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**EXPECTED TIMETABLE**

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*2004*

Latest time for lodging proxy forms for the SGM . . . . . 10:20a.m. on Tuesday, 1st June 2004

SGM . . . . . 10:20a.m. on Thursday, 3rd June 2004

Share Premium Reduction becoming effective . . . . . Thursday, 3rd June 2004

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## DEFINITIONS

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

“Accumulated Losses”	means the audited accumulated losses of the Company as at 31st December 2003;
“AGM”	means the annual general meeting of the Company to be held on Thursday, 3rd June 2004 at 10:00 a.m. at 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong;
“associates”	has the meaning ascribed to it in the Listing Rules;
“associated companies”	means those companies which were defined and/or disclosed as the associates and/or associated companies of the subject company in the latest audited financial statements of the subject company;
“Board”	means the board of directors of the Company or a duly authorised committee thereof for the time being;
“Bye-laws”	means the bye-laws of the Company;
“Company”	means COSCO International Holdings Limited, a company incorporated in Bermuda, the Shares of which are listed on the Stock Exchange;
“Companies Act”	the Companies Act 1981 of Bermuda;
“COSCO”	means中國遠洋運輸(集團)總公司 (China Ocean Shipping (Group) Company), a company incorporated in the PRC and the ultimate beneficial owner holding approximately 58.84% equity interest in the Company;
“Directors”	means the directors of the Company;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;

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## DEFINITIONS

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“Latest Practicable Date”	means 26th April 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Ordinary Resolution(s)”	means the proposed ordinary resolution(s) as referred to in the SGM Notice;
“PRC”	means the People’s Republic of China which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Repurchase Mandate”	means a general mandate to the Directors to exercise the power of the Company to repurchase Shares during the period as set out in Ordinary Resolution no. 1 up to 10% of the issued share capital of the Company as at the date of passing Ordinary Resolution no. 1;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	means the special general meeting of the Company to be held on Thursday, 3rd June 2004 at 10:20 a.m.(or so soon thereafter as the AGM convened for the same day and place at 10:00a.m. shall have been concluded or adjourned) at 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong;
“SGM Notice”	means the notice convening the SGM as set out on pages 13 to 20 of this circular;
“Share(s)”	means shares of HK\$0.10 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);

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## DEFINITIONS

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“Share Issue Mandate”	means a general mandate to the Directors to exercise the power of the Company to allot and issue Shares during the period as set out in Ordinary Resolution no. 2 up to 20% of the issued share capital of the Company as at the date of passing Ordinary Resolution no. 2;
“Share Buyback Rules”	means the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange;
“Shareholder(s)”	means holder(s) of Share(s);
“Share Premium Reduction”	means the proposed reduction of the Company’s share premium referred to in the section headed “Share Premium Reduction”;
“Special Resolution(s)”	means the proposed special resolution(s) as referred to in the SGM Notice;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder(s)”	means the substantial shareholder(s) (as defined in the Listing Rules) of the Company;
“Takeovers Code”	means The Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong; and
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong.

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## LETTER FROM THE BOARD

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### COSCO International Holdings Limited *(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

Dr. Wei Jiafu (*Chairman*)  
Mr. Liu Guoyuan (*Vice-chairman*)  
Mr. Li Jianhong  
Mr. Zhou Liancheng  
Mr. Liu Hanbo (*Managing Director*)  
Mr. He Jiale  
Dr. Guo Huawei  
Mr. Chen Pisen  
Mr. Meng Qinghui  
Mr. Zhao Kaiji  
Mr. Lin Libing

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal  
place of business:*

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

*Non-executive Director:*

Mr. Kwong Che Keung, Gordon

*Independent Non-executive Directors:*

Mr. Chan Cheong Foon, Andrew  
Mr. Alexander Reid Hamilton  
Mr. Tsui Yiu Wa, Alec

30th April 2004

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED SHARE PREMIUM REDUCTION  
AMENDMENT OF BYE-LAWS  
AND  
GENERAL MANDATES TO ISSUE SHARES AND  
TO REPURCHASE SHARES**

#### **1. INTRODUCTION**

As mentioned in the announcement of the Company dated 16th April 2004, the Board proposed to put forward to the Shareholders proposal to reduce the entire amount standing to the credit of the share premium account of the Company and amend the existing Bye-laws.

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## LETTER FROM THE BOARD

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At the annual general meeting of the Company held on 15th May 2003, resolutions were passed giving general mandates to the Directors to issue and allot Shares and to exercise the powers of the Company to repurchase the Shares in accordance with the Share Buyback Rules. These general mandates will expire at the conclusion of the forthcoming AGM. It is therefore proposed that the general mandates to issue and allot Shares and to repurchase Shares be renewed at the SGM.

The purpose of this circular is to provide you with information on the Share Premium Reduction, amendment of the Bye-laws and the proposed renewal of the general mandates to issue and allot Shares and to repurchase Shares and to seek your approval of the Special Resolutions and Ordinary Resolutions relating to these matters at the SGM.

### **2. SHARE PREMIUM REDUCTION**

The Directors propose that the entire amount standing to the credit of the share premium account of the Company be reduced pursuant to Section 46 of the Companies Act and bye-law 59 of the Bye-laws and part of the credit arising therefrom in the sum of HK\$1,680,335,000 be used to set off against the full amount of the Accumulated Losses and the remaining balance of the credit arising from the Share Premium Reduction in the sum of HK\$676,218,000 be transferred to the contributed surplus account of the Company. As at 31st December 2003, the amount standing to the credit of the share premium account and the Accumulated Losses amounted to HK\$2,356,553,000 and HK\$1,680,335,000 respectively. As a result of the Share Premium Reduction, the amount standing to the credit of the contributed surplus account of the Company will be increased from HK\$83,770,000 to HK\$759,988,000.

The Company's audited financial statements as at 31st December 2003 showed that the Company had accumulated losses of HK\$1,680,335,000. The Company is not permitted to pay dividends on its Shares while there are accumulated losses. The Directors propose that, subject to the conditions set out below, the entire amount standing to the credit of the share premium account of the Company be reduced and part of the credit arising therefrom be used to set off against the Accumulated Losses in full. Assuming the Share Premium Reduction becomes effective and the Accumulated Losses is set off in full, the Company would have no Accumulated Losses as at 3rd June 2004 and would be able to declare and pay dividends from its retained earnings available for distribution at an earlier opportunity in the future as and when the Board considers appropriate. The Company has no immediate intention to declare and pay dividends.

#### **Effects of the Share Premium Reduction**

Save for the expenses to be incurred in relation to the Share Premium Reduction, the Board considers that the implementation of the Share Premium Reduction will not, in itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders in the underlying assets of the Company. The Board considers that the Share Premium Reduction is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### Conditions of the Share Premium Reduction

The Share Premium Reduction is conditional upon:

- (a) the passing of a special resolution to approve the Share Premium Reduction at the SGM; and
- (b) the publication of a notice in relation to the Share Premium Reduction in Bermuda in accordance with the requirements of the Companies Act.

Assuming the above conditions are fulfilled, it is expected that the Share Premium Reduction will become effective on the date of passing the relevant resolution to approve the Share Premium Reduction.

### 3. AMENDMENTS TO THE EXISTING BYE-LAWS OF THE COMPANY

Certain amendments have been made to Appendix 3 of the Listing Rules to enhance the corporate governance standards of listed issuers.

As a result of the amendments to the Listing Rules, the Bye-laws must be amended to conform with, amongst others, the following provisions, (1) where the Company has actual knowledge, any shareholders who is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted; (2) a minimum of 7 days' period for lodgement by shareholder of the notice is required to nominate a Director other than the retiring of the notice of meeting appointed for such election, such period for lodgment of the notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting; and (3) a Director shall abstain from voting at the board meeting on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest and the Director shall not be counted in the quorum of the relevant board meeting.

To align the Bye-laws with the latest amendments to the Listing Rules, the Company proposes that the Bye-laws be amended in the manner set out in the special resolution of the SGM Notice.

### 4. GENERAL MANDATE TO REPURCHASE SHARES

An ordinary resolution will be proposed at the SGM to grant to the Directors the Repurchase Mandate, details of which are set out in Ordinary Resolution no. 1 in the SGM Notice. The Shares which may be repurchased pursuant to the Repurchase Mandate is up to 10% of the issued share capital of the Company at the date of passing the resolution approving the Repurchase Mandate.

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## LETTER FROM THE BOARD

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

### **5. GENERAL MANDATE TO ISSUE SHARES**

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

Details of the Share Issue Mandate and the extension of the Share Issue Mandate are set out in Ordinary Resolutions no. 2 and no. 3 in the SGM Notice.

### **6. SPECIAL GENERAL MEETING**

Set out in this circular is the notice of the SGM at which the Special Resolutions will be proposed to approve the Share Premium Reduction, the amendment of Bye-laws and the Ordinary Resolutions will be proposed to approve the grant of the Repurchase Mandate and the Share Issue Mandate.

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 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 if you so wish.

### **7. RECOMMENDATIONS**

The Directors consider that the Share Premium Reduction, the amendments to the Bye-laws and the grant of the Repurchase Mandate and the Share Issue Mandate are all in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of the Special Resolutions and the Ordinary Resolutions as set out in the SGM Notice.

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## LETTER FROM THE BOARD

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### 8. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

## **1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES**

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

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,409,539,291 Shares. On the basis of such figure and assuming no new Shares will be issued and no further Shares will be repurchased up to the date of the passing of Ordinary Resolution no. 1 to approve the Repurchase Mandate, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 140,953,929 Shares.

## **3. REASONS FOR REPURCHASES**

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

## **4. FUNDING OF REPURCHASES**

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

There might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31st December 2003 in the event that the proposed repurchases of Shares were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**5. SHARE PRICES**

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

	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2003</b>		
April	0.450	0.370
May	0.520	0.415
June	0.570	0.460
July	0.630	0.475
August	0.670	0.560
September	0.720	0.560
October	0.640	0.560
November	0.630	0.540
December	0.850	0.560
<b>2004</b>		
January	1.380	0.800
February	1.650	1.130
March	1.610	1.240

**6. UNDERTAKING**

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

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

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

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

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

As at the Latest Practicable Date, COSCO held 829,360,511 Shares of the Company, representing approximately 58.84% of the issued share capital of the Company. To the best of the knowledge and belief of the Company, no other person, together with his/her associates, was beneficially interested in Shares representing 10% or more of the issued share capital of the Company.

In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate then (if the present shareholdings otherwise remained the same) the attributable shareholding of COSCO in the Company would be increased to approximately 65.38% of the issued share capital of the Company. The Company does not intend to repurchase its Shares which will lead to less than 25% of its issued share capital being held by the public. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any purchase made under the Repurchase Mandate.

**8. SHARE PURCHASE MADE BY THE COMPANY**

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

**9. GENERAL**

The Bye-laws provide that at any general meeting, a poll can be demanded in the following circumstances:

- (i) by the chairman of the general meeting; or
- (ii) by at least three Shareholders present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

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## NOTICE OF SPECIAL GENERAL MEETING

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### **COSCO International Holdings Limited** *(Incorporated in Bermuda with limited liability)*

**NOTICE IS HEREBY GIVEN** that a Special General Meeting of COSCO International Holdings Limited (the “Company”) will be held on Thursday, 3rd June 2004 at 10:20 a.m.(or so soon thereafter as the Annual General Meeting of the Company convened for the same day and place at 10:00a.m. shall have been concluded or adjourned) 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) the following resolutions as ordinary resolutions and special resolutions of the Company (as the case may be):–

#### **ORDINARY RESOLUTIONS**

1. **“THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the shares of HK\$0.10 each in the share capital of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or those of any other recognised stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;

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## NOTICE OF SPECIAL GENERAL MEETING

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- (ii) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the bye-laws of the Company to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

2. **“THAT:**

- (a) subject to the following provisions of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares, and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of the conversion rights attaching to any convertible securities issued by the Company; (iii) the exercise of warrants to subscribe for Shares; (iv) the exercise of options granted under any share option scheme or similar arrangement for the time being adopted by the Company; or (v) an issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company; shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the bye-laws of the Company to be held; or

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## NOTICE OF SPECIAL GENERAL MEETING

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- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of Shares open for a period fixed by the directors of the Company to the holders of Shares or any class of Shares whose names appear on the registers of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

3. **“THAT** subject to the passing of resolutions nos. 1 and 2 set out in the notice (“Notice”) convening this meeting, the general mandate granted to the directors of the Company in resolution no. 2 set out in the Notice be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of Shares repurchased by the Company pursuant to the exercise by the directors of the Company of the general mandate granted to them in resolution no. 1 set out in the Notice to repurchase Shares provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution.”

### SPECIAL RESOLUTIONS

4. (a) **“THAT** subject to compliance with section 46(2) of the Companies Act 1981 of Bermuda and with effect from the date of the passing of this resolution (the “Effective Date”), the entire amount standing to the credit of the share premium account of the Company be reduced and the directors of the Company be and are hereby authorized to apply part of the credit arising from the aforesaid reduction of the share premium account of the Company in the sum of HK\$1,680,335,000 to offset the accumulated losses of the Company as at 31st December 2003 and the remaining balance of the credit arising therefrom in the sum of HK\$676,218,000 be transferred to the contributed surplus account of the Company (the “Share Premium Reduction”); and
- (b) **THAT** the directors of the Company be and are hereby authorized to do all such acts and things (including, without limitation to the generality of the foregoing, the execution of any additional document, instrument or agreement) as they may, in their absolute discretion, consider necessary, desirable or expedient to implement and/or to give effect to the Share Premium Reduction.”

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## NOTICE OF SPECIAL GENERAL MEETING

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5. “**THAT** the bye-laws of the Company be and are hereby amended in the following manner:–

(a) By deleting the existing definition of “associates” in bye-law 1 and substituting therefor the following new definition:–

“ “associates”, shall have the meaning as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as modified from time to time.”

(b) By deleting the existing definition of “Clearing House” in bye-law 1 and substituting therefor the following new definition:–

“Clearing House” shall mean a recognised clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as modified from time to time or a clearing house or authorised share depository recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.”

(c) By deleting the following paragraph in bye-law 1:–

“The expressions “holding company” and “subsidiary” shall have the meanings ascribed to them by the Companies Act.”

and substituting therefor the following new paragraph:–

“The expressions “holding company” and “subsidiary” shall have the meanings ascribed to them by the Companies Act and/or the rules and regulations of the stock exchange in the Relevant Territory from time to time.”

(d) By adding the following new bye-law 76A immediately after bye-law 76:

“76A. Where the Company has knowledge that any member is, under the applicable Statutes and/or the rules and regulations of the stock exchange in the Relevant Territory from time to time, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”

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## NOTICE OF SPECIAL GENERAL MEETING

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- (e) By deleting the existing bye-laws 98(H), 98(I), 98(J) and 98(K) in their entirety and substituting therefor the following new bye-laws:

“98. (H) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract, arrangement or proposal in which he or any of his associates has a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum on such resolution of the Board, but this prohibition shall not apply to any of the following matters namely:–

- (i) any contract or arrangement for the giving by the Company of any security or indemnity to the director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement by a Director or his associate(s) to subscribe for shares or debentures or other securities of the Company to be issued pursuant to any offer or invitation to the members or debenture holders or to the public which does not provide the Director or his associate(s) any privilege not accorded to any other members or debenture holders or to the public;
- (iv) any contract, arrangement or proposal concerning an offer of the shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (v) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

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## NOTICE OF SPECIAL GENERAL MEETING

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- (vi) any contract, arrangement or proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director and/or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5 per cent. or more of the issued shares or voting rights of any class of shares of such company (or of any third company through which his interest or that of his associates is derived);
  - (vii) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries or its associated companies including the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the Directors, his associates and employees of the Company or any of its subsidiaries or its associated companies and does not give the Director or his associate(s) any privilege not generally accorded to the employees to whom such scheme or fund relates; and
  - (viii) any proposal or arrangement concerning the adoption, modification or operation of any share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of the employees of the Company or any of its subsidiaries or its associated companies under which the Director or his associate(s) may benefit.
- (I) A company shall be deemed to be a company in which a Director and/or his associate(s) own(s) 5 per cent. or more if and so long as (but only if and so long as) he and/or his associate(s) is/are (either directly or indirectly) the holder(s) of or beneficially interested in 5 per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest or that of any of his associates is derived) or of the voting rights available to members of such company. For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.

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## NOTICE OF SPECIAL GENERAL MEETING

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- (J) Where a company in which a Director and/or his associate(s) hold(s) 5 per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (K) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall be counted in the quorum but shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.
- (f) By deleting the following sentence from bye-law 103:—
- “The latest date for lodgment of such notices shall be not more than seven days prior to the date of general meeting appointed for such election.”
- and substituting therefor the following:
- “The period for lodgment of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.”
- (g) By deleting the word “fourteen” in line 4 of bye-law 165 and substituting therefor the word “twenty-one”.
- (h) By deleting bye-law 168 in its entirety and substituting therefor the following new bye-law:
- “168. Any member whose registered address is outside the Relevant Territory may notify the Company in writing of an address in the Relevant Territory which for the purpose of service or delivery of notice or other document

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## NOTICE OF SPECIAL GENERAL MEETING

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by post shall be deemed to be his registered address. Where the registered address of the member is outside the Relevant Territory, notice or any other document, if served or delivered through the post, shall be sent, where practicable, by prepaid airmail letter or an equivalent service that is no slower.”

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

Hong Kong, 30th April 2004

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal Place  
of Business in Hong Kong:*

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

**NOTES:**

1. A shareholder of the Company entitled to attend and vote at the Special General Meeting is entitled to appoint one or, if he is the holder of two or more shares, more than one proxy to attend and vote in his stead in accordance with the bye-laws of the Company. A proxy need not be a shareholder of the Company.
2. A proxy form for use at the Special General Meeting is enclosed herewith.
3. To be valid, the proxy form, 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 registrar 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 proxy form and such power or authority shall not be treated as valid.
4. 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.