



Chairman's Statement



I am pleased to report that COSCO Pacific delivered a satisfactory performance in 2005. The growth was led by strong performances from container terminal operations and supported by container leasing, logistics and container manufacturing. In 2005, the Company achieved net profit of US\$334,937,000, an increase of 62.1%. Earnings per share were US15.28 cents (2004 : US9.57 cents). The full-year dividend per share was US8.65 cents (2004 : US5.40 cents) with a dividend payout ratio of 56.6% (2004 : 56.4%).

COSCO Pacific's strong performance in 2005 resulted from the Company's strategy of pursuing fast and consistent growth, leveraging on its strong corporate base. COSCO Pacific further penetrated its industry leadership in container terminal operations and container leasing, while sustaining its commitment to steady growth in logistics and container manufacturing.

COSCO Pacific continued to expand its global ports network via strategic alliances with top global shipping lines and terminal operators in 2005. The Group signed joint venture contracts to acquire a 59% equity interest in Guangzhou Nansha Port Phase II and a 10% equity interest in Shanghai Yangshan Port Phase II, as well as a 20% equity interest in the Suez Canal Container Terminal S.A.E. ("Suez Canal Terminal") at Port Said, Egypt.

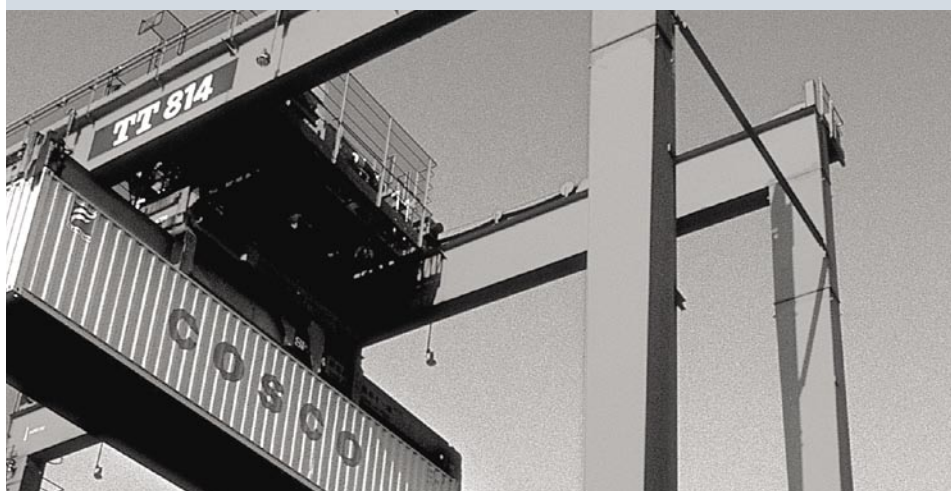
Our immediate parent company, China COSCO Holdings Company Limited ("China COSCO"), was listed on The Stock Exchange of Hong Kong in June, 2005. COSCO Pacific is an important service provider to COSCO Container Lines Company Limited ("COSCON"), a wholly owned subsidiary of China COSCO. We expect that as China COSCO expands its container shipping fleet, we will benefit from greater demand for terminal and container leasing services. COSCO Pacific remains the listed vehicle of China Ocean Shipping (Group) Company ("COSCO"), our ultimate shareholder, through which we develop our terminal and container leasing businesses.

The Group further strengthened and simplified the structure of the board during 2005 with the dual aims of improving its system of checks and balances and further enhancing corporate governance.

Positive operating environment

The global economy sustained rapid growth in 2005 on the back of strong growth in the United States and Asia. China remained a key driver of global economic growth, with preliminary estimates from the National Bureau of Statistics of China indicating a 10% rise in GDP for 2005, in line with the previous year. The Bureau recorded China's total imports and exports at US\$1,422 billion, a 23% rise from the previous year, with exports 28% higher and imports up 18%. Looking ahead, the Chinese Central Government's 11th Five-Year Plan emphasises the promotion of the Pearl River Delta, Yangtze River Delta and Pan-Bohai Economic Zone, and reinforces their power-house role for the development of the hinterland. In line with the government's plan, COSCO Pacific intends to intensify its investment within these three major regions of China.

The global container terminal industry has been the focus of significant merger and acquisition activity over the past year, signifying the premium placed on commanding a worldwide network. The surge in activity also provides opportunities for industry leaders such as COSCO Pacific to extend their global network.



Corporate strategy

COSCO Pacific's strategy is to grow rapidly and consistently by enhancing its global port network, in order to maintain and enhance its position as a global industry leader. In particular, the Group aims to further strengthen its position as a global player in the container terminal industry through acquisitions, as well as leveraging on carrier-terminal strategic partnerships. On the other hand, COSCO Pacific intends to maintain its market share and industry leadership in container leasing.

Outlook

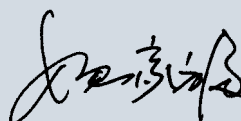
The global economy is expected to sustain solid growth during 2006, though perhaps at a slower pace than in 2005, with the United States, Europe, China and India the key contributors.

We view the continued strength of the global economy as positive for all of our businesses. In the container terminal business, we project high growth that will result in commensurate returns. We are confident that container leasing will continue to contribute strong and highly recurrent cashflow. We also expect rapid growth from logistics. Container manufacturing remains complementary to our container leasing business by ensuring the supply of boxes.

Commitment to shareholders

COSCO Pacific's mission is to create value for our shareholders and to provide superior service to our customers. The trust they both place in us is our motivation to succeed. Our vision is to be highly profitable, strategically balanced, effectively managed, independent, socially responsible and environmentally friendly, with leadership positions in all our core businesses. I am proud to say that COSCO Pacific's performance and activities in 2005 clearly demonstrated again our commitment to these objectives.

Taking this opportunity, I would like to extend my deepest gratitude to our employees, business partners and shareholders. The continued dedication and hard work of the COSCO Pacific team throughout all levels of the organisation is the most important reason the Group has gone from strength to strength. The support of our business partners and our shareholders is vital to constantly driving the Group towards new heights of achievement.



WEI Jiafu
Chairman
23rd March 2006