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ORIENT OVERSEAS (INTERNATIONAL) LIMITED

東方海外(國際)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 316)

VERY SUBSTANTIAL DISPOSAL

PROPOSED SALE OF THE ENTIRE ISSUED SHARE CAPITAL OF TSI, CONSOLIDATED TERMINAL HOLDINGS AND GLOBAL

RESUMPTION OF TRADING

Sole Financial Adviser to Orient Overseas (International) Limited



On 23 November 2006, Orient Overseas (International) Limited (the “Company”) announced that the Company, and its indirect wholly-owned subsidiaries, TSI Holding, OOCL Terminals Holdings and CLTI entered into a Stock Purchase Agreement dated 21 November 2006 with B.C. Ltd. and Ontario Limited, being newly-formed subsidiaries of Ontario Teachers’ Pension Plan Board (the “Buyer”) pursuant to which the Sellers have agreed to sell and the Buyer has agreed to purchase the entire issued share capital of each of TSI, Consolidated Terminal Holdings and Global for an aggregate consideration of US\$2.35 billion (approximately HK\$18.33 billion). The Buyer has also agreed to assume a net debt of approximately US\$60 million (approximately HK\$468 million).

The entities being sold, directly or through their respective subsidiaries, operate four North American container terminals.

After the Transaction, the Group will continue to own and operate its existing terminals at Kaohsiung Container Terminal and Long Beach, California, U.S.A., and maintain its investments in Tianjin Port Alliance International Container Terminal Co., Ltd. and Ningbo Far East Terminal Co. Limited.

The Transaction constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules, and is subject to the approval of the Shareholders at the SGM.

A circular containing, amongst other things, details of the Transaction and a notice of the SGM will be dispatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 22 November 2006 pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 24 November 2006.

INTRODUCTION

On 23 November 2006, Orient Overseas (International) Limited (the “Company”) announced that the Company, and its indirect wholly-owned subsidiaries, TSI Holding, OOCL Terminals Holdings and CLTI entered into a Stock Purchase Agreement dated 21 November 2006 with B.C. Ltd. and Ontario Limited, being newly-formed subsidiaries of Ontario Teachers’ Pension Plan Board (the “Buyer”) pursuant to which the Sellers have agreed to sell and the Buyer has agreed to purchase the entire issued share capital of each of TSI, Consolidated Terminal Holdings and Global for an aggregate consideration of US\$2.35 billion (approximately HK\$18.33 billion). The Buyer has also agreed to assume a net debt of approximately US\$60 million (approximately HK\$468 million).

The entities being sold, directly or through their respective subsidiaries, operate four North American container terminals. TSI Holding is the sole shareholder of TSI, which operates two container terminals in the Port of Vancouver, Canada. OOCL Terminals Holdings is the sole shareholder of Consolidated Terminal Holdings, which through NYCT, an indirect wholly-owned subsidiary of OOCL Terminals Holdings and Consolidated Terminal Holdings, operates a container terminal in the Port of New York, U.S.A.. CLTI is the sole shareholder of Global, which owns and operates a container terminal in the Port of New Jersey, U.S.A. They are third party multi-user container terminals and are separate and stand-alone businesses from the main operation of the Group.

After the Transaction, the Group will continue to own and operate its existing terminals at Kaohsiung Container Terminal and Long Beach, California, U.S.A., and maintain its investments in Tianjin Port Alliance International Container Terminal Co., Ltd. and Ningbo Far East Terminal Co. Limited. The Company currently has no plans to dispose of these terminals and investments as it and its alliance partners, are the principal users of these terminals.

UBS Investment Bank is acting as the sole financial adviser to the Company in relation to the Transaction.

THE STOCK PURCHASE AGREEMENT

Date

21 November 2006

Parties involved

- (a) TSI Holding
- (b) OOCL Terminals Holdings

- (c) CLTI
- (d) the Company
- (e) B.C. Ltd.
- (f) Ontario Limited

Subject Matter

The sale and purchase of the Sale Shares.

Consideration

The Aggregate Consideration for the sale and purchase of the Sale Shares is comprised of US\$2.35 billion (approximately HK\$18.33 billion) in cash for 100% of the Sale Shares. Additionally, the Buyer will assume a net debt of approximately US\$60 million (approximately HK\$468 million). The consideration was determined after having conducted an open bidding process.

In the event that the conditions to the sale and purchase of the Sale Shares, other than the consent from the Port Authority of New York and New Jersey (which is a condition to completion of the sale of Consolidated Terminal Holdings Shares), are satisfied or otherwise waived, the Sellers or the Buyer may elect to proceed to Initial Completion in respect of the sale and purchase of the TSI Shares and the Global Shares and defer completion of the sale and purchase of the Consolidated Terminal Holdings Shares. At Initial Completion, payment shall be made in respect of the sale and purchase of the TSI Shares and the Global Shares of an aggregate amount of US\$1.88 billion (approximately HK\$14.66 billion). In relation to the sale and purchase of the Consolidated Terminal Holdings Shares, to the extent that the parties are subsequently able prior to 31 May 2007 to satisfy the conditions relating to those shares that were outstanding at the Initial Completion, the parties shall proceed to Second Completion and the Buyer shall pay the consideration of US\$470 million (approximately HK\$3.67 billion) in respect of the purchase of such shares at that time.

In the event that Completion occurs after 31 December 2006, the Buyer shall additionally pay to the Sellers by way of additional consideration an adjustment amount equal to 0.5% per month of the Aggregate Consideration calculated on a daily basis for the period from 31 December 2006 until the day immediately preceding Completion. If the Sellers or the Buyer elect to proceed to Initial Completion after 31 December 2006, the Buyer shall pay to the Sellers at Initial Completion an adjustment amount on the portion of the Aggregate Consideration relating to the TSI Shares and the Global Shares. If the parties subsequently proceed to the Second Completion relating to the Consolidated Terminal Holdings Shares after 31 December 2006, the Buyer shall pay an adjustment to the Sellers at Second Completion on the portion of the Aggregate Consideration relating to the Consolidated Terminal Holdings Shares.

Subject to certain withholding payments pursuant to the Income Tax Act (Canada) in respect of the purchase of the TSI Shares, the Buyer shall pay the Aggregate Consideration at Completion or Initial Completion, if applicable. In the event that TSI Holding qualifies for

an exemption under the Income Tax Act (Canada) and a certificate to such effect is received from the Minister of National Revenue (Canada), amounts withheld at Completion or Initial Completion as the case may be from the sale of the TSI Shares shall be remitted to TSI Holding on the 30th day following the month in which the sale and purchase of the TSI Shares is completed.

Conditions Precedent and Completion

The sale and purchase of the Sale Shares pursuant to the Stock Purchase Agreement are conditional upon the satisfaction or (where applicable) waiver of a number of conditions, including the following:

- (i) the representations and warranties made by the Sellers and the Buyer in the Stock Purchase Agreement being true and correct (without regard to materiality) on the date of Completion as if made at that date except to the extent that the failure of such representation and warranties to be so true and correct would not have, or be reasonably likely to have, a material adverse effect on the results of operations, assets, conditions (financial or otherwise), business or liabilities of TSI, Consolidated Terminal Holdings, Global and their respective subsidiaries taken as a whole;
- (ii) the Sellers and the Buyer shall have performed all obligations and complied with all covenants in the Stock Purchase Agreement that are required to be performed or complied with by each of them at or prior to the Completion in all material respects;
- (iii) completion by the Sellers of a reorganisation of the capital structure by way of issuing a new class of shares, amendments to the organisational or constitutional documents and status of the entities being sold and their subsidiaries in the manner to facilitate the Transaction and for the purposes of facilitating completion of the sale and purchase of the Sale Shares;
- (iv) the Shareholders shall have passed an ordinary resolution approving the Transaction;
- (v) the waiting period under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, shall have expired;
- (vi) the Canadian regulatory authorities shall have issued an approval, or the waiting period shall have expired under the Competition Act (Canada), as amended;
- (vii) the receipt by the Sellers of written notice from the Committee on Foreign Investment in the U.S.A. (“CFIUS”) that the Transaction is not subject to Section 721 of the Defense Production Act of 1950 effected by Section 5021 of the Omnibus Trade and Competitiveness Act of 1988 (“Exon-Florio”), the determination by CFIUS under §800.502 of Exon-Florio not to undertake an investigation of the Transaction or the determination by the President of the U.S.A. not to exercise its authority under §721 of Exon-Florio with respect to the Transaction;
- (viii) the Vancouver Port Authority shall have consented to the change of control resulting from the Transaction, as required under (i) a lease dated as of 1 January 1993 between the Vancouver Port Authority and TSI, as amended, (ii) a lease (Pod 4) dated as of 1

January 2004 between the Vancouver Port Authority and TSI, as amended, and (iii) a lease (Pod 3) dated as of 1 January 2004 between the Vancouver Port Authority and TSI, as amended, and, in each case, certain ancillary documents entered into in connection therewith;

- (ix) the Port Authority of New York and New Jersey shall have consented to the change of control resulting from the Transaction, as required under an agreement dated as of 30 June 1995 between the Port Authority of New York and New Jersey and NYCT, as amended, and certain ancillary documents entered into in connection therewith.

Conditions (iv) and (v) above may not be waived by the parties. In conditions (i) and (ii), the Sellers' and the Buyer's respective representations and warranties and their respective performance of obligations and covenants in the Stock Purchase Agreement may be waived by the other party. Conditions (vi) to (ix) above may be waived by agreement of the parties to the Stock Purchase Agreement. Condition (iii) above may only be waived by the Buyer. Any such waiver must be in writing and signed by authorised representatives of the relevant party.

Completion shall take place on the third business day following the satisfaction or waiver by the Sellers or the Buyer of the conditions to which its or their obligations are subject, provided that if Completion has not occurred by 31 May 2007, then either the Sellers or the Buyer may terminate the Stock Purchase Agreement.

In the event that the conditions to the sale and purchase of the Sale Shares, other than the consent of the Port Authority of New York and New Jersey (which is a condition to completion of the sale of Consolidated Terminal Holdings Shares), are satisfied or otherwise waived, the Sellers or the Buyer may elect to proceed to Initial Completion and defer completion of the sale and purchase of the Consolidated Terminal Holdings Shares. Thereafter, and until the termination date of 31 May 2007, the Buyer and OOCL Terminals Holdings shall continue to cause to be done all reasonable acts and things as may be necessary, proper or advisable, consistent with applicable laws, to proceed to Second Completion as soon as reasonably practicable, provided that if Second Completion has not occurred by 31 May 2007, then either the Sellers or the Buyer may terminate the Stock Purchase Agreement insofar as it relates to the sale and purchase of the Consolidated Terminal Holdings Shares.

The parties to the Stock Purchase Agreement expect that the Completion will take place by the end of the first quarter of 2007.

INFORMATION ON TSI, CONSOLIDATED TERMINAL HOLDINGS AND GLOBAL

As at the date of the Stock Purchase Agreement, TSI Holding, OOCL Terminals Holdings and CLTI held 100% shareholding interest in TSI, Consolidated Terminal Holdings and Global respectively. Following Completion of the Transaction, TSI, Consolidated Terminal Holdings and Global will respectively cease to be subsidiaries of TSI Holding, OOCL Terminals Holdings and CLTI and the Buyer will be the holder of 100% of the issued share capital of each of TSI, Consolidated Terminal Holdings and Global.

TSI, Consolidated Terminal Holdings and Global operate container terminals in Vancouver, New York and New Jersey. The container terminals recorded a total throughput of 2,567,720 TEUs for the twelve months ended 30 June 2006.

The unaudited combined total net assets of the Sale Shares at 30 June 2006 was approximately US\$199.9 million (approximately HK\$1.56 billion) attributable as follows:-

	<i>US\$ million</i>
Global	52.1
Consolidated Terminal Holdings	32.1
TSI	115.7

The combined results attributable to the Sale Shares for the year ended 31 December 2004 and for the year ended 31 December 2005 were as follows:

- (i) the combined total earnings before interest, tax, depreciation and amortization for the year ended 31 December 2004 was approximately US\$66.0 million (approximately HK\$514.8 million) and separately as follows:-

	<i>US\$ million</i>
Global	11.6
Consolidated Terminal Holdings	20.3
TSI	34.1

- (ii) the combined total earnings before interest, tax, depreciation and amortization for the year ended 31 December 2005 was approximately US\$76.4 million (approximately HK\$595.9 million) and separately as follows:-

	<i>US\$ million</i>
Global	17.6
Consolidated Terminal Holdings	10.4
TSI	48.4

(iii) the combined total net profits for year ended 31 December 2004 before taxation was approximately US\$42.8 million (approximately HK\$333.8 million); and after taxation, approximately US\$28.2 million (approximately HK\$220.0 million) and separately as follows:-

Before Taxation

	<i>US\$ million</i>
Global	4.6
Consolidated Terminal Holdings	16.7
TSI	21.5

After Taxation

	<i>US\$ million</i>
Global	2.8
Consolidated Terminal Holdings	12.3
TSI	13.1

(iv) the combined total net profits for year ended 31 December 2005 before taxation was approximately US\$45.4 million (approximately HK\$354.1 million); and after taxation, approximately US\$36.1 million (approximately HK\$281.6 million) and separately as follows:-

Before Taxation

	<i>US\$ million</i>
Global	11.3
Consolidated Terminal Holdings	4.4
TSI	29.7

After Taxation

	<i>US\$ million</i>
Global	6.6
Consolidated Terminal Holdings	9.3
TSI	20.2

The financial information contained in this announcement has been prepared in accordance with the Hong Kong Generally Accepted Accounting Principles.

PROCEEDS FROM THE TRANSACTION

The Company has not currently made any decision as to the use of proceeds from the Transaction, and will undertake a review of the potential uses of proceeds from the Transaction, including expansion of the core businesses of the Group and mechanisms for returning capital to Shareholders such as special dividends and share repurchases. Pending the outcome of the review, the proceeds from the Transaction will be retained by the Company. As the Company expects that Completion will take place by the end of the first quarter of 2007, it anticipates providing further details by the time it releases its full year results in March 2007.

FINANCIAL EFFECT OF AND REASONS FOR THE TRANSACTION

TSI, Consolidated Terminal Holdings and Global operate container terminals in Vancouver, New York and New Jersey. The container terminals recorded a total throughput of 2,567,720 TEUs for the twelve months ended 30 June 2006 and have since experienced strong growth. Major expansion schemes are planned for both Deltaport in the Port of Vancouver and New York Container Terminal in the Port of New York. The container terminals are separate and stand-alone businesses from the main operation of the Group. With the rapid and sustained global growth in container terminal throughput, the market value of these container terminals has risen significantly. The Company believes that the true value of these assets has not been fully recognised in its recent share price and, as a result, the Company is of the view that a disposal of the container terminals at the purchase price will unlock substantial value for the Shareholders.

While the Group is a user of these terminals, it represents only a minority of the total throughput and user contracts are negotiated on an arm's length and purely commercial basis. The Company has on-going terminal usage contracts with each of the entities being sold, the earliest of which is expiring at the end of 2007. The Company intends to initiate discussions with the Buyer relating to the extension of such arrangements, but any such extension is separate from the Transaction.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Stock Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Until Completion (or, if applicable, Initial Completion and Second Completion as appropriate), TSI, Consolidated Terminal Holdings and Global are wholly-owned subsidiaries of the Company. Immediately after Completion, (or, if applicable, Initial Completion and Second Completion as appropriate), if applicable, the Company will no longer hold any interest in the Sale Shares. TSI, Consolidated Terminal Holdings and Global will cease to be subsidiaries of the Company upon Completion (or, if applicable, Initial Completion and Second Completion as appropriate), and their assets and liabilities will no longer be included in the Company's consolidated balance sheet after Completion (or, if applicable, Initial Completion and Second Completion as appropriate).

Upon Completion, the Company is expected to realise an estimated gain of approximately US\$1.98 billion (approximately HK\$15.4 billion) from the Transaction, which is expected to be accounted for in the consolidated financial statements of the Company as set out in the “Consideration” and “Conditions Precedent and Completion” section of this announcement. The estimated gain is derived from the Aggregate Consideration less the total of; (i) the net asset value; (ii) estimated expenses; and (iii) taxes relating to Transaction.

Further information regarding the financial effect of the Transaction will be included in the circular.

INFORMATION OF THE GROUP

The principal business of the Group is container transport and logistics services, ports and terminals and property development and investment.

Orient Overseas Container Line Limited, a wholly owned subsidiary of the Company operating under the trade name OOCL, is one of the world’s largest integrated international transportation, logistics and terminal companies, and is one of Hong Kong’s most recognised global brands. OOCL is one of the leading international carriers serving China, providing the full range of logistics and transportation services throughout the country. It is also an industry leader in the use of information technology and e-commerce to manage the entire cargo process.

The Group’s property development and investment division focuses on sizable and quality investments, primarily in China, with the potential for solid and consistent returns. It has an eight percent interest in Beijing Oriental Plaza, one of Beijing’s most prestigious commercial and office developments and owns Wall Street Plaza in New York City. Its key focus is on residential property development in cities in China that have a higher per capita GDP, superior urban infrastructure and high overseas Chinese investment. It has a number of residential developments in Shanghai.

INFORMATION ON THE BUYER

The Ontario Teachers’ Pension Plan is an independent corporation responsible for investing the CDN\$96 billion (approximately HK\$654.8 billion) fund and administering the pensions of Ontario’s 163,000 elementary and secondary school teachers and 101,000 retired teachers.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Buyer and its ultimate beneficial owner are independent third parties, and not connected with any of the directors, chief executive or substantial shareholders of the Company or its subsidiaries, and of their respective associates.

LISTING RULES IMPLICATIONS FOR THE COMPANY

The Transaction constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules, and is subject to the approval of the Shareholders at the SGM. No Shareholder is required to abstain from voting at the SGM.

A circular containing, amongst other things, details of the Transaction and a notice of the SGM will be dispatched to the Shareholders as soon as practicable.

IRREVOCABLE UNDERTAKING(S) FROM SUBSTANTIAL SHAREHOLDER(S)

At the request of the Buyer, Tung Holdings (Trustee) Inc., which holds the voting rights in respect of the Shares held by the Substantial Shareholders, which, together, own approximately 52.19% of the entire issued share capital of the Company, has given an irrevocable undertaking to the Buyer to vote in favour of the resolution to be proposed to the Shareholders to approve the Transaction.

SUSPENSION AND RESUMPTION OF SHARE TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 22 November 2006 pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 24 November 2006.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Aggregate Consideration”	aggregate consideration for the Transaction, being US\$2.35 billion (approximately HK\$18.33 billion), of which: (i) US\$1.65 billion (approximately HK\$12.87 billion) is allocated to the shareholding interest in TSI, (ii) US\$470 million (approximately HK\$3.67 billion) is allocated to the shareholding interest in Consolidated Terminal Holdings, and (iii) US\$235 million (approximately HK\$1.83 billion) is allocated to the shareholding interest in Global;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Buyer”	B.C. Ltd. and Ontario Limited, being newly formed subsidiaries of Ontario Teachers’ Pension Plan Board;
“CDN\$”	Canadian Dollars, the lawful currency of Canada;
“Company”	Orient Overseas (International) Limited;
“Completion”	completion of the Transaction, and shall mean the Initial Completion and/or the Second Completion where applicable;

“CLTI”	Consolidated Leasing & Terminals, Inc., which holds the entire issued share capital of Global;
“Consolidated Terminal Holdings”	Consolidated (Terminal Holdings) Limited, a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of OOCL Terminals Holdings;
“Consolidated Terminal Holdings Shares”	500 ordinary shares of par value US\$1.00 each, representing the entire issued share capital of Consolidated Terminal Holdings;
“Directors”	the directors of the Company;
“Global”	Global Terminal & Container Services, Inc., a company established under the laws of New Jersey, U.S.A., which is a wholly-owned subsidiary of CLTI;
“Global Shares”	24,750 shares of common stock of no par value each, representing the entire issued share capital of Global;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollars, the lawful currency of The Hong Kong Special Administrative Region of the People’s Republic of China;
“Initial Completion”	completion, at the option of the Sellers, in respect of the sale and purchase of the TSI Shares and the Global Shares respectively (but not in respect of the Consolidated Terminal Holdings Shares);
“Listing Rules”	The Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;
“NYCT”	New York Container Terminal, Inc.;
“OOCL Terminals Holdings”	OOCL (Terminals) Holdings Limited, which holds the entire issued share capital of Consolidated Terminal Holdings;
“Sale Shares”	the TSI Shares, the Consolidated Terminal Holdings Shares and the Global Shares;
“Second Completion”	the completion of the sale and purchase of the Consolidated Terminal Holdings Shares;
“Sellers”	TSI Holding, OOCL Terminals Holdings and CLTI;
“SGM”	a special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, to approve the Transaction;

“Shareholders”	shareholders of the Company;
“Shares”	ordinary shares of US\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Stock Purchase Agreement”	agreement dated 21 November 2006 entered into between TSI Holding, OOCL Terminals Holdings, CLTI, the Company and the Buyer relating to the sale and purchase of the Sales Shares;
“Substantial Shareholders”	Wharnclyff Limited and Gala Way Company Inc.;
“TEU”	twenty-foot equivalent container unit;
“TSI”	TSI Terminal Systems Inc., a company established under the laws of British Columbia, Canada, which is a wholly-owned subsidiary of TSI Holding;
“TSI Holding”	TSI Holding S.A., which holds the entire issued share capital of TSI;
“TSI Shares”	233,400 ordinary shares of par value CDN\$1.00 each, representing the entire issued share capital of TSI;
“Transaction”	the sale by the Sellers and the purchase by the Buyer of the Sale Shares subject to the terms and conditions of the Stock Purchase Agreement;
“Tung Holdings (Trustee) Inc.”	a company wholly-owned by Mr. Chee Chen Tung, and which holds the voting rights in respect of the shares in the Company held by the Substantial Shareholders;
“UBS Investment Bank”	UBS Investment Bank is a business group of UBS AG;
“U.S.A.”	United States of America;
“US\$”	United States Dollars, the lawful currency of the United States of America; and
“%”	per cent.

The exchange rates used for reference purpose in this announcement are US\$1.00 to HK\$7.80, and CDN\$1.00 to HK\$6.82.

By order of the Board
Lammy LEE
Company Secretary

Hong Kong, 23 November 2006

As at the date of this announcement, our Executive Directors are Messrs. Chee Chen TUNG, Nicholas David SIMS, Philip Yiu Wah CHOW and Alan Lieh Sing TUNG; our Non-Executive Directors are Messrs. Roger KING and Tsann Rong CHANG; and our Independent Non-Executive Directors are Mr. Simon MURRAY, Dr. Victor Kwok King FUNG and Professor Richard Yue Chim WONG.

** For identification only*

website: <http://www.ooilgroup.com>

Please also refer to the published version of this announcement in The Standard.