

Save as disclosed above, the Company has not been notified of any other interests or short positions in the shares or the underlying shares of the Company representing 5% or more of the issued share capital of the Company as at 30th June 2003.

AUDIT COMMITTEE

The Company has an audit committee consisting of three independent non-executive directors of the Company. The committee reviews the systems of internal controls throughout the Group, the completeness and accuracy of its financial statements and liaises on behalf of the board of directors (the “Board”) with external auditors and the Group’s internal auditors. The committee members meet regularly with management, external and internal auditors and reviewed the internal and external audit reports and the interim and annual financial statements of the Group.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the period for the six months ended 30th June 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

To enhance the Company’s corporate governance standard, during the board meeting held on 26th March 2003, the Board approved the establishment of three board committees, namely, (i) Investment and Strategic Planning Committee, (ii) Corporate Governance Committee and (iii) Risk Management Committee. These three committees have started operation.

Two new board committees, namely, (i) Nomination Committee and (ii) Remuneration and Assessment Committee were established by the Company at the board meeting held on 22nd September 2003.

In April 2003, COSCO Pacific was awarded by CLSA Ltd. as one of the Best Chinese Companies in Corporate Governance, which was the third consecutive year for the Company in receiving such honour. In its survey and research report, CLSA Ltd. highly appraised COSCO Pacific for its focused business, persistently creating shareholders’ value and high transparency; in particular, it noted that COSCO Pacific was the only Chinese enterprise that has formed its own Corporate Governance Committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed shares during the six months ended 30th June 2003. Neither the Company nor any of its subsidiaries purchased or sold any of the Company’s listed shares during the six months ended 30th June 2003.