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COSCO International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 517)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN YUANTONG MARINE SERVICE COMPANY LIMITED AND CONTINUING CONNECTED TRANSACTIONS

Acquisition of the entire equity interest in Yuantong

On 28th December 2004, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement for the sale and purchase of 100% interest in Yuantong with COSCO Trading and Supply, being a Connected Person of the Company. Accordingly, the Acquisition (and the Agreement) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition (and the Agreement) also constitutes a major transaction under Chapter 14 of the Listing Rules. As a result, the Acquisition (and the Agreement) requires disclosure by way of press announcement, the despatch of a circular to Shareholders and prior approval by Independent Shareholders in SGM. Any vote of the Independent Shareholders at the SGM shall be taken by poll.

The Completion is conditional upon, among other things, the passing by the Independent Shareholders of an ordinary resolution approving the Acquisition (and the Agreement) and the YT Continuing Connected Transactions. Upon Completion, the Company will hold the entire equity interest in Yuantong and Yuantong will become a wholly-owned subsidiary of the Company.

The Consideration is HK\$53,750,000 which has been arrived at after arm's length negotiations between the parties and represents an adjusted price-earning ratio of approximately 5.95 times the adjusted audited net profit of Yuantong for the year ended 31st December 2003 arrived at after adding back the after-tax effect of cash rebate of approximately HK\$4,537,000 (the pre-tax cash rebate which was profits tax deductible amounted to approximately HK\$5,500,000, paid by Yuantong to COSCO in 2003, while the relevant profits tax rate was 17.5%) to reflect the fact that such cash rebate will no longer be payable to COSCO commencing from 1st January 2004 as a result of the termination of the agreement between Yuantong and COSCO (pursuant to which Yuantong is required to pay COSCO a cash rebate equivalent to 3% of the turnover regarding the provisions of the Ship Supply and Installation

Services to COSCO Group on an annual basis). Upon Completion, the Consideration payable to COSCO Trading and Supply will be satisfied by cash out of the internal resources of the Group.

Yuantong is currently engaged in the business of providing Ship Supply and Installation Services.

Continuing Connected Transactions

Yuantong Transactions

Yuantong has been providing Ship Supply and Installation Services to the COSCO Group. All such provisions of Ship Supply and Installation Services have been conducted in the ordinary and usual course of business of Yuantong and are on normal commercial terms.

As the Company will, upon Completion, hold the entire equity interest in Yuantong and based on the YT Cap Amount, the provisions of Ship Supply and Installation Services by Yuantong to the COSCO Group will constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to the Agreement, COSCO Hong Kong and the Company will procure that for each of the financial years ending 31st December 2005, 2006 and 2007, the YT Continuing Connected Transactions will be conducted on normal commercial terms and on terms no less favourable to Yuantong than terms available to or from (as appropriate) other independent third parties.

Ship Trading Transactions

References are made to the Company's announcement dated 6th May 2002 and circular dated 24th May 2002, where the Company had applied to the Stock Exchange and was granted with the waiver from strict compliance with the requirements of Chapter 14 under the Listing Rules in effect before 31st March 2004 for the ST Continuing Connected Transactions until 31st December 2004.

The Board announces that the Company, COSCO Hong Kong and COSCO Ship Trading entered into the Master Agreement on 28th December 2004, pursuant to which COSCO Ship Trading Group agreed to continue providing Ship Agency Services to the members of the COSCO Group on an ongoing basis.

Based on the ST Cap Amount, such connected transactions between COSCO Ship Trading Group and the COSCO Group will constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to the Master Agreement, COSCO Ship Trading, COSCO Hong Kong and the Company will procure that for each of the financial years ending 31st December 2005, 2006 and 2007, the ST Continuing Connected Transactions will be conducted on normal commercial terms and on terms no less favourable to COSCO Ship Trading Group than terms available to and from (as appropriate) other independent third parties.

A circular containing, among other things, further details of the Acquisition (and the Agreement), the YT Continuing Connected Transactions, the Master Agreement, the ST Continuing Connected Transactions, a letter from the independent financial adviser containing its advice to the Independent Board Committee and the recommendations of the Independent Board Committee together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable. COSCO Trading and Supply, COSCO Hong Kong, COSCO and their respective associates (as the case may be) will abstain from voting in relation to the resolutions approving the Acquisition (and the Agreement), the YT Continuing Connected Transactions (including the YT Cap Amount), the Master Agreement and the ST Continuing Connected Transactions (including the ST Cap Amount).

ACQUISITION OF THE ENTIRE EQUITY INTEREST IN YUANTONG

GENERAL INFORMATION OF THE AGREEMENT

Date : 28th December 2004

- Parties :
- (i) Purchaser: Leadfull Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
 - (ii) Vendor : COSCO Trading and Supply Investments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of COSCO Hong Kong (the substantial shareholder and the intermediate holding company of the Company) and thus a Connected Person of the Company
 - (iii) The Company; and
 - (iv) COSCO Hong Kong

Equity Interest to be acquired

The Purchaser shall acquire 43,000,000 ordinary shares, being the entire equity interest in Yuantong. COSCO Trading and Supply is the sole registered and beneficial owner of 42,999,000 shares except for 1,000 shares registered under the name of COSCO Nominees Limited which holds them on trust for COSCO Trading and Supply. Upon Completion, the Company will hold the entire equity interest in Yuantong and Yuantong will become a wholly-owned subsidiary of the Company.

Consideration

The Consideration for the purchase of the entire equity interest in Yuantong is HK\$53,750,000. The Consideration has been determined after arm's length negotiation between the parties thereto and represents an adjusted price-earning ratio of approximately 5.95 times the adjusted audited net profit of Yuantong for the year ended 31st December 2003 arrived at after adding back the after-tax effect of cash rebate of approximately HK\$4,537,000 (the pre-tax cash rebate which was profits tax deductible amounted to approximately HK\$5,500,000 paid by Yuantong to COSCO in 2003, while the relevant profits tax rate was 17.5%) to reflect the fact that such cash rebate will no longer be payable to COSCO commencing from 1st January 2004 as a result of the termination of the agreement between Yuantong and COSCO (pursuant to which Yuantong

is required to pay COSCO a cash rebate equivalent to 3% of the turnover regarding the provisions of the Ship Supply and Installation Services to COSCO Group on an annual basis). Upon Completion, the Consideration payable to COSCO Trading and Supply will be satisfied by cash out of the internal resources of the Group.

Conditions precedent

The Acquisition (and the Agreement) is conditional upon, among other things, the following conditions precedent being fulfilled or waived by the Company (as to conditions 2 and 3 only) on or before the Long Stop Date:

1. the passing of an ordinary resolution approving the Acquisition (and the Agreement) and the transactions contemplated thereunder by the Independent Shareholders in accordance with the Listing Rules;
2. all relevant government approvals, consent, permissions, authorisations, grants or other approvals in Hong Kong and elsewhere as may be required in respect of the Acquisition (and the Agreement) having been obtained by the Purchaser, Vendor, Yuantong and/or COSCO Hong Kong; and
3. the completion of a due diligence exercise to be carried out on the assets, liabilities, business, undertaking and prospect of Yuantong and the results of which being satisfactory to the Purchaser.

In the event that any of the aforesaid conditions precedent is not fulfilled or waived (in whole or in part) by the Purchaser before the Long Stop Date, the Acquisition (and the Agreement) shall terminate automatically and no party shall have any claim against each other, save in respect of any antecedent breach. The aforesaid Conditions 2 and 3 may be waived by the Purchaser, however, to date, the Purchaser has not waived and has no intention to waive any of the aforesaid conditions.

Completion

Completion shall take place at such place as the parties to the Agreement may agree on the earlier of (i) the date following ten (10) business days immediately after all the conditions precedent under the Agreement (including those set out in the preceding paragraph) have been fulfilled (or as the case may be, waived by the Purchaser); or (ii) the Long Stop Date.

INFORMATION ON YUANTONG

Yuantong is currently engaged in the business of providing Ship Supply and Installation Services. The net asset value of Yuantong amounted to HK\$68,057,000 as at 31st October 2004 without considering tax expense for the financial year 2004 as well as subsequent dividend declared before Completion. The table below sets out the profits before and after taxation for Yuantong for the two years ended 31st December 2002 and 2003 and the ten months ended 31st October 2004 respectively.

Yuantong	Year ended 31st December 2002 HK\$('000)	Year ended 31st December 2003 HK\$('000)	Ten months ended 31st October 2004 HK\$('000)
Profits before taxation	3,653	5,719	17,010
Profits after taxation	3,008	4,489	14,000*

Note:

* *This is an estimate figure only*

The Directors have confirmed with the management of Yuantong that the remarkable performance of Yuantong in year 2004 when compared to the year 2003 is attributable to (i) the cancellation of the agreement between Yuantong and COSCO (pursuant to which Yuantong is required to pay COSCO a cash rebate equivalent to 3% of the turnover regarding the provisions of the Ship Supply and Installation Services to the COSCO Group on an annual basis); and (ii) the robust growth in the shipping industry.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE AGREEMENT

The Group is principally engaged in ship trading and supplying services, property investment and development, infrastructure investment and building construction.

Throughout this year, the Company has been implementing its stated business objective in expanding the scope of the Group's ship trading and supplying services. By acquiring interests in marine paint and coating manufacturers earlier this year as well as the recent acquisition of the marine insurance brokerage arm within the COSCO Group, the Group has gradually underpinned success to become one of the leading ship trading and supplying services providers.

As Yuantong is currently the largest marine equipment and spare parts trading company within the COSCO Group, and that the COSCO Group is one of the largest shipowners in the world, the Directors regarded the Acquisition as another step forward for the Group to achieve its stated goal of transforming into a brand name company in the PRC's ship trading and supplying services market. Furthermore, given the improving performance of Yuantong, the Directors also believed that the Acquisition would broaden the Group's earning base.

CONTINUING CONNECTED TRANSACTIONS

Yuantong Transactions

Transaction nature

Yuantong has been providing Ship Supply and Installation Services to the COSCO Group. COSCO Group is the largest customer of Yuantong and the transactions between COSCO Group and Yuantong account for over 75% of the sales of Yuantong for the ten months ending 31st October 2004. All such provisions of Ship Supply and Installation Services have been conducted in the ordinary and usual course of business of Yuantong and are on normal commercial terms.

As the Company will, upon Completion, hold the entire equity interest in Yuantong, the provisions of Ship Supply and Installation Services by Yuantong to the COSCO Group will constitute non-exempt connected transactions for the Company under Chapter 14A of the Listing Rules.

Pricing basis

The pricing of the provisions of Ship Supply and Installation Services are payable by the COSCO Group is based on the normal market rate.

Historical transaction amounts

The following is a summary of the historical transaction amounts of the YT Continuing Connected Transactions for the two years ended 31st December 2002 and 2003 and the ten months ended 31st October 2004:

Transaction	Amount (HK\$'000) for the year ended 31st December 2002	Amount (HK\$'000) for the year ended 31st December 2003	Amount (HK\$'000) for the ten months ended 31st October 2004
Provisions of Ship Supply and Installation Services to the members of the COSCO Group	165,460	183,778	171,240

Annual cap

In determining the aggregate amount of the YT Continuing Connected Transactions for each of the three financial year ending 31st December 2005, 2006 and 2007 of the Group, the Board has (i) examined and compared the most recent performance of Yuantong during the year 2004 as a base; (ii) interviewed the management of Yuantong to obtain opinion on the turnover forecasts of YT Continuing Connected Transactions for the years of 2005-2007; and (iii) considered the business growth trend of Yuantong's provisions of Ship Supply and Installation Services; and (iv) examined the unaudited accounts of Yuantong in recent months (January to October 2004). Based on the historical scale of operations of Yuantong for the years of 2002 to 2004, the Board is of the view that the aggregate amount of the YT Continuing Connected Transactions for each of the three financial years ending 31st December 2005, 2006 and 2007 of the Group shall not exceed the relevant cap amount in respect of the YT Continuing Connected Transactions ("YT Cap Amount") as set out below:

Transaction	Parties	YT Cap Amount (per annum HK\$'000) for the year ending 31st December 2005	YT Cap Amount (per annum HK\$'000) for the year ending 31st December 2006	YT Cap Amount (per annum HK\$'000) for the year ending 31st December 2007
Provisions of Ship Supply and Installation Services to the members of the COSCO Group	Yuantong and the members of the COSCO Group	229,000	249,000	270,000

The Company will comply with Rule 14A.36 of the Listing Rules. The Company undertakes to comply with the Listing Rules in relation to annual review of the YT Continuing Connected Transactions.

Pursuant to the Agreement, COSCO Hong Kong and the Company will procure that for a term of three years, the YT Continuing Connected Transactions will be conducted on normal commercial terms and on terms no less favourable to Yuantong than terms available to or from (as appropriate) other independent third parties.

Pursuant to the Agreement, the Company undertakes for a term of three years it will (i) have full access to the books of Yuantong; (ii) monitor the volume of the YT Continuing Connected Transactions; and (iii) ensure the aggregate amount of the YT Continuing Connected Transactions for each of the financial years ending 31st December 2005, 2006 and 2007 of the Group shall not exceed the relevant YT Cap Amount. The Company also undertakes to comply with the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Upon renewal of the Agreement, the Company must comply with all applicable rules under Rule 14A.37 to Rule 14A.41 and Rule 14A.45 to Rule 14A.47 of the Listing Rules.

Reasons for and benefits of the YT Continuing Connected Transactions

The Directors confirmed that the YT Continuing Connected Transactions had been and would be conducted in the usual and ordinary course of business of Yuantong, and had been and would be based on normal commercial terms and on terms no less favourable to Yuantong than terms available to or from (as appropriate) other independent third parties. The Directors are of the view that these YT Continuing Connected Transactions are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Disclosure requirements

Upon Completion, the YT Continuing Connected Transactions will constitute non-exempt continuing connected transactions of the Company under Rule 14A.35 of the Listing Rules. These YT Continuing Connected Transactions and the YT Cap amount are required to be approved by Independent Shareholders under Rule 14A.35(4), Rule 14A.48 and Rule 14A.52 of the Listing Rules.

Ship Trading Transactions

References are made to the Company's announcement dated 6th May 2002 and circular dated 24th May 2002, where the Company had applied to the Stock Exchange and was granted with the waiver from strict compliance with the requirements of Chapter 14 under the Listing Rules in effect before 31st March 2004 for the ST Continuing Connected Transactions until 31st December 2004.

The Board announces that on 28th December 2004, the Company, COSCO Hong Kong and COSCO Ship Trading (a 60% non-wholly owned subsidiary of the Company) entered into the Master Agreement, pursuant to which COSCO Ship Trading Group agreed to continue providing Ship Agency Services to the COSCO Group for the three years ending 31st December 2005, 2006 and 2007.

COSCO Ship Trading Group has been providing and will continue to provide Ship Agency Services to the COSCO Group. Since COSCO is a Connected Person of the Company, such transactions between the members of the COSCO Ship Trading Group and the members of the COSCO Group have constituted and will continue to constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. For the purposes of setting out the basic terms and conditions of the ST Continuing Connected Transactions to be entered into between the COSCO Group and COSCO Ship Trading Group in each of the financial years ending 31st December 2005, 2006 and 2007 and-complying with the requirements of Chapter 14A of the Listing Rules in effect after 31st March 2004, COSCO Ship Trading, COSCO Hong Kong and the Company agreed to enter into the Master Agreement.

A summary of the particulars of the ST Continuing Connected Transactions is set out as follows:—

A. *Sale and purchase of new and second hand vessels*

Transaction nature

Principally including the appointment of COSCO Ship Trading as COSCO Group's sole agent in the sale and purchase of new and second hand vessels (including scrap vessels) on behalf of relevant members of COSCO Group.

Pricing basis

According to industry practice, commission is payable by the ship-builder of the new vessel and vendor of the second hand vessel. In this circumstance, commission will be payable by the ship-builder or vendor (as the case may be) based on the normal market commission rate charged on the selling price of the new and second hand vessel.

B. *Chartering businesses*

Transaction nature

The appointment of COSCO Ship Trading as COSCO Group's agent to source and charter in or out vessels on behalf of the relevant members of the COSCO Group.

Pricing basis

Commission is payable by the shipowners (being the lessor) based on the normal market commission rate charged on and payable during the rental period of the bareboats agreed to be chartered between the lessor and the lessee.

C. *Sale and purchase of marine equipment for new ship-building projects*

Transaction nature

The appointment of COSCO Ship Trading as COSCO Group's sole agent in sourcing marine equipment for new ship-building projects on behalf of relevant members of the COSCO Group.

Pricing basis

Commission is payable by the marine equipment's suppliers based on normal market commission rate charged on the price of the marine equipment.

Historical transaction amounts

The following is a summary of the historical transaction amounts of the ST Continuing Connected Transactions for the two years ended 31st December 2002 and 2003 and the six months ended 30th June 2004:

Transaction	Amount (HK\$'000) for the year ended 31st December 2002	Amount (HK\$'000) for the year ended 31st December 2003	Amount (HK\$'000) for the six months ended 30th June 2004
Provisions of Ship Agency Services to the members of the COSCO Group	48,246	40,834	25,801

Annual cap

In determining the aggregate amount of the ST Continuing Connected Transactions for each of the three financial year ending 31st December 2005, 2006 and 2007 of the Group, the Board has (i) examined and compared the most recent performance of the COSCO Ship Trading Group during the year 2004 as a base; (ii) interviewed the management of the COSCO Ship Trading Group to obtain opinion on the turnover forecasts of ST Continuing Connected Transactions for the years of 2005-2007; and (iii) considered the business growth trend of COSCO Ship Trading's provision of Ship Agency Services; (iv) obtained from the management of the COSCO Ship Trading Group, the overall forecast for the years of 2005-2007 on the number, age and size of vessels held by COSCO Group; and (v) examined the unaudited accounts of COSCO Ship Trading Group in recent months (January to June 2004). Based on the historical scale of operations of COSCO Ship Trading for the years of 2002 to 2004, the Board is of the view that the aggregate amount of the ST Continuing Connected Transactions for each of the three financial years ending 31st December 2005, 2006 and 2007 of the Group shall not exceed the relevant cap amount in respect of ST Continuing Connected Transactions ("**ST Cap Amount**") as set out below:

Transaction	Parties	ST Cap Amount (per annum HK\$'000) for the year ending 31st December 2005	ST Cap Amount (per annum HK\$'000) for the year ending 31st December 2006	ST Cap Amount (per annum HK\$'000) for the year ending 31st December 2007
Provisions of Ship Agency Services	Members of the COSCO Ship Trading Group and members of the COSCO Group	58,500	60,300	63,200

The Company will comply with Rule 14A.36 of the Listing Rules. The Company undertakes to comply with the Listing Rules in relation to annual review of the ST Continuing Connected Transactions.

Pursuant to the Master Agreement, COSCO Hong Kong and the Company will procure that the ST Continuing Connected Transactions will be conducted on normal commercial terms and on terms no less favourable to COSCO Ship Trading Group than those to or from (as appropriate) other independent third parties.

Pursuant to the Master Agreement, the Company undertakes for a term of three years it will (i) have full access to the books of COSCO Ship Trading; (ii) monitor the volume of the ST Continuing Connected Transactions; and (iii) ensure the aggregate amount of the ST Continuing Connected Transactions for each of the financial years ending 31st December 2005, 2006 and 2007 of the Group shall not exceed the relevant ST Cap Amount. The Company also undertakes to comply with the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.37 to Rule 14A.41 and Rule 14A.45 to Rule 14A.47 of the Listing Rules.

Reasons for and benefits of the ST Continuing Connected Transactions

The Directors confirmed that the ST Continuing Connected Transactions had been and would be conducted in the usual and ordinary course of business of the COSCO Ship Trading Group, and had been and would be based on normal commercial terms and on terms no less favourable to the COSCO Ship Trading Group than terms available to or from (as appropriate) other independent third parties. The Directors are of the view that the ST Continuing Connected Transactions are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Disclosure requirements

The ST Continuing Connected Transactions constituted and will constitute non-exempt continuing connected transactions of the Company under Rule 14A.35 of the Listing Rules. The ST Continuing Connected Transactions are required to be approved by Independent Shareholders under Rule 14A.35(4), Rule 14A.48 and Rule 14A.52 of the Listing Rules.

GENERAL

The Acquisition and the YT Continuing Connected Transactions

COSCO Hong Kong is a substantial shareholder of the Company. COSCO Trading and Supply is the wholly-owned subsidiary of COSCO Hong Kong and COSCO (the ultimate beneficial owner of the Company) and thus a Connected Person of the Company under the Listing Rules. Accordingly, the Acquisition (and the Agreement) constitutes a connected transaction for the Company under the Listing Rules. The Acquisition (and the Agreement) also constitutes a major transaction under Chapter 14 of the Listing Rules. As a result, the Acquisition (and the Agreement) requires disclosure by way of press announcement, the despatch of a circular to Shareholders and prior approval by Independent Shareholders at the SGM. Any vote of the Independent Shareholders at the SGM shall be taken by poll.

As the Company will upon Completion hold the entire equity interest in Yuantong, the provisions of Ship Supply and Installation Services by Yuantong to the COSCO Group will constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and requires disclosure by way of press announcement, the dispatch of a circular to Shareholders and prior approval by Independent Shareholders in SGM. Any vote of the Independent Shareholders at the SGM shall be taken by poll.

The ST Continuing Connected Transactions

COSCO is a Connected Person of the Company under the Listing Rules. Accordingly, the provisions of Ship Agency Services by COSCO Ship Trading to the members of the COSCO Group constituted and will constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and requires disclosure by way of press announcement, the despatch of a circular to Shareholders and prior approval by Independent Shareholders at the SGM. Any vote of the Independent Shareholders at the SGM shall be taken by poll.

An independent financial adviser has been appointed to advise the Independent Directors regarding the Acquisition (and the Agreement), the YT Continuing Connected Transactions, the Master Agreement and the ST Continuing Connected Transactions. COSCO Trading and Supply, COSCO Hong Kong, COSCO and their respective associates (as the case may be) will abstain from voting in relation to the resolutions approving the Acquisition (and the Agreement), the YT Continuing Connected Transactions (including the YT Cap Amount), the Master Agreement and the ST Continuing Connected Transactions (including the ST Cap Amount).

A circular containing, among other things, further details of the Acquisition (and the Agreement), the YT Continuing Connected Transactions, the Master Agreement, the ST Continuing Connected Transactions, a letter from the independent financial adviser containing its advice to the Independent Board Committee and the recommendations of the Independent Board Committee, together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire equity interest in Yuantong
“Agreement”	the Agreement dated 28th December 2004 for the sale and purchase of 100% equity interest in Yuantong
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company;
“business day”	a day on which licensed banks in Hong Kong are generally open for business (excluding Saturday, Sunday and public holidays)
“BVI”	the British Virgin Islands
“Company”	COSCO International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	the completion of the Acquisition contemplated under the Agreement

“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration of the Acquisition
“COSCO”	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 58.64% of the issued share capital of the Company (the remaining 41.36% of the issued share capital of the Company is held by the public)
“COSCO Group”	COSCO and its subsidiaries (other than the Group)
“COSCO Hong Kong”	COSCO (Hong Kong) Group Limited, a company incorporated in Hong Kong with limited liability and the intermediate holding company of COSCO Trading and Supply and the intermediate holding company of the Company
“COSCO Ship Trading”	COSCO International Ship Trading Company Limited, a company incorporated in Hong Kong with limited liability and a 60% non-wholly owned subsidiary of the Company
“COSCO Ship Trading Group”	COSCO Ship Trading and its subsidiaries
“COSCO Trading and Supply”	COSCO Trading and Supply Investments Limited, a company incorporated in BVI with limited liability
“Directors”	The directors of the Company
“Group”	The Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	An independent committee of the Board, comprises the Independent Directors, appointed to consider and make recommendations to the Independent Shareholders in relation to the Acquisition (and the Agreement), the YT Continuing Connected Transactions, the Master Agreement and the ST Continuing Connected Transactions
“Independent Directors”	Mr. Chan Cheong Foon, Andrew, Mr. Kwong Che Keung, Gordon and Mr. Tsui Yiu Wa, Alec, being the independent non-executive Directors, appointed to consider and make recommendations to the Independent Shareholders in relation to the Acquisition (and the Agreement), the YT Continuing Connected Transactions, the Master Agreement and the ST Continuing Connected Transactions
“Independent Shareholder(s)”	Shareholder(s) other than COSCO Trading and Supply, COSCO Hong Kong, COSCO and any of their respective associates (as the case may be)

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31st March 2005 or such later date as otherwise agreed between the Vendor and Purchaser
“Master Agreement”	The master agreement dated 28th December 2004 entered into among the Company, COSCO Hong Kong and COSCO Ship Trading in relation to the ST Continuing Connected Transactions
“PRC”	The People’s Republic of China (for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan Province)
“Purchaser”	Leadfull Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“SGM”	the special general meeting of the Company to be held to approve the Acquisition (and the Agreement), the YT Continuing Connected Transactions, the Master Agreement and the ST Continuing Connected Transactions
“Shareholder(s)”	the holder(s) of the Share(s)
“Shares”	the ordinary shares of HK\$0.10 each of the Company
“Ship Agency Services”	Agency services provided by COSCO Ship Trading Group including the sale and purchase of new and second hand vessels, chartering businesses and the sale and purchase of marine equipment for new ship-building projects and other related services
“Ship Supply and Installation Services”	Services provided by Yuantong including the supply and installation of equipment and spare parts for existing and new-built vessels, oil drills, projects at sea or on land, ports, port traffic navigation and communication systems as well as information management systems
“ST Continuing Connected Transactions”	The continuing connected transactions between the COSCO Group and the COSCO Ship Trading Group as set out in the sub-paragraph headed “Ship Trading Transactions” under the paragraph headed “Continuing Connected Transactions”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	COSCO Trading and Supply
“YT Continuing Connected Transactions”	the continuing connected transactions between the COSCO Group and Yuantong as set out in the sub-paragraph headed “Yuantong Transactions” under the paragraph headed “Continuing Connected Transactions”

“Yuantong”

Yuantong Marine Service Company Limited, a company
incorporated in Hong Kong with limited liability

By Order of the Board
COSCO International Holdings Limited
LIU Hanbo
Managing Director

Hong Kong, 28th December 2004

As at the date of this announcement, the Board comprises eleven executive Directors, being Mr. Wei Jiafu, Mr. Liu Guoyuan, Mr. Li Jianhong, Mr. Zhou Liancheng, Mr. Liu Hanbo, Mr. He Jiale, Mr. Guo Huawei, Mr. Chen Pisen, Mr. Meng Qinghui, Mr. Zhao Kaiji and Mr. Lin Libing, three Independent Directors, being Mr. Chan Cheong Foon, Andrew, Mr. Kwong Che Keung, Gordon and Mr. Tsui Yiu Wa, Alec.

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