

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Orient Overseas (International) Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



ORIENT OVERSEAS (INTERNATIONAL) LIMITED

東方海外 (國際) 有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 316)

Executive Directors:

Mr. Chee Chen TUNG (*Chairman, President and Chief Executive Officer*)

Mr. Nicholas David SIMS (*Vice President and Chief Financial Officer*)

Mr. Philip Yiu Wah CHOW

Mr. Alan Lieh Sing TUNG

Principal Office:

33rd Floor

Harbour Centre

25 Harbour Road

Wanchai, Hong Kong

Non-Executive Directors:

Mr. Roger KING

Mr. Tsann Rong CHANG

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Independent Non-Executive Directors:

Mr. Simon MURRAY

Dr. Victor Kwok King FUNG

Prof. Richard Yue Chim WONG

4th August 2006

To the shareholders of the Company

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION CONSTRUCTION OF FOUR VESSELS

On 20th July 2006, the board of directors of Orient Overseas (International) Limited (the "Company") announced that Newcontainer No.36 (Marshall Islands) Shipping Inc., Newcontainer

** For identification only*

No.37 (Marshall Islands) Shipping Inc., Newcontainer No.38 (Marshall Islands) Shipping Inc. and Newcontainer No.39 (Marshall Islands) Shipping Inc., four wholly-owned subsidiaries of the Company, each entered into a contract (individually the “Contract” and together the “Contracts”) on 20th July 2006 with Samsung Heavy Industries Co., Ltd. (“Samsung”), a Korean shipbuilder, for the construction of an approximately 4,500 twenty-foot equivalent unit container vessel (individually the “Vessel” and together the “Vessels”). To the best of the directors’ knowledge, information and belief having made all reasonable enquiries, Samsung, a public listed company in Korea, a third party independent of the Company and the connected persons of the Company as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the Company and the connected persons of the Company are unaware who is Samsung’s ultimate beneficial owner. The value of the Vessels and the total price for the construction of the Vessels is approximately US\$264 million (equivalent to approximately HK\$2,059.2 million). The entering into of the Contracts constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Company is presently arranging finance of the Vessels and expects that finance for about 80% of the purchase price of each Vessel, with the financing 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. As at 30th June 2006, in the published unaudited results of the Company, the Company and its subsidiaries (the “Group”) had cash and portfolio investments balance of approximately US\$1.1 billion which are sufficient to meet the full purchase price of the Vessels.

The terms of the Contracts were determined on an arm’s length basis and on normal commercial terms (based on price comparable to market price (as published by brokers), payment terms and delivery dates that meet the Company’s requirement and agreed between a willing buyer and a willing seller) and the directors of the Company (the “Directors”), including the Independent Non-Executive Directors, consider them to be fair and reasonable and to be in the interests of the Company and the Shareholders as a whole based on their experience in the container shipping industry. The contract price of each Vessel is payable in five instalments. The first instalment is payable within three days upon signing of the respective Contracts, the second and the third instalments are payable within six months and eighteen months respectively after signing of the respective Contracts, the fourth instalment is payable upon keel laying of each Vessel and the last instalment is payable upon delivery of each Vessel. The first three Vessels are expected to be delivered in the second quarter of 2010 and the fourth Vessel is expected to be delivered in the third quarter of 2010.

The principal business of the Group is container transport and logistics services, ports and terminals and property development and investment. 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 by approximately US\$264 million 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,
By order of the Board
Chee Chen Tung
Chairman

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. DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS

As at 31st July 2006, the latest practicable date before printing this Circular (the “Latest Practicable Date”), the interests and short positions of the Directors and the chief executive of the Company in the issued ordinary shares of US\$0.1 each in the share capital of the Company (the “Shares”), the underlying Shares and the debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which were required to be: (a) notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Listing Rules, were as follows:

Name	Direct Interests	Other Interests		Total Number of Shares Interested (in Long Position)	Percentage
		Beneficial	Voting		
Chee Chen Tung	—	97,811,011	326,627,577	424,438,588	67.82%
		(Note 1) (Notes 2 & 3)			
Roger King	—	97,811,011	—	97,811,011	15.62%
		(Note 1)			
Tsann Rong Chang	612,731	—	—	612,731	0.09%
Nicholas David Sims	55,660	—	—	55,660	0.01%
Philip Yiu Wah Chow	79,600	—	—	79,600	0.01%
Simon Murray	65,000	57,200	—	122,200	0.02%
		(Note 4)			

Notes:

1. Mr. Chee Chen Tung and Mr. Roger King have an interest in a trust which, through Springfield Corporation (“Springfield”), holds 97,811,011 Shares. Of such Shares, Springfield has an indirect interest in 30,765,425 Shares in which Monterrey Limited (“Monterrey”), a wholly-owned subsidiary of Springfield, has a direct interest, and Springfield has a direct interest in 67,045,586 Shares.

2. Wharnclyff Limited (“Wharnclyff”), a company owned by a discretionary trust established by Mrs. Shirley Shiao Ping Peng, sister of Mr. Chee Chen Tung, sister-in-law of Mr. Roger King and aunt of Mr. Alan Lieh Sing Tung, holds 278,165,570 Shares and the voting rights in respect of such holdings are held by Mr. Chee Chen Tung through Tung Holdings (Trustee) Inc. Gala Way Company Inc. (“Gala Way”), a company owned by the discretionary trust established by Mrs. Shirley Shiao Ping Peng, holds 48,462,007 Shares and the voting rights in respect of such holdings are held by Mr. Chee Chen Tung through Tung Holdings (Trustee) Inc.
3. Wharnclyff, Gala Way, Springfield and Monterrey together are referred to as the controlling shareholders.
4. Mr. Simon Murray has gifted 57,200 Shares to the Simon Murray Family 1985 Trust, a discretionary trust of which he is the settlor.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, the underlying Shares and the debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS’ INTEREST

As at the Latest Practicable Date and so far as is known to the Directors and chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Name	Nature of Interest	Number of Shares Interested (in Long Position)	Percentage
Bermuda Trust Company Limited	Trustee	424,438,588 (Note 1)	67.82%
Shirley Shiao Ping Peng	Founder of a discretionary trust	326,627,577 (Note 2)	52.19%
Fortune Crest Inc.	Indirect	326,627,577 (Note 2)	52.19%
Winfield Investment Limited	Indirect	326,627,577 (Notes 2&3)	52.19%

Name	Nature of Interest	Number of Shares Interested (in Long Position)	Percentage
Tung Holdings (Trustee) Inc.	Voting	326,627,577 (Note 4)	52.19%
Wharncliff Limited	Direct	278,165,570 (Notes 2&5)	44.45%
Chee Hwa Tung	Indirect	97,836,242 (Note 6)	15.63%
Springfield Corporation	Direct and Indirect	97,811,011 (Note 6)	15.62%
Archduke Corporation	Beneficiary of a trust	97,811,011 (Note 7)	15.62%
Phoenix Corporation	Beneficiary of a trust	97,811,011 (Note 7)	15.62%
Archmore Limited	Beneficiary of a trust	97,811,011 (Note 8)	15.62%
Edgemont Investment Limited	Indirect	97,811,011 (Note 9)	15.62%
Javier Associates Limited	Indirect	97,811,011 (Note 10)	15.62%
Gala Way Company Inc.	Direct	48,462,007 (Notes 2&5)	7.74%
Monterrey Limited	Direct	30,765,425 (Notes 6&11)	4.91%

Notes:

1. Bermuda Trust Company Limited has an indirect interest in the same Shares in which Fortune Crest Inc. (“Fortune Crest”) and Springfield, wholly-owned subsidiaries of Bermuda Trust Company Limited, have an interest.
2. Mrs. Shirley Shiao Ping Peng, sister of Mr. Chee Chen Tung, sister-in-law of Mr. Roger King and aunt of Mr. Alan Lieh Sing Tung, established the discretionary trust which, through Winfield Investment Limited (“Winfield”), a wholly-owned subsidiary of Fortune Crest, holds 326,627,577 Shares, 278,165,570 of which are owned by Wharncliff, a wholly-owned subsidiary of Winfield, and 48,462,007 of which are owned by Gala Way, a wholly-owned subsidiary of Winfield.
3. Winfield has an indirect interest in the same Shares in which Wharncliff and Gala Way, wholly-owned subsidiaries of Winfield, have an interest.

4. Tung Holdings (Trustee) Inc. is a company wholly-owned by Mr. Chee Chen Tung.
5. Wharnclyff and Gala Way are wholly-owned subsidiaries of Winfield.
6. Mr. Chee Hwa Tung, brother of Mr. Chee Chen Tung, brother-in-law of Mr. Roger King and father of Mr. Alan Lieh Sing Tung, has an interest in the trust which, through Springfield, holds 97,811,011 Shares. Of such Shares, Springfield has an indirect interest in the same 30,765,425 Shares in which Monterrey, a wholly-owned subsidiary of Springfield, has a direct interest, and Springfield has a direct interest in 67,045,586 Shares. Mrs. Betty Hung Ping Tung, spouse of Mr. Chee Hwa Tung, sister-in-law of Mr. Chee Chen Tung and of Mr. Roger King and mother of Mr. Alan Lieh Sing Tung, owns 25,231 Shares.
7. Archduke Corporation and Phoenix Corporation, companies which are wholly-owned by Mr. Chee Chen Tung, have an interest in the trust which, through Springfield, holds 97,811,011 Shares.
8. Archmore Limited, a company which is wholly-owned by Edgemont Investment Limited (“Edgemont”), has an interest in the trust which, through Springfield, holds 97,811,011 Shares.
9. Edgemont has an indirect interest in the same Shares in which Archmore Limited, a wholly-owned subsidiary of Edgemont, has an interest.
10. Javier Associates Limited (“Javier”), a company which is wholly-owned by Mr. Chee Chen Tung, has an indirect interest in the same Shares in which Edgemont, a wholly-owned subsidiary of Javier, has an interest.
11. Monterrey is a wholly-owned subsidiary of Springfield.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any person (other than a Director or chief executive of the Company) who had interests or short positions in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital.

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company was a director or an employee of a company which had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. SERVICE CONTRACT

Mr. Nicholas David Sims has a service contract with the Company which expires on 21st October 2006. None of the Directors has entered into any service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without any payment of compensation, other than statutory compensation.

5. SECRETARY AND QUALIFIED ACCOUNTANT

The Secretary of the Company is Ms. Lammy Chee Fun Lee, Barrister and the Qualified Accountant of the Company is Mr. Kit Man Fung, member of Hong Kong Institute of Certified Public Accountants.

6. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates (as defined in the Listing Rules) had any interest in a business, which competes or may compete with the business of the Group.

8. 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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