



**LIU Guoyuan**  
Vice Chairman

“We are putting in place structures to be better governed and efficiently managed to limit our risks. We are acting to protect our shareholders’ interests and we are building a trust relationship with all our stakeholders.”

**Vice Chairman's report** In the past couple of years, the world economy experienced a period of slowdown that transferred a significant impact on those economically sensitive businesses such as the international trade transportation. Against a background of this difficult condition, COSCO Pacific has sought to strengthen and expand its existing businesses of container leasing and container terminal operations, and to explore new profit growth opportunities to further enhance the Company's profitability.

# Vice Chairman's report

## **ACCELERATING GROWTH IN PROFITABILITY**

Turnover increased 7.6% to US\$241,644,000

Profit attributable to shareholders increased to US\$154,560,000

Excluding major non-recurring profit items in 2002 and 2001, net profit increased by 4.9%

Earnings per share was US7.2017 cents (2001: US7.2081 cents)

Dividend per share for the year was HK29.0 cents (2001: HK23.5 cents)

Dividend payout ratio for the year increased to 51.6% (2001: 41.8%)

Return on equity was 12.4%

Net assets value per share up 7.1% to HK\$4.68

## **ACCELERATING GROWTH IN MARKET SHARE**

Container leasing fleet increased by 16.0% to 707,890 TEUs

Total container throughput rose 26.2% to 13,420,639 TEUs

Acquisition of 8% equity interest in Dalian Port Container Co., Ltd.

Acquisition of 17.5% equity interest in Shekou Container Terminals Ltd.

Acquisition of 4.45% equity interest in Yantian International Container Terminals (Phase III) Limited.

Shanghai Pudong International Container Terminals Ltd., in which COSCO Pacific holds 20% equity interest, commenced business on 1st March 2003

Our experienced and committed team delivered satisfactory results in 2002. During the year, we focused on our profitability so as to accelerate our profit growth. Meanwhile, our market oriented and customer-focused strategy widened our presence in the market. Furthermore, our quality management and professional working team demonstrated our depth of strength in exploring potential investments in the market.

### **To accelerate profit growth**

Against a background of global economic uncertainty, COSCO Pacific has sought through various initiatives to strengthen and expand its existing businesses of container leasing and container terminal operations, and to explore new profit growth opportunities to enhance the Company's profitability. These initiatives aim at improving the market position of COSCO Pacific's core businesses and accelerating its profit growth. In 2002, we managed our businesses well in the volatile market and satisfactory results were achieved.

### **To build market dominance**

On a macro level, we further strengthened our presence in the markets in which we already have a competitive advantages, within Asia, particularly in China where COSCO Pacific, via its ultimate parent, COSCO, has a strong market position. COSCO Pacific is the largest listed flagship of COSCO. We will further strengthen our core competencies and expand our container terminals business in China in the near future. For our container leasing business, we will continue to strengthen our trust relationship with customers, especially those among the top 20 largest container liners operators in the world.

In order to sustain our target, we are ready to move forward. We constantly analyse our markets, our services, and the regions we serve in order to strengthen our competitive positions. We continually monitor and improve our existing businesses to generate superior returns, and seek to acquire new businesses that will expand our capabilities within our core industries, and to offer outstanding opportunities to grow profit.

### **To be customer-focused**

On a micro level, operating in an increasingly competitive and changing environment, we believe our future market leadership will be a direct result of our focus and dedication to our customers' needs. Meanwhile, we have to consider the needs of our shareholders, investors, business partners, bankers, suppliers, employees, professional institutions and the public. We strongly believe that our long term relationship with our customers and stakeholders will be one of the key factors for our next level of successful development as the forthcoming economic rebound.

### **To build a trusted management**

In the current economic climate, we believe that it is time to be pragmatic and adopt a think-smarter management approach. We are reallocating our resources and making astute investments in better growth opportunities. We are planning for what we see, not what we hope. More importantly, we are putting in place structures to be better governed and efficiently managed to limit our risks. We are acting to protect our shareholders' interest and we are building a trust relationship with all our stakeholders.

We are better managing and monitoring our risks, calculating its effect on capital, on growth, on performance and related environmental and social issues. We are creating a risk aware culture, bringing considerations of risks into strategic decision-making and thereby developing COSCO Pacific into a centre of excellence for managing risks.

### **To build a strong team**

Success is built upon people. Our commitment to providing quality service to our customers is delivered through their professionalism. With over 368 employees and 11 points of presence across 7 countries, we have the team and the presence to achieve our goals. We recognise the importance of human resources as a strategic resource in the continued growth of our businesses. In order to maintain their professionalism and motivation, COSCO Pacific is dedicated to providing

its employees with rewarding work and continuing opportunities for personal growth.

Our future is inextricably linked to our people. To maintain and ambitiously grow the business, we are putting the right people in the right place at all levels, and building a culture of teamwork as the best way to capitalise on talent throughout the organisation. We are revamping our Company programs to bring out the best in our people including succession planning, skills training, safety procedures and a competitive compensation and benefits program. We are committed to establishing a work atmosphere that allows people to strive for excellence, developing leaders at all levels.

### **PROSPECTS**

Economic and political uncertainties continue to cloud the business environment as we move into the new financial year. 2003 is hard to predict but is likely to continue with a high degree of economic and political uncertainty. However, we are confident of our ability to managing our businesses in volatile markets and we remain well positioned to exploit growth opportunities in China. By building on the opportunities we find around us, we are increasing the value of this unique Company for our stakeholders.



**LIU Guoyuan**, Vice Chairman  
26th March 2003