China Shipping Container Line Company Limited, in which the Group has a 25% equity investment, developed speedily and enlarged its business scale. In 2000, the container shipping volume increased from 780,000TEU in 1999 to 1,440,000TEU, representing an increase of 84.6%. In 2000, the Company's profit was RMB11,040,000, which the Group's profit from investment accounted for RMB2,760,000, representing an increase of RMB30,300,000 from a loss of RMB27,540,000 in 1999.

Cost Analysis:

The Group strengthened its cost management on a constant basis. For the year ended 31st December 2000, the Group's costs slightly increased from RMB 2.562 billion in 1999 to RMB 2.572 billion. The total cost of the Group decreased by 9.0%, excluding an increase of RMB0.24 billion in fuel costs.

As a result of sharp increases in the domestic and international fuel prices, the fuel costs of the Group for 2000 were RMB 811 million (equivalent to 31% of the total costs), representing an increase of 31.7 % over the RMB 616 million fuel costs (equivalent to 24% of the total costs) in 1999. Following the implementation of new energy-saving strategy and technology to decrease the consumption of fuel , the increase of the fuel costs was lower than that of average fuel prices.

The port charges decreased from RMB 299 million (equivalent to 12% of the total costs) in 1999 to RMB 226 million (equivalent to 9 % of the total costs) in 2000, representing a decrease of 24.4 %, following business adjustment and the decrease in international transportation business of the Group.

By implementing reasonable strategy to maintain the vessels and to control the total maintenance expenditure strictly, the maintenance expenditure for 2000 was RMB 247 million(equivalent to 10% of the total costs) , representing a decrease of 12.6%, as compared with that of RMB 282 million (equivalent to 11% of the total costs) for 1999. In addition, the reduction in the number of vessels accounted partly for the reduction in maintenance expenditure.

Due to the reduction in the number of self-operating vessels(excluding vessels leased out), the depreciation decreased from RMB 630 million (equivalent to 25% of the total costs) in 1999 to RMB 580 million (equivalent to 23 % of the total costs)in 2000, representing a decrease of 6.6%.

Financial Analysis :

Receivables: As at 31st December 2000, due to the implement of a more efficient method of collecting payments, the Group's outstanding debts (before provision for bad and doubtful debts) amounted to RMB 320 million, representing a decrease of 14% as compared with that of RMB373 million for 1999. During the year, the average collection period for receivables was 38days, which is 7 days shorter than that in 1999. The timely turnaround of capital decreased the financial cost.

Provision for bad and doubtful debts: As at 31st December 2000, the provision for bad and doubtful debts of the Group was RMB 109million, representing a decrease of 30.1% as compared with that of RMB156 million in 1999.

Foreign Exchange: For the year ended 31st December 2000, as a result of reduction in devaluation in the exchange rate of the German currency, Deutschmark, the Group gained a profit of RMB 13.74 million, representing a decrease of RMB 35.22 million from that of RMB48.96 million in 1999.

Interest expenses: As at 31st December 2000, the total bank loans and finance lease payable for the Group amounted to RMB2.675 billion, representing a decrease of 25% as the compared with RMB3.569 billion in 1999. Due to decrease of average loan balances, the net interest expenses paid by the Group decreased 23% from RMB279 million in 1999 to RMB214 million in 2000.

Cash: As at 31st December 2000, the Group's cash in hand was RMB604 million. The adequate cash ensures that the Group was able to adjust its fleet and to expand its investment.