

## 19. DEFERRED STAFF EXPENDITURE

	<b>Group and Company</b>
	<b>Rmb'000</b>
Cost	
At beginning of year and 31 December 2001	127,845
Accumulated amortisation	
At beginning of year	(5,804)
Amortisation provided during the year	<u>(12,786)</u>
At 31 December 2001	<u>(18,590)</u>
Net book value	
At 31 December 2001	<u>109,255</u>
At 31 December 2000	<u>122,041</u>

## 20. NEGATIVE GOODWILL

SSAP 30 was adopted during the year, as detailed in note 2 to the financial statements. The amount of the negative goodwill recognised in the balance sheet, arising from the acquisition of a subsidiary during the year, is as follows:

	<b>Group and Company</b>
	<b>Rmb'000</b>
Cost	
Acquisition of a subsidiary	1,980
At 31 December 2001	<u>1,980</u>
Accumulated amortisation	
Amortisation provided during the year	—
At 31 December 2001	<u>—</u>
Net book value	
At 31 December 2001	<u>1,980</u>

## NOTES TO FINANCIAL STATEMENTS

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### 21. TRADE AND BILLS RECEIVABLES

	Notes	Group		Company	
		2001 Rmb'000	2000 Rmb'000	2001 Rmb'000	2000 Rmb'000
Trade and bills receivables		<b>243,242</b>	329,109	<b>243,242</b>	327,912
Due from an associate	28	<b>17,887</b>	-	<b>17,887</b>	-
Due from related companies	28	<b>8,965</b>	8,065	<b>8,965</b>	8,065
Provision for doubtful debts		<b>(34,252)</b>	(108,545)	<b>(34,252)</b>	(108,545)
Trade and bills receivables, net		<b>235,842</b>	228,629	<b>235,842</b>	227,432

The aged analysis of trade and bills receivables as at the balance sheet date is as follows:

	Group			
	2001		2000	
	Balance	Percentage	Balance	Percentage
	Rmb'000		Rmb'000	
Within one year	<b>231,913</b>	<b>86</b>	228,679	68
One to two years	<b>1,193</b>	-	-	-
Beyond two years	<b>36,988</b>	<b>14</b>	108,495	32
	<b>270,094</b>	<b>100</b>	337,174	100
Provision for doubtful debts	<b>(34,252)</b>		(108,545)	
Trade and bills receivables, net	<b>235,842</b>		228,629	

The Group normally allows a credit period of 30 days to its major customers.

## 22. OTHER RECEIVABLES

	Notes	Group		Company	
		2001	2000	2001	2000
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
Prepayments		<b>170,260</b>	97,619	<b>170,260</b>	97,619
Deposits and other debtors		<b>11,454</b>	81,891	<b>11,454</b>	81,883
Due from an associate	28	<b>8,235</b>	13,199	<b>8,235</b>	13,199
Due from jointly-controlled entities	28	<b>20,369</b>	-	<b>20,369</b>	-
Due from fellow subsidiaries	28	<b>392,138</b>	331,592	<b>390,942</b>	331,592
		<b>602,456</b>	524,301	<b>601,260</b>	524,293

## 23. CASH AND CASH EQUIVALENTS

		Group		Company	
		2001	2000	2001	2000
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
Cash and bank balances		<b>281,716</b>	603,484	<b>275,496</b>	603,002
Time deposits		<b>140,000</b>	611	<b>140,000</b>	611
Cash and cash equivalents		<b>421,716</b>	604,095	<b>415,496</b>	603,613

## 24. TRADE PAYABLES

	Notes	Group		Company	
		2001	2000	2001	2000
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
Trade payables		<b>199,463</b>	151,076	<b>199,290</b>	150,821
Due to fellow subsidiaries	28	<b>39,780</b>	25,436	<b>39,780</b>	25,436
		<b>239,243</b>	176,512	<b>239,070</b>	176,257

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The aged analysis of trade payables as at the balance sheet date is as follows:

	<b>Group</b>			
	<b>2001</b>		2000	
	Balance	Percentage	Balance	Percentage
	<b>Rmb'000</b>		Rmb'000	
Within one year	<b>195,027</b>	<b>82</b>	139,788	79
One to two years	<b>8,115</b>	<b>3</b>	11,515	7
Beyond two years	<b>36,101</b>	<b>15</b>	25,209	14
	<b>239,243</b>	<b>100</b>	176,512	100

## 25. OTHER PAYABLES AND ACCRUALS

	Notes	<b>Group</b>		<b>Company</b>	
		<b>2001</b>	2000	<b>2001</b>	2000
		<b>Rmb'000</b>	Rmb'000 (Restated)	<b>Rmb'000</b>	Rmb'000 (Restated)
Accruals		<b>144,496</b>	125,114	<b>144,496</b>	125,114
Other liabilities		<b>153,846</b>	141,367	<b>153,833</b>	141,367
Due to fellow subsidiaries	28	<b>25,346</b>	37,220	<b>25,346</b>	37,220
Deferred income - current portion	30	<b>12,212</b>	11,508	<b>34,643</b>	34,643
		<b>335,900</b>	315,209	<b>358,318</b>	338,344

**26. CURRENT PORTION OF INTEREST-BEARING BANK AND OTHER BORROWINGS,  
AND FINANCE LEASE PAYABLES**

		<b>Group</b>		<b>Company</b>	
		<b>2001</b>	2000	<b>2001</b>	2000
	Notes	<b>Rmb'000</b>	Rmb'000	<b>Rmb'000</b>	Rmb'000
Current portion of bank and other borrowings	27	<b>346,175</b>	501,455	<b>315,138</b>	470,406
Current portion of finance lease payables	29	<b>238,712</b>	314,184	<b>287,662</b>	360,700
		<b>584,887</b>	815,639	<b>602,800</b>	831,106

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### 27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group		Company	
	2001	2000	2001	2000
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Bank loans:				
Secured	<b>1,715,071</b>	1,690,144	<b>1,561,407</b>	1,505,403
Other borrowings:				
Unsecured	<b>828,016</b>	172,000	<b>828,016</b>	172,000
	<b><u>2,543,087</u></b>	<u>1,862,144</u>	<b><u>2,389,423</u></b>	<u>1,677,403</u>
Bank loans repayable:				
Within one year	<b>242,673</b>	329,455	<b>211,636</b>	298,406
In the second year	<b>247,673</b>	234,049	<b>216,636</b>	203,000
In the third to fifth years, inclusive	<b>712,398</b>	729,142	<b>620,808</b>	606,500
Beyond five years	<b>512,327</b>	397,498	<b>512,327</b>	397,497
	<b><u>1,715,071</u></b>	<u>1,690,144</u>	<b><u>1,561,407</u></b>	<u>1,505,403</u>
Other borrowings repayable:				
Within one year	<b>103,502</b>	172,000	<b>103,502</b>	172,000
In the second year	<b>724,514</b>	-	<b>724,514</b>	-
	<b><u>828,016</u></b>	<u>172,000</u>	<b><u>828,016</u></b>	<u>172,000</u>
	<b>2,543,087</b>	1,862,144	<b>2,389,423</b>	1,677,403
Portion classified as current liabilities - note 26	<b>(346,175)</b>	(501,455)	<b>(315,138)</b>	(470,406)
Long term portion	<b><u>2,196,912</u></b>	<u>1,360,689</u>	<b><u>2,074,285</u></b>	<u>1,206,997</u>

- (a) Bank loans of Rmb354,410,000 (2000: Rmb184,000,000) are secured by guarantees from China Shipping. The remaining loans are secured by pledges on 36 vessels (2000: 36 vessels) with an aggregate net book value at 31 December 2001 of Rmb2,377,415,000 (2000: Rmb2,596,114,000) and bear interest at a rate of LIBOR plus 1% per annum, or 6.21% per annum (2000: LIBOR plus 1% per annum, or 5.94% to 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 20 oil vessels in the current year, and is repayable on or before 30 June 2003. It is unsecured and bears interest at a rate as set by the People's Bank of China for a half-year short term loan commencing from 1 June 2001.

## **28. BALANCES WITH SUBSIDIARIES, FELLOW SUBSIDIARIES, JOINTLY-CONTROLLED ENTITIES, AN ASSOCIATE, AND RELATED COMPANIES**

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

## **29. FINANCE LEASE PAYABLES**

As at 31 December 2001, the Group and the Company 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. The Company has the option to purchase the leased vessels at the end of the lease term. 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%, 4.567% and 6.008% per annum. At 31 December 2001, the total future minimum lease payments under finance leases and their present values, were as follows:

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	<b>Group</b>			
	Minimum lease payments		Present value of minimum lease payments	
	2001	2000	2001	2000
	<b>Rmb'000</b>	Rmb'000	<b>Rmb'000</b>	Rmb'000
Amounts payable				
Within one year	<b>259,499</b>	364,993	<b>238,712</b>	314,184
In the second year	<b>101,540</b>	266,837	<b>91,276</b>	240,602
In the third to fifth years, inclusive	<b>146,348</b>	225,132	<b>136,303</b>	205,574
After five years	<b>21,844</b>	53,970	<b>21,383</b>	52,027
Total minimum finance lease payments	<b>529,231</b>	910,932	<b>487,674</b>	812,387
Future finance charges	<b>(41,557)</b>	(98,545)		
Total net finance lease payables	<b>487,674</b>	812,387		
Portion classified as current liabilities - note 26	<b>(238,712)</b>	(314,184)		
Long term portion	<b>248,962</b>	498,203		

	<b>Company</b>			
	Minimum lease payments		Present value of minimum lease payments	
	2001	2000	2001	2000 人民币千元
	<b>Rmb'000</b>	Rmb'000	<b>Rmb'000</b>	Rmb'000
Amounts payable				
Within one year	<b>317,350</b>	422,855	<b>287,662</b>	360,700
In the second year	<b>159,391</b>	324,699	<b>142,800</b>	289,561
In the third to fifth years, inclusive	<b>245,567</b>	382,231	<b>231,069</b>	351,891
After five years	<b>21,844</b>	53,970	<b>21,383</b>	52,027
Total minimum finance lease payments	<b>744,152</b>	1,183,755	<b>682,914</b>	1,054,179
Future finance charges	<b>(61,238)</b>	(129,576)		
Total net finance lease payables	<b>682,914</b>	1,054,179		
Portion classified as current liabilities - note 26	<b>(287,662)</b>	(360,700)		
Long term portion	<b>395,252</b>	693,479		



SSAP 14 was revised and implemented during the year, as detailed in note 2 to the financial statements. Certain new disclosures are required and have been included above. The prior year comparative amounts for the new disclosures have also been included where appropriate.

### 30. DEFERRED INCOME

This represents the deferred portion of gains on the 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 the sale of vessels to a jointly-controlled entity and an associate (the portion of the gains deferred represents the equity interests in the jointly-controlled entities and associate not held by the Group) which will be recognised over the depreciation period of the sold vessels.

### 31. SHARE CAPITAL

	<b>Group and Company</b>			
	<b>2001</b>	<b>2001</b>	2000	2000
	<b>Number of shares</b>	<b>Rmb'000</b>	Number of shares	Rmb'000
Registered, issued and fully paid State-owned legal person shares of Rmb1.00 each	<b>1,680,000,000</b>	<b>1,680,000</b>	1,680,000,000	1,680,000
"H" shares of Rmb 1.00 each	<b>1,296,000,000</b>	<b>1,296,000</b>	1,296,000,000	1,296,000
	<b><u>2,976,000,000</u></b>	<b><u>2,976,000</u></b>	<u>2,976,000,000</u>	<u>2,976,000</u>

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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 on 11 November 1994, and an additional 216,000,000 shares which were listed on the Stock Exchange on 2 April 1998.

By special resolutions passed at the class meetings for holders of state-owned legal person shares and H shares, respectively, and an extraordinary general meeting held on 22 May 2001, the Company is empowered to apply to the relevant PRC authorities for the issue of not more than 350 million A shares to institutional investors and the general public in the PRC and for the listing of such A shares on the Shanghai Stock Exchange; the Company will also apply to the relevant PRC authorities for the issue of not more than 52.5 million A shares in the event that the underwriter exercises an over-allotment option.

The application for the issuance of A shares is in progress as at the approval date of these financial statements.

## 32. RESERVES

<b>Group</b>								
	Share premium account	Revaluation reserve	Statutory surplus reserve	Statutory public welfare fund	General surplus reserve	Exchange fluctuation reserve	Retained profits	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
At 1 January 2000	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	-
Proposed final dividend - note 12	-	-	-	-	-	-	(148,800)	(148,800)
At 31 December 2000 and beginning of year	1,562,588	190,456	93,158	-	93,158	5	114,194	2,053,559
Net profit for the year	-	-	-	-	-	-	325,258	325,258
Transfer (from)/to reserves	-	-	35,413	35,263	-	-	(70,676)	-
Exchange realignment	-	-	-	-	-	(13)	-	(13)
Release on disposal of fixed assets	-	(4,470)	-	-	-	-	4,470	-
Proposed final dividend - note 12	-	-	-	-	-	-	(148,800)	(148,800)
At 31 December 2001	<u>1,562,588</u>	<u>185,986</u>	<u>128,571</u>	<u>35,263</u>	<u>93,158</u>	<u>(8)</u>	<u>224,446</u>	<u>2,230,004</u>
Reserves retained by:								
Company and subsidiaries	1,562,588	185,986	128,571	35,263	93,158	(8)	566,285	2,571,843
Jointly-controlled entities	-	-	-	-	-	-	-	-
Associate	-	-	-	-	-	-	(341,839)	(341,839)
At 31 December 2001	<u>1,562,588</u>	<u>185,986</u>	<u>128,571</u>	<u>35,263</u>	<u>93,158</u>	<u>(8)</u>	<u>224,446</u>	<u>2,230,004</u>
Company and subsidiaries	1,562,588	190,456	93,158	-	93,158	5	175,246	2,114,611
Jointly-controlled entities	-	-	-	-	-	-	-	-
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>