
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

share option scheme introduced in recent years has been pivotal in enhancing staff passion for work, and the COSCO Pacific team is growing into a globalised contingent that pursues efficiency and excellence in concerted efforts.

Social Responsibilities

COSCO Pacific seeks to reward the society by actively participating in community welfare and social services.

Senior management members of COSCO Pacific delivered lectures at universities in both mainland China and Hong Kong as part of their efforts to help training professionals for the logistics and shipping sectors. In March 2006, the Company donated an amount of RMB2 million to 北京市華育助學獎金會 through 中遠慈善基金會 to provide financial aid for underprivileged students in China. In June 2006, staff of the Company made donations in a charity sale of lottery tickets for the benefit of Lifeline Express, the proceeds of which would go to the train-turned mobile clinic for eye diseases operated by Lifeline Express. Meanwhile, at our offices and port facilities, COSCO Pacific welcomes guests from all sectors who would like to learn about and exchange views on our business.

COSCO Pacific is committed to carrying out our civil duties as a corporate entity, so as to help improve the society and environment in which we are living.

PROSPECTS

The global economy will continue to fare well in 2006 with an estimated growth of 3.9% underpinned by an 8.6% rise in trade volume, while China is expected to see a 10.7% economic growth. Riding on such favourable factors, the Group will continue to implement its strategy of investment optimisation by building a diversified portfolio of terminals in the hinterlands of the Pearl River Delta region, Yangtze River Delta and the Bohai Rim. Meanwhile, we will also make active moves to expand our overseas market for terminal operations.

Container management has become a new source of revenue for our container leasing operations. The Group continues to expand its container fleet for leasing and intends to maintain a high level utilisation rate in order to consolidate its leading position in the industry. In terms of fleet expansion, while we will work closely with COSCON to cater to its future expansion plans, we will also seek to expand our market share in the non-COSCON sector.

As such, the Group is fully confident in the future prospects of its business.

MEMBERS OF THE BOARD

As at the date of this report, the Board comprises Dr. WEI Jiafu² (Chairman), Mr. CHEN Hongsheng¹, Mr. LI Jianhong¹, Ms. SUN Yueying¹, Dr. 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 and Mr. Timothy George FRESHWATER³.

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, 7th September 2006