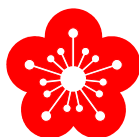


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ORIENT OVERSEAS (INTERNATIONAL) LIMITED

東方海外(國際)有限公司*

(Incorporated in Bermuda with members' limited liability)

(Stock code: 316)

2021 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 2021 as follows:

Consolidated Profit and Loss Account For the year ended 31st December 2021

US\$'000	Note	2021	2020
Revenue	4	16,832,185	8,191,304
Operating costs		<u>(8,656,537)</u>	<u>(6,602,121)</u>
Gross profit		8,175,648	1,589,183
Other operating income		50,977	78,853
Business and administrative expenses		(832,202)	(642,031)
Net impairment losses on financial assets		(28,078)	(15,446)
Other gains/(losses), net		<u>13,926</u>	<u>(18,372)</u>
Operating profit	5	7,380,271	992,187
Finance costs	6	(60,255)	(91,312)
Share of profits of joint ventures		4,985	3,290
Share of profits of associated companies		<u>12,255</u>	<u>9,509</u>
Profit before taxation		7,337,256	913,674
Taxation	7	<u>(208,847)</u>	<u>(10,656)</u>
Profit for the year		<u>7,128,409</u>	<u>903,018</u>
Profit attributable to:			
Equity holders of the Company		7,128,127	902,723
Non-controlling interests		<u>282</u>	<u>295</u>
		<u>7,128,409</u>	<u>903,018</u>
Earnings per ordinary share (US\$)	8		
Basic and diluted		<u>11.08</u>	<u>1.44</u>

Consolidated Statement of Comprehensive Income
For the year ended 31st December 2021

US\$'000	2021	2020
Profit for the year	<u>7,128,409</u>	<u>903,018</u>
Other comprehensive income/(loss):		
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement gains/(losses) on defined benefit schemes	24,542	(6,777)
Investments at fair value through other comprehensive income		
Change in fair value	<u>(6,688)</u>	<u>(7,800)</u>
Total amount that will not be subsequently reclassified to profit or loss	<u>17,854</u>	<u>(14,577)</u>
Items that have been reclassified or may be reclassified		
subsequently to profit or loss:		
Currency translation adjustments		
Foreign subsidiaries	(7,650)	9,366
Joint ventures	210	495
Associated companies	3,225	8,862
Release of reserve upon step acquisition from joint venture		
to subsidiary	<u>-</u>	<u>652</u>
Total amount that have been reclassified or may be reclassified		
subsequently to profit or loss	<u>(4,215)</u>	<u>19,375</u>
Other comprehensive income for the year, net of tax	<u>13,639</u>	<u>4,798</u>
Total comprehensive income for the year	<u>7,142,048</u>	<u>907,816</u>
Total comprehensive income attributable to:		
Equity holders of the Company	7,141,825	907,556
Non-controlling interests	<u>223</u>	<u>260</u>
	<u>7,142,048</u>	<u>907,816</u>

Consolidated Balance Sheet
As at 31st December 2021

US\$'000	Note	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment		4,047,629	3,744,666
Right-of-use assets		2,801,858	2,303,265
Investment property		285,000	280,000
Investments in joint ventures		11,894	9,848
Investments in associated companies		105,270	144,987
Intangible assets		7,656	18,856
Deferred taxation assets		7,570	6,255
Pension and retirement assets		12,248	-
Restricted bank balances		326	321
Investments at fair value through other comprehensive income		42	7,895
Investments at amortised cost		98,335	113,295
Other non-current assets		17,302	21,344
		<u>7,395,130</u>	<u>6,650,732</u>
Current assets			
Inventories		153,064	94,778
Debtors and prepayments	10	975,657	681,126
Investments at amortised cost		15,003	34,117
Portfolio investments at fair value through profit or loss		56,256	100,560
Tax recoverable		5,855	8,520
Restricted bank balances		2,550	1,925
Cash and bank balances		7,197,101	3,072,795
		<u>8,405,486</u>	<u>3,993,821</u>
Assets held for sale		<u>46,361</u>	-
		<u>8,451,847</u>	<u>3,993,821</u>
Total assets		<u>15,846,977</u>	<u>10,644,553</u>
EQUITY			
Equity holders			
Share capital		66,037	62,579
Reserves		9,603,620	5,579,535
		<u>9,669,657</u>	<u>5,642,114</u>
Non-controlling interests		<u>2,079</u>	<u>380</u>
Total equity		<u>9,671,736</u>	<u>5,642,494</u>
LIABILITIES			
Non-current liabilities			
Borrowings		211,941	820,325
Lease liabilities		1,816,655	1,669,163
Deferred taxation liabilities		198,529	143,121
Pension and retirement liabilities		-	15,447
Provision	11	651,745	348,545
		<u>2,878,870</u>	<u>2,996,601</u>
Current liabilities			
Creditors and accruals	12	2,479,513	1,387,711
Borrowings		38,716	213,270
Lease liabilities		623,328	367,085
Current taxation		154,814	37,392
		<u>3,296,371</u>	<u>2,005,458</u>
Total liabilities		<u>6,175,241</u>	<u>5,002,059</u>
Total equity and liabilities		<u>15,846,977</u>	<u>10,644,553</u>

Consolidated Cash Flow Statement
For the year ended 31st December 2021

US\$'000	2021	2020
Cash flows from operating activities		
Cash generated from operations	8,977,180	2,013,606
Interest and financing charges paid	(43,672)	(75,640)
Income tax paid	(34,667)	(33,232)
Net cash from operating activities	<u>8,898,841</u>	<u>1,904,734</u>
Cash flows from investing activities		
Sale and redemption on maturity of non-current assets	96,587	72,817
Purchase of property, plant and equipment	(580,120)	(369,581)
Purchase of other non-current assets	(10,581)	(9,958)
Decrease in portfolio investments at fair value through profit or loss	39,704	46,721
Acquisition of subsidiaries	-	9,646
Investment in an associated company	(1,000)	(852)
Increase in restricted bank balances and bank deposits maturing more than three months from the date of placement	(1,582,236)	(433,638)
Interest received	34,102	69,999
Dividends and distribution received from investments	8,801	8,768
Dividends received from joint ventures and associated companies	12,985	17,257
Net cash used in investing activities	<u>(1,981,758)</u>	<u>(588,821)</u>
Cash flows from financing activities		
Drawdown of loans	-	99,550
Repayment of loans	(787,127)	(496,934)
Repayment of lease liabilities	(464,680)	(603,882)
Issue of shares, net of share issuance expenses	565,718	-
Dividends paid to equity holders of the Company	(3,682,084)	(1,198,894)
Dividends paid to non-controlling interests	(239)	-
Capital contribution from non-controlling interests	1,715	120
Net cash used in financing activities	<u>(4,366,697)</u>	<u>(2,200,040)</u>
Net increase/(decrease) in cash and cash equivalents	2,550,386	(884,127)
Cash and cash equivalents at beginning of year	1,398,109	2,272,570
Currency translation adjustments	(7,686)	9,666
Cash and cash equivalents at end of year	<u>3,940,809</u>	<u>1,398,109</u>
Analysis of cash and cash equivalents		
Cash and bank balances	7,197,101	3,072,795
Bank deposits maturing more than three months from the date of placement	(3,256,292)	(1,674,686)
Cash and cash equivalents at end of year	<u>3,940,809</u>	<u>1,398,109</u>

Consolidated Statement of Changes in Equity
For the year ended 31st December 2021

US\$'000	Equity holders			Non-controlling interests	Total
	Share capital	Reserves	Sub-total		
At 1st January 2020	62,579	4,864,828	4,927,407	-	4,927,407
Total comprehensive income for the year	-	907,556	907,556	260	907,816
Transactions with owners					
Employee share-based compensation	-	4,776	4,776	-	4,776
2019 final dividend	-	(16,834)	(16,834)	-	(16,834)
2019 second special dividend	-	(150,190)	(150,190)	-	(150,190)
2020 interim dividend	-	(30,601)	(30,601)	-	(30,601)
Capital contribution from non-controlling interests	-	-	-	120	120
At 31st December 2020	62,579	5,579,535	5,642,114	380	5,642,494
Total comprehensive income for the year	-	7,141,825	7,141,825	223	7,142,048
Transactions with owners					
Issue of shares, net of share issuance expenses	3,458	562,260	565,718	-	565,718
Employee share-based compensation	-	2,084	2,084	-	2,084
2020 final dividend	-	(320,253)	(320,253)	-	(320,253)
2020 special dividend	-	(551,809)	(551,809)	-	(551,809)
2021 interim dividend	-	(1,121,460)	(1,121,460)	-	(1,121,460)
2021 first special dividend	-	(1,688,562)	(1,688,562)	-	(1,688,562)
Dividends paid to non-controlling interests	-	-	-	(239)	(239)
Capital contribution from non-controlling interests	-	-	-	1,715	1,715
At 31st December 2021	66,037	9,603,620	9,669,657	2,079	9,671,736

NOTES

1. Scope of work of PricewaterhouseCoopers in the preliminary announcement

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2021 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements as at and for the year ended 31st December 2021. 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, 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").

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 and portfolio investments at fair value through profit or loss which are carried at fair value.

The adoption of revised standards

In 2021, the Group adopted the following amendments to existing standards below, which are relevant to its operations.

Amendments to existing standards

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform - Phase 2
HKFRS 16 (Amendment)	COVID-19 Related Rent Concessions

3. Accounting policies and basis of preparation (Continued)

The adoption of revised standards (Continued)

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

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

New standard, amendments and improvement 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
HKFRSs	Annual Improvements 2018 - 2020 Reporting Cycle	1st January 2022
HKFRS 3 (Amendment)	Business Combinations	1st January 2022
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1st January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1st January 2023
HKAS 8 (Amendment)	Definition of Accounting Estimates	1st January 2023
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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), HKFRSs Annual Improvements 2018 - 2020 Reporting Cycle, HKFRS 3 (Amendment), HKAS 1 (Amendment), HKAS 1 and HKFRS Practice Statement 2 (Amendments), HKAS 8 (Amendment), HKAS 12 (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.

4. Revenue and segment information

(a) Revenue

US\$'000	2021	2020
Container transport and logistics	16,807,325	8,164,201
Others	<u>24,860</u>	<u>27,103</u>
	<u>16,832,185</u>	<u>8,191,304</u>

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

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

(b) Segment information

Operating segments

The segment results for the year ended 31st December 2021 are as follows:

US\$'000	Container transport and logistics	Others	Total
Revenue from contracts with customers:			
Over time	16,807,325	-	16,807,325
Revenue from other source:			
Rental income	<u>-</u>	<u>24,860</u>	<u>24,860</u>
	16,807,325	24,860	16,832,185
Other operating income	<u>31,943</u>	<u>19,034</u>	<u>50,977</u>
	<u>16,839,268</u>	<u>43,894</u>	<u>16,883,162</u>
Operating profit	7,369,807	10,464	7,380,271
Finance costs	(60,255)	-	(60,255)
Share of profits of joint ventures	4,985	-	4,985
Share of profits of associated companies	<u>12,255</u>	<u>-</u>	<u>12,255</u>
Profit before taxation	7,326,792	10,464	7,337,256
Taxation	<u>(205,607)</u>	<u>(3,240)</u>	<u>(208,847)</u>
Profit for the year	<u>7,121,185</u>	<u>7,224</u>	<u>7,128,409</u>
Fair value gain from an investment property	-	296	296
Additions to non-current assets*	1,377,895	4,704	1,382,599
Depreciation of property, plant and equipment	277,642	12	277,654
Depreciation of right-of-use assets	276,313	-	276,313
Amortisation of intangible assets	<u>15,765</u>	<u>-</u>	<u>15,765</u>

4. Revenue and segment information (Continued)

(b) Segment information (Continued)

Operating segments (Continued)

The segment results for the year ended 31st December 2020 are as follows:

US\$'000	Container transport and logistics	Others	Total
Revenue from contracts with customers:			
Over time	8,164,201	-	8,164,201
Revenue from other source:			
Rental income	<u>-</u>	<u>27,103</u>	<u>27,103</u>
	8,164,201	27,103	8,191,304
Other operating income	<u>45,224</u>	<u>33,629</u>	<u>78,853</u>
	<u>8,209,425</u>	<u>60,732</u>	<u>8,270,157</u>
Operating profit/(loss)	992,628	(441)	992,187
Finance costs	(91,312)	-	(91,312)
Share of profits of joint ventures	3,290	-	3,290
Share of profits of associated companies	<u>9,509</u>	<u>-</u>	<u>9,509</u>
Profit/(loss) before taxation	914,115	(441)	913,674
Taxation	<u>(21,114)</u>	<u>10,458</u>	<u>(10,656)</u>
Profit for the year	<u>893,001</u>	<u>10,017</u>	<u>903,018</u>
Fair value loss from an investment property	-	(30,492)	(30,492)
Additions to non-current assets*	501,433	493	501,926
Depreciation of property, plant and equipment	235,078	12	235,090
Depreciation of right-of-use assets	195,599	-	195,599
Amortisation of intangible assets	<u>21,497</u>	<u>-</u>	<u>21,497</u>

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

4. Revenue and segment information (Continued)

(b) Segment information (Continued)

Operating segments (Continued)

The segment assets and liabilities at 31st December 2021 and 2020 are as follows:

US\$'000	2021		
	Container transport and logistics	Others	Group
Segment assets	15,179,062	504,390	15,683,452
Joint ventures	11,894	-	11,894
Associated companies	105,270	-	105,270
	<u>15,296,226</u>	<u>504,390</u>	<u>15,800,616</u>
Assets held for sale	46,361	-	46,361
Total assets	<u>15,342,587</u>	<u>504,390</u>	<u>15,846,977</u>
Segment liabilities	<u>(6,025,462)</u>	<u>(149,779)</u>	<u>(6,175,241)</u>
US\$'000	2020		
	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	144,987	-	144,987
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.

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	Additions to non-current assets [#]
Year ended 31st December 2021		
Asia	13,692,285	46,958
Europe	2,066,489	2,044
North America	833,975	4,969
Australia	239,436	45
Unallocated*	-	1,328,583
	<u>16,832,185</u>	<u>1,382,599</u>
Year ended 31st December 2020		
Asia	6,041,641	57,293
Europe	1,213,372	2,372
North America	752,992	1,511
Australia	183,299	50
Unallocated*	-	440,700
	<u>8,191,304</u>	<u>501,926</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 comprise additions to container vessels and capitalised dry-docking costs, containers and computer software costs.

5. Operating profit

US\$'000	2021	2020
Operating profit is arrived at after crediting:		
Operating lease rental income		
Land and buildings	<u>24,860</u>	<u>27,103</u>
and after charging:		
Depreciation of property, plant and equipment	277,654	235,090
Depreciation of right-of-use assets	276,313	195,599
Expenses relating to short-term leases and leases with low-value assets		
Vessels and equipment	384,460	321,153
Land and buildings	3,001	3,737
Direct operating expenses from property that generated rental income	15,172	16,707
Amortisation of intangible assets	15,765	21,497
Auditors' remuneration		
Audit	2,784	2,791
Non-audit	<u>1,476</u>	<u>1,436</u>

6. Finance costs

US\$'000	2021	2020
Interest expense		
Bank loans	14,716	24,507
Lease liabilities	49,644	67,874
	<u>64,360</u>	<u>92,381</u>
Amount capitalised under assets under construction	<u>(4,105)</u>	<u>(1,069)</u>
Net interest expense	<u>60,255</u>	<u>91,312</u>

7. Taxation

US\$'000	2021	2020
Current taxation		
PRC enterprise income tax	34,286	7,815
HKSAR profits tax	5,511	(1,980)
Overseas taxation	114,752	13,208
	<u>154,549</u>	<u>19,043</u>
Deferred taxation		
PRC enterprise income tax	7,927	(1,693)
HKSAR profits tax	(139)	(200)
Overseas taxation	46,510	(6,494)
	<u>54,298</u>	<u>(8,387)</u>
	<u>208,847</u>	<u>10,656</u>

Taxation has been provided at the appropriate tax rates prevailing in the countries in which the Group operates on the estimated assessable profits for the year. These rates range from 2.5% to 35% (2020: 5% to 35%) and the rate applicable for HKSAR profits tax is 16.5% (2020: 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 weighted average 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.

	2021	2020
Weighted average number of ordinary shares in issue (thousands)	<u>643,051</u>	<u>625,793</u>
Group's profit attributable to equity holders of the Company (US\$'000)	<u>7,128,127</u>	<u>902,723</u>
Earnings per share attributable to equity holders of the Company (US\$)	<u>11.08</u>	<u>1.44</u>

9. Dividends

The final and special dividends for 2020 of US\$320.3 million and US\$551.8 million respectively, and the interim and first special dividends for 2021 of US\$1,121.5 million and US\$1,688.6 million respectively have been accounted for as an appropriation of retained profit in the year ended 31st December 2021.

The Board of Directors proposes a final dividend in respect of 2021 of US\$2.61 (HK\$20.358 at the exchange rate of US\$1 : HK\$7.8) (2020: US50.26 cents (HK\$3.920 at the exchange rate of US\$1 : HK\$7.8)) per ordinary share. In addition, the Board of Directors proposes a second special dividend in respect of 2021 of US\$0.69 (HK\$5.382 at the exchange rate of US\$1 : HK\$7.8) per ordinary share. The proposed dividends will be accounted for as an appropriation of retained profit in the year ending 31st December 2022.

10. Debtors and prepayments

US\$'000	2021	2020
Trade receivables		
Third parties	642,286	446,246
Joint ventures	-	205
Fellow subsidiaries	12,044	6,598
Related companies	8,973	5,875
Less: Provision for impairment	<u>(73,133)</u>	<u>(47,566)</u>
Trade receivables - net	590,170	411,358
Other debtors	132,566	105,972
Other prepayments	215,579	132,150
Utility and other deposits	17,467	17,518
Amounts due from related parties		
Fellow subsidiaries	19,719	13,578
Related companies	<u>156</u>	<u>550</u>
	<u>975,657</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	2021	2020
Below 1 month	438,170	319,114
2 to 3 months	142,476	84,194
4 to 6 months	8,640	6,680
Over 6 months	<u>884</u>	<u>1,370</u>
	<u>590,170</u>	<u>411,358</u>

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 and amounts due from related parties are fully performing.

11. 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 31st December 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. The overall economic environment in the USA is still highly uncertain under the COVID-19 pandemic. 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. The operational results for the LBCT routes were very strong in 2021, it was primarily due to the remarkable freight rates, driven by the terminal congestion and shortage in supply of container vessels. However, management does not expect such high freight rates are sustainable in the medium to long term. As at 31st December 2021, 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. The Group estimated an onerous contract provision of US\$651.7 million as at 31st December 2021 (2020: US\$348.5 million).

Movements in the onerous provision are as follows:

US\$'000	2021	2020
Balance at beginning of year	348,545	-
Charged to consolidated profit and loss account	<u>303,200</u>	<u>348,545</u>
Balance at end of year	<u><u>651,745</u></u>	<u><u>348,545</u></u>

12. Creditors and accruals

US\$'000	2021	2020
Trade payables		
Third parties	196,391	213,626
Joint ventures	180	3,467
Fellow subsidiaries	30,963	92,410
Related companies	14,297	9,724
	241,831	319,227
Other creditors	159,187	144,343
Accrued expenses	2,035,487	894,288
Contract liabilities*	25,713	14,253
Amounts due to related parties		
Joint ventures	6,854	651
Fellow subsidiaries	10,174	13,489
Related companies	267	1,460
	2,479,513	1,387,711

* 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	2021	2020
Below 1 month	187,640	257,905
2 to 3 months	48,835	55,148
4 to 6 months	305	2,726
Over 6 months	5,051	3,448
	241,831	319,227

Results for 2021

The Group recorded a profit attributable to equity holders of US\$7,128.1 million for 2021, compared to a profit of US\$902.7 million in 2020.

OOIL ANNUAL RESULTS ANALYSIS		
<i>(US\$'000)</i>	2021	2020
Profit/(Loss) Before Taxation by Activity:		
Container Transport and Logistics	7,326,792	914,115
Other Activities	10,464	(441)
Profit Before Taxation	7,337,256	913,674
Taxation	(208,847)	(10,656)
Profit for the Year Ended 31st December	7,128,409	903,018
Non-Controlling Interests	(282)	(295)
Profit Attributable to Equity Holders	7,128,127	902,723

Review of Operations

Our results for 2021, which include the highest ever revenue, liftings and profit figures for our core container shipping and logistics business, surpassed even the outstanding outcome for 2020. The financial results were achieved in a context that is entirely without precedent. The second year of a pandemic that affected every country and every industry, 2021 produced enormous challenges.

Since the middle of 2020, our industry, indeed the entire supply chain, has been battling the same confluence of factors. After global economies began to reopen after lockdowns driven by the pandemic, levels of demand consistently outperformed expectations, especially, but not only, on routes from Asia to North America. At the same time, despite full deployment of capacity, with more capacity than ever before being utilised on the routes with the highest demand, effective levels of supply have rarely managed to keep pace with that strong demand. The reason for this is well known: a long list of causes of disruption have brought severe congestion to many of the key hubs of container shipping, slowing down the round trips made by each vessel, and, in effect, reducing the capacity available to transport our customers' cargo.

If there were just one cause of all this disruption, or if all disruption originated in one region, we might already have been able to resolve the current problems. However, it is not that simple. Over the course of 2021, 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, COVID-19 rules affecting the availability of labour in terminals, depots, yards, quarantining requirements for vessel crew causing operational delays, and a range of other difficulties. The global container shipping system is one large, interconnected network: as we have been reminded multiple times over the past two years, even seemingly small or time-limited incidents and delays can create powerful ripple effects around the world, and large disruptions can cause even more severe and long-lasting challenges.

Our relationships with our customers are key to our success. We have consistently worked to assist our customers through these challenging times, honouring our contractual commitments, seeking new ways to co-operate with them on an end-to-end basis, helping them navigate the challenges of schedule changes and congestion, and adding extra capacity where possible. We look forward to continuing to deepen and extend our relationships with our customers in this way.

We have continued to explore new ways of creating additional synergy from our position within the COSCO SHIPPING Group. Our teams continue to have success in identifying new forms of co-operation, and we believe that this will be a critical part of our success in the coming years. Access to additional capacity from within the COSCO SHIPPING Group, whether through our ability to share container boxes or the option to take additional space onboard COSCO SHIPPING Lines's vessels has proved hugely valuable this year, and is a concrete example of where our co-operation brings tangible benefits to our Group and to our customers.

The Group's long-established and consistent pattern of measured and intelligent growth continues. In September 2021, we announced that the Group had placed orders for ten 16,000 TEU vessels, for a total cost of US\$1.576 billion, for delivery between the fourth quarter of 2024 and the fourth quarter of 2025. These vessels are added to twelve 23,000 TEU vessels that we already have under construction, for delivery during 2023-2024. Not only will these modern, efficient vessels improve our cost structure and environmental efficiency, but they also serve as clear evidence of the entire Group's continuing commitment to our very successful dual brand strategy. Our newbuilding programme of 22 vessels is a clear indication of the intention of the COSCO SHIPPING Group, of which OOIL is an integral part, to be a leading player in the top echelon of the industry.

Seafarers, through their efforts and sacrifices, have kept world trade flowing during this pandemic, and we all owe them a special debt of thanks. We will exert every effort to ensure the safety and wellbeing of our seafarers, and this includes going the extra mile to help them return home at the end of each assignment, as well as facilitating arrangements, wherever possible, to allow all those of our seafarers who wish to be vaccinated, to be vaccinated. We believe that it is our duty to be among the very best performers in this regard.

Our logistics business, OOCL Logistics, performed very well during 2021. OOCL Logistics expertise in various modes of transportation has been extremely valuable, as we helped our customers find the best solutions for their supply chain needs. We believe that co-operation between our logistics business and our liner activities will help to drive our groupwide strategic growth plan for end-to-end services.

The OOIL Group continues to advance its longstanding track record as a leader in technology and digital innovation. Our Freightsmart platform, which provides instant quotation and booking, has provided a valuable additional channel for our customers, and we look forward to building on its very impressive start. We continue to develop IQAX, a wholly-owned subsidiary, which will play a leading role in driving the digital transformation of the container shipping industry. Our Business Continuity Infrastructure has been put to the test throughout the pandemic, as various countries introduced COVID-19 restrictions resulting in home working – at all times, we were able to maintain business operations and high-quality customer service.

Based on an independent valuation as at 31st December 2021, Wall Street Plaza was valued upwards by US\$5.0 million, reflecting an assessed market value of US\$285.0 million. Taking into consideration of US\$4.7 million capital expenditures on the building in 2021, the fair value gain for 2021 has come to US\$0.3 million. As at 31st December 2020, Wall Street Plaza was valued at US\$280.0 million.

Looking Forward

In terms of outlook, at the time of writing, purely in terms of the container shipping market, the market situation remains very similar to what we saw during 2021. Demand still appears to be resilient, and continuing congestion and disruption around the world mean that there is considerable pressure on available space and consequently high demand for our services. It seems unlikely that this situation will change materially during the first half of 2022, but we will continue to pay close attention to key leading indicators and to the forecasts and expectations of our customers. Beyond the first half of 2022, forecasting becomes even more difficult, and it remains true that the full implications of the COVID-19 pandemic on world trade have yet to be seen, particularly in terms of supply chain evolution. We will remain attentive to market trends, and will seek to be at the forefront of positive developments, including enhancing relationships with our customers, offering more end-to-end solutions, and leading the process of digitalisation in our industry.

Even if the outlook from a purely container shipping perspective continues to encourage cautious optimism, at least in the near term, we are mindful of other events that could impact performance in the next few months. We refer not only to geo-political events, but also to potential further recurrences of COVID-19 outbreaks, high inflation and indeed to unexpected events that could arise during these uncertain times.

Be assured, no matter the challenges, OOIL will adapt and be ready to serve its customers. It is pleasing to see how successful the Dual Brand strategy has been since OOIL's entry into the COSCO SHIPPING Group in 2018, and in line with the clear vision of our 14th Five-Year Plan, the Dual Brand will continue to go from success to success. We will continue to work tirelessly and diligently to be at the forefront of our industry, as a Vital Link to World Trade.

Final and Second Special Dividends

The Board of Directors of the Company (the "Board") has recommended the payment of a final dividend of US\$2.61 (HK\$20.358 at the exchange rate of US\$1 : HK\$7.8) per ordinary share and a second special dividend of US\$0.69 (HK\$5.382 at the exchange rate of US\$1 : HK\$7.8) per ordinary share for the year ended 31st December 2021 to be paid on 28th June 2022 to the shareholders of the Company whose names appear on the register of members of the Company on 31st May 2022. 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 20th June 2022.

Liquidity and Financial Resources

As at 31st December 2021, the Group had liquid assets amounting to US\$7,369.6 million and a total indebtedness of US\$2,690.6 million. The Group had a net cash to equity ratio of 0.48 : 1 as at end of 2021, compared with 0.04 : 1 at the end of 2020.

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 2021, the Group had 10,678 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 16th May 2022 to 20th May 2022, both days inclusive, to ascertain the shareholders entitled to attend and vote at the annual general meeting of the Company to be held on 20th May 2022 (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 13th May 2022; and
- (b) from 27th May 2022 to 31st May 2022, both days inclusive, to ascertain the shareholders entitled to the proposed final and second special dividends. During this period, no transfer of shares will be registered. To qualify for the proposed final and second 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 26th May 2022.

Purchase, Sale or Redemption of Shares

During the year ended 31st December 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 the management of the Company are committed to maintaining high standards of corporate governance. The Company considers that effective corporate governance makes an important contribution to corporate success and to the enhancement of shareholder value.

The Company has adopted its own corporate governance code (the “CG Code”), which in addition to applying the principles as set out in the Corporate Governance Code (the “SEHK Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “HKEX”), 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 2021, the Company complied with the SEHK Code.

Further information on the CG Code will be set out in the Corporate Governance Report contained in the Company’s 2021 Annual Report.

Review of Financial Statements

The Audit Committee has reviewed the annual results of the Group for the year ended 31st December 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 had fully complied with the required standards set out in both the Code and the Model Code for the year ended 31st December 2021.

Annual General Meeting

The AGM will be held on 20th May 2022. Notice of the AGM will be despatched to the shareholders of the Company on or around 14th April 2022.

Publication of Results Announcement and Annual Report

This annual results announcement is published on the websites of HKEX at <https://www.hkexnews.hk> and the Company at <https://www.ooilgroup.com>. The 2021 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 28th April 2022.

Directors

As at the date of this announcement, our Executive Directors are Mr. WAN Min, 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

WAN Min
Chairman

Hong Kong, 25th March 2022

* *For identification purpose only*

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