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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)

DISCLOSEABLE AND CONNECTED TRANSACTION CONSTRUCTION OF SEVEN VESSELS

CONSTRUCTION OF SEVEN VESSELS

On 28th October 2022, the Buyers, seven indirect wholly-owned subsidiaries of the Company, respectively entered into the Shipbuilding Contracts on substantially the same terms with the Builder for the construction of the respective Vessels for an aggregate consideration of US\$1,678.95 million (equivalent to approximately HK\$13,095.81 million).

LISTING RULES IMPLICATIONS

The Builder is an associate of COSCO SHIPPING, which indirectly holds 50% equity interest in the Builder. COSCO SHIPPING indirectly controls more than 50% of the issued share capital of the Company. Accordingly, the Builder is a connected person of the Company under Chapter 14A of the Listing Rules, and the Shipbuilding Transaction constitutes a connected transaction of the Company.

As all the Shipbuilding Contracts are entered into with the Builder on the same date, the transactions contemplated under the Shipbuilding Contracts are aggregated as one transaction under Rule 14.22 and Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Shipbuilding Transaction exceeds 5% but all percentage ratios are less than 25%, the Shipbuilding Transaction constitutes a discloseable transaction and a connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules respectively, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules.

An Independent Board Committee comprising all the Independent Non-Executive Directors (except Mr. Yang Liang Yee Philip and Ms. Chen Ying) has been established to advise the Independent Shareholders on, among other things, the terms of the Shipbuilding Transaction and on how to vote on the resolution in respect of the Shipbuilding Transaction at the SGM. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Shipbuilding Transaction Circular together with a supplemental notice of the SGM is expected to be despatched to the Shareholders on or around 8th November 2022.

BACKGROUND

On 28th October 2022, the Buyers, seven indirect wholly-owned subsidiaries of the Company, respectively entered into the Shipbuilding Contracts on substantially the same terms with the Builder for the construction of the respective Vessels for a consideration of US\$239.85 million (equivalent to approximately HK\$1,870.83 million) for each Vessel and for an aggregate consideration of US\$1,678.95 million (equivalent to approximately HK\$13,095.81 million) for all the Vessels.

FINANCE TERMS

The Company currently envisages that it will obtain financing for not more than 60% of the contract price of each Vessel with the financing guaranteed by the Company which will be finalized before the delivery of the Vessels, whilst the balance of the contract price will be funded from internal resources of the Group. If such financing arrangement could not be arranged, the full contract price of each Vessel would be funded by internal resources of the Group, which is expected to be sufficient for this purpose.

CONTRACT TERMS

The terms of the Shipbuilding Contracts (including the consideration for each Vessel) were determined on an arm's length basis and on normal commercial terms (based on price comparable to market price agreed between a willing buyer and a willing seller, payment terms, technical terms and delivery dates that meet the Company's requirements), pursuant to the negotiation process referred to in the section headed "Reasons for and Benefits of the Shipbuilding Transaction" below.

Under each of the Shipbuilding Contracts, the relevant Buyer shall pay the respective consideration of US\$239.85 million (equivalent to approximately HK\$1,870.83 million) in cash in five instalments based on progress intervals on the construction of each Vessel, with smaller proportion of contract price payable in the second, third and fourth instalments and larger proportion of the contract price payable in the first and fifth instalments. OOCL (Assets) Holdings Inc., an indirect wholly-owned subsidiary of the Company, as guarantor, would provide a letter of guarantee for each of the Vessels in favour of the Builder, guaranteeing the respective Buyers' payment obligation for the payment of the second, third and fourth instalments of the contract price under the respective Shipbuilding Contracts as provided in the respective letters of guarantee.

The Vessels are expected to be delivered between the third quarter of 2026 and the third quarter of 2028 subject to any early delivery or delay in delivery (subject to a maximum liquidated damages of approximately US\$13.50 million per Vessel for certain delays in delivery payable by the Builder to the relevant Buyer) as provided in each of the Shipbuilding Contracts.

In the event that any of the Shipbuilding Contracts is terminated by the relevant Buyer in accordance with the specific terms thereof, the Builder shall refund to the relevant Buyer in US Dollars the full amount already paid by the Buyer to the Builder, together with interest incurred thereof.

The Shipbuilding Transaction is conditional upon such transactions being approved by the Independent Shareholders at the SGM.

REASONS FOR AND BENEFITS OF THE SHIPBUILDING TRANSACTION

The Shipbuilding Transaction is in line with the 14th Five-Year Plan of the Group, which would, among other things, steadily increase the fleet capacity of the Group, further consolidate its position in the industry and continuously promote the Group's scale and global development of container shipping business. Mega-sized vessels, such as the Vessels, would play an effective role in long trade routes. With the addition of the Vessels in the Group's fleet, it would allow the Group to enhance the service layout and strengthen the position for its long trade routes, and to achieve balanced development in its global service network via vessel cascade plan arrangement. The Group would also benefit from the optimization of its fleet structure through the increase of self-owned vessels and enhance the core competitiveness of the fleet. The Vessels under the Shipbuilding Transaction would increase the average container space per vessel of the Group, driving economies of scale, whereby a higher container space per vessel would result in a lower cost per container, enhancing the operating cost competitiveness of the Group. Further, the Vessels would be equipped with green fuel technologies such as methanol dual fuel engines, which would demonstrate the Group's commitment towards global energy conservation and carbon emission reduction, fulfill the Group's corporate responsibility for sustainable development and harmonious ecosystem, and response to the national dual carbon goals.

Based on the Group's evaluation on price, technical competency and delivery schedule, the Builder's offer is optimal amongst the major shipbuilders (including independent third-party shipbuilder) in that they meet the above factors, as (i) the Builder has been well-recognised in the shipbuilding industry for its manufacturing process and quality control, which is crucial to the performance of the vessels, (ii) its vessel delivery schedule fits with the strategic plan of the Group; and (iii) its price is comparable to that obtained during the quotation process of the Group with other shipbuilders.

The Builder has previously been engaged by the Group to build six mega-sized 23,000 TEU class vessels and five 16,000 TEU class NeoPanamax vessels in 2020 and 2021. Engaging the same Builder again in the Shipbuilding Transaction is expected to provide synergy in construction, as the Builder has gained an improved understanding of the Group's operational and technical specifications, requirements and standard for its newbuildings.

The Board (excluding the Independent Non-Executive Directors who are members of the Independent Board Committee whose view will be given after taking into account the advice from the Independent Financial Adviser) considers that the terms of the Shipbuilding Contracts are fair and reasonable, and the Shipbuilding Transaction is on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

On the date of Board Meeting, Mr. Wan Min, Mr. Huang Xiaowen and Mr. Yang Zhijian, the Executive Directors of the Company, were holding directorships and/or senior management positions in COSCO SHIPPING, its subsidiaries and/or its associates; Mr. Tung Lieh Cheung Andrew, a Non-Executive Director of the Company, had interests in the shares and underlying shares of COSCO SHIPPING Holdings; Mr. Ip Sing Chi, a Non-Executive Director of the Company, was a non-executive director of COSCO SHIPPING Development Co., Ltd.; Mr. Yang Liang Yee Philip, an Independent Non-Executive Director of the Company, was an independent non-executive director of COSCO SHIPPING Ports Limited; and Ms. Chen Ying, the Independent Non-Executive Director of the Company, was an external director of COSCO SHIPPING (Guangzhou) Co., Ltd. and COSCO SHIPPING Lines Co., Ltd. Accordingly, each of them was considered to have a material interest in the Shipbuilding Transaction and had abstained from voting on the relevant resolution at the Board Meeting.

Other than Mr. Wan Min, Mr. Huang Xiaowen, Mr. Yang Zhijian, Mr. Tung Lieh Cheung Andrew, Mr. Ip Sing Chi, Mr. Yang Liang Yee Philip and Ms. Chen Ying, none of the other Directors on the date of Board Meeting (including Mr. Chow Philip Yiu Wah, Dr. Chung Shui Ming Timpson and Mr. So Gregory Kam Leung, the Independent Non-Executive Directors) had a material interest in the Shipbuilding Transaction, and none of the other Directors had abstained from voting on the relevant resolution.

LISTING RULES IMPLICATIONS

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As all the Shipbuilding Contracts are entered into with the Builder on the same date, the transactions contemplated under the Shipbuilding Contracts are aggregated as one transaction under Rule 14.22 and Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Shipbuilding Transaction exceeds 5% but all percentage ratios are less than 25%, the Shipbuilding Transaction constitutes a discloseable transaction and a connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules respectively, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules.

An Independent Board Committee comprising all the Independent Non-Executive Directors (except Mr. Yang Liang Yee Philip and Ms. Chen Ying) has been established to advise the Independent Shareholders on, among other things, the terms of the Shipbuilding Transaction and on how to vote on the resolution in respect of the Shipbuilding Transaction at the SGM. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Shipbuilding Transaction Circular together with a supplemental notice of the SGM is expected to be despatched to the Shareholders on or around 8th November 2022.

Faulkner, being a member of the COSCO SHIPPING Group and therefore considered to have material interest in the Shipbuilding Transaction, will abstain from voting on the relevant resolution in respect thereof at the SGM. So far as the Directors are aware, as at the date of this announcement, save as disclosed above, no other Shareholder is required to abstain from voting on the resolution approving the Shipbuilding Transaction to be proposed at the SGM.

INFORMATION ON THE GROUP AND THE BUILDER

The Group is principally engaged in the provision of container transport and logistics services.

To the best of the Directors' knowledge, information and belief, the Builder is a company established in the PRC and is an associate of COSCO SHIPPING, and in which each of COSCO SHIPPING and Kawasaki Heavy Industries, Ltd. (a heavy industrial manufacturer whose shares are listed on the Tokyo and Nagoya Stock Exchanges) indirectly or directly holds 50% equity interest respectively. The Builder is principally engaged in the business of manufacturing, sales and repairing of ships.

To the best of the Directors' knowledge, information and belief, the scope of business of COSCO SHIPPING includes international shipping, ancillary business in international maritime transportation, import and export of goods and technologies, international freight agency business, leasing of self-owned vessels, sale of vessels, containers and steel, and maritime engineering.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below, and words in plural shall include the singular and vice versa, as applicable:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Board Meeting”	the meeting of the Board held on 28th October 2022 for approving, among other things, the Shipbuilding Transaction;
“Builder”	Nantong COSCO KHI Ship Engineering Co., Ltd.* (南通中遠海運川崎船舶工程有限公司), a company established in the PRC and an associate of COSCO SHIPPING, which indirectly holds 50% equity interest in the Builder;
“Buyers”	Newcontainer No.143 (Marshall Islands) Shipping Inc., Newcontainer No.145 (Marshall Islands) Shipping Inc., Newcontainer No.146 (Marshall Islands) Shipping Inc., Newcontainer No.147 (Marshall Islands) Shipping Inc., Newcontainer No.148 (Marshall Islands) Shipping Inc., Newcontainer No.149 (Marshall Islands) Shipping Inc. and Newcontainer No.150 (Marshall Islands) Shipping Inc., each an indirect wholly-owned subsidiary of the Company;
“Company”	Orient Overseas (International) Limited, a company incorporated in Bermuda with members’ limited liability and listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 316);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“COSCO SHIPPING”	China COSCO SHIPPING Corporation Limited* (中國遠洋海運集團有限公司), a PRC state-owned enterprise and indirectly controls more than 50% of the issued share capital of the Company and is also an indirect controlling shareholder of COSCO SHIPPING Holdings;
“COSCO SHIPPING Group”	COSCO SHIPPING and its subsidiaries and associates (as defined under the Listing Rules);
“COSCO SHIPPING Holdings”	COSCO SHIPPING Holdings Co., Ltd.* (中遠海運控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 1919) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601919), an indirect controlling shareholder of the Company;
“Directors”	the directors of the Company;

“Faulkner”	Faulkner Global Holdings Limited, a company incorporated in the British Virgin Islands and is a member of the COSCO SHIPPING Group, directly holds 71.07% of the issued share capital of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent board committee of the Board comprising all the Independent Non-Executive Directors (except Mr. Yang Liang Yee Philip and Ms. Chen Ying), who have no material interests in the Shipbuilding Transaction;
“Independent Financial Adviser”	First Shanghai Capital Limited, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on, among other things, the terms of the Shipbuilding Transaction;
“Independent Non-Executive Directors”	the independent non-executive Directors, namely Mr. Chow Philip Yiu Wah, Dr. Chung Shui Ming Timpson, Mr. Yang Liang Yee Philip, Ms. Chen Ying and Mr. So Gregory Kam Leung;
“Independent Shareholders”	Shareholders other than members of COSCO SHIPPING Group;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China;
“SGM”	the special general meeting of the Company to be held on Thursday, 24th November 2022 at 10:00 a.m. at Dynasty Room, 7th Floor, The Dynasty Club, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong or any adjournment thereof to consider, and if thought fit, among other things, approve the Shipbuilding Transaction;
“SGM Circular”	the circular of the Company dated 21st October 2022 in relation to, among other things, certain continuing connected transactions of the Company which will require independent shareholders’ approval at the SGM and the proposed adoption of the new bye-laws of the Company;
“Shareholders”	holder(s) of the share(s) of the Company;
“Shipbuilding Contracts”	the seven shipbuilding contracts all dated 28th October 2022 and entered into by the Builder with each of the Buyers, each of which relates to one Vessel and contains substantially the same terms;

“Shipbuilding Transaction”	the transactions contemplated under the Shipbuilding Contracts;
“Shipbuilding Transaction Circular”	the supplemental circular to the SGM Circular, containing, among other things, further details of the Shipbuilding Transaction, a letter from the Independent Board Committee and a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders relating to the Shipbuilding Transaction;
“subsidiaries”	has the meaning ascribed to it under the Listing Rules; and “subsidiary” means any one of them;
“TEU”	twenty-foot equivalent container unit;
“US\$”	United States Dollars, the lawful currency of the United States;
“Vessel(s)”	seven units of 24,000 TEU class dual fuel container vessels which will be constructed by the Builder according to the respective Shipbuilding Contracts; and “Vessel” means any of them; and
“%”	per cent.

The exchange rate used for reference purpose in this announcement is US\$1.00 to HK\$7.80.

By order of the Board
Orient Overseas (International) Limited
XIAO Junguang
Company Secretary

Hong Kong, 28th October 2022

As at the date of this announcement, the Directors of the Company are:

Executive Directors:	Mr. WAN Min, Mr. HUANG Xiaowen and Mr. YANG Zhijian
Non-Executive Directors:	Mr. TUNG Lieh Cheung Andrew, Mr. YAN Jun, Ms. WANG Dan and Mr. IP Sing Chi
Independent Non-Executive Directors:	Mr. CHOW Philip Yiu Wah, Dr. CHUNG Shui Ming Timpson, Mr. YANG Liang Yee Philip, Ms. CHEN Ying and Mr. SO Gregory Kam Leung

** For identification purpose only*