



CHAIRMAN'S STATEMENT



Mr. Li Kelin, Chairman

The board of directors (the “Board”) of China Shipping Development Company Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to report the audited results of the Group for the year ended 31st December, 2000.

BUSINESS REVIEW

Following the recovery of the global economy, the economy of the People’s Republic of China (excluding Hong Kong) (the “PRC” or “China”) has also rapidly improved. The more favorable economic situation both in China and abroad provided better development opportunities in the shipping industry. In 2000, notwithstanding the challenges arising from the significant increase in international and domestic fuel oil prices, the Group took advantage of favorable market opportunities, made careful arrangement of its shipping operation, and cooperated closely with its major customers, which resulted in significant improvement in its operating results. At present, the Group is making full preparations for the entry of China into the World Trade Organisation (“WTO”).

The Group's net turnover for the year ended 31st December, 2000 was RMB3,190,847,000, representing an increase of approximately 2.6 per cent as compared with 1999. Profit before tax was RMB325,014,000, an increase of 103.4 per cent as compared with 1999. Net profit from ordinary activities attributable to shareholders was RMB281,967,000, an increase of 120 per cent as compared with 1999. Earnings per share is RMB0.0947, an increase of 122 per cent as compared with 1999. The asset-liability ratio of the Group decreased by approximately 6 per cent from approximately 46 per cent at the end of 1999 to approximately 40 per cent at the end of 2000.





CHAIRMAN'S STATEMENT CONTINUED

Breakdown of cargo handled by volume (billion tonnenautical miles):

Geographical area of operations	Description	2000	1999	Increase/ (Decrease) %
Domestic	Coal transportation	24.4	20.9	16.7
	Oil transportation	14.8	16.8	(11.9)
	Others	2.9	3.9	(25.6)
	Sub-total	42.1	41.6	1.2
International	Coal transportation	2.4	2.9	(17.2)
	Oil transportation	19.1	15.1	26.5
	Others	11.8	18.8	(37.2)
	Sub-total	33.3	36.8	(9.5)
Total		75.4	78.4	(3.8)

Breakdown of turnover (RMB million) :

Geographical area of operations	Description	2000	1999	Increase/ (Decrease) %
Domestic	Coal transportation	944.7	849.6	11.2
	Oil transportation	1,285.0	1,274.2	0.8
	Others	123.7	177.2	(30.2)
	Sub-total	2,353.4	2,301.0	2.3
International	Coal transportation	35.6	44.6	(20.2)
	Oil transportation	635.3	468.1	35.7
	Others	249.5	369.1	(32.4)
	Sub-total	920.4	881.8	4.4
Total		3,273.8	3,182.8	2.9
Business tax and surtax		83.0	72.6	14.3
Net turnover		3,190.8	3,110.2	2.6

Breakdown of gross profit of the group (RMB million):

Geographical area of operations	Description	2000	Increase/ (Decrease)	
			1999	%
Domestic	Coal transportation	148	192	(22.9)
	Oil transportation	374	418	(10.5)
	Others	13	(31)	N/A
	Sub-total	535	579	(7.6)
International	Coal transportation	(3)	(16)	(81.3)
	Oil transportation	84	29	189.7
	Others	3	(44)	N/A
	Sub-total	84	(31)	N/A
	Total	619	548	13.0

1. Oil transportation increasing steadily

Oil transportation is the main sector of business of the Group. In the past few years, the Group has taken a series of effective measures to maintain the steady increase in the operating results of its oil fleet. The revenue derived from oil transportation by the Group for 1995, 1996 and 1997 was RMB1.06 billion, 1.13 billion and 1.29 billion respectively. Following the acquisition of 19 oil tankers from China Shipping (Group) Company (“China Shipping”), the parent company of the Company, in 1998, the Group realised revenue of RMB1.6 billion from oil transportation, an increase of approximately 100 per cent over 1994 when the Group was listed in Hong Kong. The revenue derived from oil transportation by the Group for 1999 was RMB1.74 billion, representing an increase of 8.8 per cent over 1998. The volume of oil undertaken by the Group and the revenue derived from oil transportation for 2000 was 33.92 billion tonne-nautical miles and RMB1.92 billion, respectively, an increase of 6.3 per cent and 10.3 per cent over 1999, respectively. The revenue derived from oil transportation in 2000 accounted for 58.7 per cent of the total revenue of the Group, as compared with 54.7 per cent for 1999.

