

CHAIRMAN'S STATEMENT



“COSCO Pacific Limited had a steady year in 2000, with a focus on improving operational efficiency and strengthening our competitiveness, in order to secure the best returns for our shareholders.”



The first year of the 21st century will present both challenges and opportunities for COSCO Pacific. It will also mark the 40th anniversary of our parent, China Ocean Shipping (Group) Company (“COSCO Group”). As the Chairman of COSCO Pacific and the President of COSCO Group, I am therefore particularly pleased to brief the shareholders about our development strategies and future directions. A detailed analysis of the annual results will be covered in other sections of this report. I will therefore take the opportunity to explain to our shareholders the development of our operational and management philosophy, our business model, strategy and prospects.

OPERATIONAL AND MANAGEMENT PHILOSOPHY

COSCO Pacific's goal is to create the highest value for the Company and maximize return for shareholders. To achieve this, the Company continues to strengthen its market competitiveness by making efficient use of capital and capital resources, building a flexible and efficient corporate structure, strengthening the management skills and improving the use of information technology. Other factors include providing high levels of customer service, maintaining a solid customer base, motivating our employees, recruiting and retaining management staff.

CORPORATE MODEL

We believe high competitiveness requires a simple and efficient corporate structure, a flexible management model and a focused business. We need to understand and capitalise on our strengths and focus on our core businesses in order to increase our competitiveness.

DEVELOPMENT STRATEGIES

By analyzing the macro economic environment and business development, we aim to get a clear picture of the opportunities and challenges in our market and our industry so as to create a suitable business structure and investment plan that will allow us to develop new profit growth areas.

We will continue to focus on our core businesses. In container leasing, we will expand our international customer base and develop e-commerce business. In container terminals, together with COSCO Group, we will expand our investments in potential hub ports while pursuing investment opportunities in other terminals, with the aim of developing a comprehensive container-related logistics business.

OPPORTUNITIES AND CHALLENGES

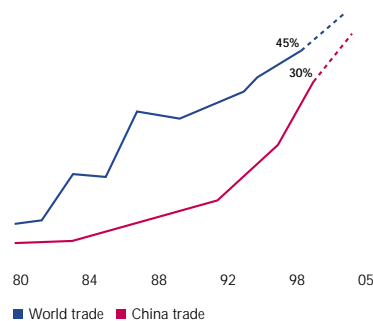
“Opportunities are expected to come with the increasing integration of world trade and China’s entry to the World Trade Organization (WTO).”

If 2000 was a year in which we were building a competitive platform, 2001 will be a year of challenges and opportunities. As China enters the WTO and becomes an integral part of the global economic, information and financial systems, it will be the growth engine of Asia and the economic driver of the globalization of world trade. Furthermore, the regional economic integration will play an important role in promoting trade growth. As the communications, co-operations and developments among regional and continental economic organizations are further strengthened, the global trade is expected to grow substantially. As such, China’s economic and foreign trade growth outlook should be promising.

“Increasing containerization will provide COSCO Pacific with more growth opportunities.”

With the increase in global trade growth, demand for containerized cargo transportation will soar. Meanwhile, demand for container shipping will increase in line with the growth in trade since it is the more economical and efficient means of cargo transportation. In order to cope with this increasing demand, shipping companies will continue to expand their container fleet and equip themselves with more containers. This should result in increased volumes of loading and unloading at terminals. Therefore, increasing containerization will benefit container leasing companies and container terminal operators such as COSCO Pacific.

Trend of Increasing Containerization



“The Internet is a catalyst for global trade growth.”

The Internet helps to speed up the trade process, increase trade opportunities, lower operation costs and expand trade growth. It also contributes to the rise in cargo shipment and consequently the rise in demand for container-related services from shipping companies.

The Company will take advantage of these opportunities by focusing on developing its container leasing and terminals businesses, while keeping a close eye on changes in the operational and commercial environment, market information and related technologies that may result from the growing popularity of the Internet. This will enable us to become more proactive in a highly competitive and changing environment.

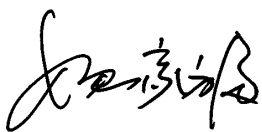
We have an aggressive plan in developing our e-commerce platform for the container leasing business. By closely monitoring the changing logistics systems in our businesses and operations, we will capture the opportunities for quality investment so as to maximize our profit growth. The Company has invested a total of US\$6.2 million in an advanced computer system to develop on-line container leasing business that will be an essential element for enhancing our competitiveness in the container leasing industry.

PROSPECTS

The Board of Directors believes the Company, with its clear development strategies, healthy financial position, strong financing ability, professional management and solid experience, and the strong support from the COSCO Group, will be able to strengthen its competitiveness and achieve the best return for its shareholders.

2001 is the first year of China's 10th five-year plan. I believe that with China's imminent entry to the WTO, the next five years will be the most important for China's trade development, bringing opportunities and challenges for COSCO Pacific. We are actively building a competitive platform for our future development.

On behalf of the Board of Directors, I would like to take this opportunity to thank all shareholders for their support and our employees for their dedicated efforts in contributing to the success of the Group.



WEI Jiafu
Chairman

29th March 2001