

## VICE CHAIRMAN'S STATEMENT



“As members of COSCO Pacific’s new management team, Chairman WEI Jiafu and I aim to introduce new ideas and motivation to support COSCO Pacific’s drive to broaden its earnings base.”



## MARKET

**“A company’s perennial objective must be on how to develop and explore markets effectively. Companies will lose their competitive edge if their products and services are not in demand or if their market shares are too small. Therefore, a company can succeed only if it continuously monitors the market and grasps the opportunities presented, devising market strategies that are suitable to its own situation.”**

Looking back on 2000, the Asian economy stabilized, a factor highlighted by China’s foreign trade which reached US\$474.3 billion, a rise of 31.5% from 1999. The growth of China’s economic trade benefited COSCO Pacific’s container leasing and terminals businesses. Last year, our container fleet increased by 5.4% to 527,982 TEUs, and throughput at our five container terminals increased by 20.9% to 7,149,727 TEUs.

In the fourth quarter of 2000, the U.S. economic growth began to slow down. The United States is one of the world’s leading nations in trade and its economic slowdown therefore affects imports and exports of other countries. However, China’s entry to WTO will help stimulate the trade in China and worldwide. There are signs that the European economy is turning more favourable, which should help make global trade more balanced. We therefore remain optimistic about the overall economic environment and plan to expand our core businesses over the next few years.

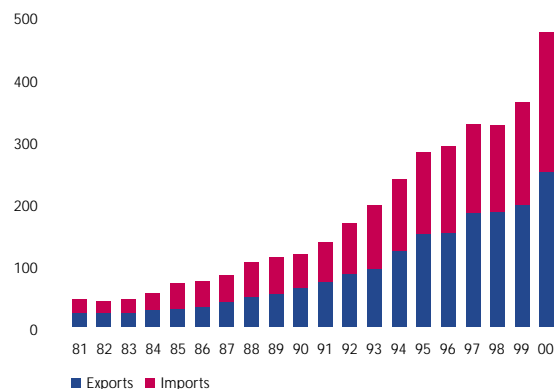
COSCO Pacific’s business network spans the world. As the world’s sixth largest container leasing company, we have eight overseas offices in the Americas, Europe and Asia with 200 container depots around the world. We have investments in container terminals in China’s busiest ports. This global presence helps us obtain accurate market information and bolsters our competitiveness.

China’s container terminals will see sustained growth in throughput following the country’s entry to WTO, which is expected to lead to growth in China’s import and export trade, and rising containerized cargo transportation. Our investment in the four container terminals in China Mainland will therefore be benefited. The Company intends to actively reap the opportunity of the rising market demand by further improving the capabilities and efficiency of its existing terminals and exploring new terminal investments.

## PROFITABILITY

**“Profitability is the Company’s ultimate goal. We have therefore placed it at the core of our business philosophy in order to maximize our efficiency and achieve the best return for our shareholders.”**

China Trade (US\$ Billion)



COSCO Pacific's strategy is to explore profit growth opportunities and to widen its earnings base. Following this strategy, the Company will take the opportunity of the container fleet expansion plan of COSCO Container Lines Company Limited ("COSCON") by providing more new containers for COSCON with 10-year leasing contracts. Meanwhile, capitalizing on its professional management team, COSCO Pacific will also strive to expand leasing with other international customers. In 2001, the Company plans to purchase 35,000 TEUs of new containers for COSCON and another 56,000 TEUs for international customers. This expansion plan will enhance the economy of scale of the container leasing fleet and the profitability of the leasing business.

## SERVICE

**“Service covers the whole process of production and operation and companies can only be competitive if they provide comprehensive services to their customers. Clients’ demands are changing. The rapid rise of the modern logistics industry brought new opportunities and created severe challenges for the traditional shipping industry. Hence, our priorities are to develop new services for clients, win their trust, improve our corporate reputation and competitiveness through the use of technology.”**

COSCO Pacific provides high quality container leasing and terminal services. We provide different types of leasing and different types of containers to suit our customers needs. Management has also created an overall strategy and job description for the front and back end of our operations, focusing on the needs of clients. The comprehensive and quality services systematically introduced to clients will help maintain customer loyalty and increase our market share. In December 2000, we completed the first phase of our internet-based information and enquiry system which is part of our e-commerce container leasing service to be launched in the second half of 2001. This will mark an important starting point for our comprehensive container-related logistics business.

## MANAGEMENT

**“Professional management is fundamental to the success of a company. Managing a company is a comprehensive and systematic application of process and procedures. It is a broad and quickly changing science. We aim to improve our management through studying new theories of exploring new profit zones and applying advanced practical management concepts.”**

The globalization of the capital markets and the development of information are providing more choices for investors. Consequently, there is a need for greater transparency in corporate governance, financial and business information. With investors increasingly rating listed companies based on the quality of corporate governance, it has become a major issue around the world. COSCO Pacific has been focusing on improving corporate governance and transparency and has won high acclaims from investors. We believe good corporate governance not only improves our reputation among investors, strengthens our operational efficiency, financial management and cost controls, but also helps us to establish a solid base for our future development.

## TEAMWORK

**“To remain in the most favorable competitive position in the industry, a corporation has to possess a high quality and enthusiastic working team. Recruiting quality professionals becomes part of the competition among companies. COSCO Pacific offers excellent working environment and conditions as well as providing further training to existing staff to improve their business skills and their talent. These measures not only enhance our teamwork capability and establish a unique corporate culture but also help attract more quality professionals to join our team.”**

COSCO Pacific has a high quality professional team. The management team has an average of over 20 years of experience in container leasing and shipping industries and we have the ability to manage the industry lifecycle. Marketing staff in our Hong Kong head office and elsewhere have over 10 years of experience in each field and have built a good relationship with clients all over the world. Supporting departments are also managed by professionals in their related fields. In order to emphasize the importance of teamwork and communications among the staff, regular management and marketing meetings are held every year to facilitate better understanding and to discuss major business issues.

## PROSPECTS

The 21st century will be full of challenges. With information technology rapidly developing and competition intensifying, corporations have to continuously increase their competitiveness. COSCO Pacific will build on the strong support from the parent company to develop the core businesses, particularly in investing in China Mainland hub ports and other potential terminals. At the same time, we plan to develop a comprehensive container-related logistics business, and use e-commerce as a means to maximize efficiency of the chain of services we offer.

We intend to bring our new management philosophy to each employee and raise our efficiency, market share, service quality, management and employee development to new levels. I believe, through joint effort and co-operation, COSCO Pacific's business will grow further and create higher value for our shareholders.



**LIU Guoyuan**  
Vice Chairman

29th March 2001