

NOTES TO FINANCIAL STATEMENTS

CONTINUED

31 December 2000

21. CURRENT PORTION OF INTERESTBEARING BANK AND OTHER BORROWINGS, AND FINANCE LEASE PAYABLES

		Group		Company	
		2000	1999	2000	1999
	Notes	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Current portion of bank and other borrowings	22	501,455	578,743	470,406	547,693
Current portion of finance lease payables	24	314,184	309,728	314,184	309,728
		815,639	888,471	784,590	857,421

22. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group		Company	
	2000	1999	2000	1999
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Bank loans:				
Secured	1,690,144	2,081,099	1,505,403	1,865,307
Other borrowings:				
Unsecured	172,000	344,000	172,000	344,000
	<u>1,862,144</u>	<u>2,425,099</u>	<u>1,677,403</u>	<u>2,209,307</u>
Bank loans repayable:				
Within one year	329,455	406,743	298,406	375,693
In the second year	234,049	479,266	203,000	448,217
In the third to fifth years, inclusive	729,142	646,947	606,500	553,800
Beyond five years	397,498	548,143	397,497	487,597
	<u>1,690,144</u>	<u>2,081,099</u>	<u>1,505,403</u>	<u>1,865,307</u>
Other borrowings repayable:				
Within one year	172,000	172,000	172,000	172,000
In the second year	-	172,000	-	172,000
	<u>172,000</u>	<u>344,000</u>	<u>172,000</u>	<u>344,000</u>
	1,862,144	2,425,099	1,677,403	2,209,307
Portion classified as current liabilities - note 21	(501,455)	(578,743)	(470,406)	(547,693)
Long term portion	<u>1,360,689</u>	<u>1,846,356</u>	<u>1,206,997</u>	<u>1,661,614</u>

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- (a) Bank loans of Rmb184,000,000 (1999: Nil) are secured by guarantees from China Shipping. The remaining loans are secured by pledges on 36 vessels (1999: 36 vessels) with an aggregate net book value at 31 December 2000 of Rmb 2,596,114,000 (1999: Rmb 2,816,613,000) and bear interest at a rate of LIBOR plus 1% per annum, or 5.94% to 6.21% per annum (1999: LIBOR plus 1% per annum or 6.21% per annum).

- (b) Other borrowings represent a loan from the holding company to satisfy part of the aggregate consideration for the acquisition of 19 oil vessels in 1998, and is repayable in 12 quarterly instalments commencing from 31 March 1999. It is unsecured and bears interest at a rate as set by the People's Bank of China for a three-year long term loan commencing from 1 January 1999.

23. BALANCES WITH HOLDING COMPANY, FELLOW SUBSIDIARIES, AN ASSOCIATE, AND RELATED COMPANIES

The balances are unsecured, interest-free and have no fixed terms of repayments.

24. FINANCE LEASE PAYABLES

As at 31 December 2000, the Group had non-cancellable finance leases for the purchase of vessels. The terms of such leases are for eight years or eleven years commencing from the respective dates of delivery of the vessels. As in prior years, such leases bear interest at rates ranging from LIBOR plus 1.125% to 1.65% per annum or at 3.25% per annum. The commitments under these finance leases at 31 December 2000 were as follows:

	Group and Company	
	2000	1999
	Rmb'000	Rmb'000
Amounts payable:		
Within one year	314,184	309,728
In the second year	240,602	322,365
In the third to fifth years, inclusive	205,574	423,072
Beyond five years	52,027	88,400
Total minimum finance lease payments	812,387	1,143,565
Portion classified as current liabilities - note 21	(314,184)	(309,728)
Long term portion	498,203	833,837

25. DEFERRED INCOME

This represents the deferred portion of gains on disposal of vessels under sale and lease-back arrangements to be recognised in future years throughout the finance lease period, as well as the deferred portion of gains on sale of vessels to an associate (the Group's equity interest in the associate times the gains of such sale) which will be recognised over the depreciation period of the sold vessels.

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26. SHARE CAPITAL

	Group and Company			
	2000	2000	1999	1999
	Number of shares	Rmb'000	Number of shares	Rmb'000
Registered, issued and fully paid State-owned legal person shares of Rmb1.00 each	1,680,000,000	1,680,000	1,680,000,000	1,680,000
"H" shares of Rmb 1.00 each	1,296,000,000	1,296,000	1,296,000,000	1,296,000
	<u>2,976,000,000</u>	<u>2,976,000</u>	<u>2,976,000,000</u>	<u>2,976,000</u>

The State-owned legal person shares are not currently listed on any stock exchange.

The "H" shares in issue comprise 1,080,000,000 shares which were listed on the Stock Exchange of Hong Kong Limited (the "Exchange") since 11 November 1994, and additional 216,000,000 shares which were listed on the Exchange on 2 April 1998.

By a special resolution passed at the 1999 annual general meeting held on 15 June 2000, the board of directors of the Company is empowered to allot and issue additional shares not exceeding 20% of each of the total number of state-owned legal person shares and "H" shares prior to:

- (i) the conclusion of the next annual general meeting; or
- (ii) the end of a 12-month period since 15 June 2000; or
- (iii) the date on which the said special resolution is revoked or varied by a special resolution of the shareholders.

27. RESERVES

Group

	Share premium account	Revaluation reserve	Statutory surplus reserve	Statutory public welfare fund	General surplus reserve	Exchange fluctuation reserve	Retained profits /(accumu- lated losses)	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
At 1 January 1999	1,562,588	217,143	50,508	4,117	46,391	5	(87,233)	1,793,519
Net profit for the year	-	-	-	-	-	-	126,873	126,873
Transfer from/(to) reserves	-	-	16,030	16,030	-	-	(32,060)	-
Additions to staff quarters	-	-	-	(15,587)	15,587	-	-	-
Release on disposal of fixed assets	-	(25,716)	-	-	-	-	25,716	-
Reallocation of reserves	-	-	(4,560)	(4,560)	-	-	9,120	-
At 31 December 1999 and beginning of year	1,562,588	191,427	61,978	-	61,978	5	42,416	1,920,392
Net profit for the year	-	-	-	-	-	-	281,967	281,967
Transfer from/(to) reserves	-	-	31,180	31,180	-	-	(62,360)	-
Additions to staff quarters	-	-	-	(31,180)	31,180	-	-	-
Release on disposal of fixed assets	-	(971)	-	-	-	-	971	-
Dividends-note 10	-	-	-	-	-	-	(148,800)	(148,800)
At 31 December 2000	<u>1,562,588</u>	<u>190,456</u>	<u>93,158</u>	<u>-</u>	<u>93,158</u>	<u>5</u>	<u>114,194</u>	<u>2,053,559</u>
Reserves retained by:								
Company and subsidiaries	1,562,588	190,456	93,158	-	93,158	5	175,246	2,114,611
Associate	-	-	-	-	-	-	(61,052)	(61,052)
At 31 December 2000	<u>1,562,588</u>	<u>190,456</u>	<u>93,158</u>	<u>-</u>	<u>93,158</u>	<u>5</u>	<u>114,194</u>	<u>2,053,559</u>
Company and subsidiaries	1,562,588	191,427	61,978	-	61,978	5	106,229	1,984,205
Associate	-	-	-	-	-	-	(63,813)	(63,813)
At 31 December 1999	<u>1,562,588</u>	<u>191,427</u>	<u>61,978</u>	<u>-</u>	<u>61,978</u>	<u>5</u>	<u>42,416</u>	<u>1,920,392</u>