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ORIENT OVERSEAS (INTERNATIONAL) LIMITED

(Incorporated in Bermuda with limited liability)

Directors:

Chee Chen TUNG (*Chairman, President and Chief Executive Officer*)
Nicholas David SIMS (*Vice President and Chief Financial Officer*)
Simon MURRAY (*Independent Non-Executive Director*)
Dr Victor Kwok King FUNG (*Independent Non-Executive Director*)
Roger KING (*Non-Executive Director*)
Tsann Rong CHANG
Robert Hcheun SUAN

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Harbour Centre
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Registered Office:

Clarendon House
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Hamilton HM11
Bermuda

18th December 2002

To the shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION CONSTRUCTION OF TWO VESSELS

On 2nd December 2002, the board of directors of Orient Overseas (International) Limited (the “Company”) announced that Newcontainer No. 20 (Marshall Islands) Shipping Inc. and Newcontainer No. 21 (Marshall Islands) Shipping Inc., two wholly-owned subsidiaries of the Company, each entered into a contract (individually the “Contract” and together the “Contracts”) on 2nd December 2002 with Samsung Heavy Industries Co., Ltd., a Korean shipbuilder and an independent third party not associated with the Company, the directors or any substantial shareholders of the Company and its subsidiaries and their respective associates as defined in the Rules Governing the Listing of Securities

on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), for the construction of an about 7,700 twenty-foot equivalent unit post-Panamax container vessel (individually the “Vessel” and together the “Vessels”). The value of the Vessels and the total price for the construction of the Vessels is approximately US\$146 million (equivalent to about HK\$1,138.8 million and representing approximately 17.8% of the Company’s net tangible asset as at 30th June 2002).

The Company is presently arranging finance of the Vessels and expects that finance for approximately 80% of the purchase price of each Vessel, guaranteed by the Company, will be finalised in the near future with the balance of the purchase price to be funded from internal resources. Should such finance not be arranged, the full purchase price of each Vessel would come from internal resources.

The terms of the Contracts were determined on an arm’s length basis and on normal commercial terms and the directors of the Company, including the independent non-executive directors (the “Directors”), consider them to be fair and reasonable and to be in the interests of the Company based on their experience in the container shipping industry. The contract price of each Vessel is payable in four instalments. The first instalment is payable on signing of the Contract; the second instalment is payable within twelve months of signing the Contract; the third instalment is payable upon keel laying of each Vessel and the fourth instalment is payable upon delivery of each Vessel. The Vessels are expected to be delivered within the second quarter of 2005.

The principal business of the Company and its subsidiaries (the “Group”) is international transportation & logistics and the Contracts have been entered into for the purposes of improving the quality of service which the Group provides to its customers. It is the view of the Directors that ownership of the Vessels will improve both the operating efficiency and profitability of the Group. The Group’s fixed assets will increase following the delivery of the Vessels, whilst current assets will decrease and long-term liabilities will increase depending on the proportion of the purchase price funded from internal resources and external finance.

For the purposes of the Listing Rules, the construction of the Vessels constitutes a discloseable transaction for the Company.

This document constitutes the circular which the Company is required to send to you pursuant to the Listing Rules in respect of the construction of the Vessels.

Your attention is drawn to the information set out in the Appendix to this circular.

Yours faithfully,
C.C. Tung
Chairman

APPENDIX

GENERAL INFORMATION

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As at 30th November 2002, the latest practicable date before the printing of this circular (the "Latest Practicable Date"), as notified to the Company pursuant to the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), the interests of the Directors and the chief executive in the ordinary shares of the Company were as follows:

	Personal Interests	Family Interests	Other interests		Total
			Beneficial	Voting Trustee	
C C Tung	—	—	80,835,548 <i>(Note 1)</i>	257,727,662 <i>(Note 2)</i>	338,563,210
Roger King	—	—	80,835,548 <i>(Note 1)</i>	—	80,835,548
T R Chang	506,390	—	—	—	506,390
N D Sims	46,000	—	—	—	46,000

Notes:

1. C C Tung and Roger King had an interest in the Tung Trust which, through Springfield Corporation ("Springfield"), beneficially owned 55,409,576 ordinary shares and, through Monterrey Limited ("Monterrey"), beneficially owned 25,425,972 ordinary shares.
2. Wharncliff Limited ("Wharncliff"), a company owned by a discretionary trust established by the Tung family, beneficially held 257,727,662 ordinary shares of the Company and the voting rights in respect of such shares are held by C C Tung through Tung Holdings (Trustee) Inc. ("Tung Trustee").
3. Wharncliff, Springfield and Monterrey together are hereafter referred to as the "controlling shareholders".

Save as mentioned above, as at the Latest Practicable Date, none of the Directors or the chief executive has (i) any interest in, or any deemed interest in, pursuant to section 28 of the SDI Ordinance or under section 31 or Part I of the Schedule to the SDI Ordinance, securities of the Company or any associated corporation (within the meaning of the SDI Ordinance) or (ii) any interest which is required to be entered in the register kept by the Company pursuant to section 29 of the SDI Ordinance or (iii) any interest which is required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Appendix 10 of the Listing Rules.

3. SUBSTANTIAL SHAREHOLDINGS

As at the Latest Practicable Date, the register of the substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed the following interests being 10% or more of the nominal value of the Company's issued ordinary shares:

Name	Number of ordinary shares beneficially held	% of ordinary shares beneficially held
Wharnclyff Limited	257,727,662	49.84
Springfield Corporation	55,409,576	10.71

Save as disclosed in this circular, there is no person known to the Directors or the chief executive who, at the Latest Practicable Date, was directly or indirectly, interested in 10% or more of the nominal value of the issued capital carrying rights to vote in all circumstances at the general meetings of any member of the Group or in options in respect of such share capital.

4. SECRETARY

The Secretary of the Company is Lammy Chee Fun Lee, Barrister.

5. LITIGATION

No litigation or claim of material importance is known to the Directors to be pending or threatened against the Group.

6. MISCELLANEOUS

The principal registrar of the Company is Butterfield Fund Services (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda and the branch registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The English text of this circular shall prevail over the Chinese text.