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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 FOURTEEN VESSELS

CONSTRUCTION OF FOURTEEN VESSELS

On 29th April 2025, the Buyers, fourteen indirect wholly-owned subsidiaries of the Company, respectively entered into the Shipbuilding Contracts on substantially the same terms with the respective Builders (Nantong and Dalian) for the construction of the respective Vessels for an aggregate consideration of US\$3,080 million (equivalent to approximately HK\$24,024 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. COSCO SHIPPING (through its wholly-owned subsidiaries) holds 36% equity interest, and Nantong directly holds 30% equity interest, respectively, 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 Shipbuilding Transaction constitutes a connected transaction of the Company.

As the Shipbuilding Contracts are entered into with entities connected with each other 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 25% but is less than 100%, the Shipbuilding Transaction constitutes a major 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.

A 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, together with a notice convening the SGM, is expected to be despatched to the Shareholders on or around 8th May 2025.

BACKGROUND

On 29th April 2025, the Buyers, fourteen indirect wholly-owned subsidiaries of the Company, respectively entered into the Shipbuilding Contracts on substantially the same terms with the respective Builders (Nantong and Dalian) for the construction of the respective Vessels for a consideration of US\$220 million (equivalent to approximately HK\$1,716 million) for each Vessel and for an aggregate consideration of US\$3,080 million (equivalent to approximately HK\$24,024 million) for all the Vessels.

FINANCE TERMS

The Company currently envisages that it will obtain financing (such as external debt financing and/or bank loans) for not more than 60% of the contract price of each Vessel with the financing guaranteed by the Company which will be finalised 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\$220 million (equivalent to approximately HK\$1,716 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 first four instalments and the majority of the payment payable in the fifth instalment upon delivery of the Vessel. In respect of each Shipbuilding Contract, OOCL (Assets) Holdings Inc., an indirect wholly-owned subsidiary of the Company, will provide a letter of guarantee in favour of the respective Builder, guaranteeing the respective Buyer's payment obligation for the second, third and fourth instalments (together with interests, if any).

The Vessels are expected to be delivered between the third quarter of 2028 and the third quarter of 2029 subject to the arrangements of delay in delivery as provided in each of the Shipbuilding Contracts.

In the event that there is a delay in delivery of any Vessel, the relevant Builder shall deduct the liquidated damages from the 5th instalment of the contract price of the relevant Shipbuilding Contract (the exact amount of which shall be assessed based on the extent of delay from the original delivery date pursuant to the relevant Shipbuilding Contract and the maximum amount of which shall be approximately US\$12.4 million for each Vessel).

In the event that any Builder fails to conform to the technical specifications in the construction of the relevant Vessel as prescribed under the relevant Shipbuilding Contract (such as where the speed or the deadweight tonnage of the relevant Vessel falls below the agreed standard), the relevant Builder shall deduct the liquidated damages from the 5th instalment of the contract price of the relevant Shipbuilding Contract (the exact amount of which shall be assessed based on the extent of deviation from the relevant technical specifications as prescribed under the relevant Shipbuilding Contract and the aggregate maximum amount of which shall be approximately US\$21.9 million for each Vessel). Accordingly, the 5th instalment shall be paid on a net basis (i.e. after deducting the aforementioned liquidated damages payable by the relevant Builder).

If any of the Shipbuilding Contracts is terminated by the relevant Buyer in accordance with the specific terms thereof (such as in the event of extended delay in delivery), the relevant 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 specifications and plans in accordance with which the Vessel is constructed, may be modified and/or changed at any time after the date of the relevant Shipbuilding Contract by written agreement of the parties thereto, provided that such modifications and/or changes or an accumulation thereof will not, in the reasonable judgment of the relevant Builder, adversely affect its other commitments and provided further that the relevant Buyer shall agree with the relevant Builder in writing on the adjustment of the contract price, time of delivery of the relevant Vessel and other terms of the relevant Shipbuilding Contract, if any.

The Shipbuilding Transaction is subject to (i) the Independent Shareholders' approval at the SGM and (ii) COSCO SHIPPING Holdings's compliance of its shareholders' approval requirements pursuant to the Listing Rules and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

REASONS FOR AND BENEFITS OF THE SHIPBUILDING TRANSACTION

The Shipbuilding Transaction aligns with the Group's long-term strategy to steadily increase fleet capacity, achieve balanced growth in the long run, continuously promote the global development of its container shipping business and further consolidate its position in the industry. The Vessels are versatile and suitable for a wide range of trade routes and terminals. With the addition of the Vessels to the Group's fleet, the Group will achieve more balanced development in its global service network and enhance its core competitiveness across both traditional and emerging markets. The construction of the Vessels will allow the Group to optimise its fleet structure, and the Vessels can serve as replacements of the aged units of the Group over time. Besides, the Vessels will be equipped with green fuel technologies such as methanol dual fuel engines, which will demonstrate the Group's commitment to global energy conservation and carbon emission reduction for sustainable development, in response to customers' needs for a zero-carbon supply chain. Furthermore, the increased average container space per vessel will drive economies of scale, resulting in lower costs per container and enhancing the Group's operating cost competitiveness.

The Group had requested price quotations for the construction of the Vessels from several shipbuilders, including the Builders and two independent shipbuilders, where (i) one independent shipbuilder could not offer a quotation because of its limited shipbuilding slot availability and resources; and (ii) the other independent shipbuilder offered a base quotation higher than that offered by the Builders, with a delivery schedule later than that offered by the Builders. Based on the Group's evaluation on price, technical competency and delivery schedule, the Builders' offer is optimal amongst the quotations received in that they meet the above factors, as (i) the Builders are well-recognised in the shipbuilding industry for their manufacturing process and quality control, which are crucial to the performance of the vessels; (ii) their vessel delivery schedule fits with the strategic plan of the Group; and (iii) their price is comparable to that obtained from the other shipbuilder during the quotation process of the Group.

The Builders have previously been engaged by the Group to build twenty-nine container vessels (excluding the Vessels), including seven 24,000 TEU class methanol dual fuel container vessels ordered in 2022, since 2020. Engaging the same Builders again in the Shipbuilding Transaction is expected to provide synergy in construction, as the Builders have gained an improved understanding of the Group's operational and technical specifications, requirements and standard for its newbuildings.

The Company acknowledges the potential risks associated with the Shipbuilding Transaction, including financing challenges and shipping market volatility. Given (i) the Group's relatively strong operating cashflow position and low debt level in recent years; (ii) the Group's strategic deployment of vessels (including the Vessels) to meet evolving market situation; and (iii) the flexibility to extend or terminate a portion of the Group's leases to adjust the operating capacity according to the market condition in the future, the Company is of the view that its exposure to the risks associated with the Shipbuilding Transaction is reasonable and manageable.

The Company also considers the level of risks incurred as a result of the Shipbuilding Transaction to be comparable to those in transactions with independent third-party shipbuilders.

Following delivery of the Vessels, the Group's fixed assets will increase 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 financing. For illustration purpose and as an example only, if the Group settles 40% and 60% of the total consideration by internal cash resources and external financing, respectively, the current assets of the Group (namely, cash and bank balance) will decrease by US\$1,232 million (i.e. 40% of US\$3,080 million), while the non-current assets of the Group (namely, property, plant and equipment) will increase by US\$3,080 million and the total liabilities of the Group will increase by US\$1,848 million (i.e. 60% of US\$3,080 million).

There is no immediate material impact on earnings of the Group by reason only of the Shipbuilding Transaction. After the delivery of the Vessels, the Vessels are expected to be utilised for the generation of revenue through the core businesses of the Group and enhance the operational efficiency and capability and business development of the Group, and then further contribute to its earnings base in the long run.

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. Zhang Feng and Mr. Tao Weidong, the Executive Directors of the Company, were holding directorships and/or senior management positions in COSCO SHIPPING, its subsidiaries and/or its associates; 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 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. Zhang Feng, Mr. Tao Weidong, 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.

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As all the Shipbuilding Contracts are entered into with entities connected with each other 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 25% but is less than 100%, the Shipbuilding Transaction constitutes a major 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.

A 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, together with a notice convening the SGM, is expected to be despatched to the Shareholders on or around 8th May 2025.

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 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 indirectly or directly holds 50% equity interest respectively. Nantong is principally engaged in the business of constructing, sales and repairing of ships.

To the best of the Directors' knowledge, information and belief, Dalian is a company established in the PRC and is owned by COSCO SHIPPING (through its wholly-owned subsidiaries), Kawasaki and Nantong as to 36%, 34% and 30% respectively. 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, and maritime engineering.

CLOSURE OF REGISTER OF MEMBERS

The record date for determining the Shareholders entitled to attend and vote at the SGM will be 27th May 2025. The register of members of the Company will be closed from 21st May 2025 to 27th May 2025, both days inclusive, during which period no transfer of Shares will be registered. To be eligible to attend and vote at the SGM, all share transfer documents must be accompanied with the relevant share certificates and lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited 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 20th May 2025.

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 29th April 2025 for approving, among other things, the Shipbuilding Transaction;
“Builders”	Dalian and Nantong;
“Buyers”	Newcontainer No.151 (Marshall Islands) Shipping Inc. (“NC151”), Newcontainer No.152 (Marshall Islands) Shipping Inc. (“NC152”), Newcontainer No.153 (Marshall Islands) Shipping Inc. (“NC153”), Newcontainer No.155 (Marshall Islands) Shipping Inc. (“NC155”), Newcontainer No.156 (Marshall Islands) Shipping Inc. (“NC156”), Newcontainer No.157 (Marshall Islands) Shipping Inc. (“NC157”), Newcontainer No.158 (Marshall Islands) Shipping Inc. (“NC158”), Newcontainer No.159 (Marshall Islands) Shipping Inc. (“NC159”), Newcontainer No.160 (Marshall Islands) Shipping Inc. (“NC160”), Newcontainer No.161 (Marshall Islands) Shipping Inc. (“NC161”), Newcontainer No.162 (Marshall Islands) Shipping Inc. (“NC162”), Newcontainer No.163 (Marshall Islands) Shipping Inc. (“NC163”), Newcontainer No.165 (Marshall Islands) Shipping Inc. (“NC165”), and Newcontainer No.166 (Marshall Islands) Shipping Inc. (“NC166”), 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 Hong Kong Stock Exchange (stock code: 316);
“connected person(s)”	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;
“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 Hong Kong 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;
“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 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”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, 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 of the Company, 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;

“Kawasaki”	Kawasaki Heavy Industries, Ltd., a heavy industrial manufacturer whose shares are listed on the Tokyo and Nagoya stock exchanges;
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong 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;
“SGM”	the special general meeting of the Company to be held on Tuesday, 27th May 2025 at 10:00 a.m. at Concord Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong or any postponement/adjournment thereof, to consider and, if thought fit, approve the Shipbuilding Transaction;
“Shareholders”	holder(s) of the share(s) of the Company;
“Shipbuilding Contracts”	the following fourteen shipbuilding contracts all dated 29th April 2025, each of which relates to one Vessel and contains substantially the same terms: (i) five shipbuilding contracts entered into by Nantong with each of NC151, NC152, NC153, NC155 and NC156 respectively in respect of the five related Vessels; and (ii) nine shipbuilding contracts entered into by Dalian with each of NC157, NC158, NC159, NC160, NC161, NC162, NC163, NC165 and NC166 respectively in respect of the nine related Vessels, and “Shipbuilding Contract” means any of them;
“Shipbuilding Transaction”	the transactions contemplated under the Shipbuilding Contracts;
“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)”	fourteen units of 18,500 TEU class methanol dual fuel container vessels, five of which will be constructed by Nantong and nine 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\$7.80.

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

Hong Kong, 29th April 2025

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

Executive Directors:	Mr. WAN Min, Mr. ZHANG Feng 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*