>> We are committed to providing customers with quality container leasing services by improving the "functions and services" of our container leasing platform and also by responding to the "customers and market" needs effectively. Meanwhile, we will provide our staff with more intensive training on e-commerce and better communication skills with customers. This further enhancement of the platform will increase the competitiveness of COSCO Pacific in the container leasing industry.

Container Leasing Business

- > Florens Container Holdings
- > Florens Container Services

Offices and Branches in

- > Hong Kong (Headquarters)
- > San Francisco
- > New York
- > Sao Paulo
- > London
- > Hamburg
- > Genoa
- > Tokyo
- > Singapore
- > Shanghai (Office)

No. of Depots in

- > Asia Pacific: 70
- > Americas: 51
- > Europe: 68

Review of Operations

> Turnover increased 3.1% to US$224,671,000

> Profit attributable to shareholders increased 8.3% to US$154,340,000

> Return on equity was 13.4%

> Net assets per share up by 9.0% to HK$4.37

> Container leasing fleet increased by 15.5% to 610,019 TEUs

> Throughput at the five container terminals rose 3.9% to 7,425,188 TEUs.

Operational Highlights

The Group's turnover for the year increased 3.1% to US$224,671,000 (2000: US$217,893,000). This was mainly attributable to the rise in container leasing turnover brought by a higher leasing volume.

During the year, the B-share market in China mainland rallied as a result of liberalised control. The Group took advantage of the favourable environment and sold the entire 18,150,000 B shares of Shanghai Zhenhua Port Machinery Co., Ltd ("Shanghai Zhenhua"). This generated a profit of US$14,137,000 (2000: US$Nil).

Profit contributions from jointly controlled entities and associated companies for the year amounted to US$9,421,000 (2000: US$6,656,000) and US$56,812,000 (2000: US$66,243,000) respectively. Due to the decline in throughput, profit contributions from COSCO-HIT and Shanghai Container Terminals Limited decreased. Liu Chong Hing Bank saw a setback with profit contribution at US$9,007,000 (31st December 2000: US$15,390,000).

Profit attributable to shareholders reached a new high, up 8.3% to US$154,340,000 (2000: US$142,546,000). Earnings per share amounted to US7.2081 cents (2000: US6.6634 cents). As at 31st December 2001, the Company had a total of 2,142,542,298 issued shares (2000: 2,139,228,298 shares).

The directors will recommend the payment of a final cash dividend of HK14.0 cents (2000: HK11.0 cents) per share at the forthcoming annual general meeting. Together with the interim cash dividend of HK9.5 cents (2000: HK8.2 cents) paid on 5th October 2001, this represents a full year cash dividend of HK23.5 cents (2000: HK19.2 cents) per share. Dividend payout ratio raised to 41.8% (2000: 37.0%), reflecting our strong cash position and an increase in return on equity.

Container Leasing

The Group owns the world's sixth largest container leasing fleet, with 610,019 TEUs as at 31st December 2001 (2000: 527,982 TEUs), accounting for 8.4% (2000: 7.2%) of the global market share.

The Group has a 10-year container lease agreement with COSCON. The Group also provides long term and short term container leasing services for other international customers ("International Customers"). The total number of customers was 155 (2000: 155).

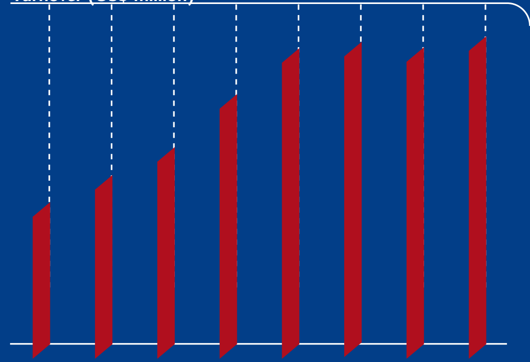
The Group's container leasing business made solid progress during 2001. Turnover rose 3.6% to US$209,343,000 (2000: US$202,143,000). Profit after tax was US$83,618,000 (2000: US$75,578,000), accounting for 54.2% (2000: 53.0%) of the Group's profit attributable to shareholders.

Rental income from COSCON was US$135,959,000 (2000: US$136,766,000), accounting for 65.3% (2000: 68.2%) of the Group's container rental income. Whereas the rental income from International Customers was US$72,383,000 (2000: US$63,656,000), accounting for 34.7% (2000: 31.8%) of the Group's container rental income, of which long term leases contributed an amount of US$40,454,000 (2000: US$35,770,000) and master/short term leases contributed an amount of US$31,929,000 (2000: US$27,886,000). The increase in rental income from International Customers was due to higher leasing volume.

As at 31st December 2001, the Group leased a total of 327,370 TEUs (2000: 303,978 TEUs) to COSCON, which represented 53.7% (2000: 57.6%) of the Group's total container fleet. Containers available to International Customers rose significantly to 282,649 TEUs (2000: 224,004 TEUs), representing 46.3% (2000: 42.4%) of the total container fleet.

Our Group's turnover derives mainly from container leasing business.

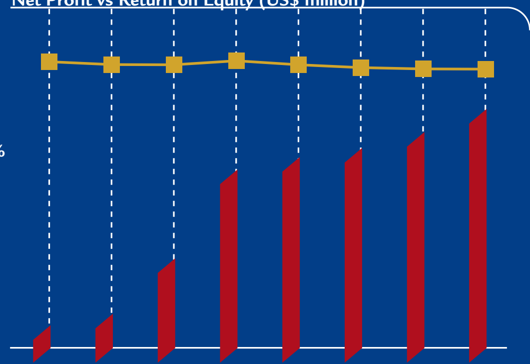
Turnover (US$ million)



94	95	96	97	98	99	00	01
104.2	124.1	144.6	183.5	217.1	220.6	217.9	224.7

The expansion of our Group's businesses allows us to develop new revenue streams and expand our earnings base. We have achieved a 21.2% of compound annual growth in net profit and satisfactory return on equity since our listing in 1994. Profit attributable to shareholders was up 8.3% to US$154,340,000 in 2001.

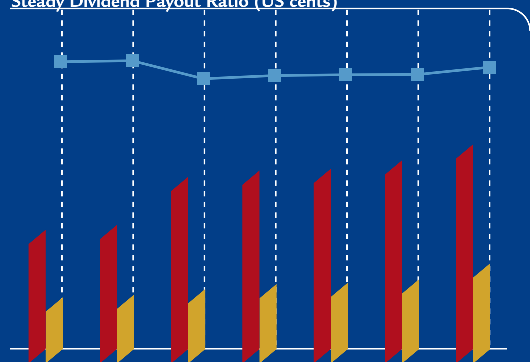
Net Profit vs Return on Equity (US$ million)



	94	95	96	97	98	99	00	01
Profit Attributable to Shareholders	40.3	46.4	75.7	122.7	129.3	134.1	142.5	154.3
Return on Equity	17.3%	15.8%	15.7%	17.8%	15.7%	14.2%	13.5%	13.4%

Dividend payout ratio raised to 41.8%, reflecting our strong cash position and an increase in return on equity.

Steady Dividend Payout Ratio (US cents)



	95	96	97	98	99	00	01
Payout Ratio	43.4%	43.9%	34.9%	36.5%	36.9%	37.0%	41.8%
EPS	4.21	4.38	6.08	6.30	6.36	6.66	7.21
DPS	1.826	1.923	2.123	2.298	2.344	2.465	3.013

> *Container Fleet Analysis*

During the year, the Group's container fleet increased by 15.5% to 610,019 TEUs, with an average container age of 4.3 years (2000: 4.2 years). This has allowed the Group to compete favourably with our competitors and to attract more customers. New containers were acquired while the Group sold or re-leased containers returned by COSCON upon the expiry of 10-year leases ("Returned Containers").

TEUs	2001	2000
Total containers (as at 1st January)	527,982	500,899
New containers purchased	96,953	69,060
Returned Containers received upon expiry of 10-year leases		
Total	(20,642)	(31,682)
Re-leased	9,000*	1,000
Disposed of and pending for disposal	(11,642)	(30,682)
Ownership transferred to customers upon expiry of hire purchase contracts	(595)	(9,388)
Defective containers written off	(2,679)	(1,907)
Total containers (as at 31st December)	610,019	527,982

* According to the arrangement entered into between the Group and COSCON on 22nd August 2001, the re-leasing of the 9,000 TEUs Returned Containers will take effect from 1st January 2002.

> *Container Fleet Analysis by Type (based on TEUs)*

	31st December 2001			31st December 2000		
	Total	COSCON	Int'l Customers	Total	COSCON	Int'l Customers
Total containers (TEUs)	610,019	327,370	282,649	527,982	303,978	224,004
Dry	92.0%	91.4%	92.8%	91.4%	91.4%	91.5%
Reefers	5.8%	7.5%	3.7%	6.0%	7.4%	4.1%
Specials	2.2%	1.1%	3.5%	2.6%	1.2%	4.4%

> *Utilisation Rates*

While containers leased to COSCON remained 100% utilised, the overall average utilisation rate stood at 91.4% (2000: 95.1%), well above the industry average of about 75% (2000: 83%). The fall in the overall average utilisation rate was mainly due to the slowdown in the global economic growth and the increase in short term leasing with International Customers.

> *Handling of Returned Containers*

In 2001 a total of 20,642 TEUs of Returned Containers was received from COSCON. The Group disposed of 12,151 TEUs of Returned Containers during the year, which included those that were returned by COSCON but remained unsold by the end of 2000. The disposal recorded a net loss of US$2,476,000 (2000: net profit of US$946,000). The loss was due to the higher net book value of the Returned Containers and a slight decline in disposal price.

On 22nd August 2001, the Group entered into an arrangement with COSCON in respect of short term container leasing transaction whereby COSCON agreed to lease the 10-year old containers from the Group on a short term basis (for a term less than 10 years) with effect from 1st January 2002.

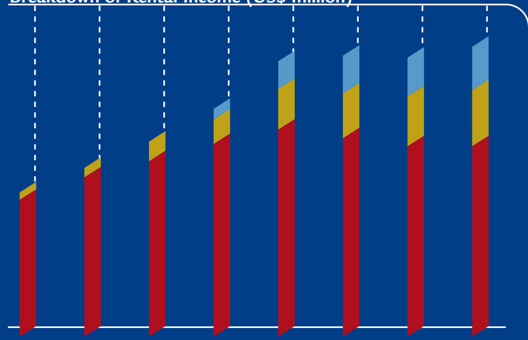
As at 31st December 2001, Returned Containers not yet disposed of numbered 5,671 TEUs (2000: 6,180 TEUs). In 2002, the Group expects to receive Returned Containers of about 14,334 TEUs from COSCON. The Group will continue to dispose of or lease out the remaining Returned Containers.

> *Enhancement of Customer Service*

With the completion of the second phase e-commerce platform on 2nd January 2002, the Group started providing on-line container leasing as part of the enhancement of its customer service. The Group will continue to improve the service scope and capability of the platform, focusing on the needs of its customers and the market, in order to further enhance its container leasing services. The improvement will also include more intensive training on e-commerce for the staff and strengthening of communications with customers. The further enhancement of the platform will increase the competitiveness of the Group in the container leasing industry.

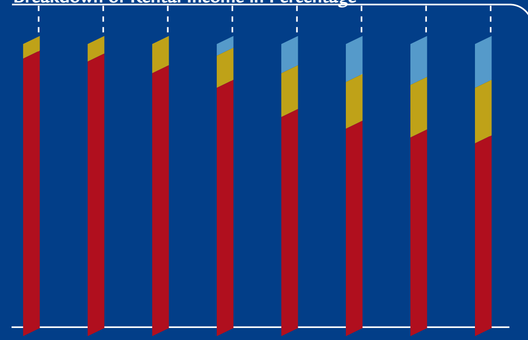
The advantages of expanding the customer base enable the Group to increase its income sources and also to be in a stronger development position during the recovery of the global economy.

Breakdown of Rental Income (US$ million)



	94	95	96	97	98	99	00	01
Int'l Customers Short Term Leasing	–	–	–	7.6	19.9	27.2	27.9	31.9
Int'l Customers Long Term Leasing	5.3	6.8	14.1	17.7	29.3	32.1	35.7	40.4
COSCON	98.3	114.4	126.0	138.4	148.7	142.5	136.8	136.0
Total	103.6	121.2	140.1	163.7	197.9	201.8	200.4	208.3

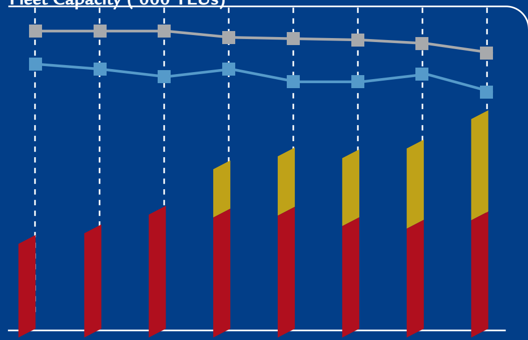
Breakdown of Rental Income in Percentage



	94	95	96	97	98	99	00	01
Int'l Customers Short Term Leasing	–	–	–	4%	10%	13%	14%	15%
Int'l Customers Long Term Leasing	5%	6%	10%	11%	15%	16%	18%	19%
COSCON	95%	94%	90%	85%	75%	71%	68%	66%

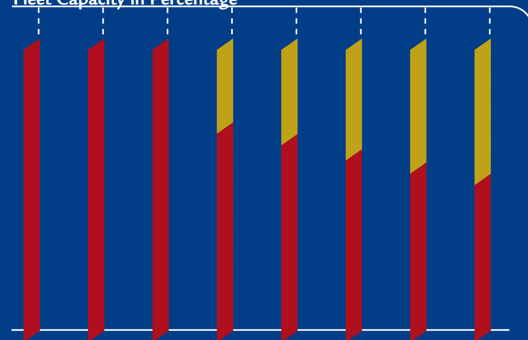
The Group has expanded the international container leasing business while maintaining a satisfactory overall utilisation rate.

Fleet Capacity ('000 TEUs)



	94	95	96	97	98	99	00	01
COSCO Pacific's Overall Utilisation Rate	100.0%	100.0%	100.0%	97.5%	97.0%	96.5%	95.1%	91.4%
Industry Average	87.0%	85.0%	82.0%	85.0%	80.0%	80.0%	83.0%	75.0%
International Customers	–	–	–	134.8	165.6	189.9	224.0	282.6
COSCON	261.6	291.1	343.2	335.1	340.3	311.0	304.0	327.4
Total	261.6	291.1	343.2	469.9	505.9	500.9	528.0	610.0

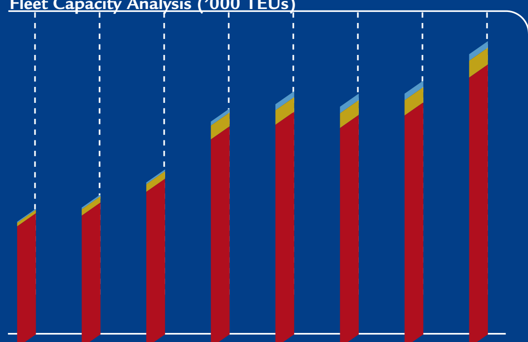
Fleet Capacity in Percentage



	94	95	96	97	98	99	00	01
International Customers	–	–	–	28.7%	32.7%	37.9%	42.4%	46.3%
COSCON	100%	100%	100%	71.3%	67.3%	62.1%	57.6%	53.7%

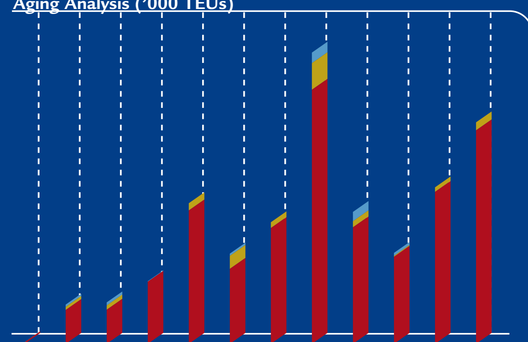
The fleet is mainly composed of dry containers to fit for the market demand. The young fleet age of 4.3 years old is one of our competitive advantages in the container leasing industry.

Fleet Capacity Analysis ('000 TEUs)

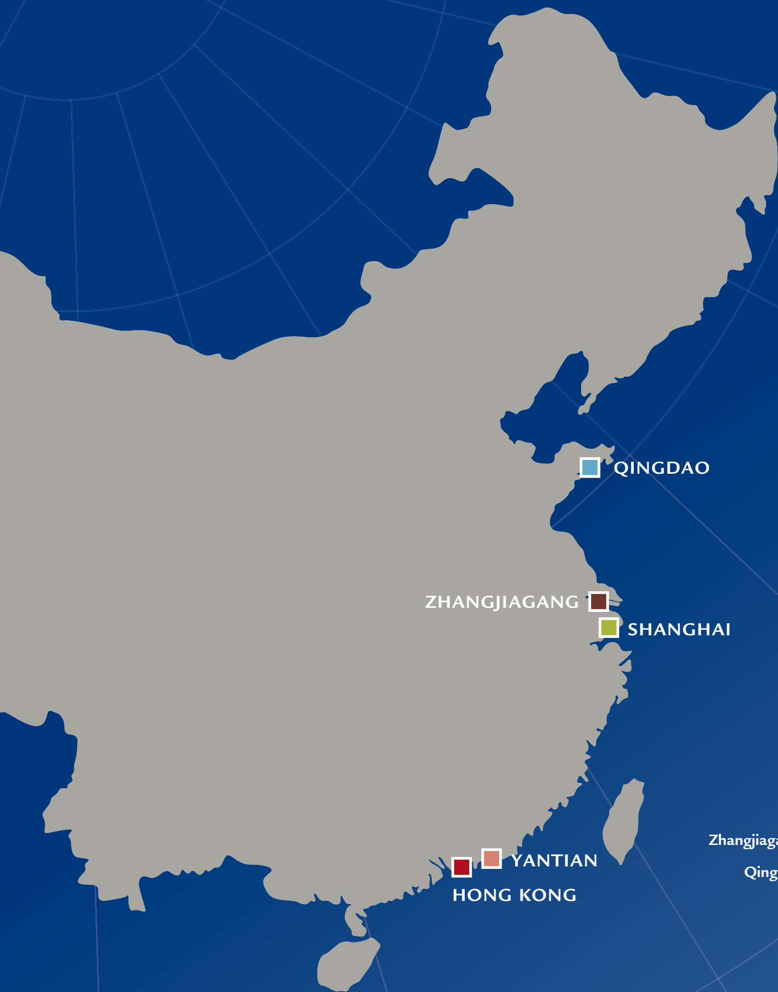


	94	95	96	97	98	99	00	01
Specials	2.4	3.8	3.7	8.3	12.4	13.6	13.6	13.5
Reefer	7.3	13.1	15.8	28.9	30.3	30.8	31.9	35.1
Dry	251.9	274.2	323.7	432.7	463.2	456.5	482.5	561.4
Total	261.6	291.1	343.2	469.9	505.9	500.9	528.0	610.0

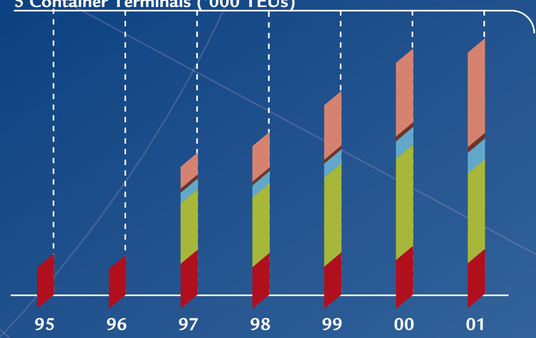
Aging Analysis ('000 TEUs)



	>10	10	9	8	7	6	5	4	3	2	1	<1
Specials	–	1.0	1.3	0.2	–	1.0	–	4.6	4.1	1.3	–	–
Reefer	–	1.4	1.9	–	3.2	5.7	2.5	11.7	2.7	0.5	2.3	3.2
Dry	0.7	14.8	15.0	27.3	58.5	32.9	50.9	111.6	51.1	38.2	66.7	93.7
Total	0.7	17.2	18.2	27.5	61.7	39.6	53.4	127.9	57.9	40.0	69.0	96.9



Throughput of COSCO Pacific's 5 Container Terminals ('000 TEUs)



	95	96	97	98	99	00	01
Yantian Int'l Terminals	–	–	638	1,038	1,588	2,147	2,752
Zhangjiagang Win Hanverky Terminal	–	–	119	105	113	137	161
Qingdao Cosport Int'l Terminals	–	–	300	350	401	502	600
Shanghai Terminals	–	–	1,767	2,027	2,594	2,951	2,610
COSCO-HIT	1,193	1,152	1,302	1,207	1,220	1,413	1,302
Total	1,193	1,152	4,126	4,727	5,916	7,150	7,425

	2001 Throughput (TEUs)	2000 Throughput (TEUs)	+/-	Total Area (sq. metres)	No. of Berth(s)	Length (metres)	Water Depth Alongside (metres)	No. of Quay Cranes	Current Handling Capacity (TEUs)	Location
COSCO-HIT >	1,301,966	1,412,854	-7.8%	300,000	2	640 (for large vessels) 448 (for supplementary)	-15.5	9	1,600,000	Terminal 8 East Kwai Chung Hong Kong
Shanghai Terminals >	2,609,800	2,950,500	-11.5%	830,000	12	2,281	-9.4 to -10.5	16	3,500,000	Baoshan Zhanghuabang and Jungonglu, Shanghai
Qingdao Cosport International Terminals >	600,329	502,119	+19.6%	250,000	1	349	-13.5	4	600,000	No. 47 Berth No. 8 Terminal Qingdao
Zhangjiagang Win Hanverky Terminal >	161,208	136,778	+17.9%	200,000	2	505	-11	3	200,000	Berth 15 & 16 Port Area Zhenjianghai North Zhangjiagang
Yantian International Terminals >	2,751,885	2,147,476	+28.1%	1,180,000	5	2,350	-14 to -15.5	18	3,000,000	Dapeng Bay Shenzhen
Total	7,425,188	7,149,727	+3.9%							

Container Terminal and Related Businesses

The Group's container terminal business continued to grow during the year. Compared with 2000, the aggregate throughput of our five container terminals rose 3.9% to 7,425,188 TEUs. Our four China mainland container terminals - Shanghai Terminals, Qingdao Cosport International Terminals, Zhangjiagang Win Hanverky Terminal and Yantian International Terminals - saw a 6.7% increase in combined throughput to 6,123,222 TEUs.

> COSCO-HIT

COSCO Pacific has a 50% interest in COSCO-HIT Terminals (Hong Kong) Limited ("COSCO-HIT"). Located at Terminal 8 East in Kwai Chung, the terminal occupies an area of 300,000 square metres. It has a quay length of 640 metres and a water depth alongside of 15.5 metres. The berths of the terminal are equipped with 9 post-panamax quay cranes capable of handling two large container vessels simultaneously. Moreover, with berths of 98 metres for river vessels and berths of 350 metres designated for barges, all equipped with quay and harbour cranes, the berths provide dedicated services for river vessels and barges sailing across the Pearl River Delta. The terminal has a yard capacity for 25,000 TEUs, which is equipped with 696 reefer points, 32 yard cranes, 3 smaller cranes and other supporting facilities. The terminal operates 24 hours a day and 365 days a year.

COSCO-HIT has been closely monitoring the development of container terminals around the world and continuously upgrading its terminal facilities and improving its efficiency, including the use of advanced computer systems and communications equipment. These efforts have enabled COSCO-HIT to increase its handling capacity well beyond the original designed level. Throughput at COSCO-HIT reached 1,301,966 TEUs in 2001 (2000: 1,412,854 TEUs), accounting for about 11.5% of the aggregate throughput of the container terminals in Kwai Chung. COSCO-HIT is a well-developed terminal with high utilisation and good returns.

The solid operations and good returns of COSCO-HIT provide a stable source of profit for the Group. It is a successful model of COSCO Pacific in managing its assets. The management experience and profits earned from COSCO-HIT have laid a solid foundation for the Group to grow into a large and cost-efficient terminal operator.

Apart from being an international shipping centre, Hong Kong is also the most important transhipment port for the China mainland. The high growth of China's foreign trade is the major driving force for Hong Kong's throughput increase. Notwithstanding the substantial growth of throughput at the neighbouring Shenzhen port, Hong Kong managed to record a throughput of 17,900,000 TEUs in 2001 and continued to be the busiest container port among the world. This is a good indication that Hong Kong, by maintaining its competitive advantages of high flexibility and efficiency, convenient services and international network of shipping routes, can play a mutually complementary role to the major container ports in southern China and share the growth of China's rapidly growing containerised trade.

> Shanghai Terminals

The Group has a 10% interest in Shanghai Container Terminals Ltd. ("Shanghai Terminals"), which has three terminals located in Zhanghuabang, Jungonglu and Baoshan at the entry of Huangpujiang in Baoshan District, Shanghai. Equipped with 12 berths, Shanghai Terminals has a quay length of 2,281 metres, a water depth alongside of 10 metres, and an area of 830,000 square metres that can accommodate 54,065 TEUs. Its current handling capacity reaches 3,500,000 TEUs of containers.

During the year, Shanghai Terminals handled 2,609,800 TEUs, a decline of 11.5% from 2000, mainly due to the shift of some large vessels to Waigaoqiao terminal. Shanghai Terminals accounted for about 41.2% of the aggregate throughput at the Shanghai port.

Shanghai is China mainland's largest container hub port. The Yangtze River Delta where it is located is one of the most developed areas in the country. The city's vast and accessible networks of transportation also attract significant transhipment cargoes. For these reasons, throughput at Shanghai port has been growing rapidly. In 2001, total throughput at Shanghai port reached 6,300,000 TEUs, raising its global ranking to fifth largest from sixth. Looking ahead, Shanghai will continue to be the busiest port in China mainland in 2002, and Shanghai Terminals will benefit from the city's increase in throughput. Since early 2002, throughput at Shanghai Terminals has been increasing.

> Qingdao Cosport International Terminals

The Group has a 50% interest in Qingdao Cosport International Container Terminals Co. Ltd. ("Qingdao Cosport International Terminals"), which is located at no. 47 berth in Qingdao port with an area of 250,000 square metres. The terminal has a berth with a quay length of 349 metres, and a water depth alongside of 13.5 metres. It is one of the most modern and best-equipped terminals in Qingdao port, providing highly efficient services with an annual handling capacity of 600,000 TEUs of containers. In 2001, throughput at Qingdao Cosport International Terminals rose 19.6% to 600,329 TEUs, accounting for about 22.8% of the aggregate throughput at Qingdao port.

In 2001, the total throughput at Qingdao port reached about 2,640,000 TEUs, making Qingdao the third largest container port in China mainland following Shanghai and Shenzhen. With the continued improvements in port facilities, management and services, it is believed that Qingdao Cosport International Terminals will continue to grow.

> Zhangjiagang Win Hanverky Terminal

The Group has a 51% interest in Zhangjiagang Win Hanverky Container Terminal Co. Ltd. ("Zhangjiagang Win Hanverky Terminal"). Located at the down stream of the Yangtze River, the terminal is one of the major ports along the River and ranked third among the river container terminals in 2001. It has two berths, with a quay length of 505 metres and a water depth alongside of 11 metres. It occupies an area of 200,000 square metres with an annual handling capacity of 200,000 TEUs. In 2001, throughput at the terminal increased 17.9% to 161,208 TEUs, accounting for 100% of the aggregate container throughput at Zhangjiagang. With cargo container shipping increasing along the Yangtze River, Zhangjiagang Win Hanverky Terminal is actively expanding the river trade business while continuously benefiting from foreign trade. It is expected that throughput at the terminal will grow further in 2002.

> Yantian International Terminals

The Group has a 5% interest in Yantian International Container Terminals Ltd. ("Yantian International Terminals"), which is located at Dapeng Bay in Shenzhen and is one of the major container terminals in southern China. The first and second phases of Yantian International Terminals occupy a total area of 1,180,000 square metres. There are a total of five berths, with a quay length of 2,350 metres, a water depth alongside of 14 metres, and an annual handling capacity of 3,000,000 TEUs. In 2001, throughput at the terminal further increased by 28.1% to 2,751,885 TEUs.

Driven by the strong economic and export growth in the Pearl River Delta hinterland, Yantian port is expected to make further gains in throughput. For Yantian International Terminals, the cargo transportation along the Guangdong coast and the Pearl River Delta will ensure a significant throughput growth in 2002.

> River Trade Terminal

The Group has a 10% interest in River Trade Terminal Holdings Limited ("River Trade Terminal"). Located at Tuen Mun, Hong Kong, the terminal has an area of 65 hectares, with 60 berths on full completion and a designed annual handling capacity of 4,200,000 TEUs of containers. The terminal provides container and cargo handling and related services for manufacturers transporting cargoes to and from the Pearl River Delta Region via Hong Kong. Its services include cargo loading and unloading, storage, transhipment, vanning and devanning and container maintenance. The terminal handled 1,262,235 TEUs of containers in 2001, a 28.7% increase over 2000. Its throughput is expected to grow further in 2002.

> Shanghai Waigaoqiao Container Terminal (Phase 1)

The Group has signed an agreement together with other partners to form a joint venture named Shanghai Pudong International Container Terminal Ltd. ("Shanghai Waigaoqiao Terminal"). The joint venture, in which the Group will hold a 20% interest, has received approval from the State Planning Commission for its project proposal and is in the process of registration and formation. The joint venture company is expected to operate in the middle of 2002.

Located at Waigaoqiao Bonded Zone, Pudong, Shanghai, the terminal has three berths, with a 900-metre quay length, and a total area of 500,000 square metres. Throughput at the terminal amounted to 1,491,280 TEUs in 2001, a 23.4% increase from a year ago. Looking ahead, the terminal is expected to further increase its throughput in 2002.

> Dalian Port Container Co., Ltd.

In December 2001, the Group joined in to promote and set up Dalian Port Container Co., Ltd. ("JV Co"), a joint stock limited company in China mainland, and subscribed for 8% of the equity interest in the JV Co. The JV Co holds a 51% interest in Dalian Container Terminal Co., Ltd, Dalian's principal container terminal, and is a major shareholder of all other container terminals in Dalian. The JV Co has great development potential and plans to seek for a listing on the China mainland stock market. During the year, the aggregate throughput of the terminals owned by the JV Co increased 20.5% to 1,220,000 TEUs.

> Shanghai Yixian Road Project

The three toll bridges of Shanghai Yixian Road project, namely Wusong Toll Bridge, Wenchuan Toll Bridge and Jiangyang Toll Bridge, achieved a 5.2% increase in combined vehicle flow to 10,025,019 vehicles (2000: 9,528,395 vehicles), with tariffs income up by 4.1%.

> Container Handling and Storage

Our wholly owned subsidiary, Plangreat Limited, and its subsidiaries provide container stevedoring, container storage and container repair and transport services. During the year, the revenue declined as a result of reduced business.

Container Related Industries

Our container related industrial investments provide the Group with further vertical integration and synergies.

Affected by the global economic slowdown and the “9.11” event in the U.S., most of these companies recorded a slowdown in output except for the production of Shanghai CIMC Reefer Containers Co., Ltd. and Shanghai Kansai Paint & Chemical Co., Ltd. which mildly increased. Looking ahead, with the gradual recovery of the U.S. economy, the container related business is expected to improve.

Shanghai CIMC Reefer Containers Co., Ltd. (“Shanghai CIMC Reefer”) in which the Group holds a 20% interest, produced a total of 25,642 TEUs of refrigerated containers, up 4.6% over 2000.

The Group holds a 20% interest in Shanghai CIMC Far East Container Co., Ltd. (“Shanghai CIMC Far East”) and a 22.5% interest in Tianjin CIMC North Ocean Container Co., Ltd. (“Tianjin CIMC North Ocean”). During the year, Shanghai CIMC Far East produced 55,357 TEUs of containers, a decrease of 40.8% from 2000, and Tianjin CIMC North Ocean produced 33,382 TEUs of containers, a decline of 46.3% from 2000.

The Group also has a 20% interest in Shanghai Kansai Paint & Chemical Co., Ltd. (“Shanghai Kansai”) and Tianjin Kansai Paint and Chemical Co., Ltd. (“Tianjin Kansai”) respectively. Both companies are principally engaged in the production of paint for container and vessel uses. Shanghai Kansai produced 13,128 tons of paint in 2001, an increase of 2.5% over 2000, and Tianjin Kansai produced 15,477 tons of paint, down by 23.4% from 2000.

Banking

> *Liu Chong Hing Bank Limited*

The Group has a 20% interest in Liu Chong Hing Bank Limited ("Liu Chong Hing Bank"), which contributed US$7,764,000 to the Group's profit attributable to shareholders, a decrease of 39.7% compared to 2000.

Other Investments

> *COSCO Pacific (China) Investments Co., Ltd.*

A wholly owned subsidiary of the Company, COSCO Pacific (China) Investments Co., Ltd. ("COSCO Pacific China Investments") was incorporated in Shanghai, China on 10th January 1999 with the permission of the Ministry of Foreign Trade and Economic Cooperation. Its principal businesses include port and related sector investments. The establishment of COSCO Pacific China Investments is part of COSCO Pacific's corporate strategy to strengthen the management and operations of its assets and businesses in China mainland and to further develop the huge China market.

PRC Investment Securities

During the year, the Group sold all its shares in Shanghai Zhenhua. The disposal generated a profit of US$14,137,000 for the Group (2000: US$Nil).

Investor Relations

COSCO Pacific has been highly committed to maintaining a higher standard of investor relations practice above regulatory requirement and market practice. The Company systematically provides comprehensive corporate information for investors and maintains close communications with shareholders.

In the capital markets, COSCO Pacific often displays a strong ability to raise funds. While this owes to the strong brand name of COSCO, it can also be attributed to the Company's clear focus on container and related businesses, as well as its efforts to maintain high transparency and good corporate governance. Favourable remarks from the market have enabled COSCO Pacific to attract the interest of international investment funds, institutional investors and investment banks, which in turn has effectively enhanced our work in asset management and corporate development. The Company has used a variety of financing instruments including syndication loan, equity issue, warrant, convertible bond and commercial paper.

With the senior management's strong support to good investor relations, COSCO Pacific has been extensively covered and well researched by securities analysts, many of them make positive recommendations in their investment reports. These reports are important reference materials for international fund managers, institutional investors, bankers and investors to analyse a company's businesses and its management standing. Particularly, when a company places shares, issues bonds or arranges syndication loans, such reports and their recommendations will be among their major references. About 33 securities firms have assigned analysts to closely follow COSCO Pacific, many of them are world famous securities firms.

> *Building up Communication Channels with Investors*

Keeping abreast of capital market developments is a pre-requisite for securing the support and trust of investors. Through roadshows and other promotional activities, senior management initiates meetings with investors to further reinforce their confidence about the Company. Given the growing demand from investors on corporate governance and transparency and the disclosure of more information on financial results, COSCO Pacific has put more efforts to ensure that the information it provides is detailed, accurate and consistent.

The management places great emphasis on maintaining good communications with investors. Various ways of meeting the investors are employed to keep them updated about the Group's operations and developments. Between 1997 and 2001, senior management has met 4,819 investors, or close to 963 investors a year.

	No. of investors				
	2001	2000	1999	1998	1997
Individual meeting	**332**	317	380	538	468
Luncheon meeting / seminars	**72**	91	157	282	164
Roadshow	**340**	552	449	395	282
Total	**744**	960	986	1,215	914

US, European and Singaporean institutional investors currently account for the majority of overseas investors that are shareholders of COSCO Pacific. To earn their continuous support, visits to and dialogues with investors are major activities in our investor relations program. These efforts can reinforce the confidence of these existing shareholders about the Company and enable us to expand our shareholders' base.

In order to expand the shareholder base of institutional investors, the management actively participates in various investor forums organised by international securities firms. Through these efforts, investment value of COSCO Pacific is extensively recognised.

Investor Forums Attended by the Management

January	**The "Hong Kong & China Corporate Day" seminar organised in Singapore by Saloman Smith Barney HK Ltd.**
February	**The "Hong Kong Conference 2001" organised in Hong Kong by Saloman Smith Barney HK Ltd.**
	The "Hong Kong Listed Chinese Companies Seminar" organised in Beijing by the Hong Kong Exchanges and Clearing Limited.
March	**The "Asian Investors Conference" organised in Hong Kong by Credit Suisse First Boston (Hong Kong) Ltd.**
April	**"Asia Pacific Investor Conference" organised in London by Merrill Lynch (Asia Pacific) Ltd.**
May	**"China Forum 2001" organised in Shanghai by CLSA Ltd.**

As at 31st December 2001, COSCO Hong Kong was the largest shareholder holding a 55.07% interest in COSCO Pacific, while the combined interest of institutional investors and other minority shareholders in COSCO Pacific was 44.93%. The high percentage of institutional investors in the free float represents a vote of confidence by professional investors in COSCO Pacific.

In the aftermath of the September 11 terrorist attacks, focus of the investment community has shifted to China, regarding it as a market of the greatest development potential in the world and a relatively safe place for investment. Many securities firms reallocated their investment portfolio recommendations by gradually increasing their weighting in Chinese enterprises. This will bring a significant impact on the global capital flow. COSCO Pacific will further explore the criteria and considerations of international investors in selecting Chinese enterprises to ensure that its investor relations program can meet the needs.

Human Resources

COSCO Pacific has a quality team of employees. Since our listing in 1994, the devotion and expertise of our staff have laid a solid foundation for the Company's business development. As at 31st December 2001, there were around 32 employees in the Company's headquarters, 558 employees in COSCO-HIT and Zhangjiagang Win Hanverky Container Terminal and 95 employees in the container leasing division.

Apart from providing mandatory provident fund, the Group's remuneration policies are formulated on the performance of individual employees and will be reviewed by the management on a regular basis. Share options are also granted to employees to motivate their performance and contribution to the Group.

The success of the Group is due to the teamwork and outstanding performance of the staff. Despite the unfavourable economic environment, the Group remains its commitment to providing high quality services for its customers. In order to achieve this, the Group arranges its staff to participate in a variety of training courses, and adopts effective human resources policy to improve its operations. At the same time, the Group continues to offer favourable promotion opportunities and incentives to its staff to encourage them to fully contribute of their talents.