



>> While strengthening and expanding its existing businesses of container leasing and container terminal operations, COSCO Pacific will dedicate all its efforts to enhancing the Group's sustainability in profit growth by developing new revenue streams.



Container Leasing Business

- > Florens Container Holdings
- > Florens Container Services

Container Terminals and Related Businesses

- > COSCO-HIT
- > Shanghai Terminals
- > Qingdao Cosport Int'l Terminals
- > Zhangjiagang Win Hanverky Terminal
- > Yantian Int'l Terminals
- > River Trade Terminal
- > Shanghai Waigaoqiao Container Terminal (Phase I)
(pending for approval)
- > Dalian Port Container
- > Twinbridge Development
- > Plangreat

Container Related Business

- > Shanghai CIMC Reefer Containers
- > Shanghai CIMC Far East Container
- > Tianjin CIMC North Ocean Container
- > Shanghai Kansai Paint & Chemical
- > Tianjin Kansai Paint and Chemical

Other Investments

- > COSCO Pacific (China) Investments
- > Liu Chong Hing Bank



Chairman's Statement

>> I am pleased to report to shareholders that COSCO Pacific maintained a healthy growth in profit attributable to shareholders during 2001. The Group resolves the challenges of the operating environment with satisfaction and successfully maintained solid growth in its businesses. With the strong support of COSCO and other customers, the Group has further expanded the container leasing business and strengthened the container terminal operations.

2001 marked the beginning of the 21st century with utmost significance. The world was focusing on China's entry into the World Trade Organisation ("WTO") and the success of Beijing, the capital of China, to host the Olympics 2008. These two exciting events will have far-reaching positive impact on global economic development in the 21st century.

In recent years, shipping companies have been expanding their cargo transportation capacities in order to meet the expected increase in service demand. By 2001, new vessels were ready to be put into operation. However, the "9.11" event which abruptly took place in New York has caused serious deterioration in the U.S. economy. The recovery of global economy was dragged down. As a result of the global economic slowdown during the year, major industries around the world encountered a more difficult operating environment. These structural factors inevitably affected COSCO Pacific. At the same time, the Company's core businesses were also affected in their further developments given the interrelationships between them and the demand for containers.

Despite the unfavourable operating environment, the Group's overall results and operations were satisfactory in 2001. This can be attributed to the hard work of all staff, the support of the sister companies in COSCO, and the mutual assistance from the business partners. On behalf of the Directors, I would like to extend our most sincere thanks to all of them. Details of the results and operations of COSCO Pacific are described in the Vice Chairman's Statement and other sections of this annual report.

China's economic performance was most distinguished in 2001, with imports and exports totaling US\$509.3 billion which was 7.4% higher than the previous year's figure. Although China is expected to face more challenges and external uncertainties in 2002, I remain optimistic towards the country's economic prospects.

The positive effects from China's WTO membership will become increasingly apparent. On the external front, China is seen as having the highest growth potential among world countries and a relatively safer market for investment. It is expected that global capital flow to China will substantially increase in the coming years. Internally, the Chinese government is taking measures to build up an efficient financial system and healthy capital markets in order to provide financing channels and capital for the Chinese enterprises and to increase their competitiveness. These factors will facilitate the growth of the Chinese economy. China's capital markets will gradually open up, which will provide enormous opportunities for Chinese enterprises. In particular, the growth in China trade will be a major driving force to the development of the logistics industry.

Looking ahead, the 21st century presents both opportunities and challenges. COSCO, COSCO Hong Kong and COSCO Pacific will keep abreast of the changing environment. "The fittest the survival." We will take this as our motto to meet the challenges and to seize the opportunities for our business development.

With a history of nearly 41 years, COSCO has nurtured a talented management team that has good knowledge about market economy and is adaptable to competition in the international market. This, coupled with an established global operation network, have provided COSCO with unequalled competitive advantages and capabilities. An important objective adopted by COSCO in its restructuring is "strengthening the shipping business and expanding the logistics business". It will make efforts to ensure the solid growth of its container shipping operations while striving to expand the logistics operations. These efforts will include more intensive training and nurturing of talents for the logistics business.

While strengthening and expanding its existing businesses of container leasing and container terminal operations, COSCO Pacific will expand new profit growth streams to further enhance the Company's profitability. Our development strategies include further strengthening the existing core businesses, namely, container terminal operations and container leasing business, coordinating with the hub port development strategy of COSCO to introduce new projects for expanding the container terminal business, and collaborating with COSCO's core business development strategy to actively explore business opportunities in the logistics sector in order to develop new profit growth streams.

Participating in the logistics and related businesses is part of COSCO Pacific's strategy for generating further growth. As an extension of the Company's core operations, the logistics and related businesses have enormous market potential that we can leverage on our existing competitive advantages. With extensive experience in container transportation and its related logistics, the strong support from COSCO, a solid financial position, and financial flexibility, COSCO Pacific is well positioned to further increase the market shares of its core businesses and to yield from the economy-of-scale benefits. The Company will take advantage of its favourable position in the capital markets to further strengthen its finance, improve its capital structure and debt portfolio, and increase its asset utilisation, with a view to generating higher returns for shareholders.

I would like to take this opportunity to thank all shareholders for their support to COSCO Pacific. I would also like to extend my most sincere thanks to all staff for their hard work in enabling the Group to meet its development targets.

WEI Jiafu
Chairman

27th March 2002