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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)

2023 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 2023 as follows:

Consolidated Profit and Loss Account For the year ended 31st December 2023

| US\$'000 | Note | 2023 | 2022 |
|--|------|-------------------------|-------------------------|
| Revenue | 4 | 8,343,857 | 19,820,188 |
| Operating costs | | <u>(7,188,523)</u> | <u>(9,395,608)</u> |
| Gross profit | | 1,155,334 | 10,424,580 |
| Other operating income | | 499,962 | 252,044 |
| Business and administrative expenses | | (280,161) | (662,804) |
| Reversal of impairment losses on financial assets, net | | 20,709 | 7,612 |
| Other gains, net | | <u>9,832</u> | <u>57,669</u> |
| Operating profit | 5 | 1,405,676 | 10,079,101 |
| Finance costs | 6 | (28,496) | (61,138) |
| Share of profits of joint ventures | | 4,041 | 2,689 |
| Share of (losses)/profits of associated companies | | <u>(660)</u> | <u>7,091</u> |
| Profit before taxation | | 1,380,561 | 10,027,743 |
| Taxation | 7 | <u>(11,452)</u> | <u>(61,505)</u> |
| Profit for the year | | <u>1,369,109</u> | <u>9,966,238</u> |
| Profit attributable to: | | | |
| Equity holders of the Company | | 1,367,852 | 9,965,245 |
| Non-controlling interests | | <u>1,257</u> | <u>993</u> |
| | | <u>1,369,109</u> | <u>9,966,238</u> |
| Earnings per ordinary share (US\$) | 8 | | |
| Basic and diluted | | <u>2.07</u> | <u>15.09</u> |

Consolidated Statement of Comprehensive Income
For the year ended 31st December 2023

| US\$'000 | 2023 | 2022 |
|---|--------------------------------|-------------------------|
| Profit for the year | <u>1,369,109</u> | <u>9,966,238</u> |
| Other comprehensive loss: | | |
| Item that will not be subsequently reclassified to profit or loss: | | |
| Remeasurement losses on defined benefit schemes | <u>(1,392)</u> | <u>(4,054)</u> |
| Items that have been reclassified or may be reclassified subsequently to profit or loss: | | |
| Currency translation adjustments | | |
| Subsidiaries | (14,548) | (37,920) |
| Joint ventures | (152) | (655) |
| Associated companies | (1,532) | (8,176) |
| Release of reserve upon disposal of a subsidiary and an associated company | <u>-</u> | <u>(7,917)</u> |
| Total amount that has been reclassified or may be reclassified subsequently to profit or loss | <u>(16,232)</u> | <u>(54,668)</u> |
| Other comprehensive loss for the year, net of tax | <u>(17,624)</u> | <u>(58,722)</u> |
| Total comprehensive income for the year | <u><u>1,351,485</u></u> | <u><u>9,907,516</u></u> |
| Total comprehensive income attributable to: | | |
| Equity holders of the Company | 1,350,189 | 9,906,695 |
| Non-controlling interests | <u>1,296</u> | <u>821</u> |
| | <u><u>1,351,485</u></u> | <u><u>9,907,516</u></u> |

Consolidated Balance Sheet
As at 31st December 2023

| US\$'000 | Note | 2023 | 2022 |
|--|------|-------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 5,607,991 | 4,696,239 |
| Right-of-use assets | | 1,861,705 | 2,509,695 |
| Investment property | | 250,000 | 270,000 |
| Investments in joint ventures | | 9,906 | 9,916 |
| Investments in associated companies | | 88,399 | 96,332 |
| Intangible assets | | 7,679 | 10,805 |
| Deferred taxation assets | | 14,903 | 30,349 |
| Pension and retirement assets | | 13,490 | 10,093 |
| Restricted bank balances | | 296 | 300 |
| Investments at fair value through other comprehensive income | | 34 | 34 |
| Investments at amortised cost | | 52,926 | 52,966 |
| Other non-current assets | | 11,516 | 17,945 |
| | | <u>7,918,845</u> | <u>7,704,674</u> |
| Current assets | | | |
| Inventories | | 197,186 | 179,561 |
| Debtors and prepayments | 10 | 743,212 | 873,260 |
| Investments at amortised cost | | - | 35,340 |
| Portfolio investments at fair value through profit or loss | | 13,413 | 13,369 |
| Tax recoverable | | 10,794 | 11,929 |
| Restricted bank balances | | 3,547 | 3,126 |
| Cash and bank balances | | 6,722,188 | 11,213,902 |
| | | <u>7,690,340</u> | <u>12,330,487</u> |
| Total assets | | <u>15,609,185</u> | <u>20,035,161</u> |
| EQUITY | | | |
| Equity holders | | | |
| Share capital | | 66,037 | 66,037 |
| Reserves | | 11,141,059 | 13,369,961 |
| | | <u>11,207,096</u> | <u>13,435,998</u> |
| Non-controlling interests | | <u>3,267</u> | <u>2,900</u> |
| Total equity | | <u>11,210,363</u> | <u>13,438,898</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Lease liabilities | | 919,370 | 1,367,909 |
| Deferred taxation liabilities | | 190,718 | 192,868 |
| Provision | 11 | 916,745 | 894,745 |
| | | <u>2,026,833</u> | <u>2,455,522</u> |
| Current liabilities | | | |
| Creditors and accruals | 12 | 1,750,516 | 3,282,974 |
| Lease liabilities | | 518,868 | 712,211 |
| Current taxation | | 102,605 | 145,556 |
| | | <u>2,371,989</u> | <u>4,140,741</u> |
| Total liabilities | | <u>4,398,822</u> | <u>6,596,263</u> |
| Total equity and liabilities | | <u>15,609,185</u> | <u>20,035,161</u> |

Consolidated Cash Flow Statement
For the year ended 31st December 2023

| US\$'000 | 2023 | 2022 |
|--|--------------------|--------------------|
| Cash flows from operating activities | | |
| Cash generated from operations | 714,711 | 11,412,621 |
| Interest and financing charges paid | (59,062) | (53,949) |
| Income tax paid | (38,453) | (105,658) |
| Net cash from operating activities | <u>617,196</u> | <u>11,253,014</u> |
| Cash flows from investing activities | | |
| Proceeds from disposal of property, plant and equipment | 47,571 | 149,399 |
| Sale and redemption on maturity of non-current assets | 36,766 | 27,697 |
| Purchase of property, plant and equipment | (1,378,086) | (524,841) |
| Purchase of other non-current assets | (11,821) | (23,605) |
| Decrease in portfolio investments at fair value through profit or loss | - | 39,025 |
| Disposal of a subsidiary | - | 52,442 |
| Proceeds from disposal of an associated company | 2,944 | - |
| Investments in associated companies | (439) | (1,000) |
| (Increase)/decrease in restricted bank balances and bank deposits maturing more than three months from the date of placement | (3,843,395) | 1,505,742 |
| Interest received | 495,112 | 183,053 |
| Dividends and distribution received from investments | 548 | 702 |
| Dividends received from joint ventures and associated companies | 10,079 | 11,459 |
| Net cash (used in)/from investing activities | <u>(4,640,721)</u> | <u>1,420,073</u> |
| Cash flows from financing activities | | |
| Repayment of loans | - | (251,165) |
| Repayment of lease liabilities | (714,760) | (722,592) |
| Dividends paid to equity holders of the Company | (3,579,223) | (6,141,471) |
| Dividends paid to non-controlling interests | (929) | - |
| Net cash used in financing activities | <u>(4,294,912)</u> | <u>(7,115,228)</u> |
| Net (decrease)/increase in cash and cash equivalents | (8,318,437) | 5,557,859 |
| Cash and cash equivalents at beginning of year | 9,463,902 | 3,940,809 |
| Currency translation adjustments | (16,255) | (34,766) |
| Cash and cash equivalents at end of year | <u>1,129,210</u> | <u>9,463,902</u> |
| Analysis of cash and cash equivalents | | |
| Cash and bank balances | 6,722,188 | 11,213,902 |
| Bank deposits maturing more than three months from the date of placement | <u>(5,592,978)</u> | <u>(1,750,000)</u> |
| Cash and cash equivalents at end of year | <u>1,129,210</u> | <u>9,463,902</u> |

Consolidated Statement of Changes in Equity
For the year ended 31st December 2023

| US\$'000 | Equity holders | | | Non-controlling interests | Total |
|---|----------------|-------------------|-------------------|---------------------------|-------------------|
| | Share capital | Reserves | Sub-total | | |
| At 1st January 2022 | 66,037 | 9,603,620 | 9,669,657 | 2,079 | 9,671,736 |
| Total comprehensive income for the year | - | 9,906,695 | 9,906,695 | 821 | 9,907,516 |
| Transactions with owners | | | | | |
| Employee share-based compensation | - | 1,117 | 1,117 | - | 1,117 |
| 2021 final dividend | - | (1,723,574) | (1,723,574) | - | (1,723,574) |
| 2021 second special dividend | - | (455,658) | (455,658) | - | (455,658) |
| 2022 interim dividend | - | (2,265,080) | (2,265,080) | - | (2,265,080) |
| 2022 first special dividend | - | (1,697,159) | (1,697,159) | - | (1,697,159) |
| At 31st December 2022 and 1st January 2023 | 66,037 | 13,369,961 | 13,435,998 | 2,900 | 13,438,898 |
| Total comprehensive income for the year | - | 1,350,189 | 1,350,189 | 1,296 | 1,351,485 |
| Transactions with owners | | | | | |
| Employee share-based compensation | - | 132 | 132 | - | 132 |
| 2022 final dividend | - | (1,723,574) | (1,723,574) | - | (1,723,574) |
| 2022 second special dividend | - | (1,287,728) | (1,287,728) | - | (1,287,728) |
| 2023 interim dividend | - | (455,658) | (455,658) | - | (455,658) |
| 2023 first special dividend | - | (112,263) | (112,263) | - | (112,263) |
| Dividends paid to non-controlling interests | - | - | - | (929) | (929) |
| At 31st December 2023 | 66,037 | 11,141,059 | 11,207,096 | 3,267 | 11,210,363 |

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 2023 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 2023. 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 HM 11, Bermuda and the principal office is 31st Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, China.

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

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

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 new or revised standards

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

New standard and amendments to existing standards

| | |
|--|--|
| HKAS 1 and HKFRS Practice Statement 2 (Amendments) | Disclosure of Accounting Policies |
| HKAS 8 (Amendment) | Definition of Accounting Estimates |
| HKAS 12 (Amendment) | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| HKAS 12 (Amendment) | International Tax Reform - Pillar Two Model Rules |
| HKFRS 17 and HKFRS 17 (Amendment) | Insurance Contracts |
| HKFRS 17 (Amendment) | Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information |

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

3. Accounting policies and basis of preparation (Continued)

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

| Amendments and interpretation to existing standards | | Effective for accounting periods beginning on or after |
|--|--|---|
| HK Int 5 (Revised) | Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | 1st January 2024 |
| HKAS 1 (Amendment) | Classification of Liabilities as Current or Non-current | 1st January 2024 |
| HKAS 1 (Amendment) | Non-current Liabilities with Covenants | 1st January 2024 |
| HKAS 7 and HKFRS 7 (Amendments) | Supplier Finance Arrangements | 1st January 2024 |
| HKFRS 16 (Amendment) | Lease Liability in a Sale and Leaseback | 1st January 2024 |
| HKAS 21 (Amendment) | Lack of Exchangeability | 1st January 2025 |
| HKFRS 10 and HKAS 28 (Amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be announced |

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

4. Revenue and segment information

(a) Revenue

| US\$'000 | 2023 | 2022 |
|-----------------------------------|------------------|-------------------|
| Container transport and logistics | 8,319,049 | 19,796,285 |
| Others | 24,808 | 23,903 |
| | <u>8,343,857</u> | <u>19,820,188</u> |

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

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

(b) Segment information

Operating segments

The segment results for the year ended 31st December 2023 are as follows:

| US\$'000 | Container transport and logistics | Others | Total |
|---|-----------------------------------|-----------------|------------------|
| Revenue from contracts with customers: | | | |
| Over time | 8,220,487 | - | 8,220,487 |
| Revenue from other source | 98,562 | 24,808 | 123,370 |
| | <u>8,319,049</u> | <u>24,808</u> | <u>8,343,857</u> |
| Other operating income | 495,682 | 4,280 | 499,962 |
| | <u>8,814,731</u> | <u>29,088</u> | <u>8,843,819</u> |
| Operating profit/(loss) | 1,417,746 | (12,070) | 1,405,676 |
| Finance costs | (28,496) | - | (28,496) |
| Share of profits of joint ventures | 4,041 | - | 4,041 |
| Share of losses of associated companies | (660) | - | (660) |
| Profit/(loss) before taxation | <u>1,392,631</u> | <u>(12,070)</u> | <u>1,380,561</u> |
| Taxation | (16,054) | 4,602 | (11,452) |
| Profit/(loss) for the year | <u>1,376,577</u> | <u>(7,468)</u> | <u>1,369,109</u> |
| Fair value loss from an investment property | - | 21,403 | 21,403 |
| Additions to non-current assets* | 1,154,688 | 1,408 | 1,156,096 |
| Depreciation of property, plant and equipment | 378,746 | 16 | 378,762 |
| Depreciation of right-of-use assets | 464,423 | - | 464,423 |
| Amortisation of intangible assets | 4,472 | - | 4,472 |

4. Revenue and segment information (Continued)

(b) Segment information (Continued)

Operating segments (Continued)

The segment results for the year ended 31st December 2022 are as follows:

| US\$'000 | Container transport and logistics | Others | Total |
|---|--|----------------|-------------------|
| Revenue from contracts with customers: | | | |
| Over time | 19,741,030 | - | 19,741,030 |
| Revenue from other source | <u>55,255</u> | <u>23,903</u> | <u>79,158</u> |
| | 19,796,285 | 23,903 | 19,820,188 |
| Other operating income | <u>245,927</u> | <u>6,117</u> | <u>252,044</u> |
| | <u>20,042,212</u> | <u>30,020</u> | <u>20,072,232</u> |
| Operating profit/(loss) | 10,090,263 | (11,162) | 10,079,101 |
| Finance costs | (61,138) | - | (61,138) |
| Share of profits of joint ventures | 2,689 | - | 2,689 |
| Share of profits of associated companies | <u>7,091</u> | <u>-</u> | <u>7,091</u> |
| Profit/(loss) before taxation | 10,038,905 | (11,162) | 10,027,743 |
| Taxation | <u>(66,302)</u> | <u>4,797</u> | <u>(61,505)</u> |
| Profit/(loss) for the year | <u>9,972,603</u> | <u>(6,365)</u> | <u>9,966,238</u> |
| Fair value loss from an investment property | - | 16,964 | 16,964 |
| Additions to non-current assets* | 1,309,167 | 2,024 | 1,311,191 |
| Depreciation of property, plant and equipment | 339,696 | 22 | 339,718 |
| Depreciation of right-of-use assets | 514,419 | - | 514,419 |
| Amortisation of intangible assets | <u>6,839</u> | <u>-</u> | <u>6,839</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 2023 and 2022 are as follows:

| US\$'000 | 2023 | | |
|----------------------------|-----------------------------------|------------------|--------------------|
| | Container transport and logistics | Others | Group |
| Segment assets | 14,904,964 | 605,731 | 15,510,695 |
| Joint ventures | 10,091 | - | 10,091 |
| Associated companies | 88,399 | - | 88,399 |
| Total assets | 15,003,454 | 605,731 | 15,609,185 |
| Segment liabilities | (4,264,996) | (133,826) | (4,398,822) |
| US\$'000 | 2022 | | |
| | Container transport and logistics | Others | Group |
| Segment assets | 19,513,595 | 415,318 | 19,928,913 |
| Joint ventures | 9,916 | - | 9,916 |
| Associated companies | 96,332 | - | 96,332 |
| Total assets | 19,619,843 | 415,318 | 20,035,161 |
| Segment liabilities | (6,456,306) | (139,957) | (6,596,263) |

The segment of “Others” primarily includes assets and liabilities of property investment and corporate level activities. Assets under the segment of “Others” consist primarily of investment property, investments at amortised cost, portfolio investments at fair value through profit or loss together with cash and bank balances related to property investment activities. 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 below 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 2023 | | |
| Asia | 5,885,401 | 54,890 |
| Europe | 1,398,935 | 8,077 |
| North and South America | 703,326 | 3,806 |
| Australia and Africa | 356,195 | 2,897 |
| Unallocated* | - | 1,086,426 |
| | <u>8,343,857</u> | <u>1,156,096</u> |
| Year ended 31st December 2022 | | |
| Asia | 15,788,208 | 36,101 |
| Europe | 2,729,105 | 1,764 |
| North America | 926,043 | 5,099 |
| Australia | 376,832 | 73 |
| Unallocated* | - | 1,268,154 |
| | <u>19,820,188</u> | <u>1,311,191</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, assets under construction, scrubbers and vessel equipment, containers and computer software costs.

5. Operating profit

| US\$'000 | 2023 | 2022 |
|---|-------------------|-------------------|
| Operating profit is arrived at after crediting: | | |
| Operating lease rental income | | |
| Land and buildings | 24,808 | 23,903 |
| Gain on disposal of property, plant and equipment | 12,753 | 99,837 |
| Exchange gain | 18,383 | - |
| | <u> </u> | <u> </u> |
| and after charging: | | |
| Depreciation of property, plant and equipment | 378,762 | 339,718 |
| Depreciation of right-of-use assets | 464,423 | 514,419 |
| Amortisation of intangible assets | 4,472 | 6,839 |
| Expenses relating to short-term leases and leases with low-value assets | | |
| Vessels and equipment | 407,798 | 333,829 |
| Land and buildings | 3,676 | 3,302 |
| Direct operating expenses from property that generated rental income | 15,373 | 14,931 |
| Auditors' remuneration | | |
| Audit | 2,970 | 2,917 |
| Non-audit | 968 | 1,569 |
| Exchange loss | - | 36,291 |
| | <u> </u> | <u> </u> |

6. Finance costs

| US\$'000 | 2023 | 2022 |
|--|-------------------|-------------------|
| Interest expense | | |
| Bank loans | - | 6,341 |
| Lease liabilities | 72,200 | 68,016 |
| | <u> </u> | <u> </u> |
| | 72,200 | 74,357 |
| Amount capitalised under assets under construction | (43,704) | (13,219) |
| Net interest expense | <u>28,496</u> | <u>61,138</u> |

7. Taxation

| US\$'000 | 2023 | 2022 |
|--------------------|----------------|-----------------|
| Current taxation | | |
| HKSAR profits tax* | (12,370) | 5,534 |
| Non HKSAR taxation | <u>10,464</u> | <u>84,996</u> |
| | <u>(1,906)</u> | <u>90,530</u> |
| Deferred taxation | | |
| HKSAR profits tax | (1) | 337 |
| Non HKSAR taxation | <u>13,359</u> | <u>(29,362)</u> |
| | <u>13,358</u> | <u>(29,025)</u> |
| | <u>11,452</u> | <u>61,505</u> |

* The negative amount for 2023 represents over-provision of prior year.

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 year. These rates range from 5% to 39% (2022: 2.5% to 34.2%) and the rates applicable to the withholding tax for undistributed earnings of subsidiaries range from 5% to 30% (2022: 5% to 30%). The HKSAR profits tax for ocean freight transportation business is charged based on the relevant entity's Hong Kong-sourced income (i.e. at a percentage of the total worldwide ocean freight transportation business profit) under the HKSAR tax incentive regime for international shipping businesses and at the applicable tax rate of 16.5% (2022: 16.5%).

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.

| | 2023 | 2022 |
|--|-------------------------|------------------|
| Weighted average number of ordinary shares in issue (thousands) | <u>660,373</u> | <u>660,373</u> |
| Group's profit attributable to equity holders of the Company (US\$'000) | <u>1,367,852</u> | <u>9,965,245</u> |
| Earnings per share attributable to equity holders of the Company (US\$) | <u>2.07</u> | <u>15.09</u> |

9. Dividends

The final and second special dividends for 2022 of US\$1,723.6 million and US\$1,287.7 million respectively, and the interim and first special dividends for 2023 of US\$455.7 million and US\$112.3 million respectively have been accounted for as an appropriation of retained profit in the year ended 31st December 2023.

The Board of Directors proposes a final dividend in respect of 2023 of US\$0.145 (HK\$1.131 at the exchange rate of US\$1 : HK\$7.8) (2022: US\$2.61 (HK\$20.358 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 2023 of US\$0.036 (HK\$0.281 at the exchange rate of US\$1 : HK\$7.8) (2022: US\$1.95 (HK\$15.210 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 2024.

10. Debtors and prepayments

| US\$'000 | 2023 | 2022 |
|----------------------------------|-----------------------|-----------------------|
| Trade receivables | | |
| Third parties | 328,616 | 487,673 |
| Joint ventures | 185 | - |
| Fellow subsidiaries | 4,955 | 12,123 |
| Related companies | 878 | 644 |
| Less: Provision for impairment | <u>(40,123)</u> | <u>(62,164)</u> |
| Trade receivables - net | 294,511 | 438,276 |
| Other debtors* | 228,532 | 221,235 |
| Other prepayments | 150,260 | 171,509 |
| Utility and other deposits | 14,878 | 16,065 |
| Amounts due from related parties | | |
| Fellow subsidiaries | 31,782 | 13,911 |
| Related companies | <u>23,249</u> | <u>12,264</u> |
| | <u><u>743,212</u></u> | <u><u>873,260</u></u> |

* The balance included slot hire receivable.

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 | 2023 | 2022 |
|---------------|-----------------------|-----------------------|
| Below 1 month | 231,170 | 307,781 |
| 2 to 3 months | 56,742 | 122,301 |
| 4 to 6 months | 5,464 | 8,051 |
| Over 6 months | <u>1,135</u> | <u>143</u> |
| | <u><u>294,511</u></u> | <u><u>438,276</u></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 2023, the Group reassessed the expected number of vessel lifts in LBCT for each of the remaining contract years with reference to future prospects of the market and its expected load factor. The overall economic environment in the USA is still highly uncertain, and it is expected that high inflation and interest rate environment would slow down the USA economy growth and would have some negative impact to the demand/import of the USA in the near future. As at 31st December 2023, with these uncertainties over such a long-term contract period, management reassessed that the projected vessel lifts in LBCT would result in a shortfall on minimum volume commitment over the remaining contract period. The Group estimated an onerous contract provision of US\$916.7 million as at 31st December 2023 (2022: US\$894.7 million).

Movements in the onerous provision are as follows:

| US\$'000 | 2023 | 2022 |
|---|----------------|----------------|
| Balance at beginning of year | 894,745 | 651,745 |
| Charged to consolidated profit and loss account | <u>22,000</u> | <u>243,000</u> |
| Balance at end of year | <u>916,745</u> | <u>894,745</u> |

12. Creditors and accruals

| US\$'000 | 2023 | 2022 |
|--------------------------------|------------------|------------------|
| Trade payables | | |
| Third parties | 208,233 | 156,028 |
| Joint ventures | 1,169 | 1,214 |
| Fellow subsidiaries | 19,966 | 39,553 |
| Related companies | <u>30,590</u> | <u>19,128</u> |
| | 259,958 | 215,923 |
| Other creditors | 175,639 | 176,976 |
| Accrued expenses [#] | 1,288,080 | 2,483,714 |
| Contract liabilities* | 17,848 | 34,649 |
| Amounts due to related parties | | |
| Joint ventures | 4,230 | 7,172 |
| Fellow subsidiaries | 4,457 | 4,520 |
| Related companies [^] | <u>304</u> | <u>360,020</u> |
| | <u>1,750,516</u> | <u>3,282,974</u> |

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

^{*} 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.

[^] As at 31st December 2022, the amounts due to related companies mainly included instalment payables for vessels under construction.

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

| US\$'000 | 2023 | 2022 |
|---------------|----------------|----------------|
| Below 1 month | 188,639 | 158,991 |
| 2 to 3 months | 64,880 | 50,106 |
| 4 to 6 months | 806 | 2,547 |
| Over 6 months | <u>5,633</u> | <u>4,279</u> |
| | <u>259,958</u> | <u>215,923</u> |

Results for 2023

The Group recorded a profit attributable to equity holders of US\$1,367.9 million for 2023, compared to a profit of US\$9,965.2 million in 2022.

| OOIL ANNUAL RESULTS ANALYSIS | | |
|---|------------------|-------------------|
| <i>(US\$'000)</i> | 2023 | 2022 |
| Profit/(Loss) Before Taxation by Activity: | | |
| Container Transport and Logistics | 1,392,631 | 10,038,905 |
| Other Activities | (12,070) | (11,162) |
| Profit Before Taxation | 1,380,561 | 10,027,743 |
| Taxation | (11,452) | (61,505) |
| Profit for the Year Ended 31st December | 1,369,109 | 9,966,238 |
| Non-Controlling Interests | (1,257) | (993) |
| Profit Attributable to Equity Holders | 1,367,852 | 9,965,245 |

Review of Operations

The exceptionally robust container shipping market that we witnessed during the pandemic is now far behind us, and we have returned to a rather normal yet uncertain year 2023. The cargo demand recovery was not as strong as many anticipated, affected by high inflation, slowdown in economic growth of advanced economies, as well as the consumer spending patterns shifting in the post-pandemic. As carriers' schedule became more reliable, retailers opted towards a just-in-time approach when restocking, thereby delaying demand to a certain extent. On the supply side, with the alleviation of bottlenecks, and the continuous delivery of new ships, the change in supply has undoubtedly exceeded in demand and the continuous decline of freight rates.

So far, we have taken delivery of 7 newly built 24,188 TEU container ships. The delivery of these new ships will not only help to increase the capacity and also realise the Group's endeavours to modernise its fleet from a technology and configuration standpoint, improving its cost-effectiveness and market competitiveness, help the Dual-Brand achieve the goal of maintaining its world's first echelon status and is also another proof of OOIL's commitment in energy conservation, carbon reduction, and environmental protection.

Cooperation with fellow members of the COSCO SHIPPING Group and alliances helps to further expand OOIL's network, strengthen cost management capabilities, and contribute to the Group in increasing revenue and reducing expenditure. We believe the advantages of Dual Brand will continue to be beneficial to the Group's future development.

Despite the immense overall market pressure in 2023, our logistics company, OOCL Logistics, has made great progress in the field of dry cargo and cold chain transportation, achieving double-digit revenue growth. In the future, OOCL Logistics will continue to work closely with shipping companies to provide customers with a full range of high-quality services.

This year, OOIL continues to be committed in promoting the digitalisation of the industry. We will take full advantage of using big data and AI to optimise the management of our boxes, ships and cargo, and improve customer satisfaction. IQAX, our wholly-owned IT company, has successfully launched electronic bills of lading (“eBL”). In early December 2023, the processing volume of eBL has exceeded 100,000. Relying on the FreightSmart and GSBN, we not only strengthened our relationships with our business partners, but also created more end-to-end digital solutions and expanded them to different countries and regions, improving customers' supply chain through the Group's platform with one-stop management experience.

Based on an independent valuation as at 31st December 2023, Wall Street Plaza was valued downwards by US\$20.0 million, reflecting an assessed market value of US\$250.0 million. Taking into consideration of US\$1.4 million capital expenditures on the building in 2023, the fair value loss for 2023 has come to US\$21.4 million. As at 31st December 2022, Wall Street Plaza was valued at US\$270.0 million.

Looking Forward

Looking ahead, the shipping market remains uncertain. The global economy seems to be recovering, but the pace may be slow and with uncertainties; interest rates on the other hand seem to have peaked, but remain hovering at high levels; the 2M alliance will be terminated, Gemini Corporation emerged, and Ocean Alliance announced further extension; geopolitical tensions and new environmental regulations, including the EU carbon tax, etc., have posed challenges to the entire supply chain. There is no doubt that all these will have a long-lasting impact on the future development of the shipping market.

Since the beginning of 2024, the situation in the Red Sea is still one of the key factors affecting the container shipping market. With the tension in the Red Sea not being relieved, shipping companies will continue to navigate through the Cape of Good Hope in the coming months. In combination with the traditional peak season prior to Chinese New Year, freight rates have risen even more. However, the current supply chain tension is caused by the re-routing of vessels, which is quite different compared to the spike in demand, inadequate supply, and interruption of the supply chain during pandemic period between 2020 and 2022. It is difficult to predict what the changeable trend would be. What is obvious is that the container shipping market is highly susceptible to any form of major disruption; and the complete effect will not be seen until the original balance is restored or a new equilibrium is found.

Regardless of the prospects, OOIL will continue to focus on being customer-centric, proactively and quickly respond to challenges, and provide high-quality services and green operations, 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\$0.145 (HK\$1.131 at the exchange rate of US\$1 : HK\$7.8) per ordinary share and the second special dividend of US\$0.036 (HK\$0.281 at the exchange rate of US\$1 : HK\$7.8) per ordinary share for the year ended 31st December 2023 to be paid on 28th June 2024 to the shareholders of the Company whose names appear on the register of members of the Company on 31st May 2024. The final and second special dividends will be paid in the same currency, either US dollars or HK dollars. Shareholders, who wish to change their existing currency election, should complete a dividend election form 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 2024.

Dividend Policy

Shareholders of the same class of shares shall have equal rights to dividends and distributions. The Company adopted a dividend policy (the “Dividend Policy”) that balances the objectives of appropriately rewarding the shareholders for their investment and retaining reserves for long-term development and future expansion of the Company, and enhances transparency facilitating shareholders and investors to make informed investment decisions.

The Dividend Policy has a target annual dividend payout of 30% to 50% of the consolidated net profit attributed to the shareholders of the Company in the financial years of 2024, 2025 and 2026, whether as interim and/or final dividends, subject to, inter alia, the financial performance, liquidity position, future plans and working capital requirements of the Company and the prevailing economic, financial, business and regulatory circumstances. The Company may also declare special dividends from time to time in addition to the semi-annual dividends.

The declaration of dividends is subject to the sole discretion of the Board. There can be no assurance that dividends will be paid in any particular amount of any given period. The Dividend Policy shall not constitute a legally binding document in respect of future dividend declaration of the Company and/or in no way oblige the Company to declare a dividend at any time or from time to time. The distribution and payment of dividends of the Company will be subject to compliance with the Company’s Bye-laws and applicable laws and regulations.

Liquidity and Financial Resources

As at 31st December 2023, the Group had cash and bank balances amounting to US\$6,722.2 million and a total indebtedness of US\$1,438.2 million. The Group had a net cash to equity ratio of 0.47 : 1 as at end of 2023, compared with 0.68 : 1 at the end of 2022.

As at 31st December 2023, the indebtedness of the Group comprises lease liabilities which are mainly denominated in US dollar. The Group's debts are monitored to ensure a smooth repayment schedule to maturity.

Employee Information

As at 31st December 2023, the Group had 11,447 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 2024 to 22nd May 2024, both days inclusive, to ascertain the shareholders entitled to attend and vote at the annual general meeting of the Company to be held on 22nd May 2024 (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 14th May 2024; and
- (b) from 29th May 2024 to 31st May 2024, 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 28th May 2024.

Purchase, Sale or Redemption of Shares

During the year ended 31st December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

Pre-emptive Rights

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

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 C1 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 2023, 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 2023 Annual Report.

Review of Financial Statements

The Audit Committee has reviewed the annual results of the Group for the year ended 31st December 2023, 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 C3 to the Listing Rules.

All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard set out in both the Code and the Model Code for the year ended 31st December 2023.

Annual General Meeting

The AGM will be held on 22nd May 2024. Notice of the AGM will be despatched to the shareholders of the Company on or around 25th April 2024.

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 2023 Annual Report will be published on the websites of the HKEX and the Company and will be despatched to the shareholders of the Company on or around 25th April 2024.

Directors

As at the date of this announcement, our Executive Directors are Mr. WAN Min, Mr. CHEN Yangfan and Mr. YANG Zhijian; our Non-Executive Directors are Mr. TUNG Lieh Cheung Andrew, Mr. GU Jinshan, 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, China, 21st March 2024

* *For identification purpose only*

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