

NOTES TO FINANCIAL STATEMENTS

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31 December 2000

8. TAX

Pursuant to a directive 1998 (250) jointly issued by the Shanghai State Tax Bureau and Shanghai Bureau of Finance on 8 October 1998, the Company is entitled to a preferential income tax rate of 15% effective from 1 January 1998. Accordingly, PRC income tax of the Company has been provided at the rate of 15% (1999: 15%) on the estimated assessable profits for the year.

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the year (1999: No assessable profits were earned). Taxes on profits assessable elsewhere, if applicable, have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2000	1999
	Rmb'000	Rmb'000
Group:		
Hong Kong	-	-
PRC	43,047	33,298
	43,047	33,298
Share of tax attributable to an associate	-	-
Tax charge for the year	43,047	33,298

There was no material amount of un-provided deferred tax in respect of the year (1999: Nil).

9. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is Rmb262,716,000 (1999: Rmb 172,349,000).

	2000	1999
	Rmb'000	Rmb'000
Proposed final dividend of Rmb0.05 per share (1999: Nil) - note 20	148,800	-

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of Rmb 281,967,000 (1999: Rmb 126,873,000), and the 2,976,000,000 (1999: 2,976,000,000) shares in issue during the year.

Diluted earnings per share for the years ended 31 December 1999 and 2000 have not been presented as no diluting events existed during these years.

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12. FIXED ASSETS

	Group						
	Vessels	Machinery and equipment	Vehicles	Buildings	Leasehold improve- ments	Construction in progress	Total
Cost or Valuation	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
At 1 January 2000	9,837,296	33,947	11,863	103,126	3,770	41,875	10,031,877
Transfers	28,363	-	-	37,837	-	(66,200)	-
Additions	-	547	-	1,614	-	149,753	151,914
Transfer to deferred staff expenditure	-	-	-	(135,882)	-	-	(135,882)
Disposals	(17,780)	(2,592)	(1,621)	-	-	(279)	(22,272)
At 31 December 2000	9,847,879	31,902	10,242	6,695	3,770	125,149	10,025,637
Accumulated depreciation							
At 1 January 2000	2,911,106	9,637	4,891	7,401	1,554	-	2,934,589
Provided during the year	682,122	4,149	1,303	923	538	-	689,035
Transfer to deferred staff expenditure	-	-	-	(8,037)	-	-	(8,037)
Disposals	(9,961)	(1,714)	(1,013)	-	-	-	(12,688)
At 31 December 2000	3,583,267	12,072	5,181	287	2,092	-	3,602,899
Net book value							
At 31 December 2000	<u>6,264,612</u>	<u>19,830</u>	<u>5,061</u>	<u>6,408</u>	<u>1,678</u>	<u>125,149</u>	<u>6,422,738</u>
At 31 December 1999	<u>6,926,190</u>	<u>24,310</u>	<u>6,972</u>	<u>95,725</u>	<u>2,216</u>	<u>41,875</u>	<u>7,097,288</u>

Company

	Vessels	Machinery and equipment	Vehicles	Buildings	Leasehold improve- ments	Construction in progress	Total
Cost or Valuation	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
At 1 January 2000	9,969,026	32,631	11,426	103,126	3,770	41,875	10,161,854
Transfers	28,363	-	-	37,837	-	(66,200)	-
Additions	-	547	-	1,614	-	149,753	151,914
Transfer from a liquidated subsidiary	22,718	-	-	-	-	-	22,718
Transfer to deferred staff expenditure	-	-	-	(135,882)	-	-	(135,882)
Disposals	(17,780)	(1,276)	(1,184)	-	-	(279)	(20,519)
At 31 December 2000	10,002,327	31,902	10,242	6,695	3,770	125,149	10,180,085
Accumulated depreciation							
At 1 January 2000	2,920,527	9,064	4,710	7,401	1,554	-	2,943,256
Provided during the year	714,133	4,149	1,303	923	538	-	721,046
Transfer from a liquidated subsidiary	6,884	-	-	-	-	-	6,884
Transfer to deferred staff expenditure	-	-	-	(8,037)	-	-	(8,037)
Disposals	(9,961)	(1,141)	(832)	-	-	-	(11,934)
At 31 December 2000	3,631,583	12,072	5,181	287	2,092	-	3,651,215
Net book value							
At 31 December 2000	<u>6,370,744</u>	<u>19,830</u>	<u>5,061</u>	<u>6,408</u>	<u>1,678</u>	<u>125,149</u>	<u>6,528,870</u>
At 31 December 1999	<u>7,048,499</u>	<u>23,567</u>	<u>6,716</u>	<u>95,725</u>	<u>2,216</u>	<u>41,875</u>	<u>7,218,598</u>

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The net book value of the Group's vessels held under finance leases included in the total amount of fixed assets at 31 December 2000 amounted to Rmb1,868,275,000 (1999: Rmb2,018,395,000). The depreciation charge for the year in respect of such assets amounted to Rmb150,120,000 (1999: Rmb 150,120,000).

Certain vessels of the Group existing as at 31 August 1994 were revalued at that date by Colliers Jardine Appraisals Limited, independent professionally qualified valuers on an open market existing use basis.

The Group has adopted the transitional relief provided by paragraph 72 of HKSSAP 17 "Property, Plant and Equipment" issued by the Hong Kong Society of Accountants for the requirement to make revaluations on a regular basis of the vessels and accordingly, no further revaluation of these vessels has been carried out. Had the vessels of the Company been carried at historical cost less accumulated depreciation, that is, the effect of this revaluation was excluded, their historical carrying values would have been approximately Rmb6,180,288,000 (1999:Rmb6,857,072,000).

Details of the cost and/or valuation of fixed assets as at 31 December 2000 are as follows:

	Group		
	Cost	Valuation	Total
	Rmb'000	Rmb'000	Rmb'000
Vessels	5,978,431	3,869,448	9,847,879
Machinery and equipment	31,902	-	31,902
Vehicles	10,242	-	10,242
Buildings	6,695	-	6,695
Leasehold improvements	3,770	-	3,770
	<u>6,031,040</u>	<u>3,869,448</u>	<u>9,900,488</u>

	Company		
	Cost	Valuation	Total
	Rmb'000	Rmb'000	Rmb'000
Vessels	6,359,679	3,642,648	10,002,327
Machinery and equipment	31,902	-	31,902
Vehicles	10,242	-	10,242
Buildings	6,695	-	6,695
Leasehold improvements	3,770	-	3,770
	<u>6,412,288</u>	<u>3,642,648</u>	<u>10,054,936</u>

13. INTERESTS IN SUBSIDIARIES

	Company	
	2000	1999
	Rmb'000	Rmb'000
Unlisted shares, at cost	562	22,991
Due to subsidiaries	(185,304)	(216,352)
	<u>(184,742)</u>	<u>(193,361)</u>

The amounts due to subsidiaries are unsecured, interest-bearing with annual rate of LIBOR plus 1% per annum and are repayable by 2005.