



OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June 2003 (2002: Nil).

SHARE OPTIONS

Pursuant to the Company's share option scheme (the "Scheme") approved by its shareholders on 17th May 2002, the Board may, at their discretion, grant options to the following participants to subscribe for shares in the Company:

1. any director of the Group;
2. any director of the substantial shareholders of the Company;
3. any employee of the Group;
4. any employee of the Company's substantial shareholder or any employee of such substantial shareholders' subsidiaries or associated companies;
5. any business associate of the Group; and
6. any business associate of any substantial shareholder of each member of the Group.

The Scheme is valid and effective for a period of 10 years commenced on 17th May 2002 and will expire on 16th May 2012. The Scheme has complied with Chapter 17 of the Listing Rules of the Stock Exchange.

No share option was granted under the Scheme during the period.

DIRECTORS' INTERESTS IN SECURITIES

As at 30th June 2003, the interests of the directors and chief executives of the Company or their respective associates (within the meaning of the Securities and Future Ordinance ("SFO")) in the equity or debt securities of the Company which were required (a) 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 they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

1. Directors' interests in shares

Name of director	Number of shares held	
	Personal interests	Percentage
Mr. Chen Pisen	500,000	0.04%

2. Directors' interests in shares of associated corporations

Name of associated corporation	Name of director	Number of shares held	
		Personal interests	Percentage
COSCO Pacific Limited	Mr. Kwong Che Keung, Gordon	250,000	0.01%

3. Directors' interests in share options granted by associated corporations

Name of associated corporation	Name of director	Outstanding as at 1st January 2003	Number of share options			
			Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30th June 2003
COSCO Pacific Limited	Mr. Lu Zhiming	1,500,000	—	—	—	1,500,000*

* The share options were granted by COSCO Pacific Limited on 1st July 1996 and are exercisable at HK\$5.53 per share at any time between 1st July 1996 and 30th June 2006.



Save as disclosed above and in the section headed "Share Options", as at 30th June 2003, none of the directors and the chief executives of the Company had interests in the equity or debt securities of the Company or any associated corporations (within the meaning of the SFO) which were required (a) 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 they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 30th June 2003, the persons, other than the directors and chief executive of the Company, who had interests or short positions in the share capital and underlying share capital of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of shareholders	Ordinary shares held	Percentage of total issued shares
COSCO	829,360,511	59.48%
COSCO Hong Kong*	829,360,511	59.48%
True Smart International Limited*	527,060,904	37.80%
COSCO Investments Limited*	302,299,607	21.68%

* These companies are the wholly-owned subsidiaries of COSCO and their interests in the shares of the Company were included in the interests held by COSCO.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

Pursuant to paragraph 3.7.1 of Practice Note 19 of the Listing Rules of the Stock Exchange, the Company disclosed details of a loan agreement containing covenants that require specific performance obligations of the controlling shareholder as follows:

A secured term loan facility amounted HK\$780,000,000 was granted by Bank of China (Hong Kong) Limited to the Company in August 1998 and amended on 9th June 2001 to finance the acquisition of eight storeys in COSCO Tower. The secured term loan facility is



repayable on or before 18th June 2006. The loan is guaranteed unconditionally and irrevocably by COSCO Hong Kong which has undertaken, amongst others, that:

- (i) it will procure that the ultimate holding company will maintain a 51% equity interest, either directly or indirectly, in it and such equity interest remains free from any security interests (save for any of such existing thereon prior to the date of the guarantee);
- (ii) it will procure that the ultimate holding company will maintain an equity interest, either directly or indirectly, of not less than 35% in the Company and such equity interest remains free from any security interests (save for any of such existing thereon prior to the date of the guarantee);
- (iii) it will maintain an equity interest, either directly or indirectly, of not less than 35% in COSCO Pacific Limited, a fellow subsidiary of the Company, and such equity interest remain free from any security interests (save for any of such existing thereon prior to the date of the guarantee); and
- (iv) it will maintain an equity interest, either directly or indirectly, of not less than 35% in the Company and such equity interest being the single largest shareholding in the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30th June 2003, the Company had not redeem, and neither the Company nor any of its subsidiaries had purchase or sell any of the Company's listed securities.

CORPORATE GOVERNANCE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters with management including a review of the interim financial statements of the Group for the six months ended 30th June 2003.

None of the directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not at any time during 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 of the Stock Exchange.