
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold all your shares in COSCO International Holdings Limited, you should at once hand in this circular and the proxy form accompanied with the 2002 Annual Report of the Company to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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COSCO International Holdings Limited

(Incorporated in Bermuda with limited liability)

GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

The notice convening an annual general meeting of the Company to be held in 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong at 10:00 a.m. on 15th May 2003, Thursday is set out on pages 96 to 98 of the annual report of the Company for the year ended 31st December 2002 dated 25th March 2003. Shareholders are advised to read the notice and to complete and return the proxy form enclosed therein in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the meeting to the office of the Company's branch share register in Hong Kong, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong. Completion and return of the proxy form will not preclude you from attending and voting at the meeting should you so wish.

9th April 2003

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DEFINITIONS

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

“AGM”	means the annual general meeting of the Company to be held on Thursday, 15th May 2003 at 10:00 a.m. at 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong (or at any adjournment thereof);
“AGM Notice”	means the notice convening the AGM as set out on pages 96 to 98 of the Annual Report;
“Annual Report”	means the annual report of the Company dated 25th March 2003 for the year ended 31st December 2002;
“associates”	means has the meaning ascribed to it in the Listing Rules;
“associated companies”	means those companies which were defined and/or disclosed as the associates and/or associated companies of the Company in the latest audited financial statements of the Company;
“Board”	means the board of directors of the Company or a duly authorised committee thereof for the time being;
“Company”	means COSCO International Holdings Limited, a company incorporated in Bermuda, the Shares of which are listed on the Stock Exchange;
“COSCO”	means中國遠洋運輸(集團)總公司 (China Ocean Shipping (Group) Company), a company incorporated in the PRC and the ultimate beneficial owner holding approximately 59.48% equity interest in the Company;
“Directors”	means the directors of the Company;
“Group”	means the Company, its subsidiaries and/or its associated companies;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	means 9th April 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;

DEFINITIONS

“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Ordinary Resolution(s)”	means the proposed ordinary resolution(s) as referred to in the AGM Notice;
“PRC”	means the People’s Republic of China which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Repurchase Mandate”	means a general mandate to the Directors to exercise the power of the Company to repurchase Shares during the period as set out in Ordinary Resolution no. 4A up to 10% of the issued share capital of the Company as at the date of passing Ordinary Resolution no. 4A;
“SDI Ordinance”	means the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong);
“Share(s)”	means share(s) of HK\$0.10 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Share Issue Mandate”	means a general mandate to the Directors to exercise the power of the Company to allot and issue Shares during the period as set out in Ordinary Resolution no. 4B up to 20% of the issued share capital of the Company as at the date of passing Ordinary Resolution no. 4B;
“Share Buyback Rules”	means the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange;
“Shareholder(s)”	means holder(s) of Share(s);
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder”	means the substantial shareholder (as defined in the Listing Rules) of the Company;
“Takeover Code”	means The Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong; and
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong.

LETTER FROM THE BOARD



COSCO International Holdings Limited

(Incorporated in Bermuda with limited liability)

Executive Directors:

Mr. Wei Jiafu (*Chairman*)
Mr. Liu Guoyuan (*Vice-chairman*)
Mr. Liu Hanbo (*Managing Director*)
Mr. Li Jianhong
Mr. Zhou Liancheng
Mr. Liang Yanfeng
Mr. Lu Zhiming
Mr. Dong Shu Sen
Mr. Chen Pisen
Mr. Meng Qinghui

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal

place of business:
47th Floor
COSCO Tower
183 Queen's Road, Central
Hong Kong

Non-executive Director:

Mr. Kwong Che Keung, Gordon

9th April 2003

Independent Non-executive Directors:

Mr. Chan Cheong Foon, Andrew
Mr. Alexander Reid Hamilton

To the Shareholders

Dear Sir or Madam,

GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

1. INTRODUCTION

At the annual general meeting of the Company held on 17th May 2002, resolutions were passed giving general mandates to the Directors to issue and allot Shares and to exercise the powers of the Company to repurchase the Shares in accordance with the Share Buyback Rules. These general mandates will expire at the conclusion of the forthcoming AGM. It is therefore proposed to renew the general mandates to issue and allot Shares and to repurchase Shares at the AGM.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information on the proposed renewal of the general mandates to issue and allot Shares and to repurchase Shares and to seek your approval of the Ordinary Resolutions relating to these matters at the AGM.

2. GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed at the AGM to grant to the Directors the Repurchase Mandate, details of which are set out in Ordinary Resolution no. 4A in the AGM Notice. The Shares which may be repurchased pursuant to the Repurchase Mandate is up to 10% of the issued share capital of the Company at the date of passing the resolution approving the Repurchase Mandate.

An explanatory statement as required under the Share Buyback Rules, giving certain information regarding the Repurchase Mandate, is set out in Appendix hereto.

3. GENERAL MANDATES TO ISSUE SHARES

An ordinary resolution will be proposed at the AGM to grant to the Directors the Share Issue Mandate. In addition, an ordinary resolution will also be proposed to authorise an extension of the Share Issue Mandate by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Share Issue Mandate the number of Shares purchased under the Repurchase Mandate, if granted.

Details of the Share Issue Mandate and the extension of the Share Issue Mandate are set out in Ordinary Resolutions no. 4B and no. 4C in the AGM Notice.

4. ANNUAL GENERAL MEETING

The AGM Notice set out in the Annual Report at which Ordinary Resolutions will be proposed to approve the Repurchase Mandate and the Share Issue Mandate.

A proxy form for use at the AGM is enclosed with the Annual Report. Whether or not you intend to attend the AGM in person, you are requested to complete and return the proxy form in the Annual Report, in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM. Completion and return of the proxy form will not preclude you from attending and voting at the AGM if you so wish.

LETTER FROM THE BOARD

5. RECOMMENDATION

The Directors consider that the grant of the general mandates to issue and repurchase Shares are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of the Ordinary Resolutions as set out in the AGM Notice.

Yours faithfully,
For and on behalf of the board of directors of
COSCO International Holdings Limited
LIU Hanbo
Managing Director

APPENDIX EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE

This appendix serves as an explanatory statement, as required by the Share Buyback Rules, to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the Ordinary Resolution to approve the Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,394,389,291 Shares. On the basis of such figure and assuming no new Shares will be issued and no further Shares will be repurchased up to the date of the passing Ordinary Resolution no. 4A to adopt the Repurchase Mandate, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 139,438,929 Shares.

3. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or its earnings per share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply distributable profits of the Group which funds are legally available for such purpose in accordance with its memorandum of association and bye-laws, the laws of Bermuda and any other applicable laws.

There might be material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited financial statements contained in the Annual Report for the year ended 31st December 2002 in the event that the proposed repurchases of Shares were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest traded prices at which the Shares have traded on the Stock Exchange during each of the previous 12 months before the Latest Practicable Date were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2002		
April	0.630	0.570
May	0.690	0.600
June	0.660	0.580
July	0.620	0.470
August	0.520	0.400
September	0.440	0.370
October	0.450	0.350
November	0.450	0.400
December	0.510	0.420
2003		
January	0.560	0.445
February	0.550	0.485
March	0.500	0.395

6. UNDERTAKING

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate if such is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate pursuant to the proposed resolution in accordance with the Listing Rules, the bye-laws of the Company, the laws of Hong Kong and the applicable laws of Bermuda.

No connected persons (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

7. HONG KONG CODES ON TAKEOVERS AND MERGERS AND SHARE REPURCHASES

If on exercise of the powers of repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeover Code. As a result, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, COSCO held 829,360,511 Shares of the Company, representing approximately 59.48% of the issued share capital of the Company. To the best of the knowledge and belief of the Company, no other person, together with his/her associates, was beneficially interested in Shares representing 5% or more of the issued share capital of the Company.

In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate then (if the present shareholdings otherwise remained the same) the attributable shareholding of COSCO in the Company would be increased to approximately 66.09% of the issued share capital of the Company. The Company does not intend to repurchase its Shares which will lead to less than 25% of its issued share capital being held by the public. The Directors are not aware of any consequences which may arise under the Takeover Code as a result of any purchase made under the Repurchase Mandate.

8. SHARE PURCHASE MADE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.