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**ORIENT OVERSEAS (INTERNATIONAL) LIMITED**  
*(incorporated in Bermuda with limited liability)*

**PROPOSED OFF-MARKET REPURCHASE OF SHARES**

On 7th August, 2003, the Company entered into two share sale and purchase agreements with Fortwin Investment Limited and Sixpence Holdings Limited pursuant to which Fortwin and Sixpence respectively agreed to sell and the Company agreed to purchase from Fortwin and Sixpence an aggregate of 46,957,088 Shares beneficially owned by Fortwin and Sixpence, representing approximately 9.08% of the existing issued share capital of the Company for a total cash consideration of HK\$460,179,462 which is equivalent to HK\$9.80 per Share. Following the completion of the Share Repurchase, Fortwin, Sixpence and their respective concert parties will have no shareholding interest in the Company.

The Share Repurchase is conditional upon (i) approval by the Executive and (ii) approval by the disinterested shareholders at the EGM expected to be held on or around 12th September, 2003. Fortwin, Sixpence and their respective concert parties will abstain from voting at the EGM. Completion of the Share Repurchase is expected to take place on the third Business Day after the disinterested shareholders approve the Share Repurchase at the EGM. The Company and the Controlling Shareholders have approached the SFC to determine whether or not the Controlling Shareholders will be eligible to vote.

Following the completion of the Share Repurchase, the Subject Shares will be cancelled and the number of Shares in issue will be reduced from 517,141,632 to 470,184,544.

Since the conditions precedent to the Repurchase Agreements may or may not be satisfied, the Repurchase Agreements may or may not be completed and the Share Repurchase may or may not proceed. Shareholders and other investors are advised to exercise caution in dealing in the Shares.

The Board of Directors of the Company has noted the recent increase in the trading volume and price of the ordinary shares of the Company and wishes to confirm that, save for the matters disclosed in this announcement, they are not aware of any reasons for such increase. The Board of Directors of the Company confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the Board of Directors of the Company aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

## **THE SHARE SALE AND PURCHASE AGREEMENTS**

- Parties: (i) the Company;
- (ii) Fortwin Investment Limited, a company controlled by Cheung Kong (Holdings) Limited; and
- (iii) Sixpence Holdings Limited, a company controlled by Hutchison Whampoa Limited.
- Subject Shares: 46,957,088 Shares, representing approximately 9.08% of the existing issued share capital of the Company
- Consideration: HK\$9.80 per Share, totalling HK\$460,179,462
- Conditions: the Repurchase Agreements are conditional on obtaining:
- (i) the approval of the Share Repurchase by at least three-fourths of the votes cast at the EGM on a poll by the disinterested shareholders; and
- (ii) the approval by the Executive of the Share Repurchase.
- Completion: the completion of the Share Repurchase shall take place on the third Business Day after the fulfilment of all the conditions of the Repurchase Agreements or any other day as may be agreed by the parties thereto (unless terminated earlier in accordance with the Repurchase Agreements).

## **SHARE REPURCHASE PRICE**

The Share Repurchase Price was determined after arm's length negotiations between the Company on the one hand and Fortwin and Sixpence on the other. The Share Repurchase Price represents (i) a discount of 4.4% to the closing price of the Shares of HK\$10.25 as quoted on the Stock Exchange on 6th August, 2003, being the last day of trading in Shares on the Stock Exchange before signing of the Repurchase Agreements; (ii) a discount of 16.6% to the closing price of the Shares of HK\$11.75 as quoted on the Stock Exchange on 7th August, 2003 being the last day of trading in Shares on the Stock Exchange before release of this announcement; (iii) a discount of 6.8% to the 10-day average closing price of the Shares as quoted on the Stock Exchange up to and including 6th August, 2003 of HK\$10.52; and (iv) a premium of 30.3% to the 6-month daily average closing price of the Shares as quoted on the Stock Exchange since 7th February, 2003 up to and including 6th August, 2003 of HK\$7.52.

Based on the latest audited consolidated accounts of the Company as at 31st December, 2002, the book net asset value was US\$0.86 billion (equivalent to approximately US\$1.66 (HK\$12.95) per Share based on 517,141,632 Shares in issue as at 31st December, 2002). The Share Repurchase Price represents a discount of approximately 24.3% to the net book asset value per Share.

For the two years ended 31st December, 2002, the audited consolidated profits of the Company before taxation and minority interests were approximately US\$71.09 million (HK\$554.50 million) (2001) and US\$62.90 million (HK\$490.62 million) (2002) respectively. For the same period, the audited consolidated profits of the Company after tax and minority interests were approximately US\$61.29 million (HK\$478.06 million) (2001) and US\$51.74million (HK\$403.57 million) (2002), respectively.

On this basis, the earnings per Share for the year ended 31st December, 2002 based on the existing number of Shares in issue was US\$0.10. The Share Repurchase Price represents a multiple of approximately 12.6 times the earnings per Share.

### **FINANCING OF THE SHARE REPURCHASE**

The funds required for the Share Repurchase, amounting to approximately HK\$460,179,462, will be financed out of the Company's existing cash reserves. The Company believes that the financing of the Share Repurchase will not have any adverse impact on the financial position of the Company.

### **INFORMATION ON FORTWIN AND SIXPENCE**

Fortwin and Sixpence currently own an aggregate of 46,957,088 Shares, representing approximately 9.08% of the existing issued share capital of the Company. After the completion of the Share Repurchase, Fortwin and Sixpence will have no shareholding interest in the Company. Fortwin and Sixpence are investment holding companies controlled by Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited, respectively.

Each of Cheung Kong (Holdings) Limited and Hutchison Whampoa Limited are listed on the Stock Exchange and are ultimately controlled by Mr. Li Ka Shing.

### **RELATIONSHIP BETWEEN THE COMPANY, FORTWIN AND SIXPENCE**

The Company and its subsidiaries are engaged in international containerised transportation, logistics services and container terminal services. In the ordinary course of its business, the Company uses terminal facilities owned by Hutchison Whampoa Limited or its subsidiaries in Hong Kong, Yantian and Shanghai. The annual purchases of such services for the year ended 31st December, 2002 amounted to US\$27,680,000, representing 1% of the Company's consolidated annual turnover of US\$2,457,000,000.

Other than their aggregate holding of 46,957,088 Shares, Fortwin and Sixpence and their controlling shareholders, substantial shareholders, directors and chief executive or any of their subsidiaries or any of their respective associates are independent of and are presumed not to be acting in concert with the directors, the chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates. Neither Fortwin nor Sixpence nor Cheung Kong (Holdings) Limited nor Hutchison Whampoa Limited have a representative on the Board.

## REASONS FOR THE SHARE REPURCHASE

Fortwin and Sixpence approached the Company and indicated that they were considering the disposal of their entire shareholdings in the Company.

The Board considers that the Share Repurchase provides the Company with an excellent opportunity to:

- utilise surplus cash to enhance earnings per Share and the rate of return on capital; and
- repurchase a significant block of Shares, at a discount of 4.4% to the prevailing market price of HK\$10.25 per Share as at the date of signing of the Repurchase Agreements; and
- maintain an orderly and stable market for the Shares, and avoid the potential negative effect on the Share price if Fortwin and Sixpence were to dispose of their shareholding in the market.

In view of the above, the Board believes that the Share Repurchase is in the interests of the Company and the Shareholders as a whole.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Following the completion of the Share Repurchase, the Subject Shares will be cancelled and the number of Shares in issue will be reduced from 517,141,632 to 470,184,544. The shareholding structure of the Company before and after completion of the Share Repurchase (assuming no sales or purchases by the Controlling Shareholders during this period) is set out below:

<b>Shareholders</b>	<b>Number of Shares prior to the Share Repurchase</b>	<b>% of the Shares in issue prior to the Share Repurchase</b>	<b>Number of Shares after the Share Repurchase</b>	<b>% of the Shares in issue after the Share Repurchase</b>
Controlling Shareholders Fortwin Investment Limited and Sixpence Holdings Limited	378,994,456	73.29%	378,994,456	80.61%
Other Shareholders	46,957,088	9.08%	nil	nil
	<u>91,190,088</u>	<u>17.63%</u>	<u>91,190,088</u>	<u>19.39%</u>
Total	<u>517,141,632</u>	<u>100%</u>	<u>470,184,544</u>	<u>100%</u>

The Company is obliged in accordance with its Listing Agreement with the Stock Exchange to ensure that at all times at least 25 per cent of the Company's Shares are held by the public.

The Company has therefore obtained a written undertaking from the Controlling Shareholders that they will take appropriate steps to ensure that at least 25 per cent of the Company's Shares are held by the public immediately upon completion of the Share Repurchase.

If upon completion of the Share Repurchase, less than 25 per cent of the Company's Shares are held by the public, the Stock Exchange will consider the Company to be in breach of Rule 8.08 of the Listing Rules, and may take appropriate action against the Company and its directors

## **SHARE REPURCHASE CODE IMPLICATIONS**

Pursuant to Note 2 to Rule 2 of the Share Repurchase Code, the Share Repurchase must be approved by the Executive. The Share Repurchase is also conditional upon the approval by at least three-fourths of the votes cast on a poll by disinterested shareholders present in person or by proxy at the EGM. In accordance with the Share Repurchase Code, Fortwin, Sixpence and their concert parties are required to abstain from voting in respect of the Share Repurchase. All disinterested shareholders within the meaning of the Share Repurchase Code are eligible to vote. The Company and the Controlling Shareholders have approached the SFC to determine whether or not the Controlling Shareholders will be eligible to vote.

## **GENERAL**

A committee of independent directors of the Company will be appointed to advise the disinterested shareholders of the Company and an independent financial adviser will be appointed to advise the independent committee.

Within 21 days of the date of this announcement, a circular containing further details of the Share Repurchase and the letters from the independent financial adviser and independent committee, together with a notice convening the EGM to approve the Share Repurchase will be despatched to the Shareholders. The EGM is scheduled to be held on or around 12th September, 2003. Fortwin, Sixpence and their concert parties will abstain from voting in respect of the Share Repurchase.

On 7th August, 2003, the price of the Company's shares increased 14.6% to HK\$11.75 and 2,370,000 Shares were traded.

The Board of Directors of the Company has noted the recent increase in the trading volume and price of the ordinary shares of the Company and wishes to confirm that, save for the matters disclosed in this announcement, they are not aware of any reasons for such increase. The Board of Directors of the Company confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the Board of Directors of the Company aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

## DEFINITIONS

In this announcement, the capitalised terms have the meanings set out below unless the context requires otherwise.

“Board”	board of the Directors
“Business Day”	a day (other than Saturday) on which banks in Hong Kong are open to conduct business generally throughout their normal business hours
“Company”	Orient Overseas (International) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Controlling Shareholders”	Wharnclyff, Springfield, Monterrey, and Gala Way
“Discretionary Trust”	a discretionary trust founded by Shirley S.P. Peng
“Director(s)”	the director(s) of the Company, including the independent non-executive directors
“EGM”	an extraordinary general meeting of the Company, currently expected to be held on or around 12th September, 2003, to approve, among other things, the Share Repurchase
“Executive”	the Executive Director of the Corporation Finance Division of the SFC or any delegate of the Executive Director
“Fortwin”	Fortwin Investment Limited, a company controlled by Cheung Kong (Holdings) Limited
“Gala Way”	Gala Way Company Inc, a company owned the Discretionary Trust, and holding approximately 7.74% of the issued Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Monterrey”	Monterrey Limited, a company owned by the Trust, and holding approximately 4.92% of the issued Shares
“Repurchase Agreements”	the two agreements dated 7th August, 2003 entered into between the Company and Fortwin and the Company and Sixpence in relation to the Share Repurchase.
“SFC”	Securities and Futures Commission
“Shares”	the share(s) of US\$0.10 each of the Company

“Share Repurchase”	the purchase of an aggregate of 46,957,088 Shares by the Company from Fortwin and Sixpence at HK\$9.80 per Share for a total consideration of HK\$460,179,462 pursuant to the share sale and purchase agreement
“Share Repurchase Code”	the Hong Kong Code on Share Repurchases
“Share Repurchase Price”	HK\$9.8 per Share for the purchase of 46,957,088 Shares pursuant to the share sale and purchase agreement for a total amount HK\$460,179,462
“Shareholders”	the holder(s) of the Share(s)
“Sixpence”	Sixpence Holdings Limited, a company controlled by Hutchison Whampoa Limited
“Springfield”	Springfield Corporation, a company owned by the Trust, and holding approximately 10.71% of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Shares”	46,957,088 Shares proposed to be purchased by the Company from Fortwin and Sixpence, representing approximately 9.08% of the issued Shares
“Trust”	a trust under which the descendants of the late Mr. C.Y. Tung and members of their families, or any of them, are beneficiaries
“Wharncliff”	Wharncliff Limited, a company owned by the Discretionary Trust, and holding approximately 49.91% of the issued Shares

By order of the Board of  
**Orient Overseas (International) Limited**  
**Lammy Lee**  
*Company Secretary*

Hong Kong, 7th August, 2003

*The Directors jointly and severally accept the full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*