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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)

**CONTINUING CONNECTED TRANSACTIONS
DISCLOSEABLE TRANSACTIONS**

RENEWAL OF THE EXISTING MASTER AGREEMENTS

Reference is made to the announcements dated 24 July 2018, 26 March 2019 and 28 August 2019 in relation to the continuing connected transactions between OOIL Group and COSCO SHIPPING Group under the Existing Business Master Agreement, the Existing Bunker Master Agreement, the Existing Terminal Master Agreement and the Existing Equipment Procurement Master Agreement (the **Existing Master Agreements**).

The Existing Master Agreements will expire on 31 December 2019. On 30 October 2019, the Company and China COSCO SHIPPING entered into the New Business Master Agreement, the New Bunker Master Agreement, the New Terminal Master Agreement and the New Equipment Procurement Master Agreement for a further term of three years commencing from 1 January 2020 and ending on 31 December 2022.

VESSEL SERVICES MASTER AGREEMENT

Vessel services have been conducted under the Existing Business Master Agreement. Given the independent nature of vessel services, such services will be segregated from the Existing Business Master Agreement upon its expiry and will be covered under a standalone master agreement for clarity. On 30 October 2019, the Company and China COSCO SHIPPING entered into the Vessel Services Master Agreement covering the provision of vessel services, including vessel chartering, vessel supervision, and other vessel-related services between OOIL Group and COSCO SHIPPING Group for a term of three years commencing from 1 January 2020 and ending on 31 December 2022.

FINANCIAL SERVICES MASTER AGREEMENT

For better efficiency of fund management between OOIL Group and COSCO SHIPPING Group, it is proposed for the members of OOIL Group to make use of the internal financing platform and cash management platform within COSCO SHIPPING Group. On 30 October 2019, the Company and China COSCO SHIPPING entered into the Financial Services Master Agreement in relation to the provision of deposit service, loan service and other financial services by COSCO SHIPPING Group to OOIL Group for a term of three years commencing from 1 January 2020 and ending on 31 December 2022.

LISTING RULES IMPLICATIONS

China COSCO SHIPPING indirectly controls more than 50% of the issued share capital of the Company. Accordingly, members of COSCO SHIPPING Group are connected persons of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under each of the New Master Agreements constitute continuing connected transactions of the Company.

As all applicable percentage ratios of the annual caps in respect of the Partially-exempt Transactions exceed 0.1% but are less than 5%, the Partially-exempt Transactions are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and are exempt from the independent shareholders' approval requirement pursuant to rule 14A.76(2) of the Listing Rules.

The loan service contemplated under the Financial Services Master Agreement will constitute financial assistance to be received by OOIL Group from COSCO SHIPPING Group. As such loan service will be conducted on normal or better commercial terms and will not be secured by the assets of OOIL Group, the loan service under the Financial Services Master Agreement is fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all applicable percentage ratios of the annual caps in respect of the other financial services contemplated under the Financial Services Master Agreement are less than 0.1%, such other financial services are fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the annual caps in respect of each of the Non-exempt Network Service, the Non-exempt Terminal Service, the Non-exempt Equipment Procurement Service, the Non-exempt Vessel Service and the Deposit Service (the **Non-exempt Transactions**) exceeds 5% but all applicable percentage ratios are less than 25%, each of these Non-exempt Transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of annual caps for the Non-exempt Equipment Procurement Service exceeds 5% but all applicable percentage ratios are less than 25%, the Non-exempt Equipment Procurement Service also constitute a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Deposit Cap for the Deposit Service exceeds 5% but all applicable percentage ratios are less than 25%, the Deposit Service also constitute a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

An Independent Board Committee comprising all Independent Non-Executive Directors (except Dr. Chung Shui Ming Timpson and Mr. Yang Liang Yee Philip) has been established to advise the Independent Shareholders on the terms of the Non-exempt Transactions (and the annual caps relating thereto) and on how to vote. 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 each of the Non-exempt Transactions, 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, will be despatched to the Shareholders on or before 28 November 2019, as additional time is required to prepare certain information in the circular.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcements dated 24 July 2018, 26 March 2019 and 28 August 2019 in relation to the continuing connected transactions between OOIL Group and COSCO SHIPPING Group under the Existing Business Master Agreement, the Existing Bunker Master Agreement, the Existing Terminal Master Agreement and the Existing Equipment Procurement Master Agreement (the **Existing Master Agreements**).

The Existing Master Agreements will expire on 31 December 2019. On 30 October 2019, the Company and China COSCO SHIPPING entered into the New Business Master Agreement, the New Bunker Master Agreement, the New Terminal Master Agreement and the New Equipment Procurement Master Agreement for a further term of three years commencing from 1 January 2020 and ending on 31 December 2022.

Vessel services have been conducted under the Existing Business Master Agreement. Given the independent nature of vessel services, such services will be segregated from the Existing Business Master Agreement upon its expiry and will be covered under a standalone master agreement for clarity. On 30 October 2019, the Company and China COSCO SHIPPING entered into the Vessel Services Master Agreement covering the provision of vessel services, including vessel chartering, vessel supervision, and other vessel-related services between OOIL Group and COSCO SHIPPING Group for a term of three years commencing from 1 January 2020 and ending on 31 December 2022.

For better efficiency of fund management between OOIL Group and COSCO SHIPPING Group, it is proposed for the members of OOIL Group to make use of the internal financing platform and cash management platform within COSCO SHIPPING Group. On 30 October 2019, the Company and China COSCO SHIPPING entered into the Financial Services Master Agreement in relation to the provision of deposit service, loan service and other financial services by COSCO SHIPPING Group to OOIL Group for a term of three years commencing from 1 January 2020 and ending on 31 December 2022.

Details of the New Master Agreements are set out below.

1. New Business Master Agreement

Date:	30 October 2019
Parties:	(1) the Company (for itself and on behalf of its subsidiaries and associates); and (2) China COSCO SHIPPING (for itself and on behalf of its subsidiaries and associates)
Scope of Services:	Provision of the following services between OOIL Group and COSCO SHIPPING Group: (A) Liner services, including: (i) network services, including alliances, consortium and joint service; and slot exchange, slot purchase or slot sale under alliance cooperation; (ii) operation services, including depot service, feeder service, terminal rail and trucking service, maintenance and repair service, agency service and shiphusbanding service; (iii) vessel operating common carrier services; and

- (iv) other services, including information technology service.
- (B) Logistics services, including:
 - (i) non-vessel operating common carrier services;
 - (ii) international supply chain services; and
 - (iii) domestic logistics services, including freight forwarding service, transportation service, warehouse service, custom brokerage service, air freight forwarding service, depot service and supply chain service.
- (C) Other contractual arrangements, including office leases and insurance service.
- (D) Other services but excluding sharing of administrative services exempted under rule 14A.98 of the Listing Rules, including:
 - (i) use of common facilities;
 - (ii) ad-hoc use of business facilities; and
 - (iii) crew manning service/manning agency service.

Both the Company and China COSCO SHIPPING have agreed that the type of services under the New Business Master Agreement, including such other services related to alliance cooperation, joint operation centre or project management services, may be amended in writing by mutual agreement from time to time.

Term: The New Business Master Agreement is for a term of three years commencing from 1 January 2020 and ending on 31 December 2022, and is renewable for successive periods of three years subject to mutual agreement of the Company and China COSCO SHIPPING.

Consideration: The Company and China COSCO SHIPPING have entered into and will enter into one or more agreements setting out details of the transactions contemplated under the agreement(s), including the scope of the services, the duration of the agreement(s) and the fees for the transactions. The service fees charged under the New Business Master Agreement shall continue to be determined within the alliance cooperation applicable to alliance members and/or be determined with reference to the prevailing market price, being the price charged by independent third party operators or service providers; operating or providing similar types of services in their ordinary course of business in the same or comparable service type and subject to normal commercial terms, and in accordance with the principle of fairness and reasonableness.

Estimated Annual Caps: Under the umbrella of COSCO SHIPPING Group, OOIL Group is anticipating growth exceeding its historical growth and operation of new and larger fleet of vessels and new trade lane services.

The annual caps for each of the transactions contemplated under the New Business Master Agreement for the three financial years ending 31 December 2022 for the services anticipated to be provided between COSCO Shipping Group and OOIL Group are as follows:

Provision of services by COSCO SHIPPING Group to OOIL Group:

Type of services under the New Business Master Agreement	<u>Annual Caps</u>		
	Year 2020 (US\$ '000)	Year 2021 (US\$ '000)	Year 2022 (US\$ '000)
(A) Liner services			
(i) network services (Non-exempt Network Service)	224,000	297,000	343,000
(ii) operation services	120,000	120,000	120,000
(iii) vessel operating common carrier services	2,400	2,400	2,400
(iv) other services, including information technology service <i>(Note)</i>	15,000	15,000	15,000
(B) Logistics services, including non-vessel operating common carrier services, international supply chain services, and domestic logistics services	15,000	19,000	23,000
(C) Other contractual arrangements, including office leases and insurance service	20,000	20,000	20,000
(D) Other services, including use of common facilities, ad-hoc use of business facilities and crew manning service/manning agency service	12,000	12,000	12,000

Provision of services by OOIL Group to COSCO SHIPPING Group:

Type of services under the New Business Master Agreement	<u>Annual Caps</u>		
	Year 2020 (US\$ '000)	Year 2021 (US\$ '000)	Year 2022 (US\$ '000)
(A) Liner services			
(i) network services	103,000	106,000	109,000
(ii) operation services	6,000	6,000	6,000
(iii) vessel operating common carrier services	120,000	120,000	120,000
(iv) other services, including information technology service (Note)	75,000	75,000	75,000
(B) Logistics services, including non-vessel operating common carrier services, international supply chain services and domestic logistics services	10,000	11,000	12,000
(C) Other contractual arrangements, including office leases and insurance service	6,000	6,000	6,000
(D) Other services, including use of common facilities, ad-hoc use of business facilities and crew manning service/manning agency service	6,000	6,000	6,000

For the purpose of rule 14A.68(4) of the Listing Rules, the above annual caps were determined by reference to (i) the existing scale and operations of OOIL Group's business and the business plan of OOIL Group; (ii) the anticipated growth and development of OOIL Group under COSCO SHIPPING Group; (iii) anticipated achievement in synergies and better operational efficiency growth; and (iv) increase in energy costs and interest costs and the global environment in our industry; against below historical amounts of the transactions for the period from 1 July 2018 to 31 August 2019 providing similar types of services to those set out in the New Business Master Agreement :

Provision of services by COSCO SHIPPING Group to OOIL Group:

Type of services	<u>Historical Amounts</u>		
	From 1 July to 31 December 2018 (US\$ '000)	From 1 January to 31 August 2019 (US\$ '000)	2019 Annual Cap (US\$ '000)
(A) Liner services			
(i) network services	20,999	49,506	119,000
(ii) operation services	25,110	58,692	132,000
(iii) vessel operating common carrier services	-	-	2,400
(iv) other services, including information technology service (Note)	-	-	2,400
(B) Logistics services, including non-vessel operating common carrier services, international supply chain services, and domestic logistics services	2,695	4,816	11,000
(C) Other contractual arrangements, including office leases	176	235	6,000
(D) Other services, including use of common facilities, ad-hoc use of business facilities and crew manning service/manning agency service	569	773	9,600

Provision of services by OOIL Group to COSCO SHIPPING Group:

Type of services	<u>Historical Amounts</u>		
	From 1 July to 31 December 2018 (US\$ '000)	From 1 January to 31 August 2019 (US\$ '000)	2019 Annual Cap (US\$ '000)
(A) Liner services			
(i) network services	15,346	22,007	72,000
(ii) operation services	740	617	6,000
(iii) vessel operating common carrier services	39,333	48,604	132,000
(iv) other services, including information technology service (Note)	593	1,432	67,597
(B) Logistics services, including non-vessel operating common carrier services, international supply chain services and domestic logistics services	471	1,102	7,200
(C) Other contractual arrangements, including office leases	170	26	6,000
(D) Other services, including use of common facilities, ad-hoc use of business facilities and crew manning service/manning agency service	-	-	6,000

Note: Vessel services have been conducted under the Existing Business Master Agreement. Given the independent nature of vessel services, such services will be segregated from the Existing Business Master Agreement upon its expiry and will be covered under the Vessel Services Master Agreement for clarity.

Historical transaction amounts of vessel services for the period from 1 July 2018 to 31 August 2019 are set out under the section headed "Vessel Services Master Agreement" in this announcement.

2. New Bunker Master Agreement

Date:	30 October 2019
Parties:	(1) the Company (for itself and on behalf of its subsidiaries and associates); and (2) China COSCO SHIPPING (for itself and on behalf of its subsidiaries and associates)
Scope of Services:	Purchase of bunker, fuel and oil by OOIL Group from COSCO SHIPPING Group
Term:	The New Bunker Master Agreement is for a term of three years commencing from 1 January 2020 and ending on 31 December 2022, and is renewable for successive periods of three years subject to mutual agreement of the Company and China COSCO SHIPPING.
Consideration:	The Company and China COSCO SHIPPING have entered into and will enter into one or more agreements setting out details of the transactions contemplated under the agreement(s), including the scope of the services, the duration of the agreement(s) and the fees for the transactions. The service fees charged under the New Bunker Master Agreement shall be determined with reference to the prevailing market price, being the price charged by independent third party operators or service providers; operating or providing similar types of services in their ordinary course of business in the same or comparable service type and subject to normal commercial terms, and in accordance with the principle of fairness and reasonableness.
Estimated Annual Caps:	Under the umbrella of COSCO SHIPPING Group, OOIL Group is anticipating growth exceeding its historical growth and operation of new and larger fleet of vessels. The annual caps for the transactions contemplated under the New Bunker Master Agreement for the three financial years ending 31 December 2022 are as follows:

Annual Caps

Year 2020:	US\$120,000,000
Year 2021:	US\$120,000,000
Year 2022:	US\$120,000,000

For the purpose of rule 14A.68(4) of the Listing Rules, the above annual caps were determined by reference to (i) the existing scale and operations of OOIL Group's business and the business plan of OOIL Group; (ii) the anticipated growth and development of OOIL Group under COSCO SHIPPING Group; (iii) anticipated achievement in synergies and better operational efficiency growth; and (iv) increase in energy costs and interest costs and the global environment in our industry; against below historical amounts of the transactions for the period from 1 July 2018 to 31 August 2019 providing similar type of services to those set out in the New Bunker Master Agreement:

Historical Amounts

From 1 July to 31 December 2018 (US\$'000)	From 1 January to 31 August 2019 (US\$'000)	2019 Annual Cap (US\$'000)
133,078	158,933	280,000

3. New Terminal Master Agreement

Date:	30 October 2019
Parties:	(1) the Company (for itself and on behalf of its subsidiaries and associates); and (2) China COSCO SHIPPING (for itself and on behalf of its subsidiaries and associates)
Scope of Services:	Purchase of terminal services and related services between OOIL Group and COSCO SHIPPING Group
Term:	The New Terminal Master Agreement is for a term of three years commencing from 1 January 2020 and ending on 31 December 2022, and is renewable for successive periods of three years subject to mutual agreement of the Company and China COSCO SHIPPING.
Consideration:	The Company and China COSCO SHIPPING have entered into and will enter into one or more agreements setting out details of the transactions contemplated under the agreement(s), including the scope of the services, the duration of the agreement(s) and the fees for the transactions. The service fees charged under the New Terminal Master Agreement shall be determined with reference to the prevailing market price, being the price charged by independent third party operators or service providers; operating or providing similar types of services in their ordinary course of business in the same or comparable service type and subject to normal commercial terms, and in accordance with the principle of fairness and reasonableness.
Estimated Annual Caps:	Under the umbrella of COSCO SHIPPING Group, OOIL Group is anticipating growth exceeding its historical growth and operation of new and larger fleet of vessels and new trade lane services. The annual caps for the transactions contemplated by the New Terminal Master Agreement for the three financial years ending 31 December 2022 are as follows:

	<u>Annual Caps</u>		
	Year 2020 (US\$ '000)	Year 2021 (US\$ '000)	Year 2022 (US\$ '000)
Provision of services by COSCO SHIPPING Group to OOIL Group (Non-exempt Terminal Service)	155,000	158,000	160,000
Provision of services by OOIL Group to COSCO SHIPPING Group	25,000	25,000	25,000

For the purpose of rule 14A.68(4) of the Listing Rules, the above annual caps were determined by reference to (i) the existing scale and operations of OOIL Group's business and the business plan of OOIL Group; (ii) the anticipated growth and development of OOIL Group under COSCO SHIPPING Group; (iii) anticipated achievement in synergies and better operational efficiency growth; and (iv) increase in energy costs and interest costs and the global environment in our industry; against below historical amounts of the transactions for the period from 1 July 2018 to 31 August 2019 providing similar type of services to those set out in the New Terminal Master Agreement :

	<u>Historical Amounts</u>		
	From 1 July to 31 December 2018 (US\$ '000)	From 1 January to 31 August 2019 (US\$ '000)	2019 Annual Cap (US\$ '000)
Services provided by COSCO SHIPPING Group to OOIL Group	54,558	68,687	280,000
Services provided by OOIL Group to COSCO SHIPPING Group	12,139	28,126	96,000

4. New Equipment Procurement Master Agreement

Date:	30 October 2019
Parties:	(1) the Company (for itself and on behalf of its subsidiaries and associates); and (2) China COSCO SHIPPING (for itself and on behalf of its subsidiaries and associates)
Scope of Services:	Provision of equipment to be produced by COSCO SHIPPING Group and equipment procurement services including container acquisition and pooling and related services between OOIL Group and COSCO SHIPPING Group
Term:	The New Equipment Procurement Master Agreement is for a term of three years commencing from 1 January 2020 and ending on 31 December 2022, and is renewable for successive periods of three years subject to mutual agreement of the Company and China COSCO SHIPPING.
Consideration:	The Company and China COSCO SHIPPING have entered into and will enter into one or more agreements setting out details of the transactions contemplated under the agreement(s), including the scope of the services, the duration of the agreement(s) and the fees for the transactions. The service fees (including the price of the equipment, if applicable) charged under the New Equipment Procurement Master Agreement shall be determined with reference to the prevailing market price, being the price charged by independent third party operators or service providers; operating or providing similar types of services in their ordinary course of business in the same or comparable service type and subject to normal commercial terms, and in accordance with the principle of fairness and reasonableness.
Estimated Annual Caps:	Under the umbrella of COSCO SHIPPING Group, OOIL Group is anticipating growth exceeding its historical growth and operation of new and larger fleet of vessels and new trade lane services.

The annual caps for the transactions contemplated by the New Equipment Procurement Master Agreement for the three financial years ending 31 December 2022 are as follows:

	<u>Annual Caps</u>		
	Year 2020 (US\$ '000)	Year 2021 (US\$ '000)	Year 2022 (US\$ '000)
Provision of services by COSCO SHIPPING Group to OOIL Group (Non-exempt Equipment Procurement Service)	570,000	580,000	590,000
Provision of services by OOIL Group to COSCO SHIPPING Group	36,000	65,000	101,000

For the purpose of rule 14A.68(4) of the Listing Rules, the above annual caps were determined by reference to (i) the existing scale and operations of OOIL Group's business and the business plan of OOIL Group; (ii) the anticipated growth and development of OOIL Group under COSCO SHIPPING Group; (iii) anticipated achievement in synergies and better operational efficiency growth; and (iv) increase in energy costs and interest costs and the global environment in our industry; against below historical amounts of the transactions for the period from 1 July 2018 to 31 August 2019 providing similar type of services to those set out in the New Equipment Procurement Master Agreement :

Historical Amounts

	From 1 July to 31 December 2018 (US\$ '000)	From 1 January to 31 August 2019 (US\$ '000)	2019 Annual Cap (US\$ '000)
Services provided by COSCO SHIPPING Group to OOIL Group	95,333	16,177	280,000
Services provided by OOIL Group to COSCO SHIPPING Group	-	5,415	20,000

5. Vessel Services Master Agreement

Date:	30 October 2019
Parties:	(1) the Company (for itself and on behalf of its subsidiaries and associates); and (2) China COSCO SHIPPING (for itself and on behalf of its subsidiaries and associates)
Scope of Services:	Provision of vessel services, including vessel chartering, vessel supervision, and other vessel-related services between OOIL Group and COSCO SHIPPING Group
Term:	The Vessel Services Master Agreement is for a term of three years commencing from 1 January 2020 and ending on 31 December 2022, and is renewable for successive periods of three years subject to mutual agreement of the Company and China COSCO SHIPPING.
Consideration:	The Company and China COSCO SHIPPING have entered into and will enter into one or more agreements setting out details of the transactions contemplated under the agreement(s), including the scope of the services, the duration of the agreement(s) and the fees for the transactions. The service fees charged under the Vessel Services Master Agreement shall be determined with reference to the prevailing market price, being the price charged by independent third party operators or service providers; operating or providing similar types of services in

their ordinary course of business subject to normal commercial terms, and in accordance with the principle of fairness and reasonableness.

Estimated Annual Caps: Under the umbrella of COSCO SHIPPING Group, OOIL Group is anticipating growth exceeding its historical growth and operation of new and larger fleet of vessels and new trade lane services.

The annual caps for the transactions contemplated by the Vessel Services Master Agreement for the three financial years ending 31 December 2022 are as follows:

	<u>Annual Caps</u>		
	Year 2020 (US\$ '000)	Year 2021 (US\$ '000)	Year 2022 (US\$ '000)
Provision of services by COSCO SHIPPING Group to OOIL Group (Non-exempt Vessel Service)	190,000	230,000	230,000
Provision of services by OOIL Group to COSCO SHIPPING Group	61,000	103,000	103,000

For the purpose of rule 14A.68(4) of the Listing Rules, the above annual caps were determined by reference to (i) the existing scale and operations of OOIL Group's business and the business plan of OOIL Group; (ii) the anticipated growth and development of OOIL Group under COSCO SHIPPING Group; (iii) anticipated achievement in synergies and better operational efficiency growth; and (iv) increase in energy costs and interest costs and the global environment in our industry; against below historical amounts of the transactions for the period from 1 July 2018 to 31 August 2019 providing similar type of services to those set out in the Vessel Services Master Agreement :

	<u>Historical Amounts</u>		
	From 1 July to 31 December 2018 (US\$ '000)	From 1 January to 31 August 2019 (US\$ '000)	2019 Annual Cap (US\$ '000)
Services provided by COSCO SHIPPING Group to OOIL Group	10,966	29,468	66,153
Services provided by OOIL Group to COSCO SHIPPING Group	-	5,416	28,000

6. Financial Services Master Agreement

Date:	30 October 2019
Parties:	(1) the Company (for itself and on behalf of its subsidiaries and associates); and (2) China COSCO SHIPPING (for itself and on behalf of its subsidiaries and associates)
Scope of Services:	Provision of deposit service, loan service and other financial services by COSCO SHIPPING Group to OOIL Group
Term:	The Financial Services Master Agreement is for a term of three years commencing from 1 January 2020 and ending on 31 December 2022, and is renewable for successive periods of three years subject to mutual agreement of the Company and China COSCO SHIPPING.
Consideration:	The Company and China COSCO SHIPPING will enter into one or more agreements setting out details of the transactions contemplated under the agreement(s), including the scope of the services, the duration of the agreement(s) and the fees for the transactions. The Company and China COSCO SHIPPING have agreed that the transaction terms of the services shall be on normal commercial terms and fair and reasonable, and shall not be less favorable to OOIL Group than those offered by COSCO SHIPPING Group to the other members of COSCO SHIPPING Group for the same type of services and also shall not be less favorable than the terms offered by independent third party onshore financial institutions to OOIL Group for the same type of services.

The Company and China COSCO SHIPPING have further agreed that:

- (i) the interest rates for deposits shall be determined (a) with reference to market interest rates, being interest rates determined by independent third party onshore commercial banks providing the same type of deposit services in their ordinary course of business in the same or nearby service area and subject to normal commercial terms, and in accordance with the principle of fairness and reasonableness; and (b) with reference to the interest rate offered by COSCO SHIPPING Group for the same type of deposits from other entities;
- (ii) the interest rates for loans shall be determined (a) with reference to market interest rates, being interest rates determined by independent third party onshore commercial banks providing the same type of loan services in their ordinary course of business in the same or nearby service area and subject to normal commercial terms, and shall be in accordance with the principle of fairness and reasonableness; and (b) with reference to the interest rate charged by COSCO SHIPPING Group for the same type of loans provided to other entities; and
- (iii) the pricing policies for other financial services shall be determined with reference to (a) the handling fees charged by independent

third party onshore commercial banks to OOIL Group for the same type of services; and (ii) the handling fees charged by COSCO SHIPPING Group to independent third parties with the same credit rating for the same type of services.

Estimated Annual Caps: Under the umbrella of COSCO SHIPPING Group, OOIL Group is anticipating to make use of the function of the internal financing platform and cash management platform within COSCO SHIPPING Group for better efficiency of fund management.

The annual caps for the transactions contemplated by the Financial Services Master Agreement for the three financial years ending 31 December 2022 are as follows:

Deposit Service

	<u>Deposit Caps</u>		
	Year 2020 (US\$ '000)	Year 2021 (US\$ '000)	Year 2022 (US\$ '000)
Maximum daily outstanding balance of deposits (including accrued interest and handling fee) to be placed by OOIL Group with COSCO SHIPPING Group (Deposit Cap)	200,000	200,000	200,000

For the purpose of rule 14A.68(4) of the Listing Rules, the above annual caps were determined by reference to (i) the historical cash flow movements of OOIL Group placed with the independent third party banks; and (ii) the anticipated business plan of OOIL Group with a view to managing its financial risks effectively and reasonably.

Loan Service

	<u>Annual Caps</u>		
	Year 2020 (US\$ '000)	Year 2021 (US\$ '000)	Year 2022 (US\$ '000)
Maximum daily outstanding balance of loans (including accrued interest and handling fee) to be granted by COSCO SHIPPING Group to OOIL Group	100,000	100,000	100,000

For the purpose of rule 14A.68(4) of the Listing Rules, the above annual caps were determined by reference to (i) the historical amount of the borrowings of OOIL Group placed with the independent third party banks; and (ii) the anticipated business plan of OOIL Group with a view to managing its financial risks effectively and reasonably.

Other Financial Services

	<u>Annual Caps</u>		
	Year 2020 (US\$ '000)	Year 2021 (US\$ '000)	Year 2022 (US\$ '000)
Provision of services by COSCO SHIPPING Group to OOIL Group	1,000	1,000	1,000

For the purpose of rule 14A.68(4) of the Listing Rules, the above annual caps were determined by reference to (i) the historical amount of financial services of OOIL Group placed with the independent third party banks; and (ii) the anticipated business plan of OOIL Group with a view to managing its financial risks effectively and reasonably.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions contemplated under each of the New Business Master Agreement, the New Bunker Master Agreement, the New Terminal Master Agreement, the New Equipment Procurement Master Agreement and the Vessel Services Master Agreement are in line with the business and commercial objectives of the Group and would enable the Group to leverage on COSCO SHIPPING Group's global shipping network to drive for future growth, synergies and operational efficiency.

The continuing connected transactions contemplated under the Financial Services Master Agreement would enable OOIL Group to obtain financial services on terms not less favorable than the terms offered by independent banks and financial institutions and would provide for efficient fund management between OOIL Group and COSCO SHIPPING Group by OOIL Group utilizing the financial and cash management platform of COSCO SHIPPING Group.

The Board (including the Independent Non-Executive Directors (other than in respect of the Non-exempt Transactions in relation to which their view will be given after taking into account the advice from the Independent Financial Adviser)) considers that the entering into the New Master Agreements and the continuing connected transactions contemplated thereunder are in the ordinary and usual course of business of the Group, and that the terms of each of the New Master Agreements (including the annual caps relating thereto) are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. Xu Lirong and Mr. Wang Haimin, Executive Directors of the Company, Mr. Huang Xiaowen and Mr. Zhang Wei, the then Executive Directors of the Company on the date of board meeting of the Company approving the continuing connected transactions contemplated under the New Master Agreements (including the Non-exempt Transactions), and Dr. Chung Shui Ming Timpson and Mr. Yang Liang Yee Philip, Independent Non-Executive Directors of the Company, were holding directorships and/or senior management positions in China COSCO SHIPPING, its subsidiaries or its associates. Accordingly, each of them was considered to have a material interest in the transactions contemplated under each of the New Master Agreements (including the Non-exempt Transactions) and was required to abstain from voting on the relevant resolutions at the meeting of the Board. Each

of Mr. Huang Xiaowen, Mr. Wang Haimin and Mr. Yang Liang Yee Philip had abstained from voting on the board resolutions approving the continuing connected transactions contemplated under the New Master Agreements (including the Non-exempt Transactions) at the meeting of the Board. Mr. Xu Lirong, Mr. Zhang Wei and Dr. Chung Shui Ming Timpson were absent from the meeting of the Board and did not vote on the resolutions.

Other than Mr. Xu Lirong, Mr. Huang Xiaowen, Mr. Wang Haimin, Mr. Zhang Wei, Dr. Chung Shui Ming Timpson and Mr. Yang Liang Yee Philip, none of the other Directors in the Board on the date of Board meeting (including Mr. Chow Philip Yiu Wah, Ms. Chen Ying and Mr. So Gregory Kam Leung, the Independent Non-Executive Directors) had a material interest in the New Master Agreements, and none of them had abstained from voting on the relevant resolutions.

Mr. Yang Zhijian and Mr. Feng Boming were appointed as Executive Directors of the Company after the date of Board meeting approving the continuing connected transactions contemplated under the New Master Agreements (including the Non-exempt Transactions). They did not attend the board meeting and did not vote on the resolutions.

LISTING RULES IMPLICATIONS

China COSCO SHIPPING indirectly controls more than 50% of the issued share capital of the Company. Accordingly, members of COSCO SHIPPING Group are connected persons of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under each of the New Master Agreements constitute continuing connected transactions of the Company.

As all applicable percentage ratios of the annual caps in respect of the (i) the services (except the Non-exempt Network Service) contemplated under the New Business Master Agreement; (ii) the services contemplated under the New Bunker Master Agreement; and (iii) the services to be provided by OOIL Group to COSCO SHIPPING Group under each of the New Terminal Master Agreement, the New Equipment Procurement Master Agreement and the Vessel Services Master Agreement (together, including the annual caps relating thereto, the **Partially-exempt Transactions**) exceed 0.1% but are less than 5%, the Partially-exempt Transactions are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and are exempt from the independent shareholders' approval requirement pursuant to rule 14A.76(2) of the Listing Rules.

The loan service contemplated under the Financial Services Master Agreement will constitute financial assistance to be received by OOIL Group from COSCO SHIPPING Group. As such loan service will be conducted on normal or better commercial terms and will not be secured by the assets of OOIL Group, the loan service under the Financial Services Master Agreement is fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all applicable percentage ratios of the annual caps in respect of the other financial services contemplated under the Financial Services Master Agreement are less than 0.1%, such other financial services are fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the annual caps in respect of each of the Non-exempt Network Service, the Non-exempt Terminal Service, the Non-exempt Equipment Procurement Service, the Non-exempt Vessel Service and the Deposit Service (the **Non-exempt Transactions**) exceeds 5% but all applicable percentage ratios are less than 25%, each of these Non-exempt Transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For avoidance of doubt, under each of the New Master Agreements, if a service contemplated thereunder is subject to independent shareholders' approval requirements under the Listing Rules, regardless of whether such independent shareholders' approval is obtained, it will not affect the performance by OOIL Group or COSCO SHIPPING Group of its respective obligations with respect to the other services which are exempt from such independent shareholders' approval under the Listing Rules.

As one or more of the applicable percentage ratios in respect of annual caps for the Non-exempt Equipment Procurement Service exceeds 5% but all applicable percentage ratios are less than 25%, the Non-exempt Equipment Procurement Service also constitute a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Deposit Cap for the Deposit Service exceeds 5% but all applicable percentage ratios are less than 25%, the Deposit Service also constitute a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

An Independent Board Committee comprising all Independent Non-Executive Directors (except Dr. Chung Shui Ming Timpson and Mr. Yang Liang Yee Philip) has been established to advise the Independent Shareholders on the terms of the Non-exempt Transactions (and the annual caps relating thereto) and on how to vote. 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 each of the Non-exempt Transactions, 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, will be despatched to the Shareholders on or before 28 November 2019, as additional time is required to prepare certain information in the circular.

Faulkner will abstain from voting on the resolutions in respect of each of the Non-exempt Network Service, the Non-exempt Terminal Service, the Non-exempt Equipment Procurement Service, the Non-exempt Vessel Service and the Deposit Service at the SGM.

INTERNAL CONTROL PROCEDURES

Annual review by the auditors and Independent Non-Executive Directors, as part of the Group's internal controls systems, are in place to ensure that the transactions between the Group and its connected persons are conducted in accordance with the pricing policy. Apart from this, the Company would:

- identify and register the connected transactions in a system designed to track the connected transactions;
- carry out regular checking and reconciliation to ensure the completeness and accuracy of the connected transactions recorded in the system;
- report the transaction amounts regularly, so that the Group's management can be informed of the status of the connected transactions timely and assess if the transactions can be conducted within the annual cap;
- examine the pricing of transactions regularly to ensure that the connected transactions are

conducted in accordance with the pricing terms thereof, including reviewing the transaction records of OOIL Group, for the purchase or provision of similar goods or services from or to independent third parties.

In addition, OOIL Group shall adopt the following internal control measures in dealing with the financial services provided by connected persons:

- the Company will monitor interest rates for deposits, loans and service fees for other financial services with reference to the independent third party onshore commercial banks from time to time;
- the Company will obtain from the customer managers of the independent third party onshore commercial banks such quotes for deposits, loans and other financial services as needed.

If the terms obtained through the two methods above are more favorable to OOIL Group than those provided by China COSCO SHIPPING, the Company will report to the management and re-negotiating price with China COSCO SHIPPING. Other banks would be selected if the offer from China COSCO SHIPPING cannot meet the pricing principle.

INFORMATION ON THE GROUP AND COSCO SHIPPING GROUP

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

According to the information provided by China COSCO SHIPPING, and to the best of the Directors' knowledge, information and belief, China COSCO SHIPPING is a state-owned enterprise wholly-owned and controlled by SASAC. The scope of business of China 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:

“associates”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“China 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;
“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 Group”	China COSCO SHIPPING and its subsidiaries and associates (as defined under the Listing Rules);
“Deposit Cap”	the maximum daily outstanding balance of deposits (including accrued interest and handling fee) to be placed by OOIL Group with COSCO SHIPPING Group under the Financial Services Master Agreement;
“Deposit Service”	the deposit service transaction contemplated under the Financial Services Master Agreement (including the annual caps relating thereto);
“Directors”	the directors of the Company;
“Existing Bunker Master Agreement”	the master agreement dated 24 July 2018 and entered into between the Company and China COSCO SHIPPING in relation to the purchase of bunker, fuel and oil by OOIL Group from COSCO SHIPPING Group;
“Existing Business Master Agreement”	the master agreement dated 24 July 2018 and entered into between the Company and China COSCO SHIPPING in relation to the provision of containerized liner, logistics and information technology services between COSCO SHIPPING Group and OOIL Group;

“Existing Equipment Procurement Master Agreement”	the master agreement dated 24 July 2018 and entered into between the Company and China COSCO SHIPPING in relation to the provision of equipment to be produced by COSCO SHIPPING Group and equipment procurement services including container acquisition and pooling and related services between COSCO SHIPPING Group and OOIL Group;
“Existing Master Agreements”	namely the Existing Business Master Agreement, the Existing Bunker Master Agreement, the Existing Terminal Master Agreement and the Existing Equipment Procurement Master Agreement;
“Existing Terminal Master Agreement”	the master agreement dated 24 July 2018 and entered into between the Company and China COSCO SHIPPING in relation to the provision of the terminal services and related services between COSCO SHIPPING Group and OOIL Group;
“Faulkner”	Faulkner Global Holdings Limited, a company incorporated in the British Virgin Islands and is a member of COSCO SHIPPING Group, and directly holds 75% of the issued share capital of the Company;
“Financial Services Master Agreement”	the master agreement dated 30 October 2019 and entered into between the Company and China COSCO SHIPPING in relation to the provision of deposit service, loan service and other financial services by COSCO SHIPPING Group to OOIL Group;
“Group”	the Company and its subsidiaries;
“Independent Board Committee”	an independent board committee of the Board comprising all the Independent Non-Executive Directors (except Dr. Chung Shui Ming Timpson and Mr. Yang Liang Yee Philip), who have no material interests in the New Master Agreements;
“Independent Financial Adviser”	First Shanghai Capital Limited, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Non-exempt Transactions (including the respective annual caps relating thereto);
“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 of the Company other than members of COSCO SHIPPING Group;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“New Bunker Master Agreement”	the master agreement dated 30 October 2019 and entered into between the Company and China COSCO SHIPPING in relation to purchase of bunker, fuel and oil by OOIL Group from COSCO SHIPPING Group;
“New Business Master Agreement”	the master agreement dated 30 October 2019 and entered into between the Company and China COSCO SHIPPING in relation to the provision of containerized liner, logistics and information technology services between COSCO SHIPPING Group and OOIL Group;
“New Equipment Procurement Master Agreement”	the master agreement dated 30 October 2019 and entered into between the Company and China COSCO SHIPPING in relation to the provision of equipment to be produced by COSCO SHIPPING Group and equipment procurement services including container acquisition and pooling and related services between COSCO SHIPPING Group and OOIL Group;
“New Master Agreements”	namely the New Business Master Agreement, the New Bunker Master Agreement, the New Terminal Master Agreement, the New Equipment Procurement Master Agreement, the Vessel Services Master Agreement and the Financial Services Master Agreement;
“New Terminal Master Agreement”	the master agreement dated 30 October 2019 and entered into between the Company and China COSCO SHIPPING in relation to the provision of terminal services and related services between COSCO SHIPPING Group and OOIL Group;
“Non-exempt Equipment Procurement Service”	the service (including the annual caps relating thereto) to be provided by COSCO SHIPPING Group to OOIL Group contemplated under the New Equipment Procurement Master Agreement;
“Non-exempt Network Service”	the network service (including the annual caps relating thereto) to be provided by COSCO SHIPPING Group to OOIL Group contemplated under the New Business Master Agreement;

“Non-exempt Terminal Service”	the service (including the annual caps relating thereto) to be provided by COSCO SHIPPING Group to OOIL Group contemplated under the New Terminal Master Agreement;
“Non-exempt Transactions”	together, the Non-exempt Network Service, the Non-exempt Terminal Service, the Non-exempt Equipment Procurement Services, the Non-exempt Vessel Service and the Deposit Service;
“Non-exempt Vessel Service”	the service (including the annual caps relating thereto) to be provided by COSCO SHIPPING Group to OOIL Group contemplated under the Vessel Services Master Agreement;
“OOIL Group”	the Company and its subsidiaries and associates (as defined under the Listing Rules);
“Partially-exempt Transactions”	together, the following transactions (including the respective annual caps relating thereto): (i) the services (except the Non-exempt Network Service) contemplated under the New Business Master Agreement; (ii) the services contemplated under the New Bunker Master Agreement; and (iii) the services to be provided by OOIL Group to COSCO SHIPPING Group under each of the New Terminal Master Agreement, the New Equipment Procurement Master Agreement and the Vessel Services Master Agreement;
“PRC”	the People’s Republic of China;
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC;
“SGM”	the special general meeting of the Company to be held to consider, and if thought fit, approve, among other things, each of the Non-exempt Transactions (including the annual caps relating thereto);
“Shareholders”	holder(s) of the share(s) of the Company;
“subsidiaries”	has the meaning ascribed to it under the Listing Rules; and “subsidiary” means any of them;
“US\$”	United States Dollars, the lawful currency of the United States;

“Vessel Services Master Agreement” the master agreement dated 30 October 2019 and entered into between the Company and China COSCO SHIPPING in relation to the provision of vessel services, including vessel chartering, vessel supervision, and other vessel-related services between OOIL Group and COSCO SHIPPING Group; and

“%” per cent.

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

Hong Kong, 30 October 2019

As at the date of this announcement, our Executive Directors are Mr. XU Lirong, Mr. WANG Haimin, Mr. YANG Zhijian, Mr. FENG Boming 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, 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>