.

Looking Forward

Looking forward, the signs remain positive. Demand appears to be at healthy levels, with global GDP forecasts remaining strong, at 6.0% for 2021. We note that US data shows US GDP already back to above pandemic levels, and very importantly it still shows retail-sector inventory-to-sales ratios at historic lows, which means that there is an ongoing need for a high level of imports to satisfy local demand. The network continues to see multiple operational disruptions, reducing the ability of container shipping companies to satisfy the strong levels of customer demand. Longer-term, supply side growth, in terms of newbuildings, is relatively low for the remainder of 2021 and in 2022. We monitor the market continually for early signs of any change in circumstances, but for the time being, it would appear that the outlook for the remainder of 2021 and the early part of 2022 seems promising. Beyond that, in this time of COVID-19 and of the early stages of economy recovery, it is simply impossible to predict. However, we are confident of our long-term future, and of our ability to perform well in the new environment, whatever challenges it may throw at us.

OOIL, as part of the COSCO SHIPPING Group, continues to be at the forefront of container shipping. We are broadening our network, aiming to provide the best customer service, and developing more and more end-to-end capabilities. We are playing a leading role in the digitalisation of our industry and building on very solid foundations in providing integrated container logistics services, which will help us to respond better to the evolution of our customers' requirements in the post-epidemic era. As a key part of one of the world's leading container shipping groups, with the scale and capability to provide the best network for our customers, we will continue to be a *Vital Link to World Trade*.

Interim and Special Dividends

The Board of Directors of the Company (the “Board”) is pleased to announce an interim dividend of US\$1.76 (HK\$13.728 at the exchange rate of US\$1 : HK\$7.8) per ordinary share and a special dividend of US\$2.65 (HK\$20.670 at the exchange rate of US\$1 : HK\$7.8) for the six months ended 30th June 2021 to be paid on 8th October 2021 to the shareholders of the Company whose names appear on the register of members of the Company on 8th September 2021. 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 29th September 2021.

Closure of Register of Members

The register of members of the Company will be closed from 6th September 2021 to 8th September 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim 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 3rd September 2021.

Purchase, Sale or Redemption of Shares

During the six-month period ended 30th June 2021, 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 period from 1st January 2021 to 30th June 2021, the Company complied with the SEHK Code.

Review of Financial Statements

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th June 2021, 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 throughout the period from 1st January 2021 to 30th June 2021.

Publication of Results Announcement and Interim Report

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (“HKEX”) at <https://www.hkexnews.hk> and the Company at <https://www.oilgroup.com>. The 2021 Interim 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 16th September 2021.

Employee Information

As at 30th June 2021, the Group had 10,593 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 Group 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.

Directors

As at the date of this announcement, our Executive Directors are Mr. XU Lirong, Mr. HUANG Xiaowen, Mr. YANG Zhijian and Mr. FENG Boming; our Non-Executive Directors are Mr. TUNG Lieh Cheung Andrew, Mr. YAN Jun, Ms. WANG Dan and Mr. IP Sing Chi; 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 August 2021

† *For identification purpose only*

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