



Mr. Wei Jiafu,
Chairman

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CHAIRMAN'S STATEMENT

BUSINESS REVIEW

I am pleased to announce that for the year ended 31st December, 2000, COSCO International Holdings Limited (the "Company") has attained a remarkable result. This profitable result was achieved by the hardworking of all the staff and through prudent management.

For the year ended 31st December, 2000, the Company together with its subsidiaries (the "Group") recorded a profit attributable to shareholders of HK\$30,197,000, a 77% increase as compared to 1999. Although the total turnover of HK\$1,472,577,000, represented a decrease of 26% as compared with the previous year, the basic earnings per share was HK2.19 cents, represented an increase of 75% as compared with the previous year.

The board of directors of the Company (the "Board") does not recommend the payment of a final dividend (1999: Nil) for the year ended 31st December, 2000.

MAJOR EVENTS

The Group has been continuously exploring new business opportunities with an aim to expand its business portfolio and increase profitability in line with the improvement in business environment. Besides, the measures undertaken to control the overall operating costs and enhance efficiencies have also proved successful.

During the year, the pre-sale of Fragrant Garden, a property development project jointly developed by the Group and the Shanghai Hongkou District Government, was successful. The Phase I of this construction project is scheduled to be completed in mid-2001. The development of two detached houses at Shatin Town Lot No. 217 Mei Wo Circuit has been completed and will be launched to the market soon. The sale of the Private Sector Participation Scheme ("PSPS") Project – Broadview Court – at Shum Wan Road was launched on schedule under the Home Ownership Scheme Phase 22B in early 2001. During the year, the Group tendered for construction contracts other than those of Hong Kong Housing Authority ("HKHA") and was successful in procuring new construction contracts from Architectural Services Department to build four primary schools and a secondary school.

The Group's 51% owned jointly controlled entity, 深圳艾科創新微電子有限公司 (Ark Pioneer



COSCO Tower

Microelectronics (Shenzhen) Limited) ("Ark Pioneer"), has commenced operation as scheduled. During the year, Ark Pioneer launched various types of Dual Port SRAM in the market and provided overall solution to integrated circuits application customers. It has also achieved a breakthrough in the development of 32/64 digits RISC and CPU.

During the year, the Group conducted feasibility studies on various investment opportunities which include information technology, environmental protection, properties and industrial projects. We expect to finalise the negotiations of a number of investment projects in the near future which will bring new source of contribution to the Group.

PROSPECTS

Local economy began to recover in year 2000 after two years of economic downturn. The economic growth in year 2000 was 10.5% and the Government of the Hong Kong Special Administrative Region ("Hong Kong") has predicted a growth rate of around 4% for year 2001. The cut back in interest rate, stability in the property market and the unlimited business opportunities upon Mainland China's entry into World Trade Organisation ("WTO") will continue contribute to a positive sentiment in business environment.

It is widely acknowledged that in order to maintain its competitiveness, Hong Kong must provide value-



Tin Shui Wai Area 102 Phase II – 1,280 residential units

added services and products and investment in technology based industries is a must. The development process, however, cannot be achieved overnight. The Group will continue to sustain and strengthen our present operations and to actively seek investment opportunities in businesses that are related to China Ocean Shipping (Group) Company ("COSCO")'s core business, which have good prospect and will bring to the Group solid and enduring economic benefits. The new millennium has begun with a positive sentiment. The Group has full confidence to produce an even better return to the shareholders in the coming year. With the strong support from the ultimate holding company, COSCO, the Group will flourish to become a major conglomerate of the COSCO group.

During the year, business environment has steadily improved although it was still far from where it was before the Asian economic turmoil. The Group has nonetheless achieved a remarkable result and this was possible due to the support and trust from our business partners, bankers, clients and suppliers and all staff who have served the Group faithfully. On behalf of the Board, I express my deepest thanks.

Wei Jiafu
Chairman

Hong Kong, 30th March, 2001