



COSCO International Holdings Limited

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTION

The Company through its wholly-owned subsidiary, Top Expert, being the Vendor entered into the Sale and Purchase Agreement on 14th May 2003 with the Purchaser, which is a wholly-owned subsidiary of the controlling shareholder of the Company, to conditionally sell to the Purchaser the Sale Shares, being all the equity interest owned by Top Expert, in the issued share capital of COSCO Network. The Consideration amounts to US\$1 million (approximately HK\$7.8 million) in cash which has been arrived at after arm's length negotiations between the parties involved on a price equal to the consideration paid by Top Expert at the time when Top Expert subscribed the Sale Shares and with reference to the unaudited NAV as at 30th April 2003.

COSCO Network is owned as to approximately 0.91% by the Company. COSCO Network is a provider of global e-Logistics Services supported by internet communications services.

The Purchaser is a wholly-owned subsidiary of COSCO Hong Kong, a connected person of the Company by virtue of its being the controlling shareholder of the Company. Thus, the Sale constitutes a connected transaction under Rule 14.23(1) of the Listing Rules. As the total consideration payable under the Sale is less than 3% of the book value of the consolidated net tangible assets of the Company (as disclosed in the latest published accounts), the Company is only required under the Listing Rules to publish a press notice containing details of the Sale and to disclose the details of the Sale in the next annual report of the Company in accordance with Rule 14.25(1) of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT DATED 14TH MAY 2003

Parties:

Vendor : Top Expert Enterprises Limited, a wholly-owned subsidiary of the Company

Purchaser : COSCO Information Technology Limited which is a wholly-owned subsidiary of COSCO Hong Kong, the controlling shareholder of the Company

Assets to be sold

The Sale Shares are equivalent to approximately 0.91% equity interest in COSCO Network, being all the equity interest owned by Top Expert, in the issued share capital of COSCO Network. The remaining shares of COSCO Network is owned as to approximately 90.9% by the Purchaser, approximately 3.64% by Revo Technologies Limited, a wholly-owned subsidiary of COSCO and approximately 4.55% by Century Speed Developments Limited, an independent third party not connected with the directors, chief executive and substantial shareholders of the Company or its subsidiaries or respective associates (as defined under the Listing Rules).

Consideration

The Consideration of US\$1 million (approximately HK\$7.8 million) has been determined after arm's length negotiation between the parties thereto based on the price equal to the consideration paid by Top Expert at the time when Top Expert subscribed the Sale Shares on 18th April 2000 and with reference to the unaudited NAV of COSCO Network as at 30th April 2003. The unaudited NAV was US\$5.23 million (equivalent to HK\$40.81 million) as at 30th April 2003. The Sale is part of the corporate restructuring exercise of COSCO, the ultimate controlling shareholder of the Company and the Purchaser is willing to acquire the Sale Shares at a premium over the unaudited NAV. The Consideration shall be satisfied by cash payable on the completion of the Sale. The proceeds from the Sale will be used for working capital of the Group.

Condition precedent

The Sale and Purchase Agreement is conditional upon, Top Expert procuring written waivers to be given by all the shareholders of COSCO Network waiving their pre-emptive rights and co-sale rights in respect of the Sale Shares prior to the completion of the Sale.

In the event that the aforesaid condition precedent not being fulfilled on or before the 14th Banking Day from the date of the Sale and Purchase Agreement, the Sale and Purchase Agreement shall terminate and cease and neither party shall have any claim against the other.

Completion

Subject to the above condition precedent being fulfilled, Completion shall take place on or before the 14th Banking Day from the date of the Sale and Purchase Agreement.

INFORMATION ON COSCO NETWORK

The principal business of COSCO Network includes the provision of global e-Logistics Services supported by internet communications services (data centre and internet telephony services).

Based on the financial statements of COSCO Network, which were prepared in accordance with accounting principles generally accepted in Hong Kong, the audited consolidated loss for the year ended 31st December 2001 was HK\$17.00 million and the unaudited consolidated loss for the year ended 31st December 2002 was HK\$14.90 million.

REASONS FOR ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The Group is principally engaged in property investment and development, ship trading & supplying services, infrastructure investment, building construction and civil engineering services, high technology and environmental protection businesses.

The Sale is part of the corporate restructuring exercise of COSCO, the ultimate controlling shareholder of the Company, which formulates the strategies and direction of the Company. In addition, since the Company has a minimal interest in COSCO Network, the Directors consider that it is in the interests of the Company and its shareholders to enter into the Sale and Purchase Agreement, particularly given that the Purchaser is willing to purchase from Top Expert at a price equal to the consideration paid by Top Expert at the time when Top Expert subscribed the Sale Shares.

GENERAL

Pursuant to the Listing Rules the Purchaser is a wholly-owned subsidiary of COSCO Hong Kong, a connected person of the Company by virtue of its being the controlling shareholder of the Company. Thus the entering into of the Sale and Purchase Agreement constitutes a connected transaction for the Company under Rule 14.23(1) of the Listing Rules. As the total consideration payable under the Sale is less than 3% of the book value of the consolidated net tangible assets of the Company (as disclosed in the latest published accounts), the Company is only required under the Listing Rules to publish a press notice containing details of the Sale and to disclose the details of the Sale in the next annual report of the Company in accordance with Rule 14.25(1) of the Listing Rules.

DEFINITION

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

"associates"	has the meaning ascribed to it in the Listing Rules;
"Banking Day"	a day on which banks are generally open for business in Hong Kong (excluding Saturday and Sunday);
"Board"	the board of directors of the Company or a duly authorised committee thereof for the time being;
"Company"	COSCO International Holdings Limited, a company incorporated in Bermuda, the Shares of which are listed on the Stock Exchange;
"Completion"	completion of the Sale;
"Consideration"	US\$1 million (approximately HK\$7.8 million);
"COSCO"	中國遠洋運輸(集團)總公司 (China Ocean Shipping (Group) Company), a company incorporated in the PRC, the ultimate beneficial owner holding approximately 59.48% of the issued share capital of the Company;
"COSCO Group"	COSCO and its subsidiaries;
"COSCO Hong Kong"	COSCO (Hong Kong) Group Limited, a company incorporated in Hong Kong, the beneficial owner holding approximately 59.48% of the issued share capital of the Company;
"COSCO Network"	COSCO Network Limited, a company incorporated in the Cayman Islands which is owned as to approximately 0.91% by the Company;
"Directors"	the directors of the Company;
"e-Logistics Services"	the service in relation to the procurement of fuel oils, lubricant oils, materials and spare parts through electronic platforms and other services other than internet communications services provided by COSCO Network through its electronic platforms;
"Group"	the Company and its subsidiaries;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"NAV"	consolidated net asset value of COSCO Network;
"Purchaser"	COSCO Information Technology Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of COSCO Hong Kong;
"Sale"	the sale of the Sale Shares, being approximately 0.91% of the issued share capital of COSCO Network by the Company to the Purchaser;
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 14th May 2003 entered into between Top Expert and the Purchaser relating to the Sale;
"Sale Shares"	1,000,000 shares of US\$0.01 each in the capital of COSCO Network;
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited;
"Top Expert"	Top Expert Enterprises Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company;
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong; and
"US\$"	United States dollars, the lawful currency of the United States.

By Order of the Board
COSCO INTERNATIONAL HOLDINGS LIMITED
LIU Hanbo
Managing Director

Hong Kong, 14th May 2003

(Exchange rates of US\$1.00 to HK\$7.80 is used for the purpose of this announcement for reference purpose only)