
During the period, the Group achieved very good recognition in investor relations. This was demonstrated by the Group being included in many of the important indices in connection with the capital market, and the many awards which the Group has received from the community of institutional investors.

- In January 2005, rated one of the Top 30 Stock Picks in 2005 by Standard & Poor's.
- In March 2005, rated as "Listed Enterprise with the Best Investor Relations" by the Institutional Investor Research Group.
- In April 2005, selected as one of the 2000 Top Enterprises in 2005 by Forbes in the US.
- In April 2005, received the Honourable Mention in the Top Chinese Enterprises with the Best Dividend Policy by FinanceAsia, for the second year in a row.

Corporate culture

While aggressively expanding the business, the Group also places significant emphasis on building a successful corporate culture. This includes creating an environment where teamwork is promoted, with employees having the opportunity to develop themselves as individuals, to excel in their job and to realise their potentials. The Group also encourages employees to pursue life-time learning to continuously expand their horizon, so as to raise their management and professional expertise.

"Satisfying Customers While Creating Shareholders' Wealth" has become a common corporate goal for all the Group's employees. The Group will continue to cultivate the corporate core values centered around: Integrity; Nurturing; Innovation; Communication; Understanding; Management; Conduct; Service. Through these core values, the Group's employees will engrain in their work the successful culture required to achieve the mission of "Maximising Corporate Efficiency, While Maximising Shareholders' Return".

Prospects

The global economy will continue to grow in the second half of this year. The appreciation of Reminbi has created an environment for improvement in the world trade and the functioning of China's economy. Although oil price remains high, it has been stabling off. The Sino-US trade dispute has become clear and eased, and China's export will continue to grow at high speed. These environments will all benefit our Company's business.

Within the Group, the container leasing business continued to increase its competitive strengths, with over 1 million TEUs currently in the container fleet, and capacity utilisation continue to be ahead of the market. The market will continue to sustain a moderate growth in the second half, providing the Group with good business opportunities.

The thriving shipping market has continued to boost a substantial increase in the global demand for more ports. With the Group's investment presence in many major ports in the world, such as the PRC, Hong Kong, Asia, and Europe, the Group is well-positioned to take advantage of the growth in throughput in the second half of the year. Coupled with the Group's plan to capture new opportunities in terminal operation, the Group will further increase its market share and overall competitive strengths.

COSCO Logistics will consolidate its advantageous position in the shipping and freight forwarding sector, and develop itself into a leading logistics company with modern logistics backbone.

The container manufacturing division has achieved an excellent result in the first half of the year. With foreign trade in the PRC maintaining a high growth, the division is well-positioned as a market leader to further penetrate the market and increase its competitive strengths.

In conclusion, 2005 should be another year of sustained growth for the global economy. Capitalising on its established business strengths, the Group will continue to take an aggressive approach to enhance profitability through expanding its market share in container leasing; terminal operations; logistics, and container manufacturing. Every opportunity will be seized to broaden the income stream, raise operational efficiency, and increase contributions to earnings.

Members of the board

As at the date of this interim report, the Board comprises 14 directors, namely Mr. WEI Jiafu² (Chairman), Mr. CHEN Hongsheng¹, Mr. LI Jianhong¹, Ms. SUN Yueying¹, Mr. SUN Jiakang¹ (Vice Chairman & Managing Director), Mr. XU Lirong², Mr. WONG Tin Yau, Kelvin¹, Mr. WANG Zhi¹, Mr. QIN Fuyan¹, Dr. LI Kwok Po, David³, Mr. LIU Lit Man³, Mr. CHOW Kwong Fai, Edward³, Mr. Timothy George FRESHWATER³ and Mr. KWONG Che Keung, Gordon².

¹ Executive Director

² Non-executive Director

³ Independent Non-executive Director

By Order of the Board
SUN Jiakang
Vice Chairman & Managing Director

Hong Kong, 8th September 2005