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**ORIENT OVERSEAS (INTERNATIONAL) LIMITED**

*(Incorporated in Bermuda with limited liability)*

**WHARNCLIFF LIMITED**

*(Incorporated in Liberia with limited liability)*

**PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES IN  
ORIENT OVERSEAS (INTERNATIONAL) LIMITED**

**Sole Global Coordinator and Sole Bookrunner  
UBS Investment Bank**

**SUMMARY**

On 13 February 2004, the Vendor, the Company and UBS Investment Bank entered into the Placing Agreements, pursuant to which UBS Investment Bank will procure purchasers to acquire, or failing which itself as principal acquire, and the Vendor will sell or procure the sale of an aggregate of 47,000,000 existing Shares (the “Placing Shares”) at the price of HK\$25.75 per Placing Share (the “Placing Price”).

The Placing Price represents a discount of approximately 6.36% to the closing price of HK\$27.50 per Share as quoted on the Stock Exchange on 13 February 2004 and a discount of approximately 10.48% to the average closing price of approximately HK\$28.77 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 13 February 2004. The Placing Shares represent approximately 10.00% of the existing issued share capital of the Company and approximately 9.09% of the issued share capital of the Company as enlarged by the Subscription.

Pursuant to the Subscription Agreement, the Vendor has conditionally agreed to subscribe or procure the subscription of an aggregate of 47,000,000 Subscription Shares at the Placing Price. The Subscription Shares represent 10.00% of the existing issued share capital of the Company and approximately 9.09% of the issued share capital of the Company as enlarged by the Subscription.

Prior to the Placing, the Controlling Shareholders hold an aggregate of 349,994,456 Shares, representing approximately 74.44% of the existing issued share capital of the Company. Following completion of the Placing and the Subscription, the Controlling Shareholders will hold an aggregate of 349,994,456 Shares, representing approximately 67.67% of the issued share capital of the Company as enlarged by the Subscription.

The net proceeds from the Subscription are estimated to be approximately HK\$1,188.23 million. The aggregate expenses relating to the Placing and the Subscription amount to approximately HK\$22.02 million, including commissions, professional fees and other ancillary expenses.

The proceeds from the Subscription will be used (i) for general corporate purposes of the Company and its core transportation, terminals and logistics subsidiaries (the “Group”) and businesses; (ii) to enhance the Group’s capital position; (iii) to position the Group to take advantage of market and business opportunities as and when they might arise; and (iv) to fund potential further capital investment in the Group’s transportation, terminals and logistics businesses and its property development projects in China. No determination of the allocation of the proceeds from the Subscription between the potential uses described above has been made by the Directors.

## **PLACING UNDER THE PLACING AGREEMENTS DATED 13 FEBRUARY 2004**

### **Placing Agreements**

The Placing Agreements comprise:-

- (a) a placing agreement between the Vendor and UBS Investment Bank, the placing agent; and
- (b) a placing letter between the Company and UBS Investment Bank.

Pursuant to the Placing Agreements UBS Investment Bank as a sole global coordinator and sole bookrunner and placing agent will procure purchasers to acquire, or failing which itself as principal acquire, and the Vendor will sell or procure the sale of the Placing Shares at the Placing Price.

### **Vendor**

Wharnclyff Limited is one of the Controlling Shareholders of the Company. Immediately prior to the date of the Placing Agreements, it held 229,107,662 Shares, representing approximately 48.73% of the existing issued share capital of the Company.

### **Placing Agent**

UBS Investment Bank was appointed as sole global coordinator and sole bookrunner and placing agent for the Placing. UBS Investment Bank is an independent third party not connected with the Vendor or any of the directors, chief executive or the substantial shareholders of the Company, its subsidiaries or any of their respective associates (as defined in the Listing Rules) for the purposes of this transaction.

### **Number of Placing Shares**

The number of Placing Shares is 47,000,000, representing approximately 10.00% of the existing issued share capital of the Company and approximately 9.09% of the issued share capital of the Company as enlarged by the Subscription.

### **Placing Price**

The terms of the Placing Agreements, including the Placing Price of HK\$25.75 per Share, were arrived at after arm’s length negotiations between the Vendor, the Company and UBS

Investment Bank. The Placing Price represents a discount of approximately 6.36% to the closing price of HK\$27.50 per Share as quoted on the Stock Exchange on 13 February 2004, and a discount of approximately 10.48% to the average closing price of the Shares of approximately HK\$28.77 per Share over the last ten consecutive trading days up to and including 13 February 2004.

### **Rights**

The Placing Shares will be sold free of any claims, liens, encumbrances, options and third party rights. The placees or their respective beneficial owners (if applicable) under the Placing will receive all dividends and distributions declared, made or paid after the date of the Placing Agreements.

### **Independence of placees**

UBS Investment Bank has confirmed that the placees and their respective ultimate beneficial owners under the Placing will be independent of and not connected with the Controlling Shareholders or any of the directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates (as defined in the Listing Rules) and are not deemed to be acting in concert (as defined in The Hong Kong Code on Takeovers and Mergers) with any of such persons. UBS Investment Bank has confirmed that none of the placees or their respective ultimate beneficial owners under the Placing will become a substantial shareholder of the Company immediately following completion of the Placing. UBS Investment Bank expects that there will be over six placees who will be institutional or professional investors.

### **Conditions of the Placing**

The obligation of UBS Investment Bank to complete the Placing is conditional upon:

- (a) the Subscription Agreement having been entered into by the parties thereto and not subsequently having been revoked, terminated or modified; and
- (b) UBS Investment Bank not having given notice to the Vendor to terminate the Placing Agreements at any time before completion of the Placing because, in the reasonable opinion of UBS Investment Bank, there shall have been such a change in national or international financial, political or economic conditions or exchange controls or any suspension of dealings in the Shares as would be likely to prejudice materially the success of the offering and distribution of the Shares or dealings in the Shares in the secondary market.

If any of such conditions shall not have been fulfilled or (alternatively) waived by UBS Investment Bank by completion of the Placing, the Placing will not proceed. Shareholders and investors are advised to exercise caution in dealing in the Shares.

### **Completion of the Placing**

Completion of the Placing is expected to take place on 18 February 2004.

## **Lock up**

The Vendor has undertaken to UBS Investment Bank that (except for the sale of the shares under the Placing Agreement) from 13 February 2004 and on or prior to the date falling 3 months thereafter, it will not and will procure that none of its nominees, companies controlled by it or trusts associated with it (whether individually or together and whether directly or indirectly) will (without the prior written consent of UBS Investment Bank) (i) offer, lend, pledge, issue, sell, contract to sell, grant any option, right or warrant to purchase any shares in the Company or any interest in shares of the Company or any securities convertible into or exercisable or exchangeable into shares of the Company or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares but excluding the Placing Shares) or any interests therein or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of shares or such other securities, in case or otherwise; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

The Company has undertaken to UBS Investment Bank that (except for (i) the Subscription Shares to be allotted and issued to the Vendor pursuant to the Subscription Agreement; and (ii) any Shares or other securities or rights issued or granted to shareholders by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with its articles of association or on the exercise of rights existing at 13 February 2004) from the date of the Placing Agreements and on and prior to the date being 3 months after the date of the Placing Agreements it will not (without the prior written consent of UBS Investment Bank, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares; or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transaction described in (i) above; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

## **SUBSCRIPTION UNDER THE SUBSCRIPTION AGREEMENT DATED 13 FEBRUARY 2004**

### **Parties**

- (a) Vendor; and
- (b) the Company

### **The Subscription Shares**

47,000,000 Subscription Shares, representing 10.00% of the existing issued share capital of the Company and approximately 9.09% of the issued share capital of the Company as enlarged by the Subscription.

## **Subscription Price**

The Subscription Price is equal to the price per Share of each Placing Share, net of all expenses properly incurred by the Vendor in connection with the Placing and the issue of the Subscription Shares (including the fee payable to the Placing Agent, stamp duty, stock exchange transaction levy and legal fees) and after adding interest accrued and received by or on behalf of the Vendor on the net proceeds of the Placing during the period between completion of the Placing and completion of the Subscription.

## **General Mandate to issue Subscription Shares**

The Subscription Shares will be issued pursuant to the general mandate granted by the shareholders of the Company to the Directors on 2nd May 2003.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued pursuant to the Subscription.

## **Ranking**

The Subscription Shares will rank pari passu in all respects with the existing Shares of the Company in issue or to be issued on or prior to the date of completion of the Subscription.

## **Conditions of the Subscription**

Completion of the Subscription is conditional upon:

- (a) the completion of the Placing having occurred pursuant to the terms of the Placing Agreement;
- (b) listing of and permission to deal in all the Subscription Shares being granted by the Stock Exchange (and such permission and listing not subsequently being revoked prior to the despatch of definitive Share certificates representing the Subscription Shares) on or before the completion of the Subscription; and
- (c) there being no obligation under rule 26 of the Hong Kong Code on the Takeover Code for the Vendor and parties acting in concert with it to make a general offer for all of the issued ordinary shares of the Company other than those already owned by them as a result of the Subscription.

## **Completion of the Subscription**

Subject to the fulfilment of the above conditions, completion of the Subscription is expected to take place within 14 days of the Placing Agreements. If the Subscription is not completed within 14 days after the date of the Placing Agreements, the Subscription would constitute a connected transaction for the Company under the Listing Rules.

## EFFECT OF THE PLACING AND THE SUBSCRIPTION

The shareholding structure of the Company before and after completion of the Placing and Subscription is set out below:

Shareholders	Number of Shares prior to the Placing and Subscription	% of the Shares in issue prior to the Placing and Subscription	% of the Shares in issue after the Placing but prior to the Subscription	Number of Shares after the Placing and Subscription	% of the Shares in issue after the Placing and Subscription
Controlling Shareholders	349,994,456	74.44	64.44	349,994,456	67.67
T.R. Chang	506,390	0.11	0.11	506,390	0.10
Nicholas D. Sims	46,000	0.01	0.01	46,000	0.01
Philip Y W Chow	60,000	0.01	0.01	60,000	0.01
Other Shareholders	<u>119,577,698</u>	<u>25.43</u>	<u>35.43</u>	<u>166,577,698</u>	<u>32.21</u>
Total	<u>470,184,544</u>	<u>100.00</u>	<u>100.00</u>	<u>517,184,544</u>	<u>100.00</u>

## REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Placing and the Subscription will broaden the shareholder base and the capital base of the Company respectively. The net proceeds receivable by the Company under the Subscription are estimated to be HK\$1,188.23 million. It is intended that the net proceeds will be used (i) for general corporate purposes of the Company and its core transportation, terminals and logistics subsidiaries (the “Group”) and businesses; (ii) to enhance the Group’s capital position; (iii) to position the Group to take advantage of market and business opportunities as and when they might arise; and (iv) to fund potential further capital investment in the Group’s transportation, terminals and logistics businesses and its property development projects in China. No determination of the allocation of the proceeds from the Subscription between the potential uses described above has been made by the Directors.

The Company did not have any fund raising activities in the past 12 months.

## DEFINITIONS USED IN THIS ANNOUNCEMENT

“associates”	has the meaning ascribed to it in the Listing Rules
“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”	Gala Way, Springfield, Monterrey and the Vendor, who are parties acting in concert for the purposes of the Hong Kong Code on Takeovers and Mergers
“Director(s)”	the director(s) of the Company, including the non-executive Directors

“Discretionary Trust”	a discretionary trust founded by Mrs. Shirley S.P. Peng, a daughter of the late Mr. Chao Yung Tung, a sister of Mr. Chee Chen Tung (who is a son of the late Mr. Chao Yung Tung) and sister-in-law of Roger King (both directors of the Company)
“Gala Way”	Gala Way Company Inc., a company wholly-owned by the Discretionary Trust, which holds approximately 8.52% of the existing issued Shares
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Monterrey”	Monterrey Limited, a company wholly-owned by Springfield, which holds approximately 5.41% of the existing issued Shares
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreements
“Placing Agreements”	a placing agreement entered into on 13 February 2004 between the Vendor and UBS Investment Bank in relation to the Placing, and a separate placing letter entered into on 13 February 2004 between the Company and UBS Investment Bank in relation to the Placing
“Placing Price”	HK\$25.75 per Placing Share
“Placing Shares”	the 47,000,000 Shares currently owned by the Vendor and to be placed under the Placing
“SFC”	the Securities and Futures Commission
“Shares”	ordinary share(s) of US\$0.10 each in the share capital of the Company
“Springfield”	Springfield Corporation, a company wholly-owned by the Trust, which holds approximately 11.78% of the existing issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares pursuant to the Subscription Agreement
“Subscription Shares”	the 47,000,000 new Shares in the capital of the Company that the Vendor has agreed to subscribe for in accordance with the terms of the Subscription Agreement
“Subscription Agreement”	the agreement to subscribe for Subscriber Shares dated 13 February 2004 between the Vendor and the Company

“Subscription Price”	a sum per Subscription Share equal to the Placing Price net of all expenses properly incurred by the Vendor in connection with the Placing and the issue of the Subscription Shares (including the fee payable to the Placing Agent, stamp duty, stock exchange transaction levy and legal fees) and after adding interest accrued and received by or on behalf of the Vendor on the net proceeds of the Placing during the period between completion of the Placing and completion of the Subscription
“substantial shareholders”	has the meaning ascribed to it in the Listing Rules
“Trust”	a trust under which the descendants of the late Mr. Chao Yung Tung and members of their families, or any of them, are beneficiaries
“UBS Investment Bank”	UBS AG, Hong Kong branch, an authorised institution under the Banking Ordinance
“US\$”	United States Dollars, the lawful currency in the United States of America
“Vendor”	Wharnclyff Limited, a company owned by the Discretionary Trust, which holds approximately 48.73% of the existing issued Shares

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

By order of the Board of  
**Wharnclyff Limited**  
**Ester Wong**  
*Company Secretary*

Hong Kong, 13, February 2004

*The Directors jointly and severally accept fully 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.*