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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)**

### **MAJOR AND CONNECTED TRANSACTION CONSTRUCTION OF FIVE VESSELS**

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On 10 March 2020, the Buyers, five indirect wholly-owned subsidiaries of the Company, respectively entered into the Shipbuilding Contracts on substantially the same terms with the respective Builders for the construction of the respective Vessels for an aggregate consideration of US\$778.4 million (equivalent to approximately HK\$6,110.44 million).

#### **LISTING RULES IMPLICATIONS**

Nantong is an associate of COSCO SHIPPING which indirectly holds 50% equity interest in Nantong. Dalian is an indirect subsidiary of COSCO SHIPPING and Nantong directly holds 30% equity interest in Dalian. COSCO SHIPPING indirectly controls more than 50% of the issued share capital of the Company. Accordingly, both Nantong and Dalian are connected persons of the Company under Chapter 14A of the Listing Rules, and the Transaction constitutes a connected transaction of the Company.

As the Shipbuilding Contracts are entered into with entities connected with each other, the Shipbuilding Contracts are aggregated as a Transaction under Rule 14A.82(1) of the Listing Rules. As one of the applicable percentage ratios in respect of the Transaction exceeds 25%, but all the applicable percentage ratios in respect of the Transaction are less than 100%, the Transaction constitutes a major transaction and a connected transaction of the Company subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the Independent Non-Executive Directors (except Dr. Chung Shui Ming Timpson, Mr. Yang Liang Yee Philip and Ms. Chen Ying) has been established to advise the Independent Shareholders on the terms of the Transaction and on how to vote on the resolutions in respect of the Transaction at the AGM. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, further details of the 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, together with a notice convening the AGM, will be despatched to the Shareholders on or around 9 April 2020 as additional time is required to prepare certain information in the circular.

## **BACKGROUND**

On 10 March 2020, the Buyers (five indirect wholly-owned subsidiaries of the Company) respectively entered into the Shipbuilding Contracts on substantially the same terms with the respective Builders for the construction of the respective Vessels for a consideration of US\$155.68 million (equivalent to approximately HK\$1,222.09 million) for each Vessel, and for an aggregate consideration of US\$778.4 million (equivalent to approximately HK\$6,110.44 million) for all the Vessels. Among the Shipbuilding Contracts, three of which was entered into with Nantong and two of which was entered into with Dalian.

## **FINANCE TERMS**

The Company currently envisages that bank financing will be arranged for the Transaction and expects that finance for about 60% of the contract price of each Vessel, with the financing guaranteed by the Company, will be finalised in the near future with the balance of the contract price to be funded from internal resources. Should such bank finance not be arranged, the full contract price of each Vessel would come from internal resources of the Group.

## **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 requirement).

Under each of the Shipbuilding Contracts, the relevant Buyer shall pay the consideration of US\$155.68 million in cash in instalments based on progress intervals on the construction of each Vessel.

The Vessels are expected to be delivered between the first quarter of year 2023 and the early fourth quarter of year 2023 subject to any early delivery or delay in delivery as provided in each of the Shipbuilding Contracts.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

Based on the Group's evaluation on price, technical terms and delivery schedule, Nantong's and Dalian's offer is the best amongst the bidders.

The Shipbuilding Contracts have been entered into for the purposes of improving the quality of service which the Group provides to its customers. It is the view of the Directors that ownership of the Vessels will improve both the operation efficiency and profitability of the Group.

The size of the Vessels together with the current vessels of smaller size would complete the fleet size of the Group and would bring economy of scale to the Group. The deployment of Vessels will be able to strengthen the market position of the Group and enhance the cost competitiveness of the Group.

The Group's fixed assets will increase following delivery of the Vessels, whilst current assets will decrease and long term liabilities will increase depending on the proportion of the contract price funded from internal resources and external finance.

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 on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

On the date of Board Meeting, Mr. Xu Lirong, Mr. Wang Haimin, Mr. Yang Zhijian and Mr. Feng Boming, the Executive Directors of the Company, were holding directorships and/or senior management positions in COSCO SHIPPING, its subsidiaries or its associates; Dr. Chung Shui Ming Timpson, the Independent Non-Executive Director of the Company, was an external director of COSCO SHIPPING; and Mr. Yang Liang Yee Philip, the Independent Non-Executive Director of the Company, was an independent non-executive director of COSCO SHIPPING Holdings. Accordingly, each of them was considered to have a material interest in the Transaction and was required to abstain from voting on the relevant resolutions at the Board Meeting.

At the Board Meeting, other than Mr. Xu Lirong, Mr. Wang Haimin, Mr. Yang Zhijian, Mr. Feng Boming, Dr. Chung Shui Ming Timpson and Mr. Yang Liang Yee Philip, none of the other Directors had a material interest in the Transaction, and none of them had abstained from voting on the relevant resolutions.

Ms. Chen Ying, the Independent Non-Executive Director of the Company, was appointed as an independent non-executive director of a subsidiary of COSCO SHIPPING after the date of the Board Meeting. She was not considered to have material interest in the Transaction at the Board Meeting and she was not required to abstain from voting on the resolutions passed at the Board Meeting.

## **LISTING RULES IMPLICATIONS**

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As the Shipbuilding Contracts are entered into with entities connected with each other, the Shipbuilding Contracts are aggregated as a Transaction under Rule 14A.82(1) of the Listing Rules. As one of the applicable percentage ratios in respect of the Transaction exceeds 25%, but all the applicable percentage ratios in respect of the Transaction are less than 100%, the Transaction constitutes a major transaction and a connected transaction of the Company subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the Independent Non-Executive Directors (except Dr. Chung Shui Ming Timpson, Mr. Yang Liang Yee Philip and Ms. Chen Ying) has been established to advise the Independent Shareholders on the terms of the Transaction and on how to vote on the resolutions in respect of the Transaction at the AGM. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, further details of the 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, together with a notice convening the AGM, will be despatched to the Shareholders on or around 9 April 2020 as additional time is required to prepare certain information in the circular.

Faulkner will abstain from voting on the resolutions in respect of the Transaction at the AGM.

## **INFORMATION ON THE GROUP AND THE BUILDERS**

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

To the best of the Directors' knowledge, information and belief, Nantong 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. ("Kawasaki", a heavy industrial manufacturer whose shares are listed on the Tokyo Stock Exchange) indirectly or directly holds 50% equity interest respectively. Nantong is principally engaged in the business of manufacturing, sales and repairing of ships (including trial-run for self-built ships).

To the best of the Directors' knowledge, information and belief, Dalian is a company established in the PRC and is an indirect subsidiary of COSCO SHIPPING, and Dalian's other direct shareholders are Nantong and Kawasaki. Dalian is principally engaged in the business of design, manufacturing, sales and repairing of ships (excluding military 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, 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:

“AGM”	the annual general meeting of the Company to be held on 15 May 2020, inter alia, to consider, and if thought fit, approve, among other things, the Transaction;
“associates”	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 14 November 2019 for approving the Transaction;
“Builders”	Dalian and Nantong;
“Buyers”	Newcontainer No.108 (Marshall Islands) Shipping Inc. (“NC108”), Newcontainer No.109 (Marshall Islands) Shipping Inc. (“NC109”), Newcontainer No.110 (Marshall Islands) Shipping Inc. (“NC110”), Newcontainer No.111 (Marshall Islands) Shipping Inc. (“NC111”), and Newcontainer No.112 (Marshall Islands) Shipping Inc. (“NC112”), each an indirect wholly-owned subsidiary of the Company;
“Company”	Orient Overseas (International) Limited (東方海外(國際)有限公司*), a company incorporated in Bermuda with members’ limited liability and listed on the Main Board of the Stock Exchange (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;
“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 and a member of the COSCO SHIPPING Group, 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);

“Dalian”	Dalian COSCO KHI Ship Engineering Co., Ltd.* (大連中遠海運川崎船舶工程有限公司), a company established in the PRC and an indirect subsidiary of COSCO SHIPPING. Nantong directly holds 30% equity interest in Dalian;
“Directors”	the directors of the Company;
“Faulkner”	Faulkner Global Holdings Limited, a company incorporated in the British Virgin Islands and a member of the COSCO SHIPPING Group, directly holds 75% of the issued share capital of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollars, the lawful currency of The 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 Dr. Chung Shui Ming Timpson, Mr. Yang Liang Yee Philip and Ms. Chen Ying), who have no material interests in the Transaction;
“Independent Financial Adviser”	First Shanghai Capital Limited (第一上海融資有限公司), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the 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 those who are members of the COSCO SHIPPING Group;
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;
“Nantong”	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 Nantong;
“PRC”	the People’s Republic of China;
“Shareholders”	holder(s) of the share(s) of the Company;

“Shipbuilding Contracts”	the following five shipbuilding contracts all dated 10 March 2020, each of which relates to one Vessel and contains substantially the same terms: (i) three shipbuilding contracts entered into by Nantong with each of NC108, NC109 and NC110 respectively in respect of the three related Vessels; and (ii) two shipbuilding contracts entered into by Dalian with each of NC111 and NC112 respectively in respect of the two related Vessels;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it under the Listing Rules; and “subsidiary” means any of them;
“TEU”	twenty-foot equivalent container unit;
“Transaction”	the transactions contemplated under the Shipbuilding Contracts;
“US\$”	United States Dollars, the lawful currency of the United States;
“Vessels”	five units of 23,000 TEU container vessels, three of which will be constructed by Nantong and two of which will be constructed by Dalian 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\$7.85.

By Order of the Board  
**Orient Overseas (International) Limited**  
**Lammy LEE**  
*Company Secretary*

Hong Kong, 10 March 2020

*As at the date of this announcement, our Executive Directors are Mr. XU Lirong, Mr. WANG Haimin, Mr. YANG Zhijian and Mr. FENG Boming; our Non-Executive Directors are Mr. TUNG Lieh Cheung Andrew, 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, Dr. CHUNG Shui Ming Timpson, Mr. YANG Liang Yee Philip, Ms. CHEN Ying and Mr. SO Gregory Kam Leung.*

\* *For identification purposes only*

website: <http://www.ooilgroup.com>