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COSCO International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00517)

MAJOR AND CONNECTED TRANSACTION

IN RELATION TO

THE ACQUISITION OF COSCO INTERNATIONAL TRADING COMPANY LIMITED

The Company, through its wholly-owned subsidiary, New Legend, entered into the Share Transfer Agreement on 22 July 2008 with Chimbusco relating to the acquisition of 100% equity interest in CITC from Chimbusco for the Consideration. The Consideration has been arrived at after arm's length negotiations between the parties involved with reference to the net asset value of the CITC as at the Accounts Date. Upon Completion, the Group will through New Legend hold 100% of the equity interest in CITC.

In connection with the Share Transfer Agreement, a Novation Agreement was also entered into on 22 July 2008 between a banking institution in the PRC, CITC, Chimbusco, the Company and COSCO BJ relating to, among other things, the substitution of Chimbusco's guarantee obligations towards the banking institution in the PRC in relation to CITC's indebtedness under the Existing Banking Facility by the Company.

As Chimbusco is owned as to 50% equity interest by COSCO, the ultimate holding company of the Company, Chimbusco is an associate of a substantial shareholder of the Company, thus, a connected person of the Company. Since one of the Applicable Percentage Ratios for the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a connected transaction and a major transaction which is subject to the reporting and disclosure requirements and independent shareholders' approval by way of poll pursuant to the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders as to the terms of the Share Transfer Agreement and the transactions contemplated thereunder (including the Novation Agreement and the transactions contemplated thereunder), and an independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Share Transfer Agreement and the transactions contemplated thereunder (including the Novation Agreement and the transactions contemplated thereunder). A circular containing, amongst other things, details of the terms of the Share Transfer Agreement and the transactions contemplated thereunder (including the Novation Agreement and the transactions contemplated thereunder), the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders, the notice convening the SGM and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable. COSCO and its associates will abstain from voting on the resolution(s) to approve the Share Transfer Agreement and the transactions contemplated thereunder (including the Novation Agreement and the transactions contemplated thereunder).

THE SHARE TRANSFER AGREEMENT

Date

22 July 2008

Parties

- (1) Vendor: 中國船舶燃料有限責任公司(China Marine Bunker (Petro China) Co., Ltd.*), a connected person of the Company by virtue of it being an associate of COSCO which is a substantial shareholder of the Company.
- (2) Purchaser: New Legend, an indirect wholly-owned subsidiary of the Company

Assets to be acquired

Pursuant to the Share Transfer Agreement, New Legend has conditionally agreed to acquire from Chimbusco and Chimbusco has conditionally agreed to sell to New Legend 100% equity interest in CITC. Upon Completion, CITC will be wholly-owned by the Group.

Information on CITC

CITC (formerly 中遠國際貿易公司(COSCO International Trading Company*)) was established as 全民所有制企業(a domestic enterprise owned by the whole people) under the laws of the PRC on 28 June 1993, and was subsequently transformed and registered as a domestic company with limited liability on 20 March 2008 under the laws of the PRC. The current registered capital of CITC is RMB130,633,000 (equivalent to approximately HK\$148,530,000). As at the date of this announcement, Chimbusco legally and beneficially owns 100% equity interest in CITC. The carrying cost of investment of the 100% equity interest in CITC to Chimbusco as of 31 December 2007, represented by the sum of registered capital, reserve and retained earnings of CITC was approximately RMB100,396,000 (equivalent to approximately HK\$114,150,000).

Based on the audited financial statements of CITC, which were prepared in accordance with the China Accounting Standards, (the “CAS”) the audited net asset value of CITC as at 31 March 2008 is approximately RMB132,318,000 (equivalent to approximately HK\$150,446,000).

Based on the audited financial statements of CITC, which were prepared in accordance with the CAS, the audited profits before and after taxation for the years ended 31 December 2006 and 2007 and the 3 months ended 31 March 2008 are set out in the following table:

	(Audited) Year ended 31 December 2006 RMB	(Audited) Year ended 31 December 2007 RMB	(Audited) 3 months ended 31 March 2008 RMB
Profit before taxation	20,777,000	35,887,000	20,488,000
Profit after taxation	15,119,000	28,936,000	13,992,000

The principal activities of CITC include trading of asphalt and chemicals as well as trading of various ship equipment and accessories. Asphalt is usually obtained by fractional distillation of crude oil and is primarily used for paving roads and expressways. As at the Accounts Date, CITC had equity interests in 8 domestic companies established in the PRC and a limited liability company incorporated in Hong Kong, among which, two domestic companies established in the PRC, namely, 北京仟慧苑商貿有限公司(Beijing Qianhuiyuan Business Trading Co. Ltd.*) (in which CITC had a 45% interest as at the Accounts Date) and 大連遠洋貿易有限公司(Dailin Ocean Trading Co. Ltd.*) (in which CITC had a 51% interest as at the Accounts Date) were in the process of being voluntarily wound up. As advised by the Group's PRC legal advisers, 北京仟慧苑商貿有限公司(Beijing Qianhuiyuan Business Trading Co. Ltd.*) has obtained approval from the relevant PRC government authority to deregister on 26 May 2008. To the best of the knowledge of the Directors, the book value of investment in 北京仟慧苑商貿有限公司(Beijing Qianhuiyuan Business Trading Co. Ltd.*) and 大連遠洋貿易有限公司(Dailin Ocean Trading Co. Ltd.*) in the audited financial statements of CITC as at the Accounts Date were approximately RMB415,000 and RMB Nil respectively.

Consideration

The consideration payable by New Legend for the Acquisition shall be a cash consideration of RMB142,000,000 (equivalent to approximately HK\$161,454,000), which shall be subject to the final determination of the asset valuation of CITC as approved by the SASAC if such asset valuation so determined is higher than RMB142,000,000, but if such asset valuation so determined exceeds RMB153,360,000 (equivalent to approximately HK\$174,370,000), the Share Transfer Agreement shall be automatically terminated and none of the parties shall have any obligations towards the other party under the Share Transfer Agreement.

The Consideration was arrived at after arm's length negotiations between New Legend and Chimbusco with reference to the net asset value of the CITC as at the Accounts Date. Based on the audited financial statements of CITC, which were prepared in accordance with the CAS, the maximum Consideration of RMB153,360,000 (equivalent to approximately HK\$174,370,000) represents (i) a premium of approximately 15.90% over the net asset value of CITC of approximately RMB132,318,000 (equivalent to approximately HK\$150,446,000) as at the Accounts Date; and (ii) a 5.3 times the profit after tax of CITC of approximately RMB28,936,000 (equivalent to approximately HK\$32,900,000) for the year ended 31 December 2007. The parties further agree that all profits or losses of CITC, as audited and determined by a qualified auditor as approved by both parties in accordance with the PRC laws and the CAS, accrued or incurred from 1 April 2008 up to the Completion Date (the "Period") will be enjoyed by or borne by Chimbusco. New Legend will procure CITC to pay any profits of CITC accrued during the Period to Chimbusco within two months after the auditor's report is issued. Likewise, Chimbusco will pay to CITC a sum equivalent to the loss incurred during the Period within two months after the auditor's report is issued. After the Completion Date, New Legend shall be entitled to and shall bear 100% of all profits and losses respectively of CITC.

The Consideration shall be payable in a currency other than Renminbi by New Legend to Chimbusco within five working days upon receipt of the New Business Licence by CITC by way of wire transfer to its designated bank account, as notified by Chimbusco to New Legend in writing at least seven working days in advance.

After the SASAC has approved the Acquisition and prior to the grant of the New Business Licence, New Legend shall provide and shall procure CITC to provide all necessary documents as may be required from them in order to apply from the relevant PRC government authority for 《外商投資企業外匯登記證》 (the Foreign Exchange Registration Certificate for Foreign Investment Enterprises) and for approval of the conversion of the foreign currency amount paid by New Legend into Renminbi. The Consideration received by Chimbusco in Renminbi after the conversion from foreign currency

amount must reach the sum of RMB142,000,000 (equivalent to approximately HK\$161,454,000) (such amount to be subject to the final determination of the asset valuation of the CITC as approved by the SASAC), otherwise, the deficiency shall be paid by New Legend to Chimbusco. If New Legend fails to make payment of the Consideration in accordance with the time and manner as required in the Share Transfer Agreement, New Legend shall pay a penalty representing 0.05% of the outstanding amount of the Consideration for each day of delay in making the payment until the Consideration is fully settled. If there shall be a delay in payment for more than 30 days, Chimbusco shall have the right to terminate the Share Transfer Agreement and require New Legend to pay the Compensation Amount (as defined below).

Conditions precedent and Completion

Completion shall be regarded as having taken place after all the following Conditions have been satisfied and/or waived by both parties in writing (as the case may be) on or before the Long Stop Date:

- (a) state-owned assets valuation in relation to the Acquisition having been completed and reported to the SASAC;
- (b) the Acquisition having been approved by the SASAC;
- (c) 《中華人民共和國台港澳僑投資企業批准證書》 (the Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macau and Overseas Chinese in the PRC) having been approved and issued to CITC;
- (d) New Legend or the Company shall have completed all procedures required to guarantee the financing arrangements of CITC for its business needs and the relevant lending bank shall have released all guarantee obligations of Chimbusco in connection with CITC's financing arrangements;
- (e) in accordance with the relevant provisions of the Listing Rules, the requisite disclosure of the Acquisition under the Share Transfer Agreement having been made by the Company and/or the passing of resolutions by the Independent Shareholders at a general meeting of the Company approving the Share Transfer Agreement;
- (f) the approvals of the board of directors and/or shareholders of Chimbusco approving the Acquisition having been obtained in accordance with the relevant PRC laws and/or its articles of association;
- (g) the New Business Licence having been issued by the relevant PRC government registry.

Both parties shall use their best endeavours to procure all Conditions be fulfilled on or before the Long Stop Date. On the basis that no party to the Share Transfer Agreement is in default, if the Share Transfer Agreement is not approved by the SASAC; or Condition (e) above cannot be fulfilled within 70 days from the date of signing of the Share Transfer Agreement; or the New Business Licence is not issued on or before the Long Stop Date, both parties shall further negotiate whether to extend the Long Stop Date, and if no consensus is reached as to the extension of the Long Stop Date before 10 January 2009, the Share Transfer Agreement shall be terminated and of no further effect. CITC shall then remain as 100% owned by Chimbusco and the parties shall cooperate to undertake all necessary procedures under PRC laws to restore the ownership of CITC to its original position prior to the signing of the Share Transfer Agreement.

In the event that the Share Transfer Agreement is terminated due to the default of a party of its obligation under the Share Transfer Agreement, the non-defaulting party shall have the right to request the defaulting party to pay RMB14,200,000 (equivalent to approximately HK\$16,145,000) as penalty (the “Compensation Amount”).

After Completion, the Group will through New Legend hold 100% of the equity interest in CITC.

Other principal terms

- (1) New Legend undertakes that it will provide guarantee in connection with CITC’s financing arrangements necessary for its business needs (“New Guarantee”) and will procure that all guarantees given by Chimbusco in connection with CITC’s financing arrangements (“Old Guarantee”) shall be released from the date of issuance of the New Business Licence, and if Chimbusco suffers any economic loss arising from New Legend’s delay in providing the New Guarantee and that the Old Guarantee is not released by the date of issuance of the New Business Licence, New Legend shall compensate Chimbusco for any economic loss.
- (2) Pursuant to the Share Transfer Agreement, both New Legend and Chimbusco shall use best endeavours to assist CITC to register the name of the owner of the Properties under CITC’s name and to convert the nature of the land from “allocated” land to “grant” land, both no later than 6 months after the Completion Date, and if such registration and conversion are not completed by the end of 6 months after the Completion Date, New Legend shall have the right to require Chimbusco to take up the Properties, in which case, Chimbusco shall refund to CITC an amount representing the value of the Properties as approved by the SASAC. As the Properties are currently registered under the name of COSCO, it is currently anticipated that CITC will, after the Property Transfer is completed, reimburse COSCO the land premium in the approximate amount of RMB960,000 (equivalent to approximately HK\$1,091,520) paid by COSCO to the Municipal Land Bureau in the PRC together with all tax charges and related expenses paid or payable by COSCO to the relevant government authorities in the PRC in connection with the transfer of the ownership of the Properties to CITC and the conversion of the nature of the land from “allocated” land to “grant” land (the “Property Transfer”). However, the material terms of the Property Transfer have not been finalised and the relevant agreement in relation to the Property Transfer has not been entered into as at the date of this announcement. The Company will ensure compliance with the applicable requirements under Chapters 14 and 14A of the Listing Rules in relation to the Property Transfer.

Financing arrangements

A banking facility from a banking institution in the PRC has been in place prior to the entering into of the Share Transfer Agreement and up to a facility amount of RMB260,000,000 has been made available for use by CITC, which has been substantially utilised by CITC as at the date of the Share Transfer Agreement (the “Existing Banking Facility”). The Vendor Guarantee has been provided to the banking institution in the PRC in respect of the Existing Banking Facility.

Pursuant to the terms of the Share Transfer Agreement, Chimbusco undertakes that it shall continue to provide guarantee for CITC’s business needs after signing of the Share Transfer Agreement until the New Business Licence Date, and thereafter, New Legend or the Company shall undertake such guarantee obligation in substitution of Chimbusco and procure the release of Chimbusco’s guarantee by the relevant banking institution. In this connection, the banking institution in the PRC, CITC, Chimbusco, the Company and COSCO BJ have entered into a Novation Agreement on 22 July 2008 pursuant to which the banking institution in the PRC consented to the Acquisition and the taking up

by the Company of the Vendor Guarantee's obligation towards the banking institution in the PRC in relation to CITC's indebtedness under the Existing Banking Facility with effect from the date when the procedures for registering the transfer of the equity interest under the Share Transfer Agreement have been completed with the relevant PRC government registry (the "Share Transfer Date"). It was also agreed under the Novation Agreement that the Company shall arrange with the Hong Kong branch of the banking institution to issue a standby letter of credit, the guarantee amount under which shall not be lower than an equivalent amount in foreign currency of RMB289 million (the "L/C"), to be given for the benefit of the banking institution in the PRC in order to fulfill the Company's guarantee obligation towards the banking institution in the PRC in connection with the Existing Banking Facility. If by the Share Transfer Date, the L/C is not issued to the satisfaction of the banking institution in the PRC, COSCO BJ agrees that it will undertake the guarantee obligation towards the banking institution in the PRC in connection with the Existing Banking Facility commencing from the Share Transfer Date until the L/C is issued to the satisfaction of the banking institution in the PRC ("COSCO BJ Guarantee").

COSCO BJ is a wholly-owned subsidiary of COSCO (Hong Kong) Group Limited, being a substantial shareholder of the Company, and thus a connected person of the Company. However, since no security over the assets of the Group will be required to be given to COSCO BJ in respect of the COSCO BJ Guarantee, the COSCO BJ Guarantee (if given after CITC has become a wholly-owned subsidiary of New Legend) will be an exempt connected transaction of the Company under Rule 14A.65(4) of the Listing Rules, and will be exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, since Chimbusco, being a connected person of the Company, is also a party to the Novation Agreement and that the Novation Agreement has been entered into in connection with the Share Transfer Agreement, the Company will also seek the Independent Shareholders' approval at the SGM in relation to the Novation Agreement and the transactions contemplated thereunder. The Company will endeavour that the Share Transfer Date will not occur before the Company has obtained the Independent Shareholders' approval of the Novation Agreement and the transactions contemplated thereunder.

It is currently anticipated that the Company may be required by the Hong Kong branch of the banking institution to provide collaterals for the L/C, which may involve cash deposit to be placed with the Hong Kong branch of the banking institution and/or mortgage of part of the Group's shareholding interests in Sino-Ocean Land Holdings Limited (in which the Group has a 20.73% interest). As at the date of this announcement, no term has been finalised and no written agreement has been entered into between the Company and the Hong Kong branch of the banking institution relating to the arrangement regarding the L/C.

OTHER INFORMATION

Financial assistance

Prior to the entering into of the Share Transfer Agreement, there was subsisting the following financing arrangement. Pursuant to a bank facility agreement dated July 2005, a facility in the maximum amount of up to RMB20,000,000 (the "RMB20M Facility") has been granted by a banking institution to 上海遠洋國際貿易有限公司(Shanghai Ocean International Trading Co. Ltd.*) ("SH International") which is owned as to 50% equity interest by CITC and 50% equity interest by 上海遠洋運輸公司(Shanghai Ocean Shipping Co.*) ("SH Shipping") being a wholly-owned subsidiary of COSCO, the ultimate holding company of the Company, and is principally engaged in shipping business. In connection with the RMB20M Facility, SH Shipping has provided an irrevocable corporate guarantee to the banking institution in relation to RMB20,000,000 together with interests payments, penalty, compensation fees and other related fees and expenses arising under the RMB20M Facility which may becoming

owing by SH International under the RMB20M Facility (“RMB20M Guarantee”). As CITC is a 50% shareholder of SH International, it had in turn provided a counter-guarantee to SH Shipping in relation to RMB10,000,000, which represents 50% of the facility amount under the RMB20M Facility together with interests payments, penalty, compensation fees and other related fees and expenses referred to in the RMB20M Guarantee, for a guarantee period which will expire on 26 November 2008 (“RMB10M Guarantee”). The Company will comply with the applicable requirements under Chapters 14 and 14A of the Listing Rules if the RMB10M Guarantee is renewed.

It is also expected that the RMB20M Facility will continue to be subsisting after Completion to cater for the business needs of SH International.

SH Shipping is a wholly-owned subsidiary of COSCO, the ultimate holding company of the Company, SH Shipping is an associate of a substantial shareholder of the Company and therefore a connected person of the Company. Upon Completion, CITC will become a wholly-owned subsidiary of the Company, and therefore the continued provision of the RMB10M Guarantee by CITC to SH Shipping will constitute a financial assistance provided by the Group to a connected person of the Company upon Completion, and the Company is required to comply with all applicable reporting and disclosure requirements of Chapter 14A of the Listing Rules in respect of such financial assistance pursuant to Rule 14A.41 of the Listing Rules but no independent shareholders’ approval will be required.

The Directors (including the independent non-executive Directors) consider that the Financial Assistance is fair and reasonable and on normal commercial terms and that the continuance of the Financial Assistance after Completion is in the interests of the Group and the Shareholders as a whole.

Transactions carried out on a recurring or continuing basis

To the best knowledge of the Directors, certain transactions have been carried out by CITC on a recurring or continuing basis which include (i) purchase of asphalt from a subsidiary of Chimbusco; (ii) supply of marine equipment, accessories and construction materials and provision of marine agency services to COSCO Group and provision of transportation services by COSCO Group; and (iii) provision of financial services by a financial institution being a subsidiary within COSCO Group. These transactions have been carried out on a recurring or continuing basis. Since CITC will become a wholly-owned subsidiary of the Company upon completion of the Acquisition and each of COSCO and Chimbusco is a connected person of the Company, any continuing transaction between CITC and each of COSCO Group or Chimbusco Group, if continue or are entered into after completion of the Acquisition, will constitute continuing connected transactions of the Company and should be subject to the reporting, disclosure and/or independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. The Company will consider whether these transactions will continue after completion of the Acquisition and the terms thereof. Further announcement will be made by the Company when the terms of these transactions are finalised and, if required pursuant to the requirements of the Listing Rules, independent shareholders’ approval for these continuing connected transactions will be sought at the SGM.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the shipping services and its other business operation includes property investment.

Chimbusco is principally engaged in the supply of bunker oils, marine lubricants and fresh water to international shipping vessels and coastal vessels as well as the trading of and provision of transportation and storage services for various oil products.

Shipping services is a core business of the Group. CITC owns 40% equity interest in COSCO International Ship Trading Company Limited (“CIST”), which is also a member of the Group in which the Group owns the remaining 60% equity interest. CIST carries on ship trading agency services which is part of the Company’s core business, shipping services business and has contributed satisfactory profits to the Group. Through the Acquisition, the Group will be able to increase its equity stake in CIST and will own 100% interest in CIST upon Completion. Besides, CITC is one of the trading platforms of Chimbusco and its principal activities include trading of asphalt and chemicals as well as trading of various ship equipment and accessories. The Acquisition facilitates the Company to be more effective in generating synergies between its existing shipping services operation arms, the business of CIST as well as the trading network of CITC (both of which will subsequently become 100% owned by the Group upon Completion). The Board believes that the Company’s further investment in CIST through the Acquisition is in line with the Group’s corporate strategy to solidify its shipping services business.

The Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the independent financial adviser) consider that the Acquisition, the Share Transfer Agreement and the Novation Agreement are fair and reasonable and on normal commercial terms and that the entering into of the Share Transfer Agreement and the Novation Agreement is in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As Chimbusco is owned as to 50% equity interest by COSCO, the ultimate holding company of the Company, Chimbusco is an associate of a substantial shareholder of the Company, thus, a connected person of the Company. Since one of the Applicable Percentage Ratios for the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a connected transaction and a major transaction which is subject to the reporting and, disclosure requirements and independent shareholders’ approval by way of poll pursuant to the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, any connected person and any shareholder and their associates with a material interest in the Acquisition are required to abstain from voting on the resolution at the special general meeting to be held to approve the same. COSCO and its associates will abstain from voting on the resolution(s) to approve the entering into of the Share Transfer Agreement and the transactions contemplated thereunder (including the Novation Agreement and the transactions contemplated thereunder).

The Independent Board Committee has been established to advise the Independent Shareholders as to the terms of the Share Transfer Agreement and the transactions contemplated thereunder (including the Novation Agreement and the transactions contemplated thereunder), and an independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Share Transfer Agreement and the transactions contemplated thereunder (including the Novation Agreement and the transactions contemplated thereunder). A circular containing, amongst other things, details of the terms of the Share Transfer Agreement and the transactions contemplated thereunder (including the Novation Agreement and the transactions contemplated thereunder), the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders, the notice convening the SGM and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

“Accounts Date”	31 March 2008
“Acquisition”	the acquisition of 100% equity interest in CITC by New Legend from Chimbusco pursuant to the Share Transfer Agreement and the transactions contemplated thereunder (including the Novation Agreement and the transactions contemplated thereunder)
“Applicable Percentage Ratios”	the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules
“associate(s)”	has the meaning given to it by the Listing Rules
“Board”	the board of Directors
“Chimbusco”	中國船舶燃料有限責任公司(China Marine Bunker (Petro China) Co., Ltd.*), a company incorporated in the PRC owned as to 50% equity interest by COSCO and, to the best of the knowledge of the Directors, 50% equity interest by a third party not connected with the Company, its directors or substantial shareholders
“Chimbusco Group”	Chimbusco and its subsidiaries
“CITC”	中遠國際貿易有限公司(COSCO International Trading Company Limited*), a limited liability company established in the PRC, and formerly known as中遠國際貿易公司(COSCO International Trading Company*) being a domestic enterprise owned by the whole people (全民所有制企業)
“Company”	COSCO International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	the completion of the Acquisition pursuant to the Share Transfer Agreement
“Completion Date”	subject to all other Conditions having been fulfilled or waived in writing, the New Business Licence Date, otherwise, the date on which all the Conditions have been satisfied and/or waived in writing (as the case may be), or such other date as may be agreed in writing between the parties to the Share Transfer Agreement
“Conditions”	the conditions precedent to Completion, as more particularly set out under the section headed “Conditions precedent and Completion” of this announcement
“connected person(s)”	has the meaning given to it by the Listing Rules

“Consideration”	the maximum amount of consideration in the sum of RMB153,360,000 (equivalent to approximately HK\$174,370,000) which may become payable by New Legend to Chimbusco for the Acquisition as referred to in the section headed “Consideration” in this announcement
“COSCO”	中國遠洋運輸（集團）總公司(China Ocean Shipping (Group) Company*) (formerly known as 中國遠洋運輸總公司(China Ocean Shipping Company*), a company incorporated in the PRC and the ultimate beneficial owner holding approximately 57.77% equity interest in the Company
“COSCO BJ”	香遠（北京）投資有限公司 (COSCO H.K. (Beijing) Investment Co., Ltd.*), a company incorporated in Beijing which is a wholly-owned subsidiary of COSCO (Hong Kong) Group Limited, being a substantial shareholder of the Company
“COSCO Group”	COSCO and its subsidiaries
“Directors”	the directors of the Company
“Existing Banking Facility”	as such term is defined under the paragraph headed “Financing arrangements” in this announcement
“Financial Assistance”	the continued provision of the RMB10M Guarantee by CITC to SH Shipping in connection with the RMB20M Facility after Completion, which is described in details in the paragraph headed “Financial assistance” in this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of independent non-executive Directors, consisting of Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec and Mr. Jiang, Simon X. formed to advise the Independent Shareholders in respect of the terms of the Share Transfer Agreement and the transactions contemplated thereunder (including the Novation Agreement and the transactions contemplated thereunder)
“Independent Shareholders”	the Shareholders except for those who are interested in, or involved in the Share Transfer Agreement and the transactions contemplated thereunder (including the Novation Agreement and the transactions contemplated thereunder)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2008
“Macau”	the Macau Special Administrative Region of the PRC

“New Business Licence”	the new foreign owned enterprise business licence of CITC to be issued by the relevant registry in the PRC as is necessary for the share transfer of CITC as contemplated under the Share Transfer Agreement
“New Business Licence Date”	the date on which the New Business Licence will be issued
“New Legend”	New Legend Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Novation Agreement”	the agreement dated 22 July 2008 entered into between the banking institution in the PRC, CITC, Chimbusco, the Company and COSCO BJ relating to, among other things, the substitution of Chimbusco’s guarantee obligations towards the banking institution in the PRC in relation to CITC’s indebtedness under the Existing Banking Facility by the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Properties”	the state-owned land use right and the building ownership right in respect of the land and buildings situated at No. 9, Zhide West Lane, Dongcheng District, Beijing, the PRC currently registered under the name of COSCO
“RMB”	Renminbi, the lawful currency of the PRC
“RMB20M Facility”	as such term is defined under the paragraph headed “Financial assistance” in this announcement
“RMB10M Guarantee”	as such term is defined under the paragraph headed “Financial assistance” in this announcement
“RMB20M Guarantee”	as such term is defined under the paragraph headed “Financial assistance” in this announcement
“SASAC”	中國國務院國有資產監督管理委員會(State-owned Assets Supervision and Administration Commission)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, to approve the Share Transfer Agreement and the transactions contemplated thereunder (including the Novation Agreement and the transactions contemplated thereunder)
“Shareholders”	the holders of shares of the Company
“Share Transfer Agreement”	the conditional share transfer agreement dated 22 July 2008 entered into between Chimbusco and New Legend relating to the Acquisition

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor Guarantee”	an irrevocable guarantee given by Chimbusco in favour of the banking institution in the PRC for all amounts owing by CITC under the Existing Banking Facility
“working day(s)”	a day on which commercial banks in Beijing, the PRC and Hong Kong are generally open for business (excluding Saturdays, Sundays and public holidays of both places)
“%”	per cent.

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

22 July 2008

As at the date of this announcement, the Board comprises fourteen directors, namely Mr. Zhang Fusheng (Chairman)¹, Mr. Liu Guoyuan (Vice Chairman)¹, Mr. Li Jianhong², Mr. Wang Futian¹, Mr. Jia Lianjun², Mr. Wang Xiaoming¹, Mr. Liang Yanfeng (Managing Director)¹, Mr. Meng Qinghui², Mr. Chen Xuewen², Mr. Wang Xiaodong¹, Mr. Lin Wenjin¹, Mr. Kwong Che Keung, Gordon³, Mr. Tsui Yiu Wa, Alec³ and Mr. Jiang, Simon X.³.

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director

Unless otherwise stated, amounts in RMB have been translated into HK\$ at exchange rates of HK\$1.137 to RMB1.00 for illustration purposes only. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

English names of the PRC established companies in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.

* *For identification purpose only*