



## 董事長報告

### Chairman's Statement



董事長李紹德先生  
Mr. Li shaode, Chairman

#### **To Shareholders:**

I'm pleased to report the audited annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2005.

In 2005, the PRC domestic economy sustained a steady improvement due to the macro-economic control measures adopted by the central government of the PRC. The demand for crude oil and product oil in the domestic shipping market was strong. The cargo resources in the international oil shipping market were also sufficient, whereas the shipping rate fluctuated significantly in different seasons. On the other hand, the tensions relating to domestic coastal coal shipping eased, but the shipping capacity remained in short supply during peak seasons, and the demand for coal shipping remained strong. The international dry bulk cargo shipping market fell due to the decrease in China's demand for energy products, and the Baltic dry bulk shipping rate index (the "BDI") averaged 3,371 points in 2005, representing a decrease of 25.3 per cent as compared with 2004. Faced with such market conditions, the Group remained focus on oil shipping and thermal coal shipping. By readjusting its operational strategies and its fleet composition, and by making substantial efforts in overcoming the severe challenges of continued rise in fuel oil prices and controlling its operating costs, the Group made further improvements in its operating profit and fulfilled the target set by the board of directors for 2005.

The Group's annual results for the year ended 31 December 2005 have been audited by the Company's international and domestic auditors as follows:

Prepared under the PRC accounting standards, the total revenue derived from the operating activities of the Group was RMB8,700,448,150.75, and the net profit was RMB2,714,222,595.89, increasing by 34.1% and 43.5%, respectively as compared with 2004. Earnings per share was RMB0.816. Prepared under the accounting principles generally accepted in Hong Kong, the turnover derived from shipment of the Group was RMB8,515,191,000 (after operation tax and supplementary duty), and the profit attributable to shareholders was RMB2,693,878,000, increasing by 32.0% and 46.0%, respectively as compared with 2004. Earnings per share reached a record high of RMB0.809.

The Board of Directors recommends a final dividend of RMB0.30 per share for 2005, which will be put to the shareholders for approval in the Annual General Meeting to be held on 26 May 2006.

In recent years, the Group has sustained rapid growth through strenuous efforts. In face of a more complex and volatile operating environment in the future, the Group will, with the aim of building a top world-class tanker fleet and one of the top bulk carriers in the PRC, take advantage of the strong demand for energy products in the PRC, so as to keep on enhancing the overall core competitiveness and maintain its leading competitive advantages in the PRC and the Far East region. In 2006, the Group will adopt effective measures and concentrate on having the following tasks well performed: Firstly, the Group will, through better market analysis and taking advantage of the market opportunities, expand its tanker and bulk carrier fleet at proper time, so as to further improve its fleet composition and its overall competitiveness in the shipping market. Secondly, the Group will make greater efforts to increase cost efficiency within the Group's internal operations. The Group will pay particular attention to the fluctuation of fuel prices and also make much effort to control the operating costs. Thirdly, the Group will strive to further improve its cooperation with its major customers, so as to stabilise and enhance its market share in both domestic and international oil and coal shipping market.



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### **Chairman's Statement**

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In addition, the Board of Directors of the Company will emphasize on the balance between the pace of expansion and the efficiency of growth. The Company will, by way of careful planning and prudent operations, persist in enhancing the Company's value and strive to maximize the benefit and value of its shareholders. On the other hand, the Company will, in strict compliance with regulatory requirements in the market, further strengthen its internal control mechanism and monitoring system, so as to promote the continuous and effective development of the Company.

Last but not least, I would like to, on behalf of the board of directors, extend my sincere gratitude to all shareholders and friends from various circles for their trust and support to the Company over the year.

By order of the Board

*Li Shaode*  
Chairman

28 March 2006