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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)

**REVISED ANNUAL CAPS
FOR CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Company's announcement dated 30th October 2019 in relation to the continuing connected transactions between OOIL Group and COSCO SHIPPING Group. On 30th October 2019, the Company and COSCO SHIPPING entered into, among others, the Business Master Agreement for the provision of containerized liner, logistics and information technology services between OOIL Group and COSCO SHIPPING Group, for a term of three years from 1st January 2020 to 31st December 2022.

Reference is also made to the Company's announcement dated 21st May 2021 in relation to, among others, the revision of the annual caps for the provision of VOCC services by OOIL Group to COSCO SHIPPING Group contemplated under the Business Master Agreement for the financial year ended 31st December 2021 and the financial year ending 31st December 2022.

The Board anticipated that the Existing VOCC Cap and the Existing Network Cap will not be sufficient to meet the expected transactions and business growth for the financial year ending 31st December 2022. The Board has resolved to increase the Existing VOCC Cap and the Existing Network Cap, while all the terms of the Business Master Agreement remain unchanged.

LISTING RULES IMPLICATIONS

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 the Business Master Agreement constitute the continuing connected transactions of the Company.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules applicable to the respective annual caps for the continuing connected transactions under the Business Master Agreement before such annual caps are exceeded.

As the highest of the applicable percentage ratios of each of the Revised VOCC Cap and the Revised Network Cap exceeds 0.1% but is less than 5%, the Revised VOCC Cap and the Revised Network Cap are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

BACKGROUND

Reference is made to the Company's announcement dated 30th October 2019 in relation to the continuing connected transactions between OOIL Group and COSCO SHIPPING Group. On 30th October 2019, the Company and COSCO SHIPPING entered into, among others, the Business Master Agreement for the provision of containerized liner, logistics and information technology services between OOIL Group and COSCO SHIPPING Group, for a term of three years from 1st January 2020 to 31st December 2022.

Reference is also made to the Company's announcement dated 21st May 2021 in relation to, among others, the revision of the annual caps for the provision of VOCC services by OOIL Group to COSCO SHIPPING Group contemplated under the Business Master Agreement for the financial year ended 31st December 2021 and the financial year ending 31st December 2022.

The Board anticipated that the Existing VOCC Cap and the Existing Network Cap will not be sufficient to meet the expected transactions and business growth for the financial year ending 31st December 2022. The Board has resolved to increase the Existing VOCC Cap and the Existing Network Cap, while all the terms of the Business Master Agreement remain unchanged.

The actual transaction amounts for the transactions contemplated under the Business Master Agreement, including the provision of VOCC services by OOIL Group to COSCO SHIPPING Group and the provision of Network services by COSCO SHIPPING Group to OOIL Group, from 1st January 2022 up to the date of this announcement did not exceed the relevant annual caps, including the Existing VOCC Cap and the Existing Network Cap, for the financial year ending 31st December 2022.

HISTORICAL TRANSACTION AMOUNTS, REVISED VOCC CAP AND REVISED NETWORK CAP FOR THE FINANCIAL YEAR ENDING 31ST DECEMBER 2022

The table below sets out the historical transaction amounts and the annual caps for the provision of VOCC services by OOIL Group to COSCO SHIPPING Group and the provision of Network services by COSCO SHIPPING Group to OOIL Group contemplated under the Business Master Agreement:

Business Master Agreement

A. Provision of VOCC services by OOIL Group to COSCO SHIPPING Group:

Historical transaction amounts	:	2020: US\$119,394,000 2021: US\$393,795,000 1st January 2022 – 31st July 2022: US\$251,389,000
Existing VOCC Cap for the financial year ending 31st December 2022	:	US\$405,000,000
Revised VOCC Cap for the financial year ending 31st December 2022	:	US\$683,000,000

B. Provision of Network services by COSCO SHIPPING Group to OOIL Group:

Historical transaction amounts	:	2020: US\$104,981,000 2021: US\$211,063,000 1st January 2022 – 31st July 2022: US\$191,831,000
Existing Network Cap for the financial year ending 31st December 2022	:	US\$343,000,000
Revised Network Cap for the financial year ending 31st December 2022	:	US\$497,000,000

The Revised VOCC Cap and the Revised Network Cap are determined by reference to (i) the existing scale and operations of OOIL Group's business and its business plan; (ii) the anticipated business growth and development of OOIL Group; (iii) the anticipated deepening of synergies and better operational efficiency growth between OOIL Group and COSCO SHIPPING Group; and (iv) the anticipated increase in costs and the global environment in the shipping industry; against the historical transaction amounts of the relevant transactions for the period from 1st January 2020 to 31st July 2022.

REASONS FOR AND BENEFITS OF THE REVISED VOCC CAP AND THE REVISED NETWORK CAP

The continuing connected transactions contemplated under the Business Master Agreement, including the provision of VOCC services by OOIL Group to COSCO SHIPPING Group and the provision of Network services by COSCO SHIPPING Group to OOIL Group, 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 epidemic has complicated the situation in the global market. The different pace of recovery of major economies and the closure of certain cities and major container ports have created continuous challenges in the supply chain. High vessel charter hire cost and bunker cost, owing to the spread of the epidemic and geographical conflict, caused slot rates to surge. In the coming months, there is no certainty about what will happen to the level of demand for container transportation, and it seems prudent to assume that epidemic-related supply chain congestion may take some time to be resolved. Therefore, it is certainly possible, though not guaranteed, that the demand for VOCC services and Network services could potentially remain at or around current levels for the remainder of 2022, and as such, this credible scenario must be provided for in the relevant annual caps.

With the in-depth development of dual brand synergy effect, the trading scope between OOIL Group and COSCO SHIPPING Group is gradually expanding in terms of routes and cargo volume. It is anticipated the Existing VOCC Cap and the Existing Network Cap will not be sufficient to meet the demand for the financial year ending 31st December 2022.

The Board considers that the continuing connected transactions contemplated under the Business Master Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms of the Business Master Agreement (including the Revised VOCC Cap and the Revised Network Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

On the date of Board Meeting, Mr. Wan Min, Mr. Huang Xiaowen and Mr. Yang Zhijian, the Executive Directors of the Company, were holding directorships and/or senior management positions in COSCO SHIPPING Group; Mr. Tung Lieh Cheung Andrew, a Non-Executive Director of the Company, had interests in the shares of COSCO SHIPPING Holdings Co., Ltd.; 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, an Independent Non-Executive Director of the Company, was an external director of COSCO SHIPPING (Guangzhou) Co., Ltd. and COSCO SHIPPING Lines Co., Ltd. Accordingly, each of them was considered to have a material interest in the transactions (including the Revised VOCC Cap and the Revised Network Cap) contemplated under the Business Master Agreement, and had abstained from voting on the resolutions approving the Revised VOCC Cap and the Revised Network Cap at the Board Meeting.

At the Board Meeting, other than Mr. Wan Min, Mr. Huang Xiaowen, Mr. Yang Zhijian, Mr. Tung Lieh Cheung Andrew, Mr. Ip Shing Chi, Mr. Yang Liang Yee Philip and Ms. Chen Ying, none of the other Directors had a material interest in the transactions (including the Revised VOCC Cap and the Revised Network Cap) contemplated under the Business Master Agreement, and none of them had abstained from voting on the relevant resolutions.

LISTING RULES IMPLICATIONS

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 the Business Master Agreement constitute the continuing connected transactions of the Company.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules applicable to the respective annual caps for the continuing connected transactions under the Business Master Agreement before such annual caps are exceeded.

As the highest of the applicable percentage ratios of each of the Revised VOCC Cap and the Revised Network Cap exceeds 0.1% but is less than 5%, the Revised VOCC Cap and the Revised Network Cap are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

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 monthly, so that the Group's management is informed of the status of the connected transactions timely and assess if the transactions are conducted within the relevant annual caps;

- examine the pricing of the 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; and
- in relation to each annual cap for the transactions under the Business Master Agreement, set appropriate internal monitoring limits, such that the Company will be alerted at appropriate times prior to reaching the relevant annual caps.

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

DEFINITIONS

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

“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 19th August 2022 for approving, among other things, the Revised VOCC Cap and the Revised Network Cap;
“Business Master Agreement”	the master agreement dated 30th October 2019 and entered into between the Company and COSCO SHIPPING in relation to the provision of containerized liner, logistics and information technology services between OOIL Group and COSCO SHIPPING Group;
“Company”	Orient Overseas (International) Limited, a company incorporated in Bermuda with members’ limited liability and listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 316);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“COSCO SHIPPING”	China COSCO SHIPPING Corporation Limited* (中國遠洋海運集團有限公司), a PRC state-owned enterprise and indirectly controls more than 50% of the issued share capital of the Company;
“COSCO SHIPPING Group”	COSCO SHIPPING and its subsidiaries and associates (as defined under the Listing Rules);
“Directors”	the directors of the Company;
“Existing Network Cap”	the existing annual cap for the provision of Network services by COSCO SHIPPING Group to OOIL Group under the Business Master Agreement for the financial year ending 31st December 2022;
“Existing VOCC Cap”	the existing annual cap for the provision of VOCC services by OOIL Group to COSCO SHIPPING Group under the Business Master Agreement for the financial year ending 31st December 2022;
“Group”	the Company and its subsidiaries;
“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;

“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited;
“Network services”	network services, including alliances, consortium and joint service; and slot exchange, slot purchase or slot sale under alliance cooperation, contemplated under liner services of the Business Master Agreement;
“OOIL Group”	the Company and its subsidiaries and associates (as defined under the Listing Rules);
“PRC”	the People’s Republic of China;
“Revised Network Cap”	the revised annual cap for the provision of Network services by COSCO SHIPPING Group to OOIL Group under the Business Master Agreement for the financial year ending 31st December 2022;
“Revised VOCC Cap”	the revised annual cap for the provision of VOCC services by OOIL Group to COSCO SHIPPING Group under the Business Master Agreement for the financial year ending 31st December 2022;
“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 one of them;
“US\$”	United States Dollars, the lawful currency of the United States;
“VOCC services”	vessel operating common carrier services contemplated under liner services of the Business Master Agreement; and
“%”	per cent.

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

Hong Kong, 19th August 2022

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

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

* *For identification purpose only*