
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in 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 and accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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COSCO International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0517)

GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES, PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME AND REFRESHMENT OF THE SHARE OPTION SCHEME LIMIT

A notice convening a special general meeting of the Company to be held at 49th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong on 5th May 2005 at 10:20 a.m. (or so soon thereafter as the annual general meeting of the Company convened on the same day and at the same place at 10:00 a.m. shall have been concluded or been adjourned) is set out on pages 12 to 15 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof (as the case may be) should you so wish.

24th March 2005

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DEFINITIONS

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

“Addendum”	the addendum to the Share Option Scheme containing proposed amendments to the terms and conditions of the Share Option Scheme to be adopted by the Company under Ordinary Resolution no. 4
“associates”	has the meaning as ascribed under the Listing Rules
“Board”	the board of Directors of the Company
“Bye-laws”	the bye-laws of the Company as may be amended from time to time
“Company”	COSCO International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“COSCO”	中國遠洋運輸(集團)總公司 (China Ocean Shipping (Group) Company), a company incorporated in the PRC and the ultimate beneficial owner holding approximately 58.60% equity interest in the Company
“Directors”	the directors of the Company for the time being
“Grantee”	any Participant who accepts an offer in accordance with the terms of the Share Option Scheme or (where the context so permits) any person who is entitled to any Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	18th March, 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Option”	a right to subscribe for Shares pursuant to the terms of the Share Option Scheme
“Option Period”	a period to be determined by the Board and notified by the Board to each Grantee as being the period during which an Option may be exercised
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the SGM Notice
“Parent Group”	the substantial shareholder of the Company and its subsidiaries and associated companies

DEFINITIONS

“Participant”	(i) any full-time employee and director (including non-executive director and independent non-executive director of the Group or the Parent Group and any part-time employee with weekly working hours of 15 hours and above of the Group or the Parent Group; (ii) any advisor or consultants (in the areas of legal, technical, financial or corporate managerial) (being an individual) of the Group or of any substantial shareholder of each member of the Group; (iii) any director of substantial shareholder of the Company; (iv) any employee of the Company’s substantial shareholder or any employee of such substantial shareholder’s subsidiaries or associated companies, as absolutely determined by the Board
“PRC”	People’s Republic of China, for the purpose of this circular exclude Hong Kong, Macau Special Administrative Region and Taiwan Region
“Share Repurchase Mandate”	a general mandate to the Directors to exercise the power of the Company to repurchase Shares during the period as set out in Ordinary Resolution no. 1 up to 10% of the issued share capital of the Company as at the date of passing Ordinary Resolution no. 1
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong on 5th May 2005 at 10:20 a.m. (or so soon thereafter as the annual general meeting of the Company convened on the same day and at the same place at 10:00 a.m. shall have been concluded or been adjourned), the notice of which is enclosed with this circular
“SGM Notice”	the notice convening the SGM as set out on pages 12 to 15 of this circular
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Shareholder(s)”	the holder(s) of Shares
“Share Issue Mandate”	a general mandate to the Directors to exercise the power of the Company to allot and issue Shares during the period as set out in Ordinary Resolution no. 2 up to 20% of the issued share capital of the Company as at the date of passing Ordinary Resolution no. 2
“Share Option Scheme”	the existing share option scheme adopted by the Company on 17th May 2002 (or such share option scheme as amended by the Addendum)
“Share Option Scheme Limit”	The 10% limit of the total number of Shares issuable upon exercise of Options to be granted under the Share Option Scheme

DEFINITIONS

“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing of their own securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Repurchases
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent



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. Zhou Liancheng
Mr. Liu Hanbo (*Managing Director*)
Mr. He Jiale
Mr. Guo Huawei
Mr. Chen Pisen
Mr. Meng Qinghui
Mr. Zhao Kaiji
Mr. Lin Libing

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal
Place of Business:*

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

Independent Non-executive Directors:

Mr. Chan Cheong Foon, Andrew
Mr. Kwong Che Keung, Gordon
Mr. Tsui Yiu Wa, Alec

24th March 2005

To the Shareholders

Dear Sir or Madam,

GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES, PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME AND REFRESHMENT OF THE SHARE OPTION SCHEME LIMIT

1. INTRODUCTION

The purpose of this circular is to provide you with details regarding the ordinary resolutions to be proposed at the SGM for (1) the granting to the Board of the Share Repurchase Mandate and the Share Issue Mandate; (2) the proposed amendments to the Share Option Scheme; and (3) the refreshment of the Share Option Scheme Limit.

LETTER FROM THE BOARD

2. GENERAL MANDATE TO REPURCHASE SHARES

An Ordinary Resolution will be proposed at the SGM to grant to the Directors the Share Repurchase Mandate, details of which are set out in Ordinary Resolution no. 1 in the SGM Notice. The Shares which may be repurchased pursuant to the Share Repurchase Mandate are up to 10% of the issued share capital of the Company at the date of passing the resolution approving the Share Repurchase Mandate. The Share Repurchase Mandate will expire at the conclusion of the next annual general meeting of the Company unless renewed at such meeting. In the meantime, the Share Repurchase Mandate may be revoked or varied by ordinary resolution of the Shareholders at a general meeting prior to the next annual general meeting of the Company.

An explanatory statement as required under the Share Repurchase Rules, containing all relevant information relating to the Share Repurchase Mandate, is set out in the Appendix to this circular. The information in the explanatory statement provides information reasonably necessary to enable Shareholders to make an informed decision in relation to the Ordinary Resolution no. 1 to grant to the Directors the Share Repurchase Mandate.

3. GENERAL MANDATE TO ISSUE SHARES

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

The Share Issue Mandate shall be exercisable during the period from the passing of Ordinary Resolutions nos. 1 and 2 until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held; or
- (iii) the date on which the authority set out in Ordinary Resolution no. 1 is revoked or varied by an ordinary resolution or ordinary resolutions of the Shareholders in general meeting.

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

LETTER FROM THE BOARD

4. PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 17th May 2002. The purpose of the Share Option Scheme is to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group.

In order to provide the Company an option to tighten up its control on the manner which the Grantee may exercise its Options and allow the Participants to manage their exercise of Options in a more flexible manner, the Board proposes to amend the Share Option Scheme to the effect that the Board may in its absolute discretion set a minimum period for which Options must be held and any performance target that must be reached before the Options can be exercised in whole or in part.

Details of the proposed amendments are set out in Ordinary Resolution no. 4 in the SGM Notice. Shareholders are advised to read the proposed amendments before deciding whether to vote for or against the amendments at the SGM. The amended Share Option Scheme, if approved by the Shareholders, shall take effect from the date of the SGM. Other existing terms of the Share Option Scheme will remain unchanged.

The amendments to the Share Option Scheme shall take effect subject to the passing of Ordinary Resolution no. 4 by the Shareholders at the SGM to approve the Addendum and to authorize the Directors to grant Options and to allot and issue Shares pursuant to the exercise of any Options granted under the amended Share Option Scheme.

5. REFRESHMENT OF THE SHARE OPTION SCHEME LIMIT

Pursuant to the Share Option Scheme, the maximum number of Shares in respect of which Options may be granted under the Share Option Scheme must not exceed 10% of the issue share capital of the Company as at the date of adoption of the Share Option Scheme. As at 17th May 2002 (being the date of adoption of the Share Option Scheme), the Company had 1,394,389,291, issued Shares and therefore the Company may grant Options entitling holders thereof to subscribe for 139,438,929 Shares.

As at the Latest Practicable Date, there were in issue an aggregate of 1,415,241,291 Shares and a total of 134,900,000 Options have been granted by the Company since the adoption of the Share Option Scheme. With a total of 20,852,000 Options exercised and a total of 1,000,000 Options lapsed since the adoption of the Share Option Scheme, Options carrying the rights to subscribe for up to a total of 113,048,000 Shares, representing approximately 7.99% of the existing issued Shares of the Company, remain outstanding as at the Latest Practicable Date.

Save as disclosed above and assuming no further issue or repurchase of Shares prior to the SGM, upon the refreshment of the Share Option Scheme Limit under the Share Option Scheme by Shareholders at the SGM, the Company may grant Options entitling holders thereof to subscribe for 141,524,129 Shares, representing 10% of the Shares as at the date of approval of the refreshment. No Options may be granted if this will result in the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company exceed 30% of the Shares in issue from time to time.

At the SGM, an Ordinary Resolution will be proposed to the Shareholders to refresh the limit on the grant of options under the Share Option Scheme to 10% of the number of Shares in issue as at the date of approval of such resolution.

LETTER FROM THE BOARD

Granting of Options under the refreshed Share Option Scheme Limit is conditional upon the passing of Ordinary Resolution no. 5 and the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, any new Shares, representing a maximum of 10% of the Shares in issue as at the date of approval of the resolution for the refreshment of the Share Option Scheme Limit which may be issued upon exercise of the Options granted under the refreshed Share Option Scheme Limit.

Details of the proposed refreshment of the Share Option Scheme Limit is set out in Ordinary Resolution no. 5 in the SGM Notice.

Application will be made to the Stock Exchange for approval of the listing of, an permission to deal in, the new Shares which may be issued upon exercise of Options granted under the refreshed Share Option Scheme Limit, being up to a maximum of 10% of the Shares in issue as at the date of approval of the resolution for refreshment of the Share Option Scheme Limit.

6. SPECIAL GENERAL MEETING

Set out on pages 12 to 15 of this circular is the SGM Notice convening the SGM at which the Ordinary Resolutions will be proposed and, if appropriate, to approve the Ordinary Resolutions relating to the grant of the Share Repurchase Mandate and the Share Issue Mandate to the Directors, approval of the Addendum and approval of the refreshment of the Share Option Scheme Limit.

The Chairman of the SGM will demand that such resolutions be decided by poll.

7. ACTION TO BE TAKEN

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the office of the Company's branch share registrar in Hong Kong, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof (as the case may be) should you so wish.

8. PROCEDURE TO DEMAND A POLL

Pursuant to the Bye-laws, a poll may be demanded at the SGM by:

- (i) the Chairman of the meeting; or
- (ii) at least three Shareholders present in person or, in the case of a Shareholder being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) any Shareholder or Shareholders present in person or, in the case of a Shareholder being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or

LETTER FROM THE BOARD

- (iv) any Shareholder or Shareholders present in person or, in the case of a Shareholder being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

9. RECOMMENDATION

The Directors consider that the granting of the Share Repurchase Mandate, the Share Issue Mandate, the proposed amendments to the Share Option Scheme and the refreshment of the Share Option Scheme Limit are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders to vote in favour of the Ordinary Resolutions at the SGM.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company during normal business hours up to and including the date of the SGM:

- (i) the Addendum; and
- (ii) the Share Option Scheme.

11. RESPONSIBILITY STATEMENT

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

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

This appendix serves as an explanatory statement, as required by the Listing Rules and the Share Repurchase Rules to provide the requisite information to Shareholders for their consideration of the granting of the Share Repurchase Mandate. For the purpose of this appendix, the term “shares” shall be as defined in the Takeovers Code to mean shares of all classes and securities which carry a right to subscribe or purchase shares.

1. SHARE REPURCHASE RULES

The Share Repurchase Rules permit companies whose primary listing are on the Stock Exchange to repurchase their fully paid up shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders’ approval

All on-market share repurchases by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the directors of the company to make such repurchase.

(b) Source of funds

Repurchases must be made out of funds which are legally available for the purpose and in accordance with the laws of Bermuda and the memorandum of association of the Company and Bye-laws.

2. REASONS FOR SHARE REPURCHASE

Although the Directors have no present intention of repurchasing any Shares, they believe the flexibility afforded by the Share Repurchase Mandate would be beneficial to the Company and its Shareholders. Trading conditions on the Stock Exchange have sometimes been volatile in recent years. At any time in the future when the Shares are trading at a discount to their underlying value, the ability of the Company to repurchase Shares will be beneficial to those Shareholders who retain their investment in the Company since their interest in the assets of the Company would increase in proportion to the number of Shares repurchased by the Company, thereby resulting in an increase in new assets and/or earnings per Share. Such repurchases will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

3. SHARE CAPITAL

As at the Latest Practicable Date, the aggregate issued share capital of the Company comprised 1,415,241,291 Shares.

Subject to the passing of the ordinary resolutions to approve the Share Repurchase Mandate and Share Issue Mandate, and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the SGM, the Company would be allowed (i) under the Share Repurchase Mandate to repurchase a maximum of 141,524,129 Shares representing not more than 10% of the issued share capital of the Company at the Latest Practicable Date; and (ii) under the Share Issue Mandate to allot and issue a maximum of 283,048,258 Shares.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum of association of the Company and Bye-laws and the laws of Bermuda. In repurchasing Shares, the Directors will only apply funds out of the capital paid up on the relevant Shares or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose in accordance with Bermuda laws. Regarding the amount of premium (if any) payable on a repurchase, the Directors will only apply funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account of the Company before the Shares are repurchased.

There might be an adverse material impact on the working capital or gearing position of the Company in the event that the Share Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have an adverse material effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

5. SHARE PRICES

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

	Shares	
	Highest HK\$	Lowest HK\$
2004		
March	1.61	1.24
April	1.39	1.01
May	1.10	0.90
June	1.11	0.86
July	1.04	0.90
August	0.97	0.90
September	1.23	0.96
October	1.34	1.08
November	1.45	1.24
December	1.45	1.30
2005		
January	1.48	1.32
February	1.50	1.35

6. SHARE PURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

7. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make purchases pursuant to the Share Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda and in accordance with the Bye-laws.

8. EFFECT OF THE TAKEOVERS CODE

If, as a result of share repurchases made pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, COSCO held 829,360,511 Shares, representing 58.60% of the issued share capital of the Company. In the event that the Share Repurchase Mandate is exercised in full and on basis that no further shares are issued, the number of Shares held by COSCO would be increased to approximately 65.11% of the total number of Shares in issue. The Directors are not presently aware of any consequences which may arise under the Takeovers Code as a result of any repurchases to be made under the Share Repurchase Mandate. The Directors will take all reasonable steps to ensure compliance with the prescribed minimum percentage requirement of 25% of the issued share capital of the company to be held in public hands pursuant to the Listing Rules.

9. DIRECTORS' DEALINGS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company under the Share Repurchase Mandate if such is approved by the Shareholders.

10. CONNECTED PERSONS

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



COSCO International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0517)

NOTICE IS HEREBY GIVEN that a special general meeting (“Special General Meeting”) of COSCO International Holdings Limited (“the Company”) will be held at 49th Floor, COSCO Tower, 183 Queen’s Road Central, Hong Kong on Thursday, 5th May 2005 at 10:20 a.m. (or so soon thereafter as the annual general meeting on the same day and at the same place at 10:00 a.m. shall have been concluded or been adjourned) for the purpose of considering and, if thought fit, passing (with or without modifications) each of the following resolutions as an ordinary resolution of the Company:

ORDINARY RESOLUTIONS

1. **“THAT:**

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

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; or

NOTICE OF SPECIAL GENERAL MEETING

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

2. **“THAT:**

- (i) subject to paragraph (iii) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make and grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares to be allotted be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) of this Resolution shall authorise the directors of the Company during the Relevant Period to make and grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require shares to be allotted and issued after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (i) of this Resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); or (b) an issue of shares upon the exercise of subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to the Grantees as specified in such scheme or similar arrangement of shares or rights to acquire shares of the Company; or (c) any issue of shares pursuant to the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes and other securities of the Company which carry rights to subscribe for or are convertible into shares of the Company; or (d) an issue of shares pursuant to any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the dividend on shares of the Company in accordance with the bye-laws of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution and the said approval shall be limited accordingly; and
- (iv) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held; or

NOTICE OF SPECIAL GENERAL MEETING

- (c) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting; and

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

3. **“THAT** subject to the passing of Ordinary Resolution nos. 1 and 2 as set out in the notice of Special General Meeting, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with any additional shares of the Company pursuant to Ordinary Resolution no. 2 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution no. 1 set out in the notice convening this meeting, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution.”
4. **“THAT** the terms of the share option scheme of the Company adopted on 17th May 2002 be and are hereby amended by deleting the words “there is and shall be no minimum period for which an Option must be held before it can be exercised and no performance target need to be achieved by the Grantee before the Options can be exercised” at the end of the existing paragraph 5.1 and substituting therefor the words “the Board may impose any minimum period(s) for which the Options must be held and any minimum performance target(s) that must be reached before the Options can be exercised in whole or in part.”
5. **“THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the shares of HK0.10 each in the share capital of the Company to be issued pursuant to the exercise of the options which may be granted under the Refreshed Scheme Limit (as hereinafter defined), the refreshment of the general scheme limit of the share option scheme of the Company adopted on 17th May 2002 up to 10% of the number of shares of the Company in issue as at the date of passing of this resolution (the “Refreshed Scheme Limit”) be and is hereby approved and any director of the Company be and is hereby authorised to do all such acts and execute such document to effect the Refreshed Scheme Limit.”

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

Hong Kong, 24th March 2005

NOTICE OF SPECIAL GENERAL MEETING

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*

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

Notes:

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