

Corporate Profile

>> With its overall satisfactory business performance, COSCO Pacific has been building a solid foundation so as to further strengthen its container leasing, container terminals and container related businesses, and has achieved steady earnings growth for the past few years. Meanwhile, the senior management dedicates their efforts to improving the quality of management so as to ensure to maximise the returns for shareholders.

Solid Foundations

COSCO, the ultimate holding company of COSCO Pacific, is the largest international shipping enterprise in China, with overseas companies located in major regions of the world. Among these regional companies, COSCO (Hong Kong) Group Limited (“COSCO Hong Kong”) is the largest one. It is the intermediary controlling shareholder of COSCO Pacific and holds a 55.07% interest.

Established in 1961, COSCO owns the largest ocean-vessel fleet in China. It has 460 vessels including container ships, bulk carriers, general cargo vessels and liquid cargo carriers, with an aggregate carrying capacity of 18 million dead-weight tonnage. The sales and customer service networks of COSCO span across the world.

COSCO owns COSCO Container Lines Company Limited (“COSCON”), the world’s seventh largest container transportation company and the largest customer of COSCO Pacific. COSCON owns and operates 116 container ships with an aggregate carrying capacity of about 240,000 TEUs. COSCO Pacific provides container leasing services to COSCON. As at 31st December 2001, COSCON leased a total of 327,370 TEUs from COSCO Pacific. This accounted for 53.7% of the Company’s container leasing fleet.

Focusing on Core Business Development

Established as a company with container leasing as a single business stream back in 1994 when it was listed, COSCO Pacific has grown to become a major enterprise with container leasing and container terminal operations as its core businesses. Other supportive related businesses such as container manufacturing, container storage and transportation have been added over the past few years to maximise the benefits of vertical integration.

With the strong support of the parent company, a clear and focused business development strategy, a quality management team, our commitment to corporate transparency and outstanding investor relations, COSCO Pacific has earned positive remarks from the market and built a good corporate image and business reputation. Due to these favourable attributes, the Group’s fund-raising activities have been receiving strong support in the capital markets, which enables the Group to strengthen its finance and reduce its financing costs.

The strong ability to raise funds has enabled the Group to expand its businesses. Following seven years of hard work, our two major core businesses of container leasing and container terminal operations achieved solid developments.

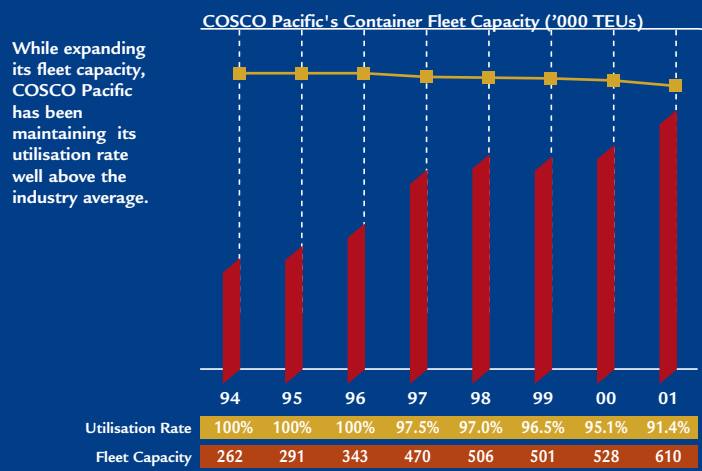
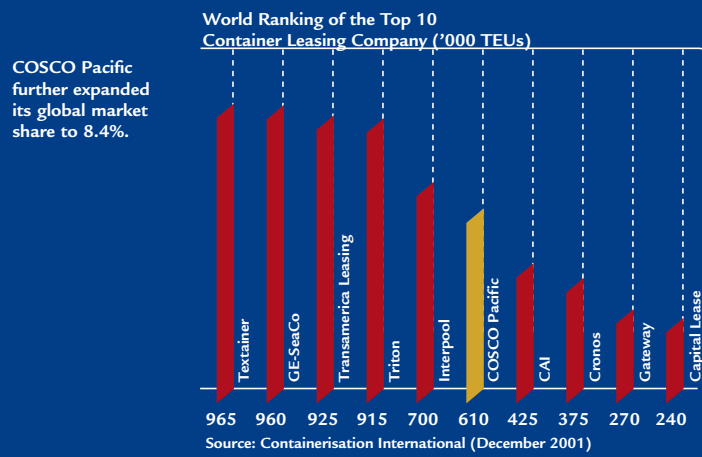
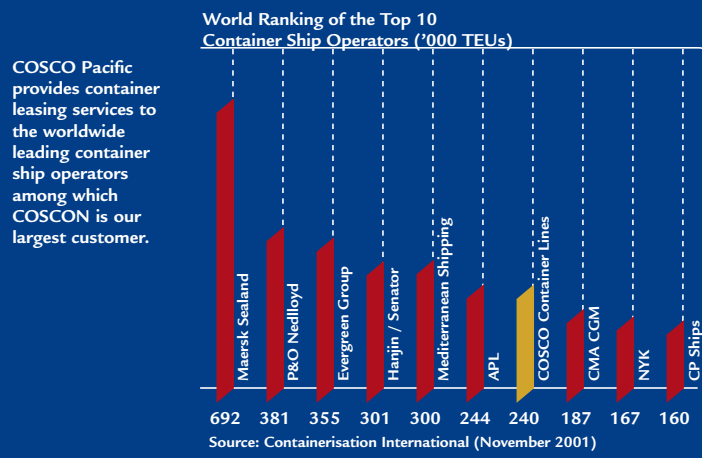
> Container Leasing

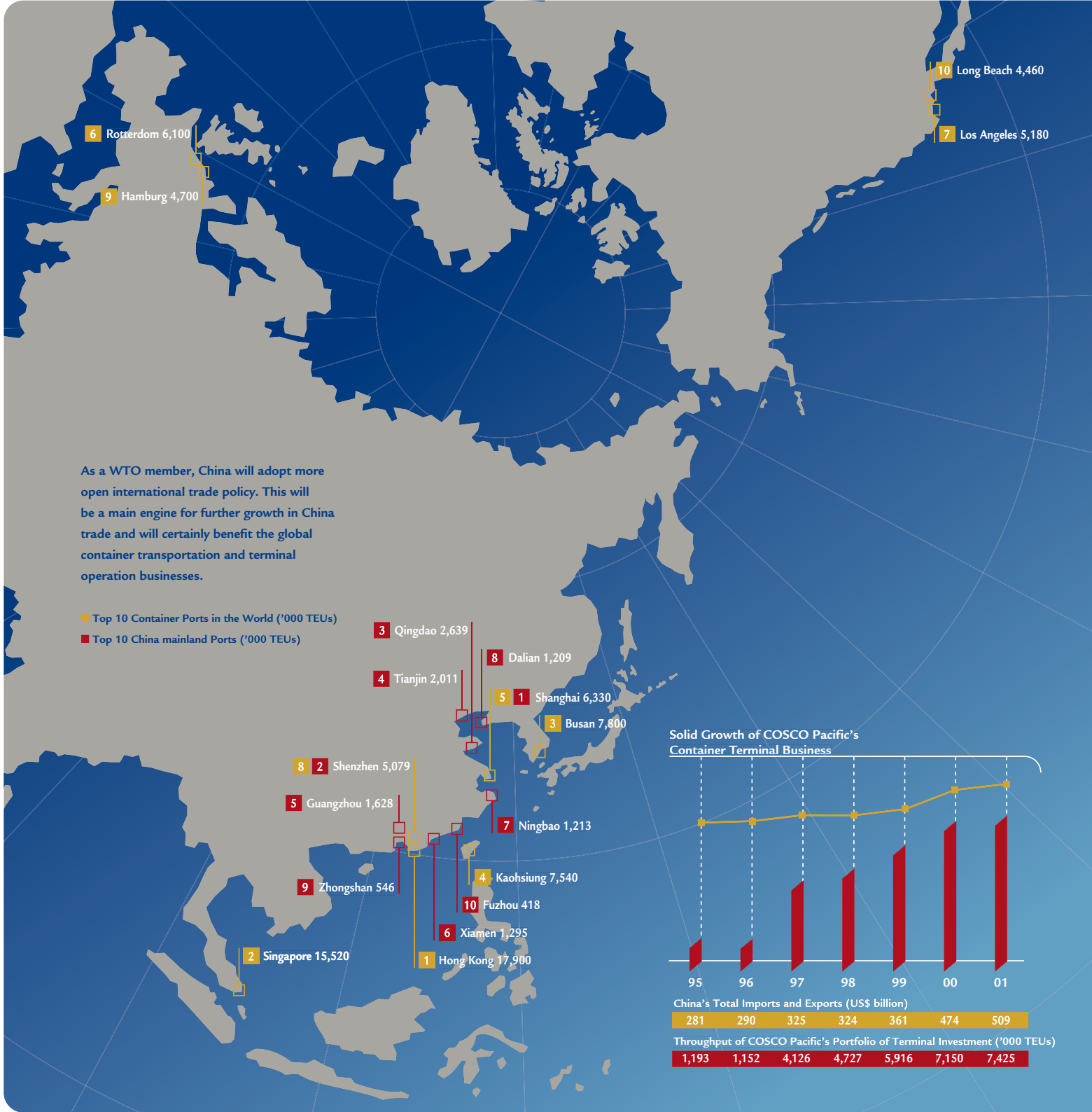
Providing full support to the listing of COSCO Pacific on The Stock Exchange of Hong Kong in 1994, COSCO undertook to lease containers from the Group on a priority basis for a term of 10 years.

In 1997, as part of the measures to increase the economy-of-scale benefits of its container leasing business, COSCO Pacific began actively expanding its customer base by developing international container leasing and providing international customers with short term and long term container leases.

As at 31st December 2001, COSCO Pacific's container leasing fleet comprised 610,019 TEUs, a significant growth compared to 261,570 TEUs at the early period following the listing. Average fleet age was relatively young at 4.3 years while utilisation rate of 91.4% was above the industry average. COSCO Pacific is now the world's sixth largest container leasing company, accounting for 8.4% of the global market share.

The container leasing fleet is operated and managed by a wholly owned subsidiary Florens Container Holdings Limited ("Florens"). Given the sizeable fleet, Florens has employed experienced professionals in the container leasing industry to oversee administration and marketing, and has built up a quality management team and an efficient technology supporting team to provide comprehensive services through its 189 depots located around the world. Recently, Florens has developed an e-commerce platform to provide fast and convenient on-line leasing services for its customers. This has increased the competitiveness of Florens in the container leasing market.





> **Container Terminal Business**

COSCO Pacific has a container terminal portfolio that comprises high quality assets. The portfolio includes five container terminals that are located in Hong Kong, Shanghai, Qingdao, Shenzhen and Zhangjiagang respectively. While Hong Kong is the world’s busiest port, Shanghai, Qingdao and Shenzhen are the three largest hub ports in China mainland, whereas Zhangjiagang is one of the most important ports in the Yangtze River. Strategically located in the major coastal areas that are essential to the import and export trades of China mainland, these five container terminals enjoy huge development potential.

In November 1995, COSCO injected its 50% interest in COSCO-HIT Terminals (Hong Kong) Limited (“COSCO-HIT”) into COSCO Pacific, and undertook to provide continuous support to COSCO-HIT, including the use of COSCO-HIT facilities by vessels of COSCO and its associates. COSCO-HIT is jointly operated by COSCO Pacific and Hongkong International Terminals Ltd. The cumulative throughput of the terminal from 1995 to 2001 amounted to 8,791,000 TEUs. Its throughput for 2001 was 1,301,966 TEUs, accounting for about 11.5% of the aggregate throughput of the major container terminals in Kwai Chung, Hong Kong.

In March 1997, COSCO Pacific successfully acquired the interests in four China mainland container terminals from COSCO. These included the 10% interest in Shanghai

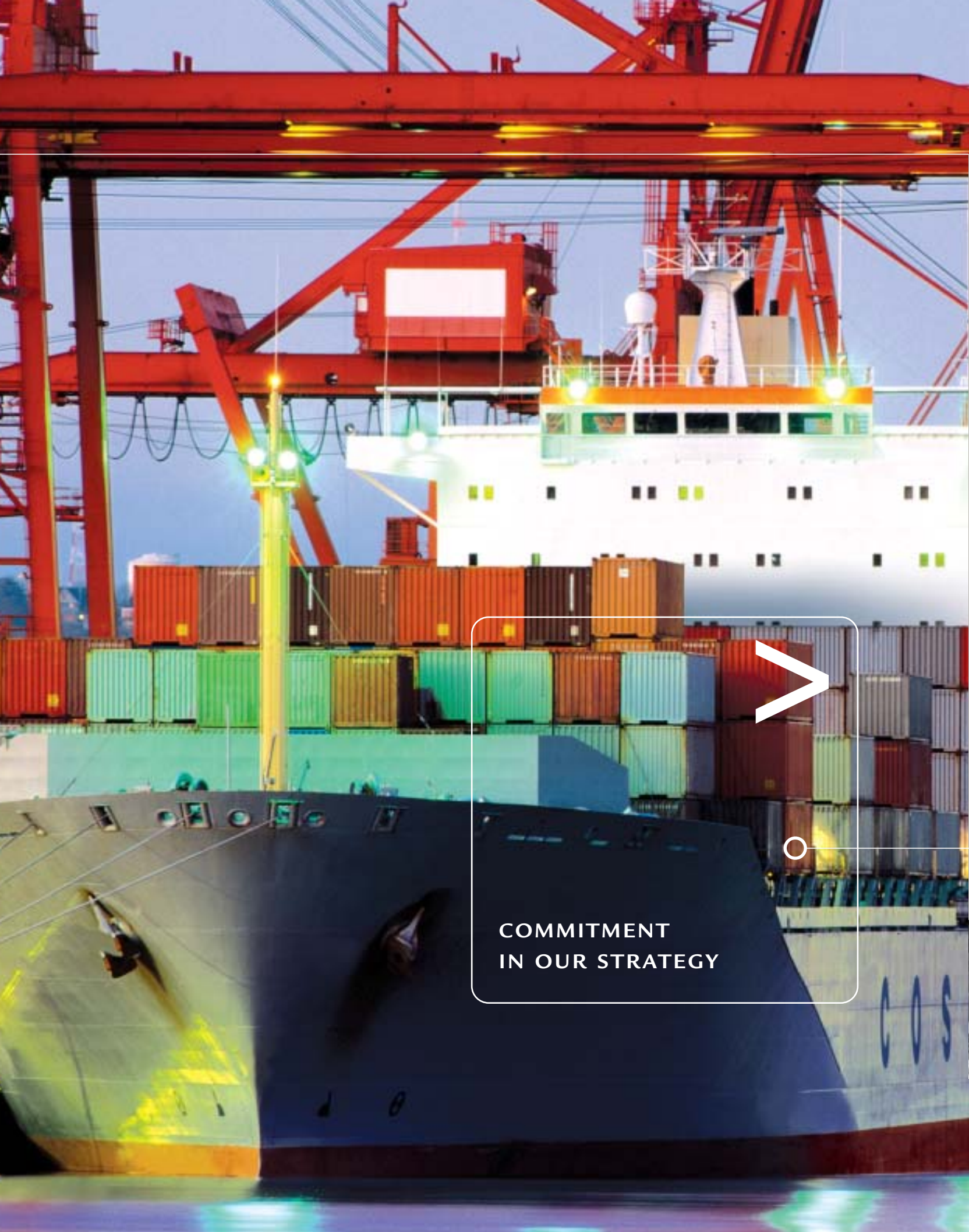
Container Terminals Ltd., 50% interest in Qingdao Cosport International Container Terminals Co. Ltd., 5% interest in Yantian International Container Terminals Ltd., and 51% interest in Zhangjiagang Win Hanverky Container Terminal Co., Ltd. The acquisition has further increased the Group’s market share in the container terminal sector.

The aggregate throughput of the five container terminals amounted to 7,425,188 TEUs in 2001. The significance of these five container terminals lies in their respective strategic locations in northern, central and southern part of the coast of China. In view of the continuing growth of China’s import and export trade and growing containerisation, these terminals will make further developments to meet the increasing needs for container terminal services.

Market Ratings

COSCO Pacific has maintained satisfactory business development and earnings growth since its listing. Its development strategy, management policy, and solid financial position have been highly endorsed by the market. The Company is rated as a quality red chip. COSCO Pacific is currently a constituent in the Hang Seng China-Affiliated Corporations Index. With its clear mission and specialisation in container transportation and high representation in the capital markets, COSCO Pacific is extensively included as a constituent in global major indices, such as the MSCI China Free Index and the S&P Asia Pacific 100 Index.

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| <p>The Company received a number of management awards:</p> | <p>1997</p> <p>>> Rated as one of the best managed Chinese companies by Asiamoney.</p> | <p>1999</p> <p>>> Rated as one of the best managed Chinese companies by The Asset magazine.</p> <p>>> Granted the Honourable Mention by the Hong Kong Management Association for the best annual reports.</p> | <p>2001</p> <p>>> Ranked 11th in the best investor relations Chinese companies by Finance Asia in a poll on best managed Asian companies.</p> <p>>> Included in the “100 Chinese enterprises in the new century” by Capital magazine.</p> | |
| | <p>1998</p> <p>>> Granted the Honourable Mention by the Hong Kong Management Association for the best annual reports.</p> | <p>2000</p> <p>>> Rated as one of the best managed Chinese companies by Asiamoney.</p> <p>>> Included in the HSBC’s Asian 100 leading corporates.</p> <p>>> Granted the Honourable Mention by the Hong Kong Management Association for the best annual reports.</p> | <p>2002</p> <p>>> Ranked 4th in the best Chinese companies in corporate governance in a research report published by Credit Lyonnais Securities.</p> | |



COMMITMENT
IN OUR STRATEGY