

DISCLOSURE UNDER RULE 13.22 OF CHAPTER 13 OF THE LISTING RULES

In relation to the financial assistance granted by the Group to certain affiliated companies, a proforma combined balance sheet of the affiliated companies as at 30th June 2006 required to be disclosed under Rule 13.22 of Chapter 13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") is set out below:

	US\$'000
Non-current assets	857,676
Current assets	102,081
Current liabilities	(69,504)
Non-current liabilities	<u>(461,070)</u>
Net assets	<u>429,183</u>
Share capital	260,653
Reserves	<u>168,530</u>
Capital and reserves	<u>429,183</u>

As at 30th June 2006, the Group's consolidated attributable interest in these affiliated companies amounted to US\$147,495,000.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Company continues to achieve high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest. The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Corporate Governance Code") in Appendix 14 of the Listing Rules throughout the six months ended 30th June 2006, except for the following deviation:

Code provision E.1.2

The code provision E.1.2 of the Corporate Governance Code provides that the Chairman of the Board shall attend the annual general meeting of the Company. Due to other business commitments, Dr. WEI Jiafu, the Chairman of the Board who resides in Beijing, was unable to attend the annual general meeting of the Company held on 18th May 2006 in Hong Kong. This constitutes a deviation from the code provision E.1.2 of the Corporate Governance Code.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises four independent non-executive directors of the Company. The Audit Committee has reviewed, in the presence of the internal and external auditors, the Group's principal accounting policies and the 2006 interim report.

Remuneration Committee (formerly known as Remuneration and Assessment Committee)

The Remuneration Committee comprises five members, a majority of whom are independent non-executive directors. The Committee formulates the Group's remuneration policy of directors and senior management, reviews and determines their remuneration packages and makes recommendations to the Board the remuneration of directors.

Other Board Committees

In addition to the above committees, the Board has also established various committees which include Executive Committee, Investment and Strategic Planning Committee, Corporate Governance Committee, Risk Management Committee and Nomination Committee. Each committee has its defined scope of duties and terms of reference. The terms of reference of the above committees have been posted on the Company's website: www.coscopac.com.hk.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30th June 2006.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its listed shares during six months ended 30th June 2006. 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 2006.

INVESTOR RELATIONS

The Group continued with efforts to enhance investor relations during the first half of the year. Communications were facilitated through a variety of means to ensure that the Company's management philosophy, operations and future investment and development strategies were well understood. We aim to add value for shareholders by increasing transparency and maintaining high corporate governance standards.

During the first half of the year, the meetings we had with the investors and relevant parties had a total attendance of 398, including 144 in one-on-one meetings. By category, those who attended included fund managers (17%), analysts (11%), bankers (53%), brokerages (10%), media (3%) and others (6%). In addition, 9 roadshows and investor forums were conducted with a total attendance of 254.

Moreover, COSCO Pacific was again named among Forbes' Top 2000 Enterprises for 2006 in The Forbes Global 2000 published on 17th April 2006.

CORPORATE CULTURE

Team Building

As at 30th June 2006, COSCO Pacific had a team of 435 employees in China, Asia, America, Europe and Australia.

The Company's business expansion provides to its staff a good opportunity for continual professional development. The Company encourages life-long learning and organises various training sessions to enhance the professional standards and management skills of executives as well as staff in general. The Company is committed to ongoing improvement of its remuneration and bonus regime on the basis of equity and fairness. The