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DEFINITIONS

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

“Agreements”	the 1st Agreement, the 2nd Agreement, the 3rd Agreement, the 4th Agreement, the 5th Agreement, the 6th Agreement, the 7th Agreement, the 8th Agreement, the 9th Agreement, the 10th Agreement and the 11th Agreement
“1st Agreement”	the conditional tenancy agreement dated 12th January 2004 made between YORC and 99 Prove as the landlords and COSCO Shipping as the tenant relating to the letting of the 1st Property
“2nd Agreement”	the conditional tenancy agreement dated 12th January 2004 made between Wing Thye and COSCO Pacific relating to the letting of the 2nd Property
“3rd Agreement”	the conditional tenancy agreement dated 12th January 2004 made between Wing Thye and COSCO Pacific relating to the letting of the 3rd Property
“4th Agreement”	the conditional tenancy agreement dated 12th January 2004 made between Wing Thye and COSCO IT relating to the letting of the 4th Property
“5th Agreement”	the conditional tenancy agreement dated 12th January 2004 made between Wing Thye and COSCO HK relating to the letting of the 5th Property
“6th Agreement”	the conditional tenancy agreement dated 12th January 2004 made between Velu and COSCO Container Agencies relating to the letting of the 6th Property
“7th Agreement”	the conditional tenancy agreement dated 12th January 2004 made between Velu and COSCO Trading relating to the letting of the 7th Property
“8th Agreement”	the conditional tenancy agreement dated 12th January 2004 made between Velu and COSCO Industry & Trade relating to the letting of the 8th Property
“9th Agreement”	the conditional tenancy agreement dated 12th January 2004 made between Velu and COSCO Industry & Trade relating to the letting of the 9th Property

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“10th Agreement”	the conditional tenancy agreement dated 12th January 2004 made between Velu and COSCO IT relating to the letting of the 10th Property
“11th Agreement”	the conditional tenancy agreement dated 12th January 2004 made between Tian Lee and COSCO Insurance relating to the letting of the 11th Property
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	COSCO International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“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 100% parent of COSCO HK
“COSCO Container Agencies”	COSCO Container Line Agencies Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of COSCO HK
“COSCO HK”	COSCO (Hong Kong) Group Limited, a company incorporated under the laws of Hong Kong and a 100% parent of True Smart and COSCO Investments, and the beneficial owner holding approximately 59.25% of the issued share capital of the Company
“COSCO Industry & Trade”	COSCO (H.K.) Industry & Trade Holdings Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of COSCO HK
“COSCO Insurance”	COSCO (Hong Kong) Insurance Brokers Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of COSCO HK
“COSCO Investments”	COSCO Investments Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of COSCO HK, which holds approximately 21.60% of the issued share capital of the Company

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“COSCO IT”	COSCO Information & Technology (H.K.) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of COSCO HK
“COSCO Pacific”	COSCO Pacific Management Company Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of COSCO Pacific Limited which in turn is a non wholly-owned subsidiary of COSCO HK
“COSCO Shipping”	COSCO (H.K.) Shipping Co., Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of COSCO HK
“COSCO Trading”	COSCO International Ship Trading Company Limited, a company incorporated under the laws of Hong Kong and a non wholly-owned subsidiary of the Company
“DBS Asia”	DBS Asia Capital Limited, a deemed licensed corporation under the SFO permitted to engage in types 1, 4, 6 and 9 of the regulated activities as defined in the SFO, and is the independent financial adviser to the Independent Director
“Directors”	the directors of the Company
“DTZ”	DTZ Debenham Tie Leung Limited, an independent valuation firm
“Group”	the Company and its subsidiaries
“Guarantees”	the 1st Guarantee, the 2nd Guarantee, the 3rd Guarantee, the 4th Guarantee, the 6th Guarantee, the 7th Guarantee, the 8th Guarantee, the 9th Guarantee, the 10th Guarantee and the 11th Guarantee
“1st Guarantee”	the deed of guarantee to be executed by COSCO HK on or before 12th February 2004 in favour of YORC and 99 Prove pursuant to the 1st Agreement
“2nd Guarantee”	the deed of guarantee to be executed by COSCO HK on or before 12th February 2004 in favour of Wing Thye pursuant to the 2nd Agreement

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“3rd Guarantee”	the deed of guarantee to be executed by COSCO HK on or before 12th February 2004 in favour of Wing Thy pursuant to the 3rd Agreement
“4th Guarantee”	the deed of guarantee to be executed by COSCO HK on or before 12th February 2004 in favour of Wing Thy pursuant to the 4th Agreement
“6th Guarantee”	the deed of guarantee to be executed by COSCO HK on or before 12th February 2004 in favour of Velu pursuant to the 6th Agreement
“7th Guarantee”	the deed of guarantee to be executed by COSCO HK on or before 12th February 2004 in favour of Velu pursuant to the 7th Agreement
“8th Guarantee”	the deed of guarantee to be executed by COSCO HK on or before 12th February 2004 in favour of Velu pursuant to the 8th Agreement
“9th Guarantee”	the deed of guarantee to be executed by COSCO HK on or before 12th February 2004 in favour of Velu pursuant to the 9th Agreement
“10th Guarantee”	the deed of guarantee to be executed by COSCO HK on or before 12th February 2004 in favour of Velu pursuant to the 10th Agreement
“11th Guarantee”	the deed of guarantee to be executed by COSCO HK on or before 12th February 2004 in favour of Tian Lee pursuant to the 11th Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Director”	Mr. Chan Cheong Foon, Andrew, being the independent non-executive Director, appointed to consider and make recommendations to the Independent Shareholders in relation to the Agreements and the Guarantees
“Independent Shareholder(s)”	Shareholder(s) other than True Smart and COSCO Investments and any of their respective associates

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“Latest Practicable Date”	28th January 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Ongoing Connected Transactions”	the tenancies contemplated under the Agreements
“PRC”	the People’s Republic of China which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Properties”	the 1st Property, the 2nd Property, the 3rd Property, the 4th Property, the 5th Property, the 6th Property, the 7th Property, the 8th Property, the 9th Property, the 10th Property and the 11th Property
“1st Property”	the property known as 50th and 51st Floors, COSCO Tower, 183 Queen’s Road Central, Hong Kong
“2nd Property”	the property known as Unit 4901, 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong
“3rd Property”	the property known as Unit 4902A, 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong
“4th Property”	the property known as Unit 4902B, 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong
“5th Property”	the property known as Unit 4903, 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong
“6th Property”	the property known as Unit 4801, 48th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong
“7th Property”	the property known as Unit 4802, 48th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong
“8th Property”	the property known as Unit 4802B, 48th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong

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“9th Property”	the property known as Unit 4803, 48th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong
“10th Property”	the property known as Unit 4808, 48th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong
“11th Property”	the property known as Unit 4701-2, 47th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at 4:00 p.m., on Friday, 20th February 2004 at 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong
“SGM Notice”	the notice convening the SGM as set out on pages 47 to 48 of this circular
“Share(s)”	the share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	a company for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) or the Companies Act 1981 of Bermuda (as amended)) or the local companies law, act and/or ordinance where the subject company was incorporated
“Tenants”	COSCO Shipping, COSCO Pacific, COSCO IT, COSCO HK, COSCO Container Agencies, COSCO Industry & Trade, COSCO Trading and COSCO Insurance
“Tian Lee”	Tian Lee Property Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company

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“True Smart”	True Smart International Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of COSCO HK, which holds 37.65% of the issued share capital of the Company
“US\$”	United States dollars, the lawful currency of the United States
“Velu”	Velu Exports Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Wing Thye”	Wing Thye Holdings Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“YORC”	Year of the Rat Corp., a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“99 Prove”	99 Prove Finance Ltd., a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“%”	per cent

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. Li Jianhong
Mr. Zhou Liancheng
Mr. Liu Hanbo (*Managing Director*)
Mr. He Jiale
Mr. Liang Yanfeng
Mr. Chen Pisen
Mr. Meng Qinghui

Non-Executive Director:

Mr. Kwong Che Keung, Gordon

Independent Non-Executive Directors:

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

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal

Place of Business in Hong Kong:
47th Floor
COSCO Tower
183 Queen's Road Central
Hong Kong

30th January 2004

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS AND ONGOING CONNECTED TRANSACTIONS

1. INTRODUCTION

The Directors announce that the agreements relating to the tenancy of the 2nd Property and the renewal of the tenancies of the Properties (other than the 2nd Property) made by the Group as landlord in 2000 have recently expired. On 12th January 2004, YORC, 99 Prove, Velu, Wing Thy and Tian Lee, being wholly-owned subsidiaries of the Company, entered into the

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following new tenancy agreements with the existing tenants of the Properties or their subsidiaries respectively:–

- (i) YORC and 99 Prove entered into the 1st Agreement with COSCO Shipping on 12th January 2004 whereby YORC and 99 Prove conditionally agreed to let the 1st Property to COSCO Shipping for a term of 3 years from 3rd December 2003 at a monthly rent of HK\$1,191,680;
- (ii) Wing Thye entered into the 2nd Agreement with COSCO Pacific on 12th January 2004 whereby Wing Thye conditionally agreed to let the 2nd Property to COSCO Pacific for a term of 1 year 11 months and 25 days from 4th December 2003 at a monthly rent of HK\$267,564;
- (iii) Wing Thye entered into the 3rd Agreement with COSCO Pacific on 12th January 2004 whereby Wing Thye conditionally agreed to let the 3rd Property to COSCO Pacific for a term of 2 years from 29th November 2003 at a monthly rent of HK\$72,436;
- (iv) Wing Thye entered into the 4th Agreement with COSCO IT on 12th January 2004 whereby Wing Thye conditionally agreed to let the 4th Property to COSCO IT for a term of 3 years from 29th November 2003 at a monthly rent of HK\$31,276;
- (v) Wing Thye entered into the 5th Agreement with COSCO HK on 12th January 2004 whereby Wing Thye conditionally agreed to let the 5th Property to COSCO HK for a term of 2 years and 11 months and 26 days from 3rd December 2003 at a monthly rent of HK\$148,848;
- (vi) Velu entered into the 6th Agreement with COSCO Container Agencies on 12th January 2004 whereby Velu conditionally agreed to let the 6th Property to COSCO Container Agencies for a term of 2 years and 11 months and 15 days from 13th December 2003 at a monthly rent of HK\$169,680;
- (vii) Velu entered into the 7th Agreement with COSCO Trading on 12th January 2004 whereby Velu conditionally agreed to let the 7th Property to COSCO Trading for a term of 3 years from 28th November 2003 at a monthly rent of HK\$185,724;
- (viii) Velu entered into the 8th Agreement with COSCO Industry & Trade on 12th January 2004 whereby Velu conditionally agreed to let the 8th Property to COSCO Industry & Trade for a term of 3 years from 28th November 2003 at a monthly rent of HK\$15,120;

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- (ix) Velu entered into the 9th Agreement with COSCO Industry & Trade on 12th January 2004 whereby Velu conditionally agreed to let the 9th Property to COSCO Industry & Trade for a term of 2 years and 11 months and 15 days from 13th December 2003 at a monthly rent of HK\$130,116;
- (x) Velu entered into the 10th Agreement with COSCO IT on 12th January 2004 whereby Velu conditionally agreed to let the 10th Property to COSCO IT for a term of 3 years from 28th November 2003 at a monthly rent of HK\$95,200; and
- (xi) Tian Lee entered into the 11th Agreement with COSCO Insurance on 12th January 2004 whereby Tian Lee conditionally agreed to let the 11th Property to COSCO Insurance for a term of 3 years from 3rd December 2003 at a monthly rent of HK\$121,100.

Each of the Tenants of the Agreements (except COSCO Pacific) has an option to renew the term under the relevant tenancy for a further term of 3 years upon the expiry of the initial term at a rent to be agreed by the parties which will not be lower than the prevailing market rent to be determined by an independent surveyor to be appointed by the landlord. COSCO Pacific has an option to renew the term under each of the 2nd Agreement and the 3rd Agreement for a further term of 1 year upon the expiry of the initial term at a rent to be determined with reference to the prevailing market rent by an independent surveyor to be appointed by the landlord and COSCO Pacific.

Pursuant to the Agreements (other than the 5th Agreement), COSCO HK will execute the Guarantees on or before 12th February 2004 in favour of YORC, 99 Prove, Velu, Wing Thye and Tian Lee respectively to secure the due payment by the tenants of the rent and other payments payable under the relevant Agreements and the due performance and observance by the tenants of terms and conditions of the relevant Agreements.

The terms of the Agreements have been negotiated on an arm's length basis and on normal commercial terms. The Directors consider that the terms and conditions of the Agreements are bona fide in the commercial interest of the Company and its subsidiaries.

All of the Tenants are connected persons of the Company. COSCO Trading is connected by virtue of its being a non wholly-owned subsidiary of the Company. COSCO HK is connected by virtue of its being the holding company of the Company. The other Tenants are all subsidiaries of COSCO HK. Thus, the entering into of the Agreements and the Guarantees constitute connected transactions for the Company under the Listing Rules.

As the aggregate amount of rent payable under the initial term and subsequent renewed term (if applicable) of the tenancies relating to the Agreements for each financial year is expected to be over the higher of 3% of the Company's consolidated net tangible assets or

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HK\$10 million, the Agreements will be conditional upon the approval of the Independent Shareholders at a general meeting. The tenancies relating to the Agreements, which will continue on an ongoing basis, will also constitute ongoing connected transactions for the Company under Rule 14.26 of the Listing Rules. In this connection, the Company has applied to the Stock Exchange for a waiver from strict compliance with the requirements of Chapter 14 of the Listing Rules in relation to the Agreements.

Mr. Alexander Reid Hamilton, one of the two independent non-executive Directors, is also an independent non-executive director of COSCO Pacific Limited which in turn is the holding company of COSCO Pacific, thus only Mr. Chan Cheong Foon, Andrew has been appointed as the Independent Director to advise the Independent Shareholders in respect of the Agreements and the Guarantees. DBS Asia has been appointed as the independent financial adviser to advise the Independent Director regarding the connected transactions and ongoing connected transactions being the entering into of the Agreements and the Guarantees. True Smart and COSCO Investments and their respective associates will abstain from voting in relation to the resolutions approving the Agreements and the Guarantees.

The purpose of this circular is to provide you with details of the Agreements and the Guarantees, a letter from DBS Asia containing its advice to the Independent Director and the recommendations of the Independent Director in respect of the Agreements and the Guarantees, and to give you the SGM Notice and other information required by the Listing Rules.

Your attention is hereby specially drawn to pages 47 to 48 of this circular where you will find a notice dated 30th January 2004 convening the SGM to be held at 4:00 p.m., on Friday, 20th February 2004 at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong. **True Smart and COSCO Investments and their respective associates will abstain from voting on the resolutions approving the Agreements and the Guarantees.**

2. THE 1ST TENANCY AGREEMENT DATED 12TH JANUARY 2004

Parties	:	YORC and 99 Prove, wholly-owned subsidiaries of the Company, as the landlords of the 50th and 51st Floors, COSCO Tower, 183 Queen's Road Central, Hong Kong respectively
		COSCO Shipping, a wholly-owned subsidiary of COSCO HK, as the tenant
Subject premises	:	50th and 51st Floors, COSCO Tower, 183 Queen's Road Central, Hong Kong
Term	:	3 years from 3rd December 2003
Rent	:	HK\$1,191,680 per month (exclusive of management fees, rates, government rent and other outgoings)

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COSCO Shipping has an option to renew the term under the tenancy relating to the 1st Agreement for a further term of 3 years upon the expiry of the initial term at a rent to be agreed by the parties which will not be lower than the prevailing market rent to be determined by an independent surveyor to be appointed by the landlords.

Pursuant to the 1st Agreement, COSCO HK will execute the 1st Guarantee on or before 12th February 2004 in favour of YORC and 99 Prove to the extent of HK\$3,575,040 being 3 times the monthly rent under the 1st Agreement to secure the due payment by COSCO Shipping under the 1st Agreement of the rent and other payments payable under the 1st Agreement and due performance and observance by COSCO Shipping of the agreements, stipulations, covenants, terms and conditions contained in the 1st Agreement incumbent on COSCO Shipping to perform and observe.

3. THE 2ND TENANCY AGREEMENT DATED 12TH JANUARY 2004

Parties	:	Wing Thye, a wholly-owned subsidiary of the Company, as the landlord
		COSCO Pacific, a non wholly-owned subsidiary of COSCO HK, as the tenant
Subject premises	:	Unit 4901, 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong
Term	:	1 year 11 months and 25 days from 4th December 2003
Rent	:	HK\$267,564 per month (exclusive of management fees, rates and other outgoings)

COSCO Pacific has an option to renew the term under tenancy relating to the 2nd Agreement for a further term of 1 year upon the expiry of the initial term at a rent to be determined with reference to the prevailing market rent by an independent surveyor to be appointed by the landlord and the tenant.

Pursuant to the 2nd Agreement, COSCO HK will execute the 2nd Guarantee on or before 12th February 2004 in favour of Wing Thye to the extent of HK\$802,692 being 3 times the monthly rent under the 2nd Agreement to secure the due payment by COSCO Pacific under the 2nd Agreement of the rent and other payments payable under the 2nd Agreement and due performance and observance by COSCO Pacific of the agreements, stipulations, covenants, terms and conditions contained in the 2nd Agreement incumbent on COSCO Pacific to perform and observe.

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4. THE 3RD TENANCY AGREEMENT DATED 12TH JANUARY 2004

Parties : Wing Thye, a wholly-owned subsidiary of the Company, as the landlord
COSCO Pacific, a non wholly-owned subsidiary of COSCO HK, as the tenant

Subject premises : Unit 4902A, 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong

Term : 2 years from 29th November 2003

Rent : HK\$72,436 per month (exclusive of management fees, rates and other outgoings)

COSCO Pacific has an option to renew the term under tenancy relating to the 3rd Agreement for a further term of 1 year upon the expiry of the initial term at a rent to be determined with reference to the prevailing market rent by an independent surveyor to be appointed by the landlord and the tenant.

Pursuant to the 3rd Agreement, COSCO HK will execute the 3rd Guarantee on or before 12th February 2004 in favour of Wing Thye to the extent of HK\$217,308 being 3 times the monthly rent under the 3rd Agreement to secure the due payment by COSCO Pacific under the 3rd Agreement of the rent and other payments payable under the 3rd Agreement and due performance and observance by COSCO Pacific of the agreements, stipulations, covenants, terms and conditions contained in the 3rd Agreement incumbent on COSCO Pacific to perform and observe.

5. THE 4TH TENANCY AGREEMENT DATED 12TH JANUARY 2004

Parties : Wing Thye, a wholly-owned subsidiary of the Company, as the landlord
COSCO IT, a wholly-owned subsidiary of COSCO HK, as the tenant

Subject premises : Unit 4902B, 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong

Term : 3 years from 29th November 2003

Rent : HK\$31,276 per month (exclusive of management fees, rates, government rent and other outgoings)

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COSCO IT has an option to renew the term under tenancy relating to the 4th Agreement for a further term of 3 years upon the expiry of the initial term at a rent to be agreed by the parties which will not be lower than the prevailing market rent to be determined by an independent surveyor to be appointed by the landlord.

Pursuant to the 4th Agreement, COSCO HK will execute the 4th Guarantee on or before 12th February 2004 in favour of Wing Thye to the extent of HK\$93,828 being 3 times the monthly rent under the 4th Agreement to secure the due payment by COSCO IT under the 4th Agreement of the rent and other payments payable under the 4th Agreement and due performance and observance by COSCO IT of the agreements, stipulations, covenants, terms and conditions contained in the 4th Agreement incumbent on COSCO IT to perform and observe.

6. THE 5TH TENANCY AGREEMENT DATED 12TH JANUARY 2004

Parties : Wing Thye, a wholly-owned subsidiary of the Company, as the landlord
COSCO HK, the holding company of the Company, as the tenant

Subject premises : Unit 4903, 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong

Term : 2 years and 11 months and 26 days from 3rd December 2003

Rent : HK\$148,848 per month (exclusive of management fees, rates, government rent and other outgoings)

COSCO HK has an option to renew the term under tenancy relating to the 5th Agreement for a further term of 3 years upon the expiry of the initial term at a rent to be agreed by the parties which will not be lower than the prevailing market rent to be determined by an independent surveyor to be appointed by the landlord.

7. THE 6TH TENANCY AGREEMENT DATED 12TH JANUARY 2004

Parties : Velu, a wholly-owned subsidiary of the Company, as the landlord
COSCO Container Agencies, a wholly-owned subsidiary of COSCO HK, as the tenant

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Subject premises : Unit 4801, 48th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong

Term : 2 years and 11 months and 15 days from 13th December 2003

Rent : HK\$169,680 per month (exclusive of management fees, rates, government rent and other outgoings)

COSCO Container Agencies has an option to renew the term under tenancy relating to the 6th Agreement for a further term of 3 years upon the expiry of the initial term at a rent to be agreed by the parties which will not be lower than the prevailing market rent to be determined by an independent surveyor to be appointed by the landlord.

Pursuant to the 6th Agreement, COSCO HK will execute the 6th Guarantee on or before 12th February 2004 in favour of Velu to the extent of HK\$509,040 being 3 times the monthly rent under the 6th Agreement to secure the due payment by COSCO Container Agencies under the 6th Agreement of the rent and other payments payable under the 6th Agreement and due performance and observance by COSCO Container Agencies of the agreements, stipulations, covenants, terms and conditions contained in the 6th Agreement incumbent on COSCO Container Agencies to perform and observe.

8. THE 7TH TENANCY AGREEMENT DATED 12TH JANUARY 2004

Parties : Velu, a wholly-owned subsidiary of the Company, as the landlord

COSCO Trading, a non wholly-owned subsidiary of the Company, as the tenant

Subject premises : Unit 4802, 48th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong

Term : 3 years from 28th November 2003

Rent : HK\$185,724 per month (exclusive of management fees, rates, government rent and other outgoings)

COSCO Trading has an option to renew the term under tenancy relating to the 7th Agreement for a further term of 3 years upon the expiry of the initial term at a rent to be agreed by the parties which will not be lower than the prevailing market rent to be determined by an independent surveyor to be appointed by the landlord.

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Pursuant to the 7th Agreement, COSCO HK will execute the 7th Guarantee on or before 12th February 2004 in favour of Velu to the extent of HK\$557,172 being 3 times the monthly rent under the 7th Agreement to secure the due payment by COSCO Trading under the 7th Agreement of the rent and other payments payable under the 7th Agreement and due performance and observance by COSCO Trading of the agreements, stipulations, covenants, terms and conditions contained in the 7th Agreement incumbent on COSCO Trading to perform and observe.

9. THE 8TH TENANCY AGREEMENT DATED 12TH JANUARY 2004

Parties	:	Velu, a wholly-owned subsidiary of the Company, as the landlord
		COSCO Industry & Trade, a wholly-owned subsidiary of COSCO HK, as the tenant
Subject premises	:	Unit 4802B, 48th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong
Term	:	3 years from 28th November 2003
Rent	:	HK\$15,120 per month (exclusive of management fees, rates, government rent and other outgoings)

COSCO Industry & Trade has an option to renew the term under tenancy relating to the 8th Agreement for a further term of 3 years upon the expiry of the initial term at a rent to be agreed by the parties which will not be lower than the prevailing market rent to be determined by an independent surveyor to be appointed by the landlord.

Pursuant to the 8th Agreement, COSCO HK will execute the 8th Guarantee on or before 12th February 2004 in favour of Velu to the extent of HK\$45,360 being 3 times the monthly rent under the 8th Agreement to secure the due payment by COSCO Industry & Trade under the 8th Agreement of the rent and other payments payable under the 8th Agreement and due performance and observance by COSCO Industry & Trade of the agreements, stipulations, covenants, terms and conditions contained in the 8th Agreement incumbent on COSCO Industry & Trade to perform and observe.

10. THE 9TH TENANCY AGREEMENT DATED 12TH JANUARY 2004

Parties	:	Velu, a wholly-owned subsidiary of the Company, as the landlord
		COSCO Industry & Trade, a wholly-owned subsidiary of COSCO HK, as the tenant

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Subject premises : Unit 4803, 48th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong

Term : 2 years and 11 months and 15 days from 13th December 2003

Rent : HK\$130,116 per month (exclusive of management fees, rates, government rent and other outgoings)

COSCO Industry & Trade has an option to renew the term under tenancy relating to the 9th Agreement for a further term of 3 years upon the expiry of the initial term at a rent to be agreed by the parties which will not be lower than the prevailing market rent to be determined by an independent surveyor to be appointed by the landlord.

Pursuant to the 9th Agreement, COSCO HK will execute the 9th Guarantee on or before 12th February 2004 in favour of Velu to the extent of HK\$390,348 being 3 times the monthly rent under the 9th Agreement to secure the due payment by COSCO Industry & Trade under the 9th Agreement of the rent and other payments payable under the 9th Agreement and due performance and observance by COSCO Industry & Trade of the agreements, stipulations, covenants, terms and conditions contained in the 9th Agreement incumbent on COSCO Industry & Trade to perform and observe.

11. THE 10TH TENANCY AGREEMENT DATED 12TH JANUARY 2004

Parties : Velu, a wholly-owned subsidiary of the Company, as the landlord

COSCO IT, a wholly-owned subsidiary of COSCO HK, as the tenant

Subject premises : Unit 4808, 48th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong

Term : 3 years from 28th November 2003

Rent : HK\$95,200 per month (exclusive of management fees, rates, government rent and other outgoings)

COSCO IT has an option to renew the term under tenancy relating to the 10th Agreement for a further term of 3 years upon the expiry of the initial term at a rent to be agreed by the parties which will not be lower than the prevailing market rent to be determined by an independent surveyor to be appointed by the landlord.

LETTER FROM THE BOARD

Pursuant to the 10th Agreement, COSCO HK will execute the 10th Guarantee on or before 12th February 2004 in favour of Velu to the extent of HK\$285,600 being 3 times the monthly rent under the 10th Agreement to secure the due payment by COSCO IT under the 10th Agreement of the rent and other payments payable under the 10th Agreement and due performance and observance by COSCO IT of the agreements, stipulations, covenants, terms and conditions contained in the 10th Agreement incumbent on COSCO IT to perform and observe.

12. THE 11TH TENANCY AGREEMENT DATED 12TH JANUARY 2004

Parties	:	Tian Lee, a wholly-owned subsidiary of the Company, as the landlord
		COSCO Insurance, a wholly-owned subsidiary of COSCO HK, as the tenant
Subject premises	:	Unit 4701-2, 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong
Term	:	3 years from 3rd December 2003
Rent	:	HK\$121,100 per month (exclusive of management fees, rates, government rent and other outgoings)

COSCO Insurance has an option to renew the term under tenancy relating to the 11th Agreement for a further term of 3 years upon the expiry of the initial term at a rent to be agreed by the parties which will not be lower than the prevailing market rent to be determined by an independent surveyor to be appointed by the landlord.

Pursuant to the 11th Agreement, COSCO HK will execute the 11th Guarantee on or before 12th February 2004 in favour of Tian Lee to the extent of HK\$363,300 being 3 times of the monthly rent under the 11th Agreement, to secure the due payment by COSCO Insurance under the 11th Agreement of the rent and other payments payable under the 11th Agreement and due performance and observance by COSCO Insurance of the agreements, stipulations, covenants, terms and conditions contained in the 11th Agreement incumbent on COSCO Insurance to perform and observe.

13. REASONS FOR ENTERING INTO THE AGREEMENTS

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

LETTER FROM THE BOARD

Save and except COSCO Container Agencies (which is a subsidiary of an existing tenant), all the other Tenants are existing tenants of the Properties who have been observing and performing their tenancy agreements with the Group. The Directors consider it to be in the interest of the Company to retain the Tenants at fair market rates of rental so as to minimise administrative expenses in identifying new tenants and, to avoid any disruptions and discontinuations of rental contributions to the Group's overall earnings base. Further, the Directors are of the view that the entering into of the Agreements is in the interest of the Company as the rates of rental agreed to be paid by the Tenants under the Agreements are at or above the prevailing market rent which is the result of the support granted to the Company by the ultimate controlling shareholder of the Company.

14. CONNECTED TRANSACTIONS AND ONGOING CONNECTED TRANSACTIONS

General information

All of the Tenants are connected persons of the Company. COSCO Trading is connected by virtue of its being a non wholly-owned subsidiary of the Company. COSCO HK is connected by virtue of its being the holding company of the Company. The other Tenants are all subsidiaries of COSCO HK. Thus, the entering into of the Agreements and the Guarantees constitute connected transactions for the Company under the Listing Rules.

The terms of the Agreements have been negotiated on an arm's length basis and on normal commercial terms. The Directors consider that the terms and conditions of the Agreements are bona fide in the commercial interest of the Company and its subsidiaries.

Waiver from strict compliance with the Listing Rules

As the aggregate amount of rent payable under the initial term and subsequent renewed term (if applicable) of the tenancies relating to the Agreements for each financial year is expected to be over the higher of 3% of the Company's consolidated net tangible assets or HK\$10 million, the Agreements will be conditional upon the approval of the Independent Shareholders at a general meeting. **True Smart and COSCO Investments and their respective associates will abstain from voting on the resolutions approving the Agreements and the Guarantees.**

The tenancies relating to the Agreements, which will continue on an ongoing basis, will also constitute ongoing connected transactions for the Company under Rule 14.26 of the Listing Rules. Unless applicable exemptions under the Listing Rules apply, the Ongoing Connected Transactions would normally require disclosure by way of press announcement, circular to the Shareholders and prior approval by the Independent Shareholders in a general meeting, as the case may be, each time such transactions occur. As the Ongoing Connected Transactions will be carried out in the Group's ordinary and usual course of business, the Directors consider that it would be impractical and unduly

LETTER FROM THE BOARD

onerous for the Company to make disclosure or, if necessary, to obtain the approval of the Independent Shareholders on each occasion the transactions arise.

Accordingly, the Company has made an application for a waiver from strict compliance with the requirements of Chapter 14 of the Listing Rules to the issue of press announcement and/or the approval by the Independent Shareholders regarding the Ongoing Connected Transactions on each and every occasion they arise for a period of three financial years ending 31st December 2004, 2005 and 2006 respectively subject to the following conditions:

- (a) approval by the Independent Shareholders at a special general meeting to be held and True Smart and COSCO Investments and their respective associates will abstain from voting in relation to the Agreements;
- (b) that the Ongoing Connected Transactions shall be:
 - (i) entered into by the Group in the ordinary and usual course of business;
 - (ii) conducted on normal commercial terms; and
 - (iii) entered into in accordance with the terms of the relevant Agreements that are fair and reasonable and in the interests of the Shareholders as a whole;
- (c) the aggregate amount of the rent payable under the initial term and subsequent renewed term (if applicable) of the Ongoing Connected Transactions for each of the three financial years ending 31st December 2004, 2005 and 2006 of the Group shall not exceed HK\$30,054,000 (the “Cap Amount”);
- (d) the independent non-executive Directors shall review the Ongoing Connected Transactions annually and confirm in the Company’s annual reports for each of the financial years that the Ongoing Connected Transactions have been conducted in the manner as stated in paragraphs (b) and (c) above;
- (e) the auditors of the Company shall review the Ongoing Connected Transactions annually and confirm in a letter to the board of Directors, a copy of which shall be provided to the Stock Exchange, stating whether:
 - (i) the Ongoing Connected Transactions have received the approval of the board of Directors;
 - (ii) the Ongoing Connected Transactions have been entered into in accordance with the terms of the relevant Agreements; and

LETTER FROM THE BOARD

(iii) the Cap Amount has been exceeded.

Where, for whatever reason, the auditors decline to accept the engagement or are unable to provide the letter referred to above, the Directors shall contact the Stock Exchange immediately;

- (f) brief details of the Ongoing Connected Transactions in each financial year shall be disclosed as required under Rule 14.25(1)(A) to (D) of the Listing Rules in the annual report of the Company for 2004 and the relevant financial years together with a statement of the opinion of the independent non-executive Directors referred to in paragraph (d) above; and
- (g) the Company shall undertake to the Stock Exchange that, for so long as the shares of the Company are listed on the Stock Exchange, it will provide or procure the provision to the Company's auditors with full access to the relevant records for the purpose of the auditors' review of the Ongoing Connected Transactions referred to in paragraph (e) above.

15. SPECIAL GENERAL MEETING

Set out on pages 47 to 48 of this circular is the SGM Notice convening the SGM to be held at 4:00 p.m., on Friday, 20th February 2004 at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong at which ordinary resolutions will be proposed to approve the Agreements and the Guarantees. The Chairman of the SGM will demand that such resolutions be decided by poll.

A proxy form for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM in person, you are requested to complete and return the accompanying proxy form 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 SGM. Completion and return of the proxy form will not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) if you so wish.

16. RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Director set out on page 23 of this circular which contains his recommendation to the Independent Shareholders as to voting at the SGM regarding the Agreements and the Guarantees. Your attention is also drawn to the letter of advice received from DBS Asia which contains, amongst other matters, its advice to the Independent Director in relation to the Agreements and the Guarantees and the principal factors and reasons considered by it in arriving thereat. The text of the letter from DBS Asia is set out on pages 24 to 27 of this circular.

LETTER FROM THE BOARD

The Directors consider that the terms of the Agreements and the Guarantees are fair and reasonable so far as the Company and the Shareholders are concerned. The Independent Director has considered the terms of the Agreements and the Guarantees and the advice given by DBS Asia and is of the opinion that such terms are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Independent Shareholders should vote in favour of the resolutions as set out in the SGM Notice.

17. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT DIRECTOR



COSCO International Holdings Limited

(Incorporated in Bermuda with limited liability)

30th January 2004

*To the Independent Shareholders of
COSCO International Holdings Limited*

Dear Sir or Madam,

**CONNECTED TRANSACTIONS
AND
ONGOING CONNECTED TRANSACTIONS**

I refer to the circular of the Company dated 30th January 2004 (the “Circular”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context requires otherwise.

I have been appointed by the Board as the Independent Director to advise you as to whether, in my opinion, the terms of the Agreements and the Guarantees are fair and reasonable so far as the Independent Shareholders are concerned.

DBS Asia has been appointed by the Company as the independent financial adviser to advise me regarding the terms of the Agreements and the Guarantees. Details of its advice, together with the principal factors taken into consideration in arriving at such, are set out in its letter on pages 24 to 27 of the Circular.

Your attention is drawn to the letter from the Board set out on pages 8 to 22 of the Circular and the additional information set out in the appendices.

Having taken into account the terms of the Agreements and the Guarantees, and the advice given by DBS Asia, I consider that the Agreements and the Guarantees are in the interests of the Company and the Shareholders as a whole and that the terms thereof are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, I recommend that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Agreements and the Guarantees.

Yours faithfully,
CHAN Cheong Foon, Andrew
Independent Director

LETTER FROM DBS ASIA



DBS Asia Capital

16th Floor, Man Yee Building, 68 Des Voeux Road Central, Hong Kong

30th January 2004

*The Independent Director
COSCO International Holdings Limited*

Dear Sir,

CONNECTED TRANSACTIONS AND ONGOING CONNECTED TRANSACTIONS

We refer to our engagement as the independent financial adviser to the Independent Director in relation to the Connected Transactions and the Ongoing Connected Transactions, details of which are contained in a circular (the “Circular”) to the Shareholders dated 30th January 2004, of which this letter forms part. Expressions used in this letter have the same meanings as defined in the Circular.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular. We have also assumed that the information and representations contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the dispatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company or any of their respective subsidiaries or associates.

THE AGREEMENTS

In arriving at our opinion, we have considered the following principal factors and reasons:

LETTER FROM DBS ASIA

Background and reasons

The Group is principally engaged in property investment and development, ship trading and supplying services, infrastructure investment, and building construction and civil engineering. We note that the Tenants (other than COSCO Container Agencies) are existing tenants of the Properties who have been observing and performing their tenancy agreements with the Group. As the rental underlying the Agreements have been negotiated and determined on arm's length basis with reference to independent valuation, we concur with the views of the Directors that it is in the interest of the Company and the Shareholders as a whole to enter into the Agreements at or above fair prevailing market rates of rental, which shows the support granted to the Company by its ultimate controlling Shareholder. Furthermore, this can minimise the administration expenses in identifying new tenants and, to avoid any disruptions and discontinuations of rental contributions to the Group's overall earnings base.

Principal terms

All of the rental under the Agreements have been negotiated on an arm's length basis and on normal commercial terms. We have reviewed the property valuation report prepared by DTZ details of which are contained in Appendix I of the Circular and note that the proposed rents under the Agreements are either comparable to or not lower than the prevailing market rates of rental valued by DTZ with regard to the prevailing market rates of recent comparable lettings in COSCO Tower and the particulars of the Properties. DTZ has confirmed to the Directors that the renewal option granted to the Tenants as contained in the Agreements is a common commercial leasing term. We also note that the rent under the renewal option will be determined with reference to, and will not be lower than, the then prevailing market rent which will be advised by an independent surveyor.

Having taken into account the professional opinion on the comparable market rent given by DTZ and the basis of determination of the rent under the renewal option, we consider that the terms of the Agreements are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

GUARANTEES

Pursuant to the Guarantees, COSCO HK will execute the Guarantees in favour of the Group to the extent of three times the monthly rent under the relevant Agreements to secure the due payment by various members of COSCO HK under the respective Agreements of the rent and other payments payable thereunder and due performance and observance by the respective members of COSCO HK on the agreements, stipulations, covenants, terms and conditions contained in the various Agreements incumbent on the particular member of COSCO HK to perform and observe.

LETTER FROM DBS ASIA

We understand from the Directors that in the past years, all of the subject tenants have duly performed and observed the terms of previous tenancy agreements. Given this track record, we consider that the Guarantees are additional protection given by COSCO HK, as the holding company of the Company, to grant support to the Company. Accordingly, we consider the entering into of the Guarantees is in the interests of the Company and is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

ONGOING CONNECTED TRANSACTIONS

Reasons

The rent payable under the initial term and subsequent renewed term (if applicable) of the tenancies relating to the Agreements for each financial year amounts to by estimation not exceeding HK\$30.05 million, which is higher than 3% of the Company's consolidated net tangible assets or HK\$10 million. Unless applicable exemptions under the Listing Rules apply, the Agreements would normally require disclosure by way of press announcement, circular to Shareholders and prior approval by Independent Shareholders in a general meeting, as the case may be, each time such transactions occur.

Cap

The Directors considered that it would be impractical and unduly burdensome, if the Company is to operate its business effectively, for it to make disclosure or, if necessary, to obtain the approval of the Independent Shareholders on each occasion the transactions arise.

The Company has made an application for a waiver from strict compliance with the requirements of Chapter 14 of the Listing Rules to the issue of press announcement and/or the approval by the Independent Shareholders regarding the Agreements on each and every occasion they arise for a period of three financial years ending 31st December 2004, 2005 and 2006 respectively subject to the conditions as set out on page 20 to page 21 in the letter from the Board of the Circular.

We note that the annual cap amount underlying the waiver of approximately HK\$30.05 million is equivalent to the highest of the three estimated annual amounts during each of the three financial years ending 31st December 2004, 2005 and 2006 of the Group being the aggregate amount of the rent payable under the initial term and subsequent renewed term (if applicable) of the tenancies relating to the Agreements.

Having considered the above, particularly the nature of the Ongoing Connected Transactions, we consider the Ongoing Connected Transactions and the annual cap to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM DBS ASIA

PRO FORMA FINANCIAL EFFECT

Earnings

Given the annual rental receivable under the Agreements, we concur with the Directors that the entering into of the Agreements would have a positive impact on the Group's overall earnings base.

Net asset value

The entering into of the Agreements will not have any impact on the net asset value of the Group.

Working capital

With an annual recurrent rental income stream, the entering into of the Agreements would have a positive impact on the working capital position of the Group.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, we consider that the entering into of the Agreements is in the interests of the Company and the Shareholders as a whole and that the terms thereof are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Further, we also consider the annual cap amount underlying the Agreements to be fair and reasonable. Accordingly, we advise the Independent Director to advise the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the SGM to approve the entering into of the Agreements and the Guarantees.

Yours faithfully,

For and on behalf of

DBS ASIA CAPITAL LIMITED

ALEX LAU

FLAVIA HUNG

Managing Director

Director



30th January, 2004

The Directors
COSCO International Holdings Limited
47/F, COSCO Tower,
183 Queen's Road Central,
Hong Kong

Dear Sirs,

RE: VARIOUS UNITS OF COSCO TOWER, 183 QUEEN'S ROAD CENTRAL, SHEUNG WAN, HONG KONG.

We refer to your instructions for us to carry out open market rental valuations of various units of COSCO Tower (the "Properties") for the purpose of reference upon letting. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the rental values of the Properties as at 31st December, 2003 (the "date of valuation").

Our valuation of each of the Properties represents its open market rental value which we would define as intended to mean "an opinion of the best rent at which the letting of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:—

- (a) a willing landlord;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the rent and terms and for the completion of the letting;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective tenant with a special interest; and

- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

Our valuations have been made on the assumption that the landlords lease the Properties on the open market without the benefit of deferred term contracts, joint ventures, management agreements or any similar arrangements which could serve to affect the rental values of the Properties.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting lettings. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their rental values.

We have assessed the rental values of the Properties on an open market basis using the direct comparison method and by reference to comparable market transactions.

We have relied to a very considerable extent on the information given by you and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, lease terms, floor areas and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by you and are therefore only approximations. No on-site measurement has been carried out.

We have not been provided with copies of the title documents relating to the Properties but have caused searches to be made at the Urban Land Registry. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

We have inspected the exterior and, where possible, the interior of the Properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services.

Our valuation certificate is hereby enclosed for your attention.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
K. B. Wong
Registered Professional Surveyor
M.H.K.I.S., M.R.I.C.S.
Director

Note: Mr. K. B. Wong is a Registered Professional Surveyor with over 19 years of experience in the valuation of properties in Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Open market rental value in existing state as at 31st December, 2003
1. Office Units on 50th and 51st Floors of High Block (COSCO Tower), Grand Millennium Plaza, 181-183 Queen's Road Central, Sheung Wan, Hong Kong	The property comprises the office space on the 50th and 51st floors of a 55-storey office building completed in 1998.	HK\$931,000 per month (exclusive of rates and management charges)
Sundry parts or shares of and in Inland Lot No. 8911	The property has a gross floor area of approximately 42,560 sq.ft. (3,953.92 sq.m.).	
	The property is proposed to be let to COSCO (H.K.) Shipping Co., Limited for a term from 3rd December, 2003 to 2nd December, 2006 with an option to renew for 3 years.	
	The land of the property is held under Conditions of Exchange No. 12479 from the Government for a term of years from 25th June, 1997 to 30th June, 2047. The current annual Government rent payable for the property is an amount equal to 3 per cent of the rateable value for the time being of the lot.	

Notes:

- (1) The registered owners of 50th and 51st Floors are Year of the Rat Corp. and 99 Prove Finance Ltd. respectively.
- (2) The property is subject to a Mortgage in favour of Bank of China (now known as Bank of China (Hong Kong) Limited).
- (3) The property is subject to a Deed of Amendment.
- (4) The property is subject to a Deed of Variation and Further Charge in favour of Bank of China (Hong Kong) Limited.

Property	Description and tenure	Open market rental value in existing state as at 31st December, 2003
2. Office Units 4901 and 4902A on 49th Floor of High Block (COSCO Tower), Grand Millennium Plaza, 181-183 Queen's Road Central, Sheung Wan, Hong Kong Sundry parts or shares of and in Inland Lot No. 8911	<p>The property comprises two office units on the 49th floor of a 55-storey office building completed in 1998.</p> <p>The property has a gross floor area of approximately 14,847 sq.ft. (1,379.32 sq.m.).</p> <p>Office unit 4901 is proposed to be let to COSCO Pacific Management Company Limited for a term from 4th December, 2003 to 28th November, 2005 with an option to renew for 1 year. Office unit 4902A is proposed to be let to the same party for a term from 29th November, 2003 to 28th November, 2005 with an option to renew for 1 year.</p> <p>The land of the property is held under Conditions of Exchange No. 12479 from the Government for a term of years from 25th June, 1997 to 30th June, 2047. The current annual Government rent payable for the property is an amount equal to 3 per cent of the rateable value for the time being of the lot.</p>	HK\$340,000 per month (exclusive of rates and management charges but inclusive of the Government rent)

Notes:

- (1) The registered owner of the property is Wing Thye Holdings Limited.
- (2) The property is subject to a Mortgage in favour of Bank of China (now known as Bank of China (Hong Kong) Limited).
- (3) The property is subject to a Deed of Amendment.
- (4) The property is subject to a Deed of Variation and Further Charge in favour of Bank of China (Hong Kong) Limited.

Property	Description and tenure	Open market rental value in existing state as at 31st December, 2003
3. Office Unit 4902B on 49th Floor of High Block (COSCO Tower), Grand Millennium Plaza, 181-183 Queen's Road Central, Sheung Wan, Hong Kong Sundry parts or shares of and in Inland Lot No. 8911	<p>The property comprises an office unit on the 49th floor of a 55-storey office building completed in 1998.</p> <p>The property has a gross floor area of approximately 1,117 sq.ft. (103.77 sq.m.).</p> <p>The property is proposed to be let to COSCO Information & Technology (H.K.) Limited for a term from 29th November, 2003 to 28th November, 2006 with an option to renew for 3 years.</p> <p>The land of the property is held under Conditions of Exchange No. 12479 from the Government for a term of years from 25th June, 1997 to 30th June, 2047. The current annual Government rent payable for the property is an amount equal to 3 per cent of the rateable value for the time being of the lot.</p>	HK\$21,000 per month (exclusive of rates and management charges)

Notes:

- (1) The registered owner of the property is Wing Thye Holdings Limited.
- (2) The property is subject to a Mortgage in favour of Bank of China (now known as Bank of China (Hong Kong) Limited).
- (3) The property is subject to a Deed of Amendment.
- (4) The property is subject to a Deed of Variation and Further Charge in favour of Bank of China (Hong Kong) Limited.

Property	Description and tenure	Open market rental value in existing state as at 31st December, 2003
4. Office Unit 4903 on 49th Floor of High Block (COSCO Tower), Grand Millennium Plaza, 181-183 Queen's Road Central, Sheung Wan, Hong Kong Sundry parts or shares of and in Inland Lot No. 8911	<p>The property comprises an office unit on the 49th floor of a 55-storey office building completed in 1998.</p> <p>The property has a gross floor area of approximately 5,316 sq.ft. (493.87 sq.m.).</p> <p>The property is proposed to be let to COSCO (Hong Kong) Group Limited for a term from 3rd December, 2003 to 28th November, 2006 with an option to renew for 3 years.</p> <p>The land of the property is held under Conditions of Exchange No. 12479 from the Government for a term of years from 25th June, 1997 to 30th June, 2047. The current annual Government rent payable for the property is an amount equal to 3 per cent of the rateable value for the time being of the lot.</p>	HK\$98,000 per month (exclusive of rates and management charges)

Notes:

- (1) The registered owner of the property is Wing Thye Holdings Limited.
- (2) The property is subject to a Mortgage in favour of Bank of China (now known as Bank of China (Hong Kong) Limited).
- (3) The property is subject to a Deed of Amendment.
- (4) The property is subject to a Deed of Variation and Further Charge in favour of Bank of China (Hong Kong) Limited.

Property	Description and tenure	Open market rental value in existing state as at 31st December, 2003
5. Office Unit 4801 on 48th Floor of High Block (COSCO Tower), Grand Millennium Plaza, 181-183 Queen's Road Central, Sheung Wan, Hong Kong Sundry parts or shares of and in Inland Lot No. 8911	<p>The property comprises an office unit on the 48th floor of a 55-storey office building completed in 1998.</p> <p>The property has a gross floor area of approximately 6,060 sq.ft. (562.99 sq.m.).</p> <p>The property is proposed to be let to COSCO Container Line Agencies Limited for a term from 13th December, 2003 to 27th November, 2006 with an option to renew for 3 years.</p> <p>The land of the property is held under Conditions of Exchange No. 12479 from the Government for a term of years from 25th June, 1997 to 30th June, 2047. The current annual Government rent payable for the property is an amount equal to 3 per cent of the rateable value for the time being of the lot.</p>	HK\$125,000 per month (exclusive of rates and management charges)

Notes:

- (1) The registered owner of the property is Velu Exports Limited.
- (2) The property is subject to a Mortgage in favour of Bank of China (now known as Bank of China (Hong Kong) Limited).
- (3) The property is subject to a Deed of Amendment.
- (4) The property is subject to a Deed of Variation and Further Charge in favour of Bank of China (Hong Kong) Limited.

Property	Description and tenure	Open market rental value in existing state as at 31st December, 2003
6. Office Unit 4802 on 48th Floor of High Block (COSCO Tower), Grand Millennium Plaza, 181-183 Queen's Road Central, Sheung Wan, Hong Kong Sundry parts or shares of and in Inland Lot No. 8911	<p>The property comprises an office unit on the 48th floor of a 55-storey office building completed in 1998.</p> <p>The property has a gross floor area of approximately 6,633 sq.ft. (616.22 sq.m.).</p> <p>The property is proposed to be let to COSCO International Ship Trading Company Limited for a term from 28th November, 2003 to 27th November, 2006 with an option to renew for 3 years.</p> <p>The land of the property is held under Conditions of Exchange No. 12479 from the Government for a term of years from 25th June, 1997 to 30th June, 2047. The current annual Government rent payable for the property is an amount equal to 3 per cent of the rateable value for the time being of the lot.</p>	HK\$136,000 per month (exclusive of rates and management charges)

Notes:

- (1) The registered owner of the property is Velu Exports Limited.
- (2) The property is subject to a Mortgage in favour of Bank of China (now known as Bank of China (Hong Kong) Limited).
- (3) The property is subject to a Deed of Amendment.
- (4) The property is subject to a Deed of Variation and Further Charge in favour of Bank of China (Hong Kong) Limited.

Property	Description and tenure	Open market rental value in existing state as at 31st December, 2003
7. Office Unit 4802B on 48th Floor of High Block (COSCO Tower), Grand Millennium Plaza, 181-183 Queen's Road Central, Sheung Wan, Hong Kong Sundry parts or shares of and in Inland Lot No. 8911	<p>The property comprises an office unit on the 48th floor of a 55-storey office building completed in 1998.</p> <p>The property has a gross floor area of approximately 540 sq.ft. (50.17 sq.m.).</p> <p>The property is proposed to be let to COSCO (H.K.) Industry & Trade Holdings Limited for a term from 28th November, 2003 to 27th November, 2006 with an option to renew for 3 years.</p> <p>The land of the property is held under Conditions of Exchange No. 12479 from the Government for a term of years from 25th June, 1997 to 30th June, 2047. The current annual Government rent payable for the property is an amount equal to 3 per cent of the rateable value for the time being of the lot.</p>	HK\$11,000 per month (exclusive of rates and management charges)

Notes:

- (1) The registered owner of the property is Velu Exports Limited.
- (2) The property is subject to a Mortgage in favour of Bank of China (now known as Bank of China (Hong Kong) Limited).
- (3) The property is subject to a Deed of Amendment.
- (4) The property is subject to a Deed of Variation and Further Charge in favour of Bank of China (Hong Kong) Limited.

Property	Description and tenure	Open market rental value in existing state as at 31st December, 2003
8. Office Unit 4803 on 48th Floor of High Block (COSCO Tower), Grand Millennium Plaza, 181-183 Queen's Road Central, Sheung Wan, Hong Kong Sundry parts or shares of and in Inland Lot No. 8911	<p>The property comprises an office unit on the 48th floor of a 55-storey office building completed in 1998.</p> <p>The property has a gross floor area of approximately 4,647 sq.ft. (431.72 sq.m.).</p> <p>The property is proposed to be let to COSCO (H.K.) Industry & Trade Holdings Limited for a term from 13th December, 2003 to 27th November, 2006 with an option to renew for 3 years.</p> <p>The land of the property is held under Conditions of Exchange No. 12479 from the Government for a term of years from 25th June, 1997 to 30th June, 2047. The current annual Government rent payable for the property is an amount equal to 3 per cent of the rateable value for the time being of the lot.</p>	HK\$96,000 per month (exclusive of rates and management charges)

Notes:

- (1) The registered owner of the property is Velu Exports Limited.
- (2) The property is subject to a Mortgage in favour of Bank of China (now known as Bank of China (Hong Kong) Limited).
- (3) The property is subject to a Deed of Amendment.
- (4) The property is subject to a Deed of Variation and Further Charge in favour of Bank of China (Hong Kong) Limited.

Property	Description and tenure	Open market rental value in existing state as at 31st December, 2003
9. Office Unit 4808 on 48th Floor of High Block (COSCO Tower), Grand Millennium Plaza, 181-183 Queen's Road Central, Sheung Wan, Hong Kong Sundry parts or shares of and in Inland Lot No. 8911	<p>The property comprises an office unit on the 48th floor of a 55-storey office building completed in 1998.</p> <p>The property has a gross floor area of approximately 3,400 sq.ft. (315.87 sq.m.).</p> <p>The property is proposed to be let to COSCO Information & Technology (H.K.) Limited for a term from 28th November, 2003 to 27th November, 2006 with an option to renew for 3 years.</p> <p>The land of the property is held under Conditions of Exchange No. 12479 from the Government for a term of years from 25th June, 1997 to 30th June, 2047. The current annual Government rent payable for the property is an amount equal to 3 per cent of the rateable value for the time being of the lot.</p>	HK\$70,000 per month (exclusive of rates and management charges)

Notes:

- (1) The registered owner of the property is Velu Exports Limited.
- (2) The property is subject to a Mortgage in favour of Bank of China (now known as Bank of China (Hong Kong) Limited).
- (3) The property is subject to a Deed of Amendment.
- (4) The property is subject to a Deed of Variation and Further Charge in favour of Bank of China (Hong Kong) Limited.

Property	Description and tenure	Open market rental value in existing state as at 31st December, 2003
10. Office Units 4701 and 4702 on 47th Floor of High Block (COSCO Tower), Grand Millennium Plaza, 181-183 Queen's Road Central, Sheung Wan, Hong Kong Sundry parts or shares of and in Inland Lot No. 8911	<p>The property comprises two office units on the 47th floor of a 55-storey office building completed in 1998.</p> <p>The property has a gross floor area of approximately 4,325 sq.ft. (401.80 sq.m.).</p> <p>The property is proposed to be let to COSCO (Hong Kong) Insurance Brokers Limited for a term from 3rd December, 2003 to 2nd December, 2006 with an option to renew for 3 years.</p> <p>The land of the property is held under Conditions of Exchange No. 12479 from the Government for a term of years from 25th June, 1997 to 30th June, 2047. The current annual Government rent payable for the property is an amount equal to 3 per cent of the rateable value for the time being of the lot.</p>	HK\$87,000 per month (exclusive of rates and management charges)

Notes:

- (1) The registered owner of the property is Tian Lee Property Limited.
- (2) The property is subject to a Mortgage in favour of Bank of China (now known as Bank of China (Hong Kong) Limited).
- (3) The property is subject to a Deed of Amendment.
- (4) The property is subject to a Deed of Variation and Further Charge in favour of Bank of China (Hong Kong) Limited.

RESPONSIBILITY STATEMENT

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

EXPERTS

The following are the qualifications of the experts who have given opinions or advice contained in this circular:

Name	Qualifications
DBS Asia	A deemed licensed corporation under the SFO permitted to engage in types 1, 4, 6 and 9 of the regulated activities as defined in the SFO
DTZ	Property valuation firm

Both DBS Asia and DTZ have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of the texts of their letters and references to their names, in the form and context in which they respectively appear.

DISCLOSURE OF INTERESTS**(a) Disclosure of interests by the Directors**

As at the Latest Practicable Date, the interests of each Director and chief executive of the Company in the equity or debt securities of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be 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 the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to

therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

(i) *Interests in share options granted by the Company*

Name of Director	Number of share options held <i>(Note)</i>
Mr. Wei Jiafu	1,800,000
Mr. Liu Guoyuan	1,800,000
Mr. Li Jianhong	1,800,000
Mr. Zhou Liancheng	1,800,000
Mr. Liu Hanbo	1,800,000
Mr. He Jiale	1,800,000
Mr. Liang Yanfeng	1,200,000
Mr. Chen Pisen	1,200,000
Mr. Meng Qinghui	1,200,000

Note: These share options were granted on 26th November 2003 and are exercisable at HK\$0.57 per Share at any time between 23rd December 2003 and 22nd December 2008.

(ii) *Directors' interests in shares of associated corporation*

Name of Associated corporation	Name of director	Number of shares held	Percentage
		Personal interests	
COSCO Pacific Limited	Mr. Kwong Che Keung, Gordon	250,000	0.01%

(iii) *Interests in share options granted by associated corporation*

Name of associated corporation	Name of Director	Number of share options held <i>(Note)</i>
COSCO Pacific Limited	Mr. Wei Jiafu	1,000,000
	Mr. Liu Guoyuan	1,000,000
	Mr. Li Jianhong	800,000
	Mr. Zhou Liancheng	800,000
	Mr. Liu Hanbo	800,000
	Mr. He Jiale	800,000
	Mr. Liang Yanfeng	800,000
	Mr. Chen Pisen	250,000
	Mr. Meng Qinghui	800,000

Note: These share options were granted on 14th October 2003 and are exercisable at HK\$9.54 per share for 10 years from their respective date of acceptance of the share options.

Save as disclosed in this circular, as at the Latest Practicable Date, none of Director and chief executive of the Company was interested in the equity or debt securities of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be 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 the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

- (b) As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.
- (c) As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.
- (d) As at the Latest Practicable Date, DBS Asia and DTZ did not have any shareholding in any member of the Group and neither of them has any right or option to subscribe for or nominate persons to subscribe for shares in any member of the Group.
- (e) As at the Latest Practicable Date, none of the Directors, DBS Asia nor DTZ had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to the Company, or was proposed to be acquired, or disposed of by, or leased to the Company, since 31st December, 2002, the date to which the latest published audited consolidated financial statements of the Company was made up.

SUBSTANTIAL SHAREHOLDERS

- (a) As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons, other than a Director or chief executive of the Company, who had an interest or a short position in the Shares and 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 were as follows:

Name	Ordinary Shares held	Percentage of total issued shares
COSCO	829,360,511	59.25%
COSCO HK <i>(Note)</i>	829,360,511	59.25%
True Smart <i>(Note)</i>	527,060,904	37.65%
COSCO Investments <i>(Note)</i>	302,299,607	21.60%

Note: These companies were wholly-owned subsidiaries of COSCO and their interests in the shares were included in the interest held by COSCO

Save as disclosed above, there was no person known to the Directors or the chief executive of the Company, other than the Directors or the chief executive of the Company, who, as at the Latest Practicable Date, had an interest or a short position in the Shares and 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.

- (b) As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons, other than a Director or chief executive of the Company, who was, 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 (other than the Company) and the amount of such persons' interests in such securities were as follows:

Name of subsidiary of the Company	Name of substantial shareholder	Interest in the share capital/equity interest	Percentage
Cash Rich Enterprises Limited	Honour Capital International Limited	1,415 shares	14.15%
COSCO International Ship Trading Company Limited	中遠國際貿易有限公司 (COSCO International Trading Company)	200,000 shares	40.00%
Henan Xin Zhong Yi Electric Power Co., Limited	河南省建設投資總公司 (Henan Province Construction Investment General Company)	RMB40,000,000	10.00%
Henan Xin Zhong Yi Electric Power Co., Limited	New Central Development Co., Ltd.	RMB144,000,000	36.00%
New Central International Enterprises Co., Ltd.	COSCO (H.K.) Industry & Trade Holdings Ltd.	100,000 shares	10.00%
Shanghai COSCO Honour Property Development Limited	Honour Capital International Limited	(Note)	14.00%

Name of subsidiary of the Company	Name of substantial shareholder	Interest in the share capital/equity interest	Percentage
Shenyang COSCO Yihe Property Development Co., Ltd.	廣州遠洋建設實業公司 (COSCO Guangzhou Construction Industry Company)	RMB29,000,000	29.00%
Shenyang COSCO Yihe Property Development Co., Ltd.	廣州頤和投資發展有限公司 (Guangzhou Yihe Investment & Development Co., Ltd.)	RMB20,000,000	20.00%
Shanghai COSCO Kansai Paint & Chemicals Co., Ltd.	Kansai Paint Co., Ltd.	US\$2,470,300	35.29%
Tianjin COSCO Kansai Paint & Chemicals Co., Ltd.	Kansai Paint Co., Ltd.	US\$1,764,500	35.29%

Note: Honour Capital International Limited was indirectly interested in approximately 14% equity interest of Shanghai COSCO Honour Property Development Limited through its approximately 14.15% interest in Cash Rich Enterprises Limited, which owned 99% equity interest in Shanghai COSCO Honour Property Development Limited.

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

MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31st December, 2002 (being the date of which the latest published audited accounts of the Company were made up).

LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or arbitration of material importance is pending or threatened against the Company or any of its subsidiaries.

GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The principal registrars of the Company is Codan Services Limited at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (c) The Hong Kong branch registrars of the Company is Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) The secretary of the Company is Ms. Wai Ching Sum, a qualified chartered secretary designated as FCIS FCS. She holds a Master of Science Degree in Financial Economics and a Master of Laws Degree in Chinese and Comparative Law.
- (e) The English text of this circular shall prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the offices of Heller Ehrman White & McAuliffe at 35th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong up to and including 20th February 2004 and at the SGM:

- (a) the 1st Agreement;
- (b) the 2nd Agreement;
- (c) the 3rd Agreement;
- (d) the 4th Agreement;

- (e) the 5th Agreement;
- (f) the 6th Agreement;
- (g) the 7th Agreement;
- (h) the 8th Agreement;
- (i) the 9th Agreement;
- (j) the 10th Agreement;
- (k) the 11th Agreement;
- (l) the 1st Guarantee;
- (m) the 2nd Guarantee;
- (n) the 3rd Guarantee;
- (o) the 4th Guarantee;
- (p) the 6th Guarantee;
- (q) the 7th Guarantee;
- (r) the 8th Guarantee;
- (s) the 9th Guarantee;
- (t) the 10th Guarantee;
- (u) the 11th Guarantee;
- (v) the letter of advice from DBS Asia to the Independent Director, the text of which is set out on pages 24 to 27 in this circular;
- (w) the letter from DTZ, the text of which is set out on pages 28 to 39 in this Circular;
- (x) the letter of recommendation from the Independent Director to the Independent Shareholders, the text of which is set out on page 23 in this circular;
- (y) the written consent from DBS Asia as referred to in the paragraph headed “Experts” above; and
- (z) the written consent from DTZ as referred to in the paragraph headed “Experts” above.

NOTICE OF SPECIAL GENERAL MEETING



COSCO International Holdings Limited

(Incorporated in Bermuda with limited liability)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting of COSCO International Holdings Limited (the “Company”) will be held at 4:00 p.m., on Friday, 20th February 2004 at 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong for the purpose of considering and, if thought fit, passing (with or without modifications) each of the following resolutions as an ordinary resolution of the Company:–

ORDINARY RESOLUTIONS

1. **“THAT** the Agreements as defined under the section headed “Definitions” and more particularly described in the letter from the board of directors of the Company included in the circular of the Company dated 30th January 2004 to its shareholders (the “Circular”) and all transactions contemplated thereby be and are hereby approved, ratified and confirmed, and **THAT** the entering into of the Agreements and all other agreements, deeds and any other documents in relation thereto by the Company and its subsidiaries be approved, ratified and confirmed.”
2. **“THAT**, subject to the passing of the ordinary resolution no.1 set out in the notice convening this meeting, the Guarantees as defined under the section headed “Definitions” and more particularly described in the letter from the board of directors of the Company included in the Circular and all transactions contemplated thereby be and are hereby approved, ratified and confirmed, and **THAT** the terms of the Guarantees and the entering into of all other agreements, deeds and any other documents in relation thereto by the Company and its subsidiaries be approved, ratified and confirmed.”

NOTICE OF SPECIAL GENERAL MEETING

3. “**THAT** the directors of the Company be and are hereby authorized to do all such things and execute all such documents as they in their absolute discretion deem fit or appropriate to give effect to the Agreements and the Guarantees and the implementation of all transactions contemplated thereunder.”

By order of the Board
COSCO International Holdings Limited
WAI Ching Sum
Company Secretary

Hong Kong, 30th January 2004

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place

of Business in Hong Kong:

47th Floor
COSCO Tower
183 Queen’s Road Central
Hong Kong

Notes:

1. The ordinary resolutions to be considered at the Special General Meeting will be decided by poll. On voting by poll, each shareholder of the Company shall have one vote for each share held in the Company.
2. A shareholder of the Company entitled to attend and vote at the Special General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead in accordance with the Company’s bye-laws. A proxy need not be a shareholder of the Company.
3. A form of proxy for use at the Special General Meeting is enclosed herewith.
4. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be lodged at the branch share registrars of the Company in Hong Kong, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the appointed time for holding the Special General Meeting or any adjournment thereof (as the case may be) and in default thereof the form of proxy and such power or authority shall not be treated as valid.
5. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the Special General Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.