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## ORIENT OVERSEAS (INTERNATIONAL) LIMITED

東方海外(國際)有限公司\*

(Incorporated in Bermuda with Limited Liability)

(Stock code: 316)

### 2018 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 2018 as follows:

#### Consolidated Profit and Loss Account For the year ended 31st December 2018

US\$'000	Note	2018	Restated 2017
Revenue	4	6,572,655	5,981,676
Operating costs		<u>(5,859,839)</u>	<u>(5,425,783)</u>
<b>Gross profit</b>		<b>712,816</b>	555,893
Fair value gain from an investment property		<b>39,500</b>	43,436
Other operating income		<b>82,521</b>	71,936
Business and administrative expenses		<b>(550,733)</b>	(459,330)
Other (losses)/gains, net		<u>(21,169)</u>	<u>26,220</u>
<b>Operating profit</b>	5	<b>262,935</b>	238,155
Finance costs	6	<b>(143,191)</b>	(97,418)
Share of profits of joint ventures		<b>2,953</b>	5,177
Share of profits of associated companies		<u>11,371</u>	<u>13,957</u>
<b>Profit before taxation</b>		<b>134,068</b>	159,871
Taxation	7	<u>(58,620)</u>	<u>(12,433)</u>
<b>Profit for the year from continuing operations</b>		<b>75,448</b>	147,438
<b>Discontinued operation:</b>			
<b>Profit/(loss) for the year from discontinued operation</b>	10	<u>32,718</u>	<u>(9,782)</u>
<b>Profit for the year</b>		<u><b>108,166</b></u>	<u>137,656</u>
<b>Profit attributable to:</b>			
Equity holders of the Company		<u><b>108,166</b></u>	<u>137,656</u>
<b>Earnings/(loss) per ordinary share (US cents)</b>			
- from continuing operations		<b>12.1</b>	23.6
- from discontinued operation		<u>5.2</u>	<u>(1.6)</u>
<b>Basic and diluted</b>	9	<u><b>17.3</b></u>	<u>22.0</u>

**Consolidated Statement of Comprehensive Income**  
**For the year ended 31st December 2018**

US\$'000	2018	Restated 2017
<b>Profit for the year</b>	<u><b>108,166</b></u>	<u>137,656</u>
<b>Other comprehensive (loss)/income:</b>		
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement (losses)/gains on defined benefit schemes	(5,107)	10,506
Investments at fair value through other comprehensive income		
- Change in fair value	<u>(20,931)</u>	-
Total items that will not be subsequently reclassified to profit or loss	<u>(26,038)</u>	<u>10,506</u>
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
- Change in fair value	-	12,492
Currency translation adjustments		
- Foreign subsidiaries	(9,354)	6,978
- Associated companies	(6,371)	8,505
- Joint ventures	(378)	478
- Release of reserve upon disposal of subsidiaries	(116)	-
- Release of reserve upon partial disposal of a joint venture	<u>(120)</u>	<u>-</u>
Total items that have been reclassified or may be reclassified subsequently to profit or loss	<u>(16,339)</u>	<u>28,453</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(42,377)</u>	<u>38,959</u>
<b>Total comprehensive income for the year</b>	<u><b>65,789</b></u>	<u>176,615</u>
<b>Total comprehensive income/(loss) for the year attributable to equity holders of the Company arising from:</b>		
Continuing operations	33,071	186,397
Discontinued operation	<u>32,718</u>	<u>(9,782)</u>
	<u><b>65,789</b></u>	<u>176,615</u>

**Consolidated Balance Sheet**  
**As at 31st December 2018**

US\$'000	Note	2018	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		5,880,057	6,251,457
Investment property		310,000	270,000
Prepayments of lease premiums		7,452	7,972
Joint ventures		8,940	10,833
Associated companies		139,676	148,840
Intangible assets		32,428	49,204
Deferred taxation assets		1,233	1,476
Pension and retirement assets		-	243
Restricted bank balances		58,001	60,414
Investments at fair value through other comprehensive income		24,422	-
Available-for-sale financial assets		-	45,383
Investments at amortised cost		189,391	-
Held-to-maturity investments		-	217,889
Other non-current assets		104,011	40,863
Non-current deposit with a fellow subsidiary		51,064	-
		<u>6,806,675</u>	<u>7,104,574</u>
<b>Current assets</b>			
Inventories		119,710	102,157
Debtors and prepayments	11	634,229	589,936
Amounts due from joint ventures		478	6,007
Amounts due from fellow subsidiaries		12,969	-
Amounts due from related companies		690	-
Investments at amortised cost		33,568	-
Held-to-maturity investments		-	17,040
Portfolio investments at fair value through profit or loss		378,257	294,720
Derivative financial instruments		-	1,825
Tax recoverable		6,966	8,637
Restricted bank balances		3,121	3,425
Cash and bank balances		1,584,465	1,940,975
		<u>2,774,453</u>	<u>2,964,722</u>
Assets held for sale	10	472,732	-
		<u>3,247,185</u>	<u>2,964,722</u>
<b>Total assets</b>		<u><u>10,053,860</u></u>	<u><u>10,069,296</u></u>
<b>EQUITY</b>			
<b>Equity holders</b>			
Share capital		62,579	62,579
Reserves		4,672,551	4,619,934
<b>Total equity</b>		<u><u>4,735,130</u></u>	<u><u>4,682,513</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		3,695,834	3,930,025
Deferred taxation liabilities		106,827	65,221
Pension and retirement liabilities		3,200	38
Other non-current liabilities		-	11,628
		<u>3,805,861</u>	<u>4,006,912</u>
<b>Current liabilities</b>			
Creditors and accruals	12	838,185	740,260
Amounts due to joint ventures		2,441	7,526
Amounts due to fellow subsidiaries		5,843	-
Amounts due to related companies		10,371	-
Borrowings		501,922	624,158
Derivative financial instruments		5,565	-
Current taxation		7,494	7,927
		<u>1,371,821</u>	<u>1,379,871</u>
Liabilities directly associated with assets classified as held for sale	10	141,048	-
		<u>1,512,869</u>	<u>1,379,871</u>
<b>Total liabilities</b>		<u><u>5,318,730</u></u>	<u><u>5,386,783</u></u>
<b>Total equity and liabilities</b>		<u><u>10,053,860</u></u>	<u><u>10,069,296</u></u>

**Consolidated Cash Flow Statement**  
**For the year ended 31st December 2018**

US\$'000	2018	2017
<b>Cash flows from operating activities</b>		
Operating profit	299,386	232,170
Interest income	(56,452)	(46,611)
Dividend income and distribution	(24,805)	(22,975)
Depreciation and amortisation	403,701	439,824
Loss on disposal of intangible assets	657	6,690
Impairment on investments at amortised cost	1,985	-
Fair value gain from assets and liabilities	(16,004)	(50,196)
Gain on disposal of subsidiaries	(3,663)	-
Gain on partial disposal of a joint venture	(896)	-
Net gain on disposal of non-current assets	(14,171)	(8,434)
Operating profit before working capital changes	589,738	550,468
Increase in inventories	(22,913)	(17,685)
Increase in debtors and prepayments	(86,094)	(115,641)
Increase in amounts due from fellow subsidiaries	(20,350)	-
Increase in amounts due from related companies	(690)	-
Increase in creditors and accruals	121,038	41,161
Increase in amounts due to fellow subsidiaries	6,048	-
Increase in amounts due to related companies	10,371	-
(Decrease)/increase in other non-current liabilities	(1,115)	11,628
Change in net pension assets/liabilities	(1,667)	(1,556)
Settlement of derivative financial instruments	3,394	2,319
Cash generated from operations	597,760	470,694
Interest and financing charges paid	(129,261)	(90,095)
Hong Kong profits tax paid	(702)	(21)
Overseas taxes paid	(15,135)	(10,220)
Net cash from operating activities	452,662	370,358
<b>Cash flows from investing activities</b>		
Sale and redemption on maturity of non-current assets	89,182	155,757
Purchase of property, plant and equipment	(490,041)	(470,428)
Purchase of other non-current assets	(47,975)	(98,101)
(Increase)/decrease in portfolio investments at fair value through profit or loss	(88,350)	46,200
Disposal of subsidiaries	(1,854)	-
Proceeds on partial disposal of a joint venture	1,230	-
Investment in a joint venture	(34)	(154)
Net change in amounts due from joint ventures	444	(8,762)
Decrease/(increase) in restricted bank balances and bank deposits maturing more than three months	1,655	(61,956)
Interest received	56,240	46,496
Dividends and distribution received from investments	10,133	9,710
Dividends received from joint ventures and associated companies	18,212	20,204
Net cash used in investing activities	(451,158)	(361,034)
<b>Cash flows from financing activities</b>		
Drawdown of loans	213,692	447,361
Repayment of loans	(506,679)	(552,076)
Drawdown of finance lease obligations	262,228	659,521
Capital element of finance lease rental payments	(267,148)	(236,838)
Dividend paid to equity holders of the Company	-	(13,388)
Net cash (used in)/from financing activities	(297,907)	304,580
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(296,403)</b>	<b>313,904</b>
Cash and cash equivalents at beginning of year	1,940,975	1,625,219
Cash and cash equivalents of disposal group classified as held for sale	(53,733)	-
Currency translation adjustments	(6,374)	1,852
Cash and cash equivalents at end of year	1,584,465	1,940,975

**Consolidated Statement of Changes in Equity  
For the year ended 31st December 2018**

US\$'000	Equity holders		
	Share capital	Reserves	Total
At 31st December 2016	62,579	4,456,707	4,519,286
Total comprehensive income for the year	-	176,615	176,615
Transactions with owners			
2017 interim dividend	-	(13,388)	(13,388)
At 31st December 2017	62,579	4,619,934	4,682,513
Adjustment on adoption of HKFRS 9	-	(13,172)	(13,172)
Restated balance at 1st January 2018	62,579	4,606,762	4,669,341
Total comprehensive income for the year	-	65,789	65,789
<b>At 31st December 2018</b>	<b>62,579</b>	<b>4,672,551</b>	<b>4,735,130</b>

## NOTES

### 1. Scope of work of PricewaterhouseCoopers

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2018 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

### 2. General information

The Company is a 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 33rd floor, Harbour Centre, No. 25 Harbour Road, Wanchai, Hong Kong.

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

Prior to 13th July 2018, the ultimate parent company of the Group was Tung Holdings (Trustee) Inc., incorporated in the Republic of Liberia. On 13th July 2018, the ultimate parent company of the Group was changed to China COSCO SHIPPING Corporation Limited ("COSCO SHIPPING"), a state-owned enterprise established in the People's Republic of China.

On 6th July 2018, the Group entered into the National Security Agreement pursuant to which the Group and COSCO SHIPPING Holdings Co., Ltd. ("COSCO SHIPPING Holdings") committed to divest the Long Beach Container Terminal ("U.S. Terminal Business"). The proposed sale of the U.S. Terminal Business is accounted for as discontinued operation under HKFRS 5 "Non-current assets held for sale and discontinued operations". Analysis of the results, cash flows, assets and liabilities of the U.S. Terminal Business is presented in note 10.

### 3. Accounting policies and basis of preparation

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

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

#### The adoption of revised HKFRSs

In 2018, the Group adopted the following new standards, amendments, improvement and interpretation to existing HKFRSs below, which are relevant to its operations.

#### (a) Impact on the financial statements

##### New standards, amendments, improvement and interpretation

HKFRSs	Annual Improvements 2014 - 2016 Reporting Cycle
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendment)	Clarification to HKFRS 15
HKAS 40 (Amendment)	Transfer of Investment Property
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration

The adoption of the above new standards, amendments, improvement and interpretation to existing HKFRSs do not have a material impact on the Group, except for HKFRS 9 “Financial Instruments” as set out below:

#### (b) HKFRS 9 “Financial Instruments” - Impact of adoption

The adoption of HKFRS 9 “Financial Instruments” from 1st January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provision in HKFRS 9, comparative figures have not been restated. The reclassification and adjustments arising from the new impairment rules are therefore not reflected in the restated balance sheet as at 31st December 2017, but are recognised in the opening balance sheet on 1st January 2018.

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

#### The adoption of revised HKFRSs (Continued)

#### (b) HKFRS 9 “Financial Instruments” - Impact of adoption (Continued)

The adjustments on the consolidated balance sheet as at 1st January 2018 are summarised below:

US\$'000		31st December 2017	Effect of adoption of	1st January
Balance sheet (extract)	Note	As originally presented	HKFRS 9	2018 Restated
<b>Non-current assets</b>				
Investments at fair value through other comprehensive income	(i)(a)	-	45,383	45,383
Investments at amortised cost	(i)(b),(ii)	-	217,617	217,617
Available-for-sale financial assets	(i)(a)	45,383	(45,383)	-
Held-to-maturity investments	(i)(b)	217,889	(217,889)	-
<b>Current assets</b>				
Debtors and prepayments	(ii)	589,936	(12,897)	577,039
Investments at amortised cost	(i)(b),(ii)	-	17,037	17,037
Held-to-maturity investments	(i)(b)	17,040	(17,040)	-
<b>Total assets</b>		<b>10,069,296</b>	<b>(13,172)</b>	<b>10,056,124</b>
Retained profit		4,267,850	(13,172)	4,254,678
<b>Total equity</b>		<b>4,682,513</b>	<b>(13,172)</b>	<b>4,669,341</b>

The total impact on the Group’s retained profit as at 1st January 2018 is as follows:

US\$'000	Note	
Closing retained profit as at 31st December 2017		4,267,850
Increase in provision for trade receivables and investments at amortised cost	(ii)	(13,172)
<b>Opening retained profit as at 1st January 2018</b>		<b>4,254,678</b>

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

#### **The adoption of revised HKFRSs (Continued)**

#### **(b) HKFRS 9 “Financial Instruments” - Impact of adoption (Continued)**

##### **(i) Classification and measurement**

On 1st January 2018 (the date of initial application of HKFRS 9), the Group’s management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from the reclassification are:

##### **(a) Equity investments previously classified as available-for-sale financial assets**

The equity investments previously classified as available-for-sale financial assets were reclassified as investments at fair value through other comprehensive income as these investments are held as long-term strategic investments.

##### **(b) Reclassification from held-to-maturity investments to investments at amortised cost**

Bonds that would have previously been classified as held-to-maturity investments are now classified as investments at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

##### **(ii) Impairment of financial assets**

The Group has adopted the new impairment models in which the recognition of impairment provision is based on expected credit losses rather than only incurred credit losses. The below financial assets are assessed to have impact under the HKFRS 9’s new expected credit loss model:

- Trade receivables
- Investments at amortised cost

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

#### The adoption of revised HKFRSs (Continued)

#### (b) HKFRS 9 “Financial Instruments” - Impact of adoption (Continued)

##### *Trade receivables*

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The loss allowance for trade receivables as at 31st December 2017 reconcile to the opening loss allowance on 1st January 2018 as follows:

US\$'000	Trade receivables
At 31st December 2017 - calculated under HKAS 39	16,061
Amounts restated through opening retained profit	12,897
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<b>Opening loss allowance as at 1st January 2018 - calculated under HKFRS 9</b>	<b>28,958</b>
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##### *Investments at amortised cost*

All of the Group's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months expected losses. The adoption of the expected credit loss model resulted in the recognition of a loss allowance at US\$275,000 on 1st January 2018.

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

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

New standards, amendments, improvement and interpretation to existing standards		Effective for accounting periods beginning on or after
HKAS 19 (Amendment)	Employee Benefits	1st January 2019
HKAS 28 (Amendment)	Investments in Associates and Joint Ventures	1st January 2019
HKFRSs	Annual Improvements 2015 - 2017 Reporting Cycle	1st January 2019
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation and Modification of Financial Liabilities	1st January 2019
HKFRS 16	Leases	1st January 2019
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments	1st January 2019
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1st January 2020
HKFRS 3 (Amendment)	Definition of a Business	1st January 2020
HKFRS 17	Insurance Contracts	1st January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of HKAS 19 (Amendment), HKAS 28 (Amendment), HKAS 1 and HKAS 8 (Amendments), HKFRSs Annual Improvements 2015 - 2017 Reporting Cycle, HK(IFRIC) - Int 23, HKFRS 3 (Amendment), HKFRS 9 (Amendment), HKFRS 10 and HKAS 28 (Amendments) and HKFRS 17 are not expected to have a significant effect on the consolidated financial statements of the Group. The following assessment on HKFRS 16 has been carried out.

#### HKFRS 16 “Leases”

HKFRS 16 will affect primarily the accounting for the Group’s operating leases. Under HKFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised in the consolidated balance sheet. Management considers the operating lease commitments will result in the recognition of an asset and a liability for future payments and will affect the Group’s results and classification of cash flows. The impact of adoption will be disclosed in the Interim Report 2019.

#### 4. Revenue and segment information

##### (a) Revenue

US\$'000	2018	Restated 2017
Container transport and logistics	6,546,964	5,951,518
Others	<u>25,691</u>	<u>30,158</u>
	<u>6,572,655</u>	<u>5,981,676</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.

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

##### (b) Segment information

##### Operating segments

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

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

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

##### (b) Segment information (Continued)

##### Operating segments (Continued)

The segment results for the year ended 31st December 2017 are as follows:

US \$'000	Continuing operations			Discontinued operation	Total
	Container transport and logistics	Others	Sub-total		
<b>Revenue</b>	<u>5,951,518</u>	<u>30,158</u>	<u>5,981,676</u>	<u>126,674</u>	<u>6,108,350</u>
Revenue from contracts with customers:					
At a point in time	514,874	-	514,874	-	514,874
Over time	<u>5,436,644</u>	<u>-</u>	<u>5,436,644</u>	<u>126,674</u>	<u>5,563,318</u>
	5,951,518	-	5,951,518	126,674	6,078,192
Revenue from other source:					
Rental income	<u>-</u>	<u>30,158</u>	<u>30,158</u>	<u>-</u>	<u>30,158</u>
	<u>5,951,518</u>	<u>30,158</u>	<u>5,981,676</u>	<u>126,674</u>	<u>6,108,350</u>
Operating profit/(loss)	92,296	145,859	238,155	(5,985)	232,170
Finance costs (note 6)	(97,418)	-	(97,418)	(3,797)	(101,215)
Share of profits of joint ventures	5,177	-	5,177	-	5,177
Share of profits of associated companies	<u>13,957</u>	<u>-</u>	<u>13,957</u>	<u>-</u>	<u>13,957</u>
<b>Profit/(loss) before taxation</b>	14,012	145,859	159,871	(9,782)	150,089
Taxation (note 7)	<u>(16,232)</u>	<u>3,799</u>	<u>(12,433)</u>	<u>-</u>	<u>(12,433)</u>
<b>Profit/(loss) for the year</b>	<u>(2,220)</u>	<u>149,658</u>	<u>147,438</u>	<u>(9,782)</u>	<u>137,656</u>
Fair value gain from an investment property	-	43,436	43,436	-	43,436
Capital expenditure	609,610	6,564	616,174	2,516	618,690
Depreciation	398,200	-	398,200	30,282	428,482
Amortisation	<u>11,342</u>	<u>-</u>	<u>11,342</u>	<u>-</u>	<u>11,342</u>

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

##### (b) Segment information (Continued)

##### Operating segments (Continued)

The segment assets and liabilities at 31st December 2018 and 2017 are as follows:

US\$'000	2018		
	Container transport and logistics	Others	Group
Segment assets	7,401,147	2,030,887	9,432,034
Joint ventures	9,418	-	9,418
Associated companies	139,676	-	139,676
	<u>7,550,241</u>	<u>2,030,887</u>	<u>9,581,128</u>
Assets held for sale (note 10)	472,732	-	472,732
<b>Total assets</b>	<b><u>8,022,973</u></b>	<b><u>2,030,887</u></b>	<b><u>10,053,860</u></b>
Segment liabilities	(5,058,132)	(119,550)	(5,177,682)
Liabilities directly associated with assets classified as held for sale (note 10)	(141,048)	-	(141,048)
<b>Total liabilities</b>	<b><u>(5,199,180)</u></b>	<b><u>(119,550)</u></b>	<b><u>(5,318,730)</u></b>
	2017		
US\$'000	Container transport and logistics	Others	Group
Segment assets	7,404,001	2,499,615	9,903,616
Joint ventures	16,840	-	16,840
Associated companies	148,840	-	148,840
<b>Total assets</b>	<b><u>7,569,681</u></b>	<b><u>2,499,615</u></b>	<b><u>10,069,296</u></b>
<b>Segment liabilities</b>	<b><u>(5,320,815)</u></b>	<b><u>(65,968)</u></b>	<b><u>(5,386,783)</u></b>

The segment of “Others” primarily includes assets and liabilities of property and corporate level activities. Assets under the segment of “Others” consist primarily of investment property, investments at fair value through other comprehensive income/available-for-sale financial assets, 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 corporate level activities.

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

##### (b) Segment information (Continued)

###### Geographical information

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

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

US\$'000	Revenue	Capital expenditure
<b>Year ended 31st December 2018</b>		
<b>Continuing operations</b>		
Asia	4,785,888	15,164
Europe	937,060	418
North America	695,916	23,487
Australia	153,791	118
Unallocated *	-	371,713
	<u>6,572,655</u>	<u>410,900</u>
<b>Discontinued operation</b>		
North America	<u>131,721</u>	<u>2,001</u>
	<u>6,704,376</u>	<u>412,901</u>
<b>Year ended 31st December 2017</b>		
<b>Continuing operations</b>		
Asia	4,262,323	11,271
Europe	868,912	529
North America	685,509	49,587
Australia	164,932	-
Unallocated *	-	554,787
	<u>5,981,676</u>	<u>616,174</u>
<b>Discontinued operation</b>		
North America	<u>126,674</u>	<u>2,516</u>
	<u>6,108,350</u>	<u>618,690</u>

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

## 5. Operating profit

US\$'000	2018		Restated 2017	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Operating profit is arrived at after crediting:				
Operating lease rental income				
Land and buildings	<u>25,691</u>	<u>-</u>	<u>30,158</u>	<u>-</u>
and after charging:				
Depreciation				
Owned assets	232,138	14,723	275,374	23,391
Leased assets	135,316	3,445	122,826	6,891
Operating lease rental expenses				
Vessels and equipment	254,099	-	244,698	-
Terminals and berths	5,618	56,905	4,803	53,957
Land and buildings	33,462	-	33,472	-
Rental outgoings in respect of an investment property	15,365	-	15,555	-
Amortisation of intangible assets	17,843	-	11,123	-
Amortisation of prepayments of lease premiums	236	-	219	-
Auditors' remuneration				
Audit	2,961	173	2,487	123
Non-audit	<u>1,355</u>	<u>46</u>	<u>2,747</u>	<u>23</u>

## 6. Finance costs

US\$'000	2018	Restated 2017
Interest expense		
Bank loans and bank overdrafts	60,681	52,319
Finance lease obligations	<u>82,636</u>	<u>52,599</u>
	143,317	104,918
Amount capitalised under assets	<u>(126)</u>	<u>(7,500)</u>
Net interest expense	<u>143,191</u>	<u>97,418</u>

## 7. Taxation

US\$'000	2018	2017
Current taxation		
Hong Kong profits tax	2,044	411
Overseas taxation	<u>14,785</u>	<u>15,318</u>
	<u>16,829</u>	<u>15,729</u>
Deferred taxation		
Hong Kong profits tax	(174)	359
Overseas taxation	<u>41,965</u>	<u>(3,655)</u>
	<u>41,791</u>	<u>(3,296)</u>
	<u>58,620</u>	<u>12,433</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 10% to 46% (2017: 13% to 46%) and the rate applicable for Hong Kong profits tax is 16.5% (2017: 16.5%).

## 8. Dividends

US\$'000	2018	2017
Interim paid: nil (2017: US2.14 cents) per ordinary share	<u>-</u>	<u>13,388</u>

The Board of Directors proposes a final dividend in respect of 2018 of US7.7 cents (2017: nil) per ordinary share. The proposed dividend will be accounted for as an appropriation of retained profit in the year ending 31st December 2019.

## 9. Earnings per ordinary share

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

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

US\$'000	2018	Restated 2017
Number of ordinary shares in issue (thousands)	<u>625,793</u>	<u>625,793</u>
Group's profit from continuing operations attributable to equity holders of the Company	<u>75,448</u>	<u>147,438</u>
Earnings per share from continuing operations attributable to equity holders of the Company (US cents)	<u>12.1</u>	<u>23.6</u>
Group's profit/(loss) from discontinued operation attributable to equity holders of the Company	<u>32,718</u>	<u>(9,782)</u>
Earnings/(loss) per share from discontinued operation attributable to equity holders of the Company (US cents)	<u>5.2</u>	<u>(1.6)</u>

## 10. Discontinued operation

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

### (a) Discontinued operation

#### (i) Results

US\$'000	2018	2017
Revenue	131,721	126,674
Operating costs	<u>(67,029)</u>	<u>(105,655)</u>
Gross profit	64,692	21,019
Other operating income	560	146
Business and administrative expenses	(28,394)	(27,969)
Other (losses)/gains, net	<u>(407)</u>	<u>819</u>
Operating profit/(loss)	36,451	(5,985)
Finance costs	<u>(3,733)</u>	<u>(3,797)</u>
Profit/(loss) for the year	<u>32,718</u>	<u>(9,782)</u>

*Note:*

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

#### (ii) Cash flows

US\$'000	2018	2017
Operating cash flows	32,035	46,998
Investing cash flows	1,569	(832)
Financing cash flows	<u>(15,625)</u>	<u>(15,420)</u>
Total cash flows	<u>17,979</u>	<u>30,746</u>

## 10. Discontinued operation (Continued)

### (b) Assets held for sale

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

### (c) Liabilities directly associated with assets held for sale

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

#### *Note:*

Assets held for sale and liabilities directly associated with assets held for sale above are presented before elimination of intra-group balances of US\$0.4 million and US\$67.3 million respectively. The aggregate net book amount of assets pledged as securities for loans and finance lease amounted to US\$137.1 million.

## 11. Debtors and prepayments

US\$'000	2018	2017
Trade receivables	<b>379,067</b>	399,673
Less: provision for impairment	<b>(29,525)</b>	<u>(16,061)</u>
Trade receivables - net	<b>349,542</b>	383,612
Other debtors	<b>122,299</b>	86,291
Other prepayments	<b>148,493</b>	107,756
Utility and other deposits	<b>13,895</b>	<u>12,277</u>
	<b><u>634,229</u></b>	<b><u>589,936</u></b>

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 (2017: due dates of invoices), is as follows:

US\$'000	2018	2017
Below one month	<b>269,210</b>	344,374
Two to three months	<b>67,182</b>	27,608
Four to six months	<b>7,770</b>	7,523
Over six months	<b>5,380</b>	<u>4,107</u>
	<b><u>349,542</u></b>	<b><u>383,612</u></b>

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

## 12. Creditors and accruals

US\$'000	2018	2017
Trade payables	<b>193,382</b>	179,189
Other creditors	<b>162,251</b>	113,216
Accrued expenses	<b>443,200</b>	420,654
Deferred revenue	<b>25,923</b>	27,201
Contract liabilities	<b>13,429</b>	-
	<b><u>838,185</u></b>	<b><u>740,260</u></b>

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

US\$'000	2018	2017
Below one month	<b>109,641</b>	138,973
Two to three months	<b>75,285</b>	32,483
Four to six months	<b>2,524</b>	1,309
Over six months	<b>5,932</b>	6,424
	<b><u>193,382</u></b>	<b><u>179,189</u></b>

## Results for 2018

The Group recorded a profit attributable to equity holders of US\$108.2 million for 2018, compared to a profit of US\$137.7 million in 2017.

OOIL ANNUAL RESULTS ANALYSIS		
		Restated
(US\$'000)	2018	2017
Profit from continuing operations before investment property fair value gain	94,568	116,435
Fair value gain on Wall Street Plaza	39,500	43,436
<b>Profit Before Tax for the Year Ended 31st December</b>	<b>134,068</b>	<b>159,871</b>
Taxation	(58,620)	(12,433)
Profit/(loss) from discontinued operation	32,718	(9,782)
<b>Profit Attributable to Equity Holders</b>	<b>108,166</b>	<b>137,656</b>

## Review of Operations

2018 was a landmark year in the development of OOIL. In July, COSCO SHIPPING Holdings successfully acquired OOIL, with the new combined group stepping up in terms of total capacity and joining the top three in the industry. As at the end of 2018, the combined group operated a fleet comprising 477 container vessels with total shipping capacity of 2.76 million TEUs, and had an order book of nearly 180,000 TEUs.

The acquisition effectively integrated the global network advantage of OOCL and COSCO SHIPPING Lines under COSCO SHIPPING Holdings, beneficial to fully achieving the synergies between the two sides, enriching the product selection for customers and allowing customers to enjoy a better service experience.

OOIL has an outstanding management team, a brand trusted by customers, and efficient management systems. In order to develop these valuable intangible assets in the best possible way, COSCO SHIPPING Holdings formulated a “dual-brand” strategy, which will facilitate synergistic development of the “dual-brand” container shipping business.

OOCL and COSCO SHIPPING Lines cooperated closely with each other to explore and gradually to achieve synergies in a number of areas, including fleet and network planning, procurement, container management, IT, commercial co-ordination and marine operations. In the second half of 2018, both companies recorded good operating results. The “dual-brand” strategy also provides a bigger and stronger platform for OOCL to further enhance its competitive advantages.

Looking back to 2018, the global economy continued to recover, but growth momentum slowed down. Several negative economic factors, such as the concentration of vessel deliveries in the first half of the year, the significant rise of the oil price, and escalating trade frictions, resulted in a decrease in the overall financial performance of the container liner industry as compared to 2017, especially in the first half of the year.

Enjoying the benefit of being part of COSCO SHIPPING Group, we took a pragmatic and entrepreneurial approach to overcoming the effects of these adverse market factors and focused carefully on our targeted strategies in our various markets.

Just as was the case in 2017, 2018 was a year of strong growth for OOCL, especially in the Asia-Europe and Trans-Pacific trades. For the full year 2018, OOCL's liftings were up 6.3% overall, but 8.9% on Trans-Pacific and 14.5% on Asia-Europe. For the second year in a row, this growth outpaced the volume growth seen in the market as a whole.

OOCL continues to have a strong focus on Intra-Asian trades as well as playing a leading role in other global trades such as the Trans-Pacific. We continue to develop market opportunities in Intra-Asia, Intra-Europe and other regional trades, and are working closely with COSCO SHIPPING Lines to participate fully and effectively in the Belt and Road Initiative.

As we approach the end of the second year of operation of the Ocean Alliance, we can clearly feel the benefits that alliance membership brings in terms of network planning, network scope, vessel utilisation and the management of business risk. With plans for the third year of the alliance's operation already well advanced, we look forward to further benefit.

2018 saw a strong performance from our terminal in Long Beach, California. The second phase of the terminal has now been operational for a year, and all those carefully planned designs using the latest technology and the most environmentally friendly techniques have been proven to bear fruit. It is public knowledge that we are required to sell our interest in the Long Beach terminal, and we expect to be able to do this within the coming months.

Through OOCL Logistics, the Group continues to expand its reach into the full breadth of the supply chain. This growing part of the OOIL group provides new business opportunities and diversification, as well as consistent profitability through excellence in customer service, as well as reliability and advanced technological solutions.

In November 2018, COSCO SHIPPING Lines, OOCL and several other world leading ocean carriers and terminal operators signed a letter of intent for the establishment of the Global Shipping Business Network (GSBN), an open digital platform in the shipping industry based on blockchain technology, with the aim to jointly promote the establishment and information sharing of digital standards and improve the operational efficiency and the quality of customer service of the industry. The software solutions of the shipping blockchain consortium which is the core technology application will be developed and provided by CargoSmart, a subsidiary of OOIL.

During the year, the Group took delivery of the sixth (and the last) of a total of six ‘Giga’ Class 21,413 TEU vessels from the Samsung Heavy Industries Shipyard in South Korea. No order for new buildings were placed during the year.

Based on an independent valuation as at 31st December 2018, Wall Street Plaza was included in the consolidated balance sheet at US\$310 million. A revaluation of US\$40 million occurred in the first half of the year, and was reflected in the consolidated profit and loss account for that period and in the consolidated balance sheet as at 30th June 2018. After offsetting a total of US\$0.5 million of capital expenditure related to the building in 2018, the net fair value gain for the full year comes to US\$39.5 million. As at 31st December 2017, Wall Street Plaza was valued at US\$270 million with a net fair value gain of US\$43.4 million in 2017.

## **Looking Forward**

Looking forward to 2019, we are cautiously optimistic about the global economy and the shipping environment as both challenges and opportunities are lying ahead. Challenges include 1) a slowdown in the global economy, as reflected by the adjustment of the global economic growth forecast for 2019 from 3.7% downwards to 3.5% by the International Monetary Fund (IMF) in January; 2) the many uncertainties that may negatively affect shipping, including trade frictions, high oil price, and etc.; 3) the industry’s supply-demand imbalance, especially the overcapacity in some markets. The favourable conditions and positive factors include 1) the growth drivers of China economy remain stable and strong; 2) a more open China provides new driving forces for the development of the global free trade; 3) the Belt and Road Initiative creates significant opportunities for the development of the world economy, and with the construction of the Belt and Road being further deepened worldwide, emerging markets represented by Southeast Asia, Middle East, Central and South America and West Africa could be further developed, thereby driving the global economic growth; and 4) the capacity growth of container shipping tends to slow down, thus may help alleviate the pressure on supply side.

On the implementation of the dual-brand strategy, OOCL aim for achieving further synergy benefits and improving service quality. In order to bring greater synergistic benefit for the combined group, we will focus on accelerating the integration of equipment management, procurement, IT systems and network planning.

On the implementation of the digitalisation strategy, the Company will use digital technology not only to meet but also guide and create customer demand, bring new experience to customers and create value for customers. The Company will actively establish digital operation support systems and innovate business model and service products through a combined application of new technologies such as big data, AI, E-commerce platform and blockchain, so as to constantly improve the operational efficiency and service quality of supply chain.

On the implementation of the end-to-end strategy, the Company will design and launch more end-to-end services and products, accelerate the development of extended services and endeavour to enhance the capacity in the one-stop transportation services. In respect of railway transportation, the Company will include more countries in Central and Eastern Europe into the service scope of the China-European Sea-rail Express, focus on integrated logistics solutions, develop more end-to-end customers and complement the advantages of OOCL Logistics, accomplish the design, construction and management of end-to-end service channels and solve the “last mile” problem.

“All rivers eventually flow into the sea in despite of different sources.” In the new year, OOIL as an integral part of the container shipping business of China COSCO SHIPPING Group, will, together with parties from various fields, continue to work proactively and diligently, constantly improving development quality, offering customers ever-improving services, and creating greater value for our shareholders.

## **Final Dividend**

The Board of Directors of the Company (the “Board”) has recommended the payment of a final dividend of US7.7 cents (HK\$0.601 at the exchange rate of US\$1 : HK\$7.8) per ordinary share for the year ended 31st December 2018 to be paid on 2nd July 2019 to the shareholders of the Company whose names appear on the register of members of the Company on 28th May 2019. 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 2019.

## **Liquidity and Financial Resources**

As at 31st December 2018, the Group had liquid assets amounting to US\$2,246.8 million and a total indebtedness of US\$4,197.8 million. The Group had a net debt to equity ratio of 0.41 : 1 as at end of 2018, compared with 0.43 : 1 at the end of 2017.

The indebtedness of the Group mainly comprises bank loans and finance leases which are all denominated in US dollar. The Group’s borrowings are monitored to ensure a smooth repayment schedule to maturity.

## **Employee Information**

As at 31st December 2018, the Group had 10,321 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 10th May 2019 to 17th May 2019, both days inclusive, to ascertain the shareholders entitled to attend and vote at the Annual General Meeting of the Company to be held on 17th May 2019 (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 9th May 2019; and
- (b) from 24th May 2019 to 28th May 2019, both days inclusive, to ascertain the shareholders entitled to the proposed final dividend. During this period, no transfer of shares will be registered. To qualify for the proposed final dividend, 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 23rd May 2019.

## **Purchase, Sale or Redemption of Shares**

During the year ended 31st December 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares.

## **Pre-emptive Rights**

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

## **Corporate Governance**

### *Compliance with the Corporate Governance Code*

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

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

Throughout the year of 2018, the Company complied with the SEHK Code, save for the following:-

- Prior to 3rd August 2018, Mr. Tung Chee Chen, the ex-Chairman, Chief Executive Officer, President and Executive Director of the Company, assumed the roles of both Chairman and Chief Executive Officer of the Company. After close of the Offer (as defined in the composite document dated 6th July 2018) on 27th July 2018, there were changes to the Board composition and the Board committees and other key positions of the Group. With effect from 3rd August 2018, and with the appointment of Mr. Xu Lirong and Mr. Huang Xiaowen as the Chairman and Chief Executive Officer of the Company respectively on the same date, the Company has complied with all the code provisions of the SEHK Code.

Further information on the CG Code will be set out in the Corporate Governance Report contained in the Company’s 2018 Annual Report.

### ***Review of Financial Statements***

The Audit Committee has reviewed the annual results of the Group for the year ended 31st December 2018, in conjunction with the external and internal auditors of the Company.

### ***Securities Transactions by Directors***

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

All Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standards set out in both the Code and the Model Code for the year ended 31st December 2018.

### **Annual General Meeting**

The AGM will be held on 17th May 2019. Notice of the AGM will be despatched to the shareholders of the Company on or around 10th April 2019.

### **Publication of Results Announcement and Annual Report**

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (“HKEX”) at <http://www.hkexnews.hk> and the Company at <http://www.ooilgroup.com>. The 2018 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 25th April 2019.

## **Directors**

As at the date of this announcement, our Executive Directors are Mr. XU Lirong, Mr. HUANG Xiaowen, Mr. WANG Haimin, Mr. ZHANG Wei and Mr. TUNG Lieh Cheung Andrew; our Non-Executive Directors are Mr. YAN Jun, Ms. WANG Dan, Mr. IP Sing Chi and Ms. CUI Hongqin; and our Independent Non-Executive Directors are Mr. CHOW Philip Yiu Wah, Professor WONG Yue Chim Richard, Dr. CHUNG Shui Ming Timpson, Mr. YANG Liang Yee Philip and Ms. CHEN Ying.

## **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, 22nd March 2019

\* *For identification purpose only*  
Website : <http://www.ooilgroup.com>