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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 TRANSACTION
LEASING OF SIX VESSELS**

CHARTERPARTIES

On 22nd October 2024, OOCLL (an indirect wholly-owned subsidiary of the Company), as charterer (lessee) entered into the Charterparties with the Shipowners, each as shipowner (lessor), for the chartering of a total of six Vessels for a term of 15 years (with up to 30 days more or less at OOCLL's option) commencing from the date of delivery of the respective Vessels and on this basis, the maximum aggregate charter-hire payment payable by the Group for all Vessels under the Charterparties is approximately RMB11.2 billion.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16 "Leases", the entering into of the Charterparties by OOCLL as lessee will require the Group to recognise the present value of the aggregate of the total fixed lease payments under the full term of each of the Charterparties in its consolidated financial statements as the value of Right-of-Use Assets. Thus, the Charter Transaction is regarded as an acquisition of asset for the purpose of Chapter 14 of the Listing Rules.

As the Charterparties are entered into with the respective Shipowners, which are all subsidiaries of Seaspan, on the same date, the transactions contemplated under the Charterparties are aggregated as one transaction under Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Charter Transaction based on the total value of Right-of-Use Assets exceeds 5% but all percentage ratios are less than 25%, the Charter Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore is subject to the reporting and announcement requirements under the Listing Rules.

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The principal terms of the Charterparties are as follows:

Date: 22nd October 2024

Parties: (1) the respective Shipowners, each as shipowner (lessor), which are subsidiaries of Seaspan; and
(2) OOCLL, as charterer (lessee)

Vessels: Newly-built container vessels each has a nominal loading capacity of approximately 13,580 TEU

Charter period: 15 years (with up to 30 days more or less at OOCLL's option) time charter commencing from the date of delivery of the respective Vessels. Subject to the production schedule of the shipyard, the respective expected commencement dates for the chartering of the Vessels are as follows:

<u>Expected chartering commencement date</u>	<u>No. of Vessels</u>
Around the 4th quarter of 2026	2
Around the 1st quarter of 2027	2
Around the 1st quarter of 2028	2

Charter hire: The payment for the charter hire is calculated on an agreed flat rate per day per Vessel and based on the actual usage. Based on the maximum number of days under the charter period of the Charterparties, the maximum aggregate charter-hire payment payable by the Group for all Vessels under the Charterparties is approximately RMB11.2 billion.

The terms and conditions, including the charter hire, of the Charterparties were determined after arm's length negotiations between the parties with reference to the prevailing market hire rates of comparable type of vessels and charter period in the market. In determining the prevailing market hire rates, the Company has obtained market information from shipping data platform and other information publicly available and considered, among others, the following:

- (i) twenty seven 16,000 TEU class newly-built vessels were contracted for charter by other top tier global shipping lines from sizeable independent shipowners in 2024 at charter-hire rates between approximately US\$70,000 to approximately US\$75,000 per day (between approximately US\$25.6 million to approximately US\$27.4 million per year) per vessel, with charter periods between 12 to 15 years; and

- (ii) three 14,000 TEU class newly-built vessels were contracted for charter by a top tier global shipping line from a sizeable independent shipowner in 2019 at charter-hire rate of approximately US\$55,000 per day (approximately US\$20.1 million per year) per vessel, with charter period of 15 years.

The Directors consider that the terms and conditions, including the charter hire, of the Charterparties are fair and reasonable and believe that the Charter Transaction is in the interests of the Company and its shareholders as a whole.

Payment terms: Payment of the charter hire should be made in cash every 15 days in advance. The Company currently envisages that OOCLL will pay the charter hire by internal resources of the Group.

RIGHT-OF-USE ASSETS

Pursuant to HKFRS 16 “Leases”, the Group will initially recognise the Right-of-Use Assets at cost. The value of the Right-of-Use Assets under the Charterparties to be recognised by the Group in its consolidated financial statements is approximately US\$916.3 million, which is calculated primarily based on the present value of the aggregate lease payments discounted using the Group’s current incremental borrowing rate and exchange rate of the US\$ against RMB. The Group will initially recognise the Right-of-Use Assets at cost alongside the same amount of lease liabilities.

The Right-of-Use Assets value is a preliminary assessment and is subject to finalisation of discount rate and exchange rate of the US\$ against RMB to be used at the inception of the Charterparties. The final amount of the Right-of-Use Assets to be recognised by the Group will be subject to audit.

PERFORMANCE GUARANTEE

Seaspan has provided letters of guarantee to OOCLL for the due and proper performance by each Shipowner to OOCLL of all of the Shipowner’s obligations arising under or in connection with the respective Charterparties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CHARTERPARTIES

The Charter Transaction aligns with the 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.

The Group primarily provides container transport and logistics services. It continuously assesses the global economic situation, business conditions of the shipping industry and the supply and demand for container vessels, and optimisation to the Group’s fleet structure will be made as and when appropriate. Since 2020, shipping lines have significantly increased their orders for container vessels, with the current construction orders expected to be completed by 2028. By entering into the Charterparties, the Group can expand its fleet capacity with modern vessels as early as 2026, providing greater flexibility in fleet planning and operations under various economic conditions. The Group intends to deploy the Vessels in emerging markets to enhance its market development.

LISTING RULES IMPLICATIONS

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As the Charterparties are entered into with the respective Shipowners, which are all subsidiaries of Seaspan, on the same date, the transactions contemplated under the Charterparties are aggregated as one transaction under Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Charter Transaction based on the total value of Right-of-Use Assets exceeds 5% but all percentage ratios are less than 25%, the Charter Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore is subject to the reporting and announcement requirements under the Listing Rules.

INFORMATION ON THE PARTIES

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

OOCLL is an indirect wholly-owned subsidiary of the Company and is one of the world’s largest integrated international transportation and logistics companies and is an industry leader in the use of information technology, digitalisation and e-commerce to manage the entire cargo transport process.

As informed by Seaspan, each of the Shipowners is a corporation incorporated in the Republic of the Marshall Islands, a direct wholly-owned subsidiary of Seaspan and principally engaged in ship chartering business. Seaspan is a corporation incorporated in the Republic of the Marshall Islands. It is an independent charter owner and manager of container vessels, which charters primarily pursuant to long-term, fixed-rate time charters with major container liner companies.

According to the information available to the Directors, Seaspan is indirectly held as to approximately 43% by Fairfax Financial, approximately 28% by ONE, and with the remaining shares held by certain other Independent Third Parties.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Shipowners, Seaspan and their respective ultimate beneficial owners are Independent Third Parties.

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;
“Charterparties”	the six charterparties all dated 22nd October 2024 and entered into between OOCLL and the respective Shipowners, and each charterparty relates to one Vessel and contains substantially the same terms;
“Charter Transaction”	the transactions contemplated under the Charterparties;
“Company”	Orient Overseas (International) Limited, a company incorporated in Bermuda with members’ limited liability and listed on the Main Board of the Stock Exchange (stock code: 316);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Fairfax Financial”	Fairfax Financial Holdings Limited, a company federally incorporated in Ontario, Canada, the securities of which are listed on Toronto Stock Exchange (stock symbol: FFH);
“Group”	the Company and its subsidiaries;
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Third Parties”	person(s) (and in case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates within the meaning of the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time;
“ONE”	Ocean Network Express Pte. Ltd., a private limited company incorporated in Singapore, which is jointly owned by Mitsui O.S.K. Lines, Ltd., a company listed on Tokyo Stock Exchange (security code: 9104), Nippon Yusen Kabushiki Kaisha, a company listed on Tokyo Stock Exchange (security code: 9101), and Kawasaki Kisen Kaisha, Ltd., a company listed on Tokyo Stock Exchange (security code: 9107);

“OOCLL”	Orient Overseas Container Line Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company;
“PRC”	the People’s Republic of China, which shall, for the sole purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Right-of-Use Assets”	assets representing the value of the Group’s right (as lessee) under the Charterparties in its consolidated financial statements pursuant to HKFRS 16 “Leases”;
“RMB”	Renminbi, the lawful currency of the PRC;
“Seaspan”	Seaspan Corporation, a corporation incorporated in the Republic of the Marshall Islands;
“Shipowners”	Seaspan Containership XLI Ltd.; Seaspan Containership XLII Ltd.; Seaspan Containership XLIII Ltd.; Seaspan Containership XLIV Ltd.; Seaspan Containership XLV Ltd.; and Seaspan Containership XLVI Ltd., each a direct wholly-owned subsidiary of Seaspan; and “Shipowner” means any one of them;
“subsidiaries”	has the meaning ascribed to it under the Listing Rules; and “subsidiary” means any one of them;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TEU”	twenty-foot equivalent container unit;
“US\$”	United States Dollars, the lawful currency of the United States;
“Vessels”	six units of newly-built 13,580 TEU container vessels which will be chartered by OOCLL from the respective Shipowners according to the respective Charterparties; and “Vessel” means any of them; and
“%”	per cent.

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

Hong Kong, 22nd October 2024

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

Executive Directors:	Mr. WAN Min, Mr. CHEN Yangfan and Mr. TAO Weidong
Non-Executive Directors:	Mr. TUNG Lieh Cheung Andrew, Mr. GU Jinshan, 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*