

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June 2003, according to the register kept by the Company pursuant to Section 336 of the SFO, the following companies had an interest of 5% or more of the issued share capital of the Company:

Name	Capacity	Nature of interests	Number of ordinary shares/Percentage of total issued share capital						Note
			Long position	%	Short position	%	Lending pool	%	
COSCO Investments Limited	Beneficial owner	Beneficial interest	207,520,000	9.67	-	-	-	-	(1)
COSCO (Hong Kong) Group Limited	Beneficial owner and interest of controlled corporation	Beneficial interest and corporate interest	1,158,766,411	53.97	-	-	-	-	(1)
China Ocean Shipping (Group) Company	Interest of controlled corporation	Corporate interest	1,158,766,411	53.97	-	-	-	-	(1)
J.P. Morgan Chase & Co.	Beneficial owner, investment manager and other	Beneficial interest and corporate interest	218,558,911	10.18	-	-	66,791,682	3.11	(2)
Deutsche Bank Aktiengesellschaft	Investment manager	Corporate interest	130,996,369	6.10	-	-	-	-	(3)

Notes:

- (1) Since COSCO Investments Limited ("COSCO Investments") is a wholly owned subsidiary of COSCO (Hong Kong) Group Limited ("COSCO Hong Kong") which is in turn a wholly owned subsidiary of China Ocean Shipping (Group) Company ("COSCO"), the interests of COSCO Investments are recorded as the interests of COSCO Hong Kong and in turn the interests of COSCO Hong Kong are recorded as the interests of COSCO.
- (2) The corporate interest of J.P. Morgan Chase & Co. was attributable on account through a number of its wholly owned subsidiaries and non wholly owned subsidiaries, including, Robert Fleming Asset Management Ltd. (99.96% control), Robert Fleming Holdings Ltd. (96% control), J.P. Morgan Securities Ltd. (90% control) and JF Asset Management Limited (99.99% control).
- (3) The corporate interest of Deutsche Bank Aktiengesellschaft was attributable on account through a number of its wholly owned subsidiaries and non wholly owned subsidiaries, including, Deutsche Asset Management Investmentgesellschaft mbH (94% control), DWS Investment GmbH (94% control), DWS (Austria) Investmentgesellschaft mbH (94% control), DWS Investments Italy SGR S.p.A. (94% control), DWS Investments Schweiz (94% control) and DWS Investment S.A., Luxemburg (94% control).

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.