

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in COSCO International Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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COSCO International Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 0517)

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF
AND SHAREHOLDER'S LOAN TO
SUCCESS GATE INVESTMENTS LIMITED**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



CIMB-GK Securities (HK) Limited

A letter from the Independent Board Committee is set out on page 13 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Agreement and the transactions contemplated thereunder is set out on pages 14 to 18 of this circular.

A notice convening the SGM to be held at 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong at 10:00 a.m. on 4 October 2007 is set out on pages 38 to 39 of this circular. Whether or not you are able to attend and/or vote at the SGM in person, you are requested to complete the enclosed form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

14 September 2007

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DEFINITIONS

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

“Agreement”	the conditional sale and purchase agreement dated 24 August 2007 between the Vendor and the Purchaser in respect of the Disposal;
“Announcement”	the announcement of the Company dated 24 August 2007;
“associate”	the meaning ascribed to it in the Listing Rules;
“Board” or “Directors”	the board of directors of the Company;
“Company”	COSCO International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“Completion”	completion of the sale and purchase of the Sale Shares and the Shareholder’s Loan pursuant to the terms of the Agreement;
“connected person”	the meaning ascribed to it in the Listing Rules;
“COSCO”	中國遠洋運輸(集團)總公司 (China Ocean Shipping (Group) Company [#]), a company incorporated in the PRC and the ultimate holding company of the Company;
“COSCO Yihe Garden”	“COSCO Yihe Garden”, also known as COSCO Summer Palace, a real estate development project developed by SY COSCO Yihe which is located at the south west of the junction between Cong Shan Dong Road and Liu Tiao Hu Street, Yu Hong District, Shenyang, Liao Ning Province, the PRC;
“Disposal”	the disposal of the Sale Shares and the Shareholder’s Loan by the Vendor to the Purchaser pursuant to the terms of the Agreement;
“Group”	the Company and its subsidiaries;
“GZ Construction”	廣州遠洋建設實業公司 (COSCO Guangzhou Construction Industry Company [#]), a company incorporated in the PRC and a wholly-owned subsidiary of COSCO, being interested as to 29% in SY COSCO Yihe;

DEFINITIONS

“GZ Yihe”	廣州頤和集團有限公司 (Guangzhou Yihe Group Co., Ltd.#), a company incorporated in the PRC and interested as to 20% in SY COSCO Yihe;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent board committee of the Company comprising Messrs. Kwong Che Keung, Gordon, Tsui Yiu Wa, Alec and Jiang, Simon X. to advise the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder;
“Independent Financial Adviser”	CIMB-GK Securities (HK) Limited, being a licensed corporation to carry out types 1 (Dealing in Securities), 4 (Advising on Securities) and 6 (Advising on Corporate Finance) of the regulated activities as set out in Schedule 5 to the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder;
“Independent Shareholder(s)”	Shareholders other than the Purchaser, COSCO and their respective associates;
“Latest Practicable Date”	10 September 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	30 November 2007 or such other date as the parties may agree;
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Properties”	the remaining commercial and residential units and carparking spaces in “COSCO Yihe Garden”, a real estate development project developed by SY COSCO Yihe which is located at the south west of the junction between Cong Shan Dong Road and Liu Tiao Hu Street, Yu Hong District, Shenyang, Liao Ning Province, the PRC;

DEFINITIONS

“Purchaser”	Long Sen Investments (Hong Kong) Limited, a company incorporated in Hong Kong, which and the ultimate beneficial owner(s) of which are third parties independent of the Company and its connected persons (as defined in the Listing Rules);
“Sale Shares”	two shares of HK\$1.00 each representing the entire issued share capital of Success Gate;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SG Group”	Success Gate and its subsidiary;
“SGM”	the special general meeting of the Company to be held at 47th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong at 10:00 a.m. on 4 October 2007 to approve the Agreement and the transactions contemplated thereunder;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Shares;
“Shareholder’s Loan”	all amounts, whether principal or interest, owing by Success Gate to the Vendor as at Completion;
“SORED”	遠洋地產有限公司 (Sino-Ocean Land Limited), formerly known as 中遠房地產開發有限公司 (Sino Ocean Real Estate Development Co., Ltd.), a company incorporated in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	the meaning ascribed to it in the Listing Rules;
“Success Gate”	Success Gate Investments Limited, a company incorporated in Hong Kong, which is wholly-owned by the Vendor prior to Completion;
“SY COSCO Yihe”	瀋陽中遠頤和房地產開發有限公司 (Shenyang COSCO Yihe Property Development Co., Ltd.), a company incorporated in the PRC and owned as to 51% by Success Gate;

DEFINITIONS

“Valuer”	Vigers Appraisal & Consulting Limited, a company incorporated in Hong Kong, an independent property valuer appointed by the Company which is a third party independent of the Company and its connected persons (as defined in the Listing Rules);
“Vendor”	Top Elegant Investments Limited, a company incorporated in the British Virgin Islands, being an indirect wholly-owned subsidiary of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“SGD”	Singapore dollars, the lawful currency of Singapore; and
“US\$”	United States dollars, the lawful currency of the United States of America.

Unless otherwise specified herein, for the purpose of this circular and for reference only, the following exchange rates have been used for the conversion of Renminbi into Hong Kong dollars and United States dollars into Hong Kong dollars: RMB1 = HK\$1.0333 and US\$1 = HK\$7.7983.

LETTER FROM THE BOARD



COSCO International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0517)

Executive Directors:

Mr. Wei Jiafu (*Chairman*)
Mr. Liu Guoyuan (*Vice Chairman*)
Mr. Li Jianhong
Mr. Wang Futian
Mr. Jia Lianjun
Mr. Wang Xiaoming
Mr. Liang Yanfeng (*Managing Director*)
Mr. Meng Qinghui
Mr. Chen Xuewen
Mr. Lin Libing
Mr. Wang Xiaodong
Mr. Lin Wenjin

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal

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

Independent Non-executive Directors:

Mr. Kwong Che Keung, Gordon
Mr. Tsui Yiu Wa, Alec
Mr. Jiang, Simon X.

14 September 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF AND SHAREHOLDER'S LOAN TO SUCCESS GATE INVESTMENTS LIMITED

BACKGROUND

Reference is made to the Announcement in which the Company announced that the Vendor, an indirect wholly-owned subsidiary of the Company, had entered into the Agreement with the Purchaser on 24 August 2007, pursuant to which the Vendor would sell the Sale Shares and the Shareholder's Loan to the Purchaser at a total consideration of RMB55,667,000 (equivalent to approximately HK\$57,521,000).

LETTER FROM THE BOARD

Prior to Completion, SY COSCO Yihe is an indirect non-wholly owned subsidiary of the Company and is owned as to 51% by the Company through Success Gate, 29% by COSCO through GZ Construction and 20% by GZ Yihe. As the Disposal involves the disposal of the Company's indirect interest in SY COSCO Yihe where a substantial shareholder of SY COSCO Yihe (namely, GZ Construction) is an associate of a controller of the Company (namely, COSCO), the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the aggregate consideration for the Disposal represents more than 5% but less than 25% under the applicable percentage ratios under Chapter 14 of the Listing Rules, the Disposal also constitutes a discloseable transaction of the Company. The Disposal will therefore be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The purpose of this circular is (a) to provide you with further information relating to the Disposal; (b) to set out the valuation report on the Properties; (c) to set out the recommendation from the Independent Board Committee; (d) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders; and (e) to give the Shareholders the notice of the SGM and other information required by the Listing Rules.

THE AGREEMENT

The principal terms of the Agreement are set out below:–

Date:	24 August 2007
The Vendor:	Top Elegant Investments Limited
The Purchaser:	Long Sen Investments (Hong Kong) Limited

The Company has been informed by the Purchaser that the shareholders of the Purchaser, namely, Mr. Lo Chi Cheun and Ms. Yu Lam, indirectly own 25% interest in two non wholly-owned subsidiaries of GZ Yihe and 50% interest in a company in which GZ Yihe owns the remaining 50% interest. Further, Mr. Lo Chi Cheun is a director of these three companies in which GZ Yihe has interest. However, the Purchaser is not a connected person of the Company for the purpose of the Listing Rules by virtue of the above relationship between the Purchaser and GZ Yihe and, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Sale Shares:	Two shares of HK\$1.00 each, representing the entire issued share capital of Success Gate.
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LETTER FROM THE BOARD

The Shareholder's Loan: All amounts, whether principal or interest, owing by Success Gate to the Vendor as at Completion. As at the date of the Agreement, the amount of the Shareholder's Loan is approximately HK\$39,112,000.

Consideration: The total consideration of the Sale Shares and the Shareholder's Loan is RMB55,667,000 (equivalent to approximately HK\$57,521,000), of which HK\$39,112,000 will be the consideration for the Shareholder's Loan and the remaining amount will be the consideration for the Sale Shares.

Terms of Payment:

- (a) Upon execution of the Agreement on 24 August 2007, a sum of RMB2,783,350 (equivalent to approximately HK\$2,867,000, calculated at the exchange rate as quoted by the People's Bank of China on the business day prior to the date of the Agreement) was paid in cash by the Purchaser to the Vendor as deposit (the "Deposit"); and
- (b) the balance of the consideration shall be paid in cash by the Purchaser to the Vendor at Completion.

The above consideration shall be payable by the Purchaser to the Vendor in their respective HK\$ or US\$ equivalent (calculated at the exchange rate as quoted by the People's Bank of China on the business day prior to the date of payment).

Condition Precedent: Completion of the transactions contemplated under the Agreement is conditional on the passing of an ordinary resolution by the Independent Shareholders to approve the Agreement and the transactions contemplated thereunder or, (if acceptable to the Stock Exchange) in lieu of holding such general meeting, a written shareholders' approval from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the Shares in a manner as required under the Listing Rules, on or before the Long Stop Date.

If the condition set out above shall not have been fulfilled by the Long Stop Date:–

- (i) any party thereto shall be entitled to forthwith terminate the Agreement by notice in writing to the other party whereupon the Agreement shall be null and void and of no effect save for any antecedent breach by any party; and

LETTER FROM THE BOARD

- (ii) the Deposit paid by the Purchaser shall be refunded by the Vendor to the Purchaser within 10 business days from the issue of termination notice.

Completion Date:

Completion shall take place on or before the 30th business day after fulfillment of the condition or such later date as the parties may agree in writing.

If the Purchaser fails to pay the balance of the consideration to the Vendor after the 30th business day after the fulfillment of the condition (the “**Target Completion Date**”), compound interest which shall accrue on a daily basis at a rate of 1% per month shall be charged on the outstanding balance of the consideration, and if the Purchaser is still unable to settle the balance of the consideration, together with the interest accrued thereon, within 15 days after the Target Completion Date, the Vendor shall have the right to terminate the Agreement by notice in writing to the Purchaser and forfeit the Deposit.

Upon Completion, the Group will cease to hold any shares in Success Gate and accordingly each of Success Gate and SY COSCO Yihe will cease to be a subsidiary of the Company.

The consideration for the Sale Shares and the Shareholder’s Loan was arrived at after arm’s length negotiations between the parties and was determined with reference to:–

- (a) the sum of the net asset value of the SG Group and the amount owing by Success Gate to the Vendor as shown in the unaudited consolidated accounts of the SG Group as at 30 June 2007 prepared in accordance to the accounting principles and practices generally accepted in Hong Kong; and
- (b) the net valuation surplus of approximately HK\$7,090,000 attributable to the 51% interest held by the SG Group (the “**Net Valuation Surplus**”) after deducting selling expenses and taxation (which has not been reflected in the unaudited consolidated accounts of the SG Group as at 30 June 2007) arising from the closing stocks of the SG Group is based on the book value of the Properties of approximately HK\$195,503,000 as recorded by the SG Group in its unaudited consolidated accounts as at 30 June 2007 and the market value of the Properties of RMB211,970,000 (equivalent to HK\$217,905,000) as at 30 June 2007 as provided by the Valuer, whose valuation report is included in Appendix I to this circular. The book value of the Properties of HK\$195,503,000 was arrived at after taking into account the provision for impairment made on the value of certain unsold stocks as at 30 June 2007.

LETTER FROM THE BOARD

The consideration for the Sale Shares and the Shareholder's Loan represents a premium of approximately HK\$4,015,000 over the sum of the unaudited consolidated net assets value of the SG Group as at 30 June 2007 of approximately HK\$14,394,000 and the amount owing by Success Gate to the Vendor at the date of the Agreement of approximately HK\$39,112,000. The consideration represents a discount of approximately 5.1% to the adjusted net asset value of the SG Group which represents the sum of the unaudited consolidated net assets value of the SG Group as at 30 June 2007 of approximately HK\$14,394,000 and the amount owing by Success Gate to the Vendor of approximately HK\$39,112,000 as at the date of the Agreement as adjusted for the Net Valuation Surplus of approximately HK\$7,090,000.

INFORMATION OF THE SG GROUP

Success Gate is an investment holding company holding 51% interest in SY COSCO Yihe. SY COSCO Yihe is the developer of the real estate development project "COSCO Yihe Garden" and the owner of the Properties. The principal assets of the SG Group are its interests in the Properties.

The Properties comprise the remaining commercial and residential units and carparking spaces in "COSCO Yihe Garden" which is located at the south west of the junction between Cong Shan Dong Road and Liu Tiao Hu Street, Yu Hong District, Shenyang, Liao Ning Province, the PRC. Presale of the units in "COSCO Yihe Garden" commenced in the second quarter of 2004. As at 30 June 2007, there were remaining approximately 35 units of shop, 82 units of storage, 393 residential units and 230 carparking spaces (of which 5 units of shop, 3 units of storage, 269 residential units and 36 carparking spaces are subject to various sale and purchase agreements with purchasers). Subsequent to 30 June 2007, completion of the sale of certain of these units has taken place pursuant to the relevant sale and purchase agreements and further sale and purchase agreements have been entered into in respect of part of the remaining units. The remaining units which are not subject to any sale and purchase agreement are currently offered for sale or lease.

The following is the financial highlights of the SG Group:-

	For the six months ended 30 June 2007 (HK\$'000)	For the year ended 31 December 2006 (HK\$'000)	For the year ended 31 December 2005 (HK\$'000)
Total assets value	270,491	321,250	221,000
Net assets	14,394	14,729	2,622
Profit before taxation	263	27,251	3,111
(Loss)/profit after taxation	(2,226)	9,298	471

Note: The financial figures for the six months ended 30 June 2007 and each of the two financial years ended 31 December 2006 were based on the unaudited consolidated accounts of the SG Group which were prepared in accordance with accounting principles and practices generally accepted in Hong Kong.

LETTER FROM THE BOARD

INFORMATION OF THE GROUP AND THE PURCHASER

The Group is principally engaged in ship trading and supplying services and its other business operation includes property investment and development.

The Purchaser is an investment holding company for holding its interest in Success Gate upon Completion.

REASONS AND BENEFITS FOR THE DISPOSAL

In line with the Company's strategy, the Group intends to focus on its core business of ship trading and supplying services. In addition, along with the further acquisition of shares of SORED which was completed in December 2006 (the acquisition of which is disclosed in the Company's announcement and circular dated 22 August 2006 and 3 October 2006 respectively), the Company intends that it will carry on its property development business in the PRC through its investment interest in SORED (which is now owned as to 30.8% by the Group). The Directors consider that the Disposal is a good opportunity for the Group to realise its investment in SY COSCO Yihe.

The Directors are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable to the Company and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

The Company estimates that the expected gain of the Disposal to the Group is approximately HK\$2,008,000 based on the net assets of the SG Group of approximately HK\$14,394,000 as at 30 June 2007, Net Valuation Surplus (as referred to in the section headed "The Agreement" above), realisation of exchange reserves upon the Disposal, estimated transaction costs and the amount owing by Success Gate to the Vendor of approximately HK\$39,112,000 as at the date of the Agreement. Based on the financial position of SG Group as at 30 June 2007 and the net proceeds from the Disposal, the consolidated assets and liabilities of the Group will decrease by HK\$212,470,000 and by HK\$207,097,000 respectively upon Completion. The Disposal would not have material effect on the consolidated net assets value of the Group upon Completion. Based on the unaudited profit after taxation of the SG Group for the two years ended 31 December 2006 of HK\$471,000 and HK\$9,298,000 which respectively accounted for approximately 0.1% and 1.5% of the Group's profit attributable to shareholders, the Disposal would not have material effect on the earnings of the Group.

The Company intends to use the net proceeds (after deducting relevant expenses in connection with the Disposal) for general working capital purpose and to fund any potential business opportunities available to the Group in future. Pending the use for these purposes, the Directors intend to place the net proceeds of the Disposal on bank deposit.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

Prior to Completion, SY COSCO Yihe is an indirect non wholly-owned subsidiary of the Company and is owned as to 51% by the Company through Success Gate, 29% by COSCO through GZ Construction and 20% by GZ Yihe. As the Disposal involves the disposal of the Company's indirect interest in SY COSCO Yihe where a substantial shareholder of SY COSCO Yihe (namely, GZ Construction) is an associate of a controller of the Company (namely, COSCO), the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the aggregate consideration involved for the Disposal represents more than 5% but less than 25% under the applicable percentage ratios under Chapter 14 of the Listing Rules, the Disposal also constitutes a discloseable transaction of the Company. The Disposal will therefore be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

SGM

There is set out on pages 38 to 39 of this circular a notice convening the SGM to be held at 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong at 10:00 a.m. on 4 October 2007 at which an ordinary resolution will be proposed for the approval by the Independent Shareholders by poll of the Agreement and the transactions contemplated thereunder.

At the SGM, COSCO and its associates, which control or are entitled to control over the voting rights in respect of an aggregate of 829,360,511 Shares (representing approximately 56.43% of the issued share capital of the Company) as at the Latest Practicable Date, will abstain from voting in respect of the resolution to approve the Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, neither the Purchaser nor any of its associates had any interest in the Shares.

Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the SGM or any adjournment should you so wish.

In compliance with the Listing Rules, the votes to be taken at the SGM in respect of the Agreement and the transactions contemplated thereunder will be taken by poll, the results of which will be announced after the SGM.

LETTER FROM THE BOARD

PROCEDURES TO DEMAND A POLL BY SHAREHOLDERS

Under the bye-laws of the Company, a poll can be demanded at the SGM by:-

- (a) the chairman of the SGM; or
- (b) at least three members present in person (or in the case of a member being a corporation, by its duly authorised corporate representative) or by proxy for the time being entitled to vote at the SGM; or
- (c) any member or members present in person (or in the case of a member being a corporation, by its duly authorised corporate representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the SGM; or
- (d) any member or members present in person (or in the case of a member being a corporation, by its duly authorised corporate representative) or by proxy and holding shares in the Company conferring a right to vote at the SGM 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 shares conferring that right.

The Company will procure the chairman of the SGM to demand for voting by poll and Tricor Abacus Limited, the branch share registrar of the Company in Hong Kong, will serve as the scrutineer for the vote-taking.

RECOMMENDATION

The Directors (including members of the Independent Board Committee having taken into account the advice of the Independent Financial Adviser) consider that the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. The Directors therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed in the SGM to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and from the Independent Financial Adviser which are respectively set out on page 13 and 14 to 18 of this circular. Additional information is also set out in the Appendices of this circular for your information.

By Order of the Board
COSCO International Holdings Limited
Liang Yanfeng
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



COSCO International Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 0517)

14 September 2007

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF
AND SHAREHOLDER'S LOAN TO
SUCCESS GATE INVESTMENTS LIMITED**

We refer to the circular dated 14 September 2007 issued by the Company (the "Circular") of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the same. The Independent Financial Adviser, CIMB-GK Securities (HK) Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

RECOMMENDATION

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 12 of the Circular, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder as set out on pages 14 to 18 of the Circular.

After taking into consideration the advice from the Independent Financial Adviser, we concur with the views of the Independent Financial Adviser and consider that the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed in the SGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
Kwong Che Keung, Gordon
Tsui Yiu Wa, Alec
Jiang, Simon X.
Independent Board Committee



CIMB

CIMB-GK Securities (HK) Limited

25/F., Central Tower
28 Queen's Road Central
Hong Kong

14 September 2007

*To the Independent Board Committee and the Independent Shareholders of
COSCO International Holdings Limited*

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF
AND SHAREHOLDER'S LOAN TO
SUCCESS GATE INVESTMENTS LIMITED**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board as contained in the circular of the Company to the Shareholders dated 14 September 2007 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

An independent board committee comprising Messrs. Kwong Che Keung, Gordon, Tsui Yiu Wa, Alec and Jiang, Simon X. being the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder. Any vote of the Independent Shareholders at the SGM shall be taken by poll. The Purchaser, COSCO and their respective associates will abstain from voting on the resolution to approve the Agreement and the transactions contemplated thereunder.

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 consider that we have reviewed sufficient information and documents to satisfy ourselves that we have a reasonable basis to assess the fairness and reasonableness of the terms of the Agreement in order 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 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 its respective subsidiaries or associates.

PRINCIPAL FACTORS CONSIDERED

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

Background and reasons

The Group is principally engaged in ship trading and supplying services and its other business operation includes property investment and development. On 24 August 2007, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser pursuant to which the Vendor agreed to sell the Sale Shares and the Shareholder's Loan to the Purchaser for a total consideration of RMB55,667,000 (equivalent to approximately HK\$57,521,000) (the "Consideration").

Success Gate is an investment holding company holding 51% interest in SY COSCO Yihe. SY COSCO Yihe is the developer of the real estate development project "COSCO Yihe Garden" and the owner of the Properties. The principal assets of the SG Group are its interests in the Properties.

The financial highlights of the SG Group are as follows:-

	For the six months ended 30 June 2007 (HK\$'000)	For the year ended 31 December 2006 (HK\$'000)	For the year ended 31 December 2005 (HK\$'000)
Total asset value	270,491	321,250	221,000
Net assets	14,394	14,729	2,622
Profit before taxation	263	27,251	3,111
(Loss)/profit after taxation	(2,226)	9,298	471

Note: The financial figures for the six months ended 30 June 2007 and each of the two financial years ended 31 December 2006 were based on the unaudited consolidated accounts of the SG Group which were prepared in accordance with accounting principles and practices generally accepted in Hong Kong.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As advised by the Company, the Properties comprise the remaining commercial and residential units and carparking spaces in “COSCO Yihe Garden” which are located at the south west of the junction between Cong Shan Dong Road and Liu Tiao Hu Street, Yu Hong District, Shenyang, Liao Ning Province, the PRC. Presale of the units in “COSCO Yihe Garden” commenced in the second quarter of 2004. As at 30 June 2007, 35 units of shop, 82 units of storage, 393 residential units and 230 carparking spaces were pre-sold but undelivered or unsold (the “Remaining Units”). Of these Remaining Units, 5 units of shop, 3 units of storage, 269 residential units and 36 carparking spaces are subject to various sale and purchase agreements with purchasers (the “Pre-sold Units”) with the rest unsold (the “Unsold Units”). As advised by the Company, the loss for the six months ended 30 June 2007 was primarily due to a one-off provision on the value of the Unsold Units made in accordance with accounting principles and practices generally accepted in Hong Kong, based on an independent valuation prepared by the Valuer on the Unsold Units held by Success Gate as at 30 June 2007. As advised by the Company, in accordance with accounting principles and practices generally accepted in Hong Kong, the contracted sales amount of the Pre-sold Units will only be recognised as turnover in the accounts of the SG Group once the units are delivered to end buyers of the Pre-sold Units. Save for the “COSCO Yihe Garden” project, SY COSCO Yihe is not engaged in any other real estate development project.

As stated in the Company’s 2006 annual report, it is the Company’s strategy to focus on its core business of ship trading and supplying services. In addition, along with the further acquisition of shares of SORED which was completed in December 2006 (the acquisition of which is disclosed in the Company’s announcement and circular dated 22 August 2006 and 3 October 2006 respectively), the Company intends that it will carry on its property development business in the PRC through its investment interest in SORED (which is now owned as to 30.8% by the Group). The Directors consider that the Disposal is a good opportunity for the Group to realise its investment in SY COSCO Yihe.

The Company estimates that the expected gain of the Disposal to the Group is approximately HK\$2,008,000, which represents the difference between the Consideration and the sum of the amount owing by Success Gate to the Vendor of approximately HK\$39,112,000 as at the date of the Agreement and the net assets of the SG Group as at 30 June 2007 adjusted by i) the net valuation surplus (as detailed in section headed “The Consideration” of this letter); ii) realisation of exchange reserves upon the Disposal; and iii) the estimated transaction costs for the Disposal.

The Company intends to use the net proceeds (after deducting relevant expenses in connection with the Disposal) for general working capital purpose and to fund any potential business opportunities available to the Group in future.

Views

In view of the foregoing, we consider that the Agreement and the transactions contemplated thereunder which will enable the Company to have additional resources for the Group’s core ship trading and supplying services businesses, is in line with the stated business objective of the Company and therefore, is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Consideration

The Consideration was determined after arm's length negotiations between the parties. We note that the adjusted net asset value of the SG Group amounted to approximately HK\$60,596,000 ("Adjusted NAV"), which represents the sum of the consolidated net assets value of the SG Group as at 30 June 2007 of approximately HK\$14,394,000 and the amount owing by Success Gate to the Vendor of approximately HK\$39,112,000 at the date of the Agreement, as adjusted for the net valuation surplus (after selling expenses and taxation) on the Pre-sold Units attributable to the 51% interest held by the SG Group valued by the Valuer as at 30 June 2007 of approximately HK\$7,090,000. The Consideration of HK\$57,521,000 represents a discount of approximately 5.1% to the Adjusted NAV.

As noted in the valuation report as set out in Appendix I of this Circular, the valuation on the Unsold Units was prepared by the Valuer based on direct comparison approach assuming sale of the property interest in its existing state via making reference to sales or asking comparables available in the relevant market. We note that the accounts of the SG Group as at 30 June 2007 has already taken into account the valuation adjustments on the Unsold Units. The valuation on the Pre-sold Units was prepared by the Valuer based on the actual selling price of those units. We have been advised by the Valuer that given the particulars of the Properties, the above valuation methodologies are commonly used in arriving at the valuation.

The SG Group is not engaged in any other real estate development project. As the principal assets of the SG Group are the Remaining Units and the accounts of the SG Group as at 30 June 2007 has not taken into account of the actual selling price of the Pre-Sold Units, we consider it fair and reasonable to make reference to the Adjusted NAV of the SG Group as at 30 June 2007 in determining the Consideration. We note that the SG Group incurred a loss of approximately HK\$2,200,000 for the six months ended 30 June 2007, mainly attributable to the provision for the Unsold Units. As advised by the Company, the Unsold Units were comparatively less attractive to the market and have been slow moving stocks in the past selling period and it would take a long period of time to realise the Unsold Units. Although the Consideration represents a 5.1% discount to the Adjusted NAV, the Company considered the Disposal can provide timely opportunity for the Group to realise its investment in the SG Group.

Having taken into account the above, we consider that the Consideration is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

POSSIBLE FINANCIAL EFFECT

Net asset value and earnings

Upon Completion, the Group will cease to hold any shares in Success Gate and accordingly each of Success Gate and SY COSCO Yihe will cease to be a subsidiary of the Company. As stated in the previous section of this letter, the Company estimates that the expected gain of the Disposal to the Group is approximately HK\$2,008,000, which represents the difference between the Consideration and the sum of the amount owing by Success Gate to the Vendor of approximately HK\$39,112,000 as at the date of the Agreement and the net assets of the SG Group as at 30 June 2007 adjusted by i) the net valuation surplus (as detailed in section headed "The Consideration" of this letter); ii) realisation of exchange reserves upon the Disposal; and iii) the estimated transaction costs for the Disposal.

Working capital

Given, the Company intends to use the net proceeds (after deducting relevant expenses in connection with the Disposal) for general working capital purpose and to fund any potential business opportunities available to the Group in future, the Agreement and the transactions contemplated thereunder will enhance the working capital position of the Group.

RECOMMENDATION

Having considered the principal factors and reasons referred to the above, we consider that the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and the terms thereof are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

CIMB-GK Securities (HK) Limited

Alex Lau

Flavia Hung

Executive Vice President

Senior Vice President

Valuation certificate, prepared for the purpose of incorporation in this circular, received from Vigers Appraisal & Consulting Limited, an independent valuer, in connection with its valuation as at 30 June 2007.

Vigers Appraisal & Consulting Limited

International Assets Appraisal Consultants

10th Floor
The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong



14 September 2007

The Directors

COSCO International Holdings Limited

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

Dear Sirs,

In accordance with the instructions from COSCO International Holdings Limited for us to value the property interest held by Sheyang COSCO Yihe Property Development Co., Ltd. (瀋陽中遠頤和房地產開發有限公司) ("the Company") in the People's Republic of China ("the PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interest as at 30 June 2007 ("Date of Valuation") for the purpose of incorporation in the circular.

Our valuation is our opinion of the market value of the property interest which we would define as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The property interest is held for sale by the owner with a portion of it already subject to various sale and purchase agreements entered into with different individual purchasers. We have valued the property interest by the direct comparison approach assuming sale of it in the existing state with the benefit of vacant possession via making reference to sales or asking comparables as available in the relevant market for the portion not sold and taken the contracted consideration into account for the portion subject to the sale and purchase agreements.

Our valuation has been made on the assumption that the owners sell the property interest on the market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to increase the value of it. In addition, no forced sale situation in any manner is assumed in our valuation.

We have not caused title searches to be made for the property interest at the relevant government bureau in the PRC. We have been provided with certain extracts of title documents relating to the property interest. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interest, we have relied on the legal opinion (“the PRC Legal Opinion”) provided by the Group’s PRC legal adviser, Grandall Legal Group (Shenzhen).

We have relied to a considerable extent on information provided by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, occupation, lettings, site and floor areas, development plan, construction costs, identification of the property and other relevant matters. We have also been advised by the Company that no material facts had been concealed or omitted in the information provided to us. All documents have been used for reference only.

All dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Company and are approximations only. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, no structural survey has been made and we are therefore unable to report whether the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out investigations on site to determine the suitability of ground conditions and services etc. for any future development, nor have we undertaken any ecological or environmental surveys. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 and Practice Notes 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Renminbi. The exchange rates used in valuing the property interest in the PRC as at 30 June 2007 was RMB1=HK\$1.028. There has been no significant fluctuation in the exchange rates between the above currencies between that date and the date of this letter.

We enclosed herewith a summary of our valuation and the valuation certificate.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor (GP)
MRICS MHKIS MSc(e-com)
Executive Director

Note: Raymond K. K. Ho, Chartered Surveyor, MRICS, MHKIS, MSc(e-com) has over twenty years' experience in undertaking valuations of properties in Hong Kong and has over twelve years' experience in valuations of properties in the PRC. Mr. Ho has been working with Vigers Group since 1989.

VALUATION CERTIFICATE

Property interest held by Shenyang COSCO Yihe Property Development Co. Ltd. in the PRC

Property	Description and Tenure	Particulars of occupancy	Capital value as at 30 June 2007
A portion of COSCO Summer Palace (中遠•頤和麗園), Liutiaohu Street, Yuhong District, Shenyang City, the PRC	COSCO Summer Palace is a residential development comprising 14 residential blocks, a shopping corridor, underground carpark and a residential club house having a total gross floor area of approximately 208,876 built on a site of approximately 72,636 sq.m. The development was built in two phases and respectively completed in 2005 and 2006 (see note 4 below).	The property is held by the owner for sale.	RMB211,970,000 (equivalent to approximately HK\$217,905,000 (51% interest attributable to the Group: RMB108,105,000 or equivalent to approximately HK\$111,132,000

The subject property comprises a portion of the development. The details are as follows:

Type	No. of Unit	Gross Floor Area (in sq.m.)
Residential	393	38,318
Shops	35	16,229
Storage	82	700
		<u>55,247</u>

It also includes 230 car parking spaces and a residents' club. The club is not available for sale and has a gross floor area of approximately 3,950 sq.m.

The property is held with the land use rights expiring on 10 March 2075 or 28 October 2073 for residential uses and 10 March 2045 and 28 October 2043 for commercial uses.

Notes:

1. According to the State-owned Land Use Rights Certificates Sheng Yang Guo Yong (2003) No. 0460, the land use rights of the property having a site area of approximately 36,660.1 sq.m. have been granted to Sheyang COSCO Yihe Property Development Co. Ltd for residential complex development uses for a term of 70 years expiring on 28 October 2073 for residential use and 40 years expiring on 28 October 2043 for commercial use.
2. According to the State-owned Land Use Rights Certificates Sheng Yang Guo Yong (2005) No. 0171, the land use rights of the property having a site area of approximately 35,975.4 sq.m. have been granted to Sheyang COSCO Yihe Property Development Co. Ltd for residential complex development uses for a term of 70 years expiring on 10 March 2075 for residential use and 40 years expiring on 10 March 2045 for commercial use.
3. According to the Company, an aggregated total gross floor area of approximately 26,363 sq.m. and 36 car parking spaces of the subject property are subject to various sale and purchase agreements entered into with different individual purchasers. The total consideration is RMB115,971,557. In the course of our valuation, we have taken such agreed consideration into account. As at the date of valuation, the remaining unsold portion of the property was as follows:

Type	No. of Unit	Gross Floor Area (in sq.m.)
Residential	124	13,264
Shop	30	14,937
Storage	79	683
		<hr style="border-top: 1px solid black;"/>
		28,884
		<hr style="border-top: 3px double black;"/>

In addition, there are 194 car parking spaces and a residents' club.

The value of the unsold portion as at the date of valuation is RMB96,000,000.

4. According to the Company, the whole development was completed in 2006. Memorandum Notes on Building and Construction Works Completion for a gross floor area of 77,807 sq.m. has been issued. The process for the application of the memorandums for the remaining portion is in progress and the estimated date for the issuance of the certificate is in late 2007.
5. As at the date of valuation, the clubhouse is subject to a lease for a term of 8 years from 1 March 2006 at a rent equivalent to 5%, 8% and 11% of the gross revenue respectively for the first to third years and a not less than RMB300,000 yearly rental starting from the third year. All are exclusive of service charges. A shop unit (Shop 3 in the north portion) having an area of approximately 468 sq.m. is subject to a lease for a term of 2 years from 1 April 2007 at a monthly rent of RMB11,706.5, exclusive of management fee and service charges.
6. The PRC legal opinion states, inter alia, the following:
 - i. Sheyang COSCO Yihe Property Development Co. Ltd was established on 16 July 2003 for an operating period of 20 years. It has obtained Business Licence No. Qi He Liao Shen Zong Zi 111400046. The company is legally established and operated. The shareholders comprises 廣州遠洋建設實業公司(29%), 廣州頤和集團有限公司(20%) and 弘諾投資有限公司(51%). According to the joint venture agreement, the shareholders are entitled to share the profit earned by the company in accordance with their holding ratio of equity share.
 - ii. The state-owned land use rights contracts and state-owned land use rights certificates and other relevant rights certificates and entity approvals obtained in accordance with the development progress for the development project are legal and effective. Save for the sold portion, there is no encumbrance including mortgage found against the property.

7. According to the PRC legal opinion and the information provided by the Company, the status of title and grant of major approvals and licences for the property are as follows:

Land Use Rights Certificates	Yes
Land Use Rights Grant Contracts	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Works	Yes
Pre-sale Permit of Commodity Flats	Yes
Memorandum Notes on Building and Construction Works Completion	Yes (Portion)

8. According to the Company, Sheyang COSCO Yihe Property Development Co. Ltd is a 51%-owned subsidiary of COSCO International Holdings Limited.

1. RESPONSIBILITY

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 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 contained herein misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 he was taken or deemed to have under such provisions of the SFO) or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the “**Model Code**”) to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in shares of the Company

Name of Director	Nature of interest and capacity	Total number of shares held as at the Latest Practicable Date	Approximate percentage of issued share capital of the Company as at the Latest Practicable Date
Mr. Lin Libing	Beneficial owner	2,000,000	0.136%
Mr. Wang Xiaodong	Beneficial owner	900,000	0.061%
Mr. Lin Wenjin	Beneficial owner	800,000	0.054%

(ii) Directors' interest in share options granted by the Company

Name of Director	Exercise price (HK\$)	Number of share options as at 1 January 2007	Number of share options as at the Latest Practicable Date	Approximate percentage of issued share capital of the Company as at the Latest Practicable Date	Notes
Mr. Wei Jiafu	0.57	1,800,000	1,800,000	0.122%	(1), (4), (5)
	1.37	1,200,000	1,200,000	0.082%	(2), (4), (5)
Mr. Liu Guoyuan	0.57	1,800,000	–	–	(1), (4), (5)
	1.37	1,200,000	1,200,000	0.082%	(2), (4), (5)
	3.666	–	1,100,000	0.075%	(3), (4), (5)
Mr. Li Jianhong	0.57	1,800,000	1,800,000	0.122%	(1), (4), (5)
	1.37	1,200,000	1,200,000	0.082%	(2), (4), (5)
Mr. Wang Futian	3.666	–	800,000	0.054%	(3), (4), (5)
Mr. Jia Lianjun	3.666	–	800,000	0.054%	(3), (4), (5)
Mr. Wang Xiaoming	3.666	–	800,000	0.054%	(3), (4), (5)
Mr. Liang Yanfeng	0.57	1,200,000	1,200,000	0.082%	(1), (4), (5)
	3.666	–	1,100,000	0.075%	(3), (4), (5)
Mr. Meng Qinghui	0.57	1,200,000	1,050,000	0.071%	(1), (4), (5)
	1.37	800,000	800,000	0.054%	(2), (4), (5)
	3.666	–	800,000	0.054%	(3), (4), (5)
Mr. Chen Xuewen	3.666	–	800,000	0.054%	(3), (4), (5)
Mr. Lin Libing	0.57	1,200,000	–	–	(1), (4), (5)
	1.37	800,000	–	–	(2), (4), (5)
	3.666	–	800,000	0.054%	(3), (4), (5)
Mr. Wang Xiaodong	0.57	900,000	–	–	(1), (4), (5)
	1.37	800,000	800,000	0.054%	(2), (4), (5)
	3.666	–	800,000	0.054%	(3), (4), (5)
Mr. Lin Wenjin	0.57	800,000	–	–	(1), (4), (5)
	1.37	500,000	500,000	0.034%	(2), (4), (5)
	3.666	–	800,000	0.054%	(3), (4), (5)

Notes:

- (1) Pursuant to the share option scheme of the Company adopted on 17 May 2002 with amendments approved by the Shareholders at the special general meeting held on 5 May 2005 (the “Share Option Scheme”), these share options were granted on 26 November 2003 and are exercisable at HK\$0.57 per Share at any time between 23 December 2003 and 22 December 2008.
- (2) These share options were granted on 2 December 2004 pursuant to the Share Option Scheme and are exercisable at HK\$1.37 per Share at any time between 29 December 2004 and 28 December 2014.
- (3) These share options were granted on 9 March 2007 pursuant to the Share Option Scheme and are exercisable at HK\$3.666 per Share from 9 March 2009 to 8 March 2015 in the stipulated proportion as follows: (i) no share options shall be exercisable by the grantees within the first two years from 9 March 2007; (ii) up to a maximum of 30% of the share options can be exercised by the grantees from 9 March 2009 onwards; (iii) up to a maximum of 70% of the share options can be exercised by the grantees from 9 March 2010 onwards and (iv) all share options can be exercised by the grantees from 9 March 2011 onwards.
- (4) These share options represent personal interest held by the relevant participant as beneficial owner.
- (5) From 1 January 2007 to the Latest Practicable Date, none of the share options of the above Directors were cancelled or lapsed.

(iii) Long positions in shares of associated corporations

Name of Director	Name of associated corporation	Nature of interest and capacity	Total number of shares held as at the Latest Practicable Date	Approximate percentage of issued share capital of the associated corporation as at the Latest Practicable Date
Mr. Wei Jiafu	COSCO Corporation (Singapore) Limited (“COSCO SGP”)	Beneficial owner	1,900,000	0.085%
Mr. Li Jianhong	COSCO SGP	Beneficial owner	1,300,000	0.058%
Mr. Wang Futian	China COSCO Holdings Company Limited (“China COSCO”)	Beneficial owner	80,000	0.003%
Mr. Wang Xiaoming	China COSCO	Beneficial owner	10,000	0.0004%
Mr. Liang Yanfeng	China COSCO	Beneficial owner	69,000	0.003%
Mr. Kwong Che Keung, Gordon	COSCO Pacific Limited (“COSCO Pacific”)	Beneficial owner	250,000	0.011%

(iv) Directors' interest in share options granted by associated corporations

Name of Director	Name of associated corporation	Exercise price	Number of share options as at 1 January 2007	Number of share options as at the Latest Practicable Date	Approximate percentage of issued share capital of the associated corporation as at the Latest Practicable Date	Exercise period	Notes
Mr. Wei Jiafu	COSCO Pacific	HK\$9.54	400,000	–	–	30.10.2003–29.10.2013	(1),(4),(5)
	COSCO Pacific	HK\$13.75	1,000,000	1,000,000	0.045%	03.12.2004–02.12.2014	(2),(4),(5)
	COSCO SGP	SGD1.23	1,100,000	1,100,000	0.049%	21.02.2007–20.02.2011	(3),(4),(5)
Mr. Li Jianhong	COSCO Pacific	HK\$9.54	300,000	–	–	29.10.2003–28.10.2013	(1),(4),(5)
	COSCO Pacific	HK\$13.75	1,000,000	1,000,000	0.045%	02.12.2004–01.12.2014	(2),(4),(5)
	COSCO SGP	SGD1.23	700,000	700,000	0.031%	21.02.2007–20.02.2011	(3),(4),(5)
Mr. Meng Qinghui	COSCO Pacific	HK\$13.75	700,000	500,000	0.031%	29.11.2004–28.11.2014	(2),(4),(5)
Mr. Lin Wenjin	COSCO Pacific	HK\$13.75	100,000	–	–	01.12.2004–30.11.2014	(2),(4),(5)

Notes:

- (1) Pursuant to the share option scheme of COSCO Pacific (“**Share Option Scheme of COSCO Pacific**”), an associated corporation of the Company, adopted on 23 May 2003, these share options were granted during the period from 28 October 2003 to 6 November 2003 and are exercisable at HK\$9.54 per share at any time within ten years from their respective date on which an offer is accepted or deemed to be accepted.
 - (2) These share options were granted pursuant to the Share Option Scheme of COSCO Pacific, during the period from 25 November 2004 to 16 December 2004 and are exercisable at HK\$13.75 per share at any time within ten years from their respective date on which an offer is accepted or deemed to be accepted.
 - (3) These share options were granted by COSCO SGP on 21 February 2006.
 - (4) These share options represent personal interest held by the relevant participant as beneficial owner.
 - (5) From 1 January 2007 to the Latest Practicable Date, none of the share options of the above Directors were cancelled or lapsed.
- (v) **Directors’ interest in share appreciation rights granted by associated corporation**

Name of Director	Name of associated corporation	Exercise Price (HK\$)	Number of units as at 1 January 2007	Number of units as at the Latest Practicable Date	Percentage of total issued share capital of H share as at the Latest Practicable Date	Notes
Mr. Wei Jiafu	China	3.195	900,000	900,000	0.035%	(1), (4), (5)
	COSCO	3.588	900,000	900,000	0.035%	(2), (4), (5)
		9.540	-	880,000	0.034%	(3), (4), (5)
Mr. Liu Guoyuan	China	3.195	600,000	-	-	(1), (4), (5)
	COSCO					
Mr. Wang Futian	China	3.195	600,000	300,000	0.012%	(1), (4), (5)
	COSCO	3.588	600,000	600,000	0.023%	(2), (4), (5)
Mr. Li Jianhong	China	3.195	600,000	600,000	0.023%	(1), (4), (5)
	COSCO	3.588	600,000	600,000	0.023%	(2), (4), (5)
		9.540	-	580,000	0.022%	(3), (4), (5)
Mr. Jia Lianjun	China	3.195	75,000	75,000	0.003%	(1), (4), (5)
	COSCO	3.588	65,000	65,000	0.003%	(2), (4), (5)
		9.540	-	60,000	0.002%	(3), (4), (5)

Notes:

- (1) These share appreciation rights were granted by China COSCO (“**Share Appreciation Rights**”) in units with each unit representing one H share of China COSCO on 16 December 2005 pursuant to the share appreciation rights plan adopted by China COSCO (the “**Plan**”). Under the Plan, no shares will be issued. The Share Appreciation Rights can be exercised at HK\$3.195 per unit at any time between 16 December 2007 and 15 December 2015.
- (2) These Share Appreciation Rights were granted in units with each unit representing one H share of China COSCO on 5 October 2006 pursuant to the Plan. Under the Plan, no shares will be issued. The Share Appreciation Rights can be exercised at HK\$3.588 per unit according to its terms between 5 October 2008 and 4 October 2016.
- (3) These Share Appreciation Rights were granted in units with each unit representing one H share of China COSCO on 4 June 2007 pursuant to the Plan. Under the Plan, no shares will be issued. The Share Appreciation Rights can be exercised at HK\$9.540 per unit according to its terms between 4 June 2009 and 3 June 2017.
- (4) These Share Appreciation Rights represent personal interest held by the relevant participant as beneficial owner.
- (5) From 1 January 2007 to the Latest Practicable Date, none of the Share Appreciation Rights of the above Directors were cancelled or lapsed.

Save as disclosed herein, as at the Latest Practicable Date:

- (i) none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 he was taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange;
- (ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group taken as a whole; and
- (iii) none of the Directors had any direct or indirect interest in any assets acquired or disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, the Company or any of its subsidiaries since 31 December 2006, the date up to which the latest published audited accounts of the Group were made.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, 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:

(i) Long positions in shares of the Company

Name	Capacity	Number of shares	Percentage of issued share capital of the Company as at the Latest Practicable Date
COSCO	Controlled corporation (Note)	829,360,511	56.43%
COSCO (Hong Kong) Group Limited	Controlled corporation (Note)	829,360,511	56.43%
True Smart International Limited ("True Smart")	Beneficial owner (Note)	829,360,511	56.43%

Note: Since True Smart is a wholly-owned subsidiary of COSCO (Hong Kong) Group Limited which is in turn a wholly-owned subsidiary of COSCO, the interests of True Smart are deemed to be the interests of COSCO (Hong Kong) Group Limited and in turn the interests of COSCO (Hong Kong) Group Limited are deemed to be the interests of COSCO under the SFO. Mr. Wei Jiafu, Mr. Liu Guoyuan, Mr. Jia Lianjun and Mr. Wang Xiaoming, Directors of the Company, are also directors of COSCO (Hong Kong) Group Limited.

(ii) Long positions in shares of the subsidiaries of the Company

Name of subsidiary of the Company	Name of substantial shareholder	Interest in share capital/equity interest	Percentage of issued share capital of the subsidiary of the Company as at the Latest Practicable Date
Cash Rich Enterprises Limited	Dragon Eagle Investments Limited	1,415 ordinary shares	14.15%
COSCO International Ship Trading Company Limited	中遠國際貿易公司 (COSCO International Trading Company ^a)	200,000 ordinary shares	40.00%
New Central International Enterprises Co., Limited	COSCO (H.K.) Industry & Trade Holdings Limited	100,000 ordinary shares	10.00%
Shanghai COSCO Honour Property Development Ltd.	<i>Note</i>	registered capital of RMB32,533,190 (equivalent to approximately HK\$33,616,545)	14.00%
SY COSCO Yihe	GZ Construction	registered capital of RMB29,000,000 (equivalent to approximately HK\$29,965,700)	29.00%
SY COSCO Yihe	GZ Yihe	registered capital of RMB20,000,000 (equivalent to approximately HK\$20,666,000)	20.00%
Shanghai COSCO Kansai Paint & Chemicals Co., Ltd.	Kansai Paint Co., Ltd.	registered capital of US\$2,470,300 (equivalent to approximately HK\$19,264,140)	35.29%

Name of subsidiary of the Company	Name of substantial shareholder	Interest in share capital/equity interest	Percentage of issued share capital of the subsidiary of the Company as at the Latest Practicable Date
Tianjin COSCO Kansai Paint & Chemicals Co., Ltd.	Kansai Paint Co., Ltd.	registered capital of US\$1,764,500 (equivalent to approximately HK\$13,760,100)	35.29%
珠海中遠關西塗料化工有限公司 (Zhuhai COSCO Kansai Paint & Chemicals Co., Ltd. [#])	Kansai Paint Co., Ltd.	registered capital of US\$2,011,530 (equivalent to approximately HK\$15,686,514)	35.29%
深圳中遠保險經紀有限公司 (Shenzhen COSCO Insurance Brokers Limited [#])	深圳遠洋運輸股份有限公司 (Shenzhen Ocean Shipping Co., Ltd. [#])	registered capital of RMB2,250,000 (equivalent to HK\$2,324,925)	45.00%

Note: Dragon Eagle Investments Limited is indirectly interested in approximately 14% equity interest of Shanghai COSCO Honour Property Development Ltd. through its 14.15% interest in Cash Rich Enterprises Limited, which owns 99% equity interest in Shanghai COSCO Honour Property Development Ltd.

[#] for identification purposes only

Save as disclosed herein, as at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, no persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, 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.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract or a proposed service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, the following Directors (including their respective associates) were considered to have interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules, particulars of which are set out below:

Name of Director	Name of the entities which were considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entities which were considered to compete or likely to compete with the businesses of the Group	Nature of Director's interest in the entity
Mr. Wei Jiafu	companies controlled by COSCO	– Property development and investment – Ship trading and supplying services	director
Mr. Liu Guoyuan	COSCO (Hong Kong) Group Limited and companies controlled by COSCO (Hong Kong) Group Limited	– Property development and investment – Ship trading and supplying services	director
Mr. Li Jianhong	companies controlled by COSCO	– Property development and investment – Ship trading and supplying services	director
Mr. Wang Futian	companies controlled by COSCO (Hong Kong) Group Limited	– Property development and investment – Ship trading and supplying services	director
Mr. Jia Lianjun	companies controlled by COSCO	– Property development and investment – Ship trading and supplying services	director

Name of Director	Name of the entities which were considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entities which were considered to compete or likely to compete with the businesses of the Group	Nature of Director's interest in the entity
Mr. Wang Xiaoming	COSCO (Hong Kong) Group Limited and companies controlled by COSCO (Hong Kong) Group Limited	- Property development and investment - Ship trading and supplying services	director
Mr. Liang Yanfeng	Soundwill Holdings Limited	- Property development and investment	non-executive vice chairman
Mr. Meng Qinghui	companies controlled by COSCO (Hong Kong) Group Limited	- Property development and investment - Ship trading and supplying services	director
	Soundwill Holdings Limited	- Property development and investment	non-executive director
Mr. Chen Xuewen	companies controlled by COSCO (Hong Kong) Group Limited	- Property development and investment - Ship trading and supplying services	director

As the Board is independent from the board of directors of the aforesaid companies, and as none of the above Directors control the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of these companies.

Save as disclosed herein, none of the Directors and their respective associates had any interest in a business which competes or may compete with the business of the Group.

6. MATERIAL ADVERSE CHANGE

The Directors confirmed that there was no material adverse change in the financial or trading positions of the Group since 31 December 2006, being the date up to which the latest published audited financial statements of the Group were made.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given their opinions or advice which are contained in this circular.

Name	Qualification
Vigers Appraisal & Consulting Limited	professional surveyors and valuer
CIMB-GK Securities (HK) Limited	a licensed corporation to carry out types 1 (Dealing in Securities), 4 (Advising on Securities) and 6 (Advising on Corporate Finance) of the regulated activities as set out in Schedule 5 to the SFO

As at the Latest Practicable Date, each of the Valuer and the Independent Financial Adviser:-

- (a) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (b) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2006, being the date up to which the latest published financial statements of the Group were made; and
- (c) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of and references to its name, letter and/or report in the form and context in which they respectively appear.

The valuation certificate given by the Valuer was made on 14 September 2007 and the letter of advice given by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders was made on 14 September 2007 for incorporation in this circular.

9. MISCELLANEOUS

- (i) The company secretary of the Company is Ms. Chiu Shui Suet, a qualified solicitor in Hong Kong and a fellow member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.
- (ii) The qualified accountant of the Company is Mr. Lo Siu Leung Tony, a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.
- (iii) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (iv) The head office of the Company in Hong Kong is at 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong and the transfer office of the Company in Hong Kong is Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (v) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the following documents are available for inspection at the office of Messrs. Sit, Fung, Kwong & Shum, 18th Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong, during normal business hours on any day up to and including the date of the SGM:–

- (i) the Agreement;
- (ii) letter from the Independent Board Committee dated 14 September 2007;
- (iii) letter from the Independent Financial Adviser dated 14 September 2007;
- (iv) valuation certificate prepared by the Valuer, the text of which is set out in Appendix I of this circular; and
- (v) written consents from the Valuer and the Independent Financial Adviser referred to in paragraph 8 headed "Experts and Consents" above.

NOTICE OF THE SGM



COSCO International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0517)

NOTICE IS HEREBY GIVEN that a special general meeting of COSCO International Holdings Limited (the “**Company**”) will be held at 10:00 a.m. on 4 October 2007 at 47th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the Agreement as defined and described in the circular of the Company dated 14 September 2007 (the “**Circular**”), a copy of the Agreement marked “A” together with a copy of the Circular marked “B” being tabled before the meeting and initialled by the chairman of the meeting for identification purpose, and all transactions contemplated thereunder and in connection therewith, be and are hereby approved, ratified and confirmed and any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such other documents and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated under the Agreement and completion thereof as he may consider necessary, desirable or expedient to give effect to the Agreement and the transactions contemplated thereunder.”

By Order of the Board
COSCO International Holdings Limited
Liang Yanfeng
Managing Director

14 September 2007

NOTICE OF THE SGM

Notes:

1. The ordinary resolution to be considered at the meeting will be decided by poll. On voting by poll, each member shall have one vote for each share held in the Company.
2. A member entitled to attend and vote at the meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy. A proxy need not be a member of the Company.
3. A form of proxy for use at the special general meeting is enclosed herewith.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
5. To be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a notorially certified copy thereof must be lodged at the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case maybe) and in default thereof the proxy form and such power or authority shall not be treated as valid.
6. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
7. Where there are joint holders of any share of the Company, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of the Company in respect of such share shall alone be entitled to vote in respect thereof.
8. As at the date hereof, the Board comprises fifteen directors of which Messrs. Wei Jiafu (Chairman), Liu Guoyuan (Vice Chairman), Li Jianhong, Wang Futian, Jia Lianjun, Wang Xiaoming, Liang Yanfeng (Managing Director), Meng Qinghui, Chen Xuewen, Lin Libing, Wang Xiaodong and Lin Wenjin are executive directors; and Messrs. Kwong Che Keung, Gordon, Tsui Yiu Wa, Alec and Jiang, Simon X. are independent non-executive directors.