



# Interim Report 2004

- (2) Condensed consolidated income statement prepared under the accounting principles generally accepted in Hong Kong ("HKGAAP"):

Items	Notes	January-June 2004	January-June 2003
		RMB'000	RMB'000
Turnover	2	<b>2,955,163</b>	2,353,494
Operating costs		<b>(1,804,555)</b>	(1,678,139)
Gross profit		<b>1,150,608</b>	675,355
Other revenue and gains	3	<b>47,753</b>	83,570
Administrative expenses		<b>(106,939)</b>	(113,570)
Other operating expenses		<b>(33,355)</b>	(65,380)
Profit from operating activities		<b>1,058,067</b>	579,975
Finance costs		<b>(46,918)</b>	(45,946)
Share of profits of jointly-controlled entities		<b>28,099</b>	7,046
Profit before tax		<b>1,039,248</b>	541,075
Tax	4	<b>(152,826)</b>	(80,830)
Profit before minority interest		<b>886,422</b>	460,245
Minority interest		<b>(571)</b>	(204)
Profit attributable to shareholders		<b>885,851</b>	460,041
Earnings per share	5	<b>RMB0.2663</b>	RMB0.1383
Dividends	6	-	-

## Notes:

### 1. Basis of presentation

This condensed consolidated income statement has been prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

### 2. Turnover

Turnover represents gross revenue arising from shipping operations, net of business taxes and surcharges. Business taxes and surcharges, which were deducted from the turnover, amounted to RMB67,502,000 (six months ended 30 June 2003: RMB 53,882,000).

### 3. Other revenue and gains

Other revenue and gains mainly represent rental income from leased vessels and management of vessels during the Reporting Period.

# Interim Report 2004

## 4. Tax

Tax includes the tax of the Group and that of its jointly controlled entities.

Effective from 1 January 1998, assessable profits earned by the Company in the PRC have been calculated in accordance with the PRC tax regulations and subject to an income tax rate of 15%.

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the Reporting Period (No provision for Hong Kong profits tax was made in the accounts as the Company had no assessable profits earned in or derived from Hong Kong for the six months ended 30 June 2003). Assessable profits earned by the Group in countries other than the PRC are subject to the relevant tax rate of the countries where its business has been operating.

## 5. Earnings per share

The calculation of basic earnings per share is based on net profit attributable to shareholders for the Reporting Period of RMB885,851,000 (net profit attributable to shareholders for the corresponding period in 2003: RMB460,041,000) and the 3,326,000,000 shares in issue during the Reporting Period (six months ended 30 June 2003: 3,326,000,000 shares in issue).

## 6. Interim dividend

The Board does not recommend the distribution of any interim dividend for the Reporting Period (six months ended 30 June 2003: Nil).

### (3) Differences in financial statements prepared under the PRC Accounting Standards and HKGAAP:

	<b>January-June 2004</b>	January-June 2003
	<b>RMB'000</b>	RMB'000
Net profit attributable to shareholders prepared under the PRC Accounting Standards	<b>895,728</b>	458,089
Adjustments for depreciation, gain on disposal of vessels and deferred staff expenditure, etc.	<b>(9,877)</b>	1,952
Net profit attributable to shareholders prepared under the HKGAAP	<b>885,851</b>	460,041
	<b>30 June 2004</b>	31 December 2003
Shareholders' equity prepared under the PRC Accounting Standards	<b>7,527,902</b>	7,131,158
Adjustments for revaluation surplus, depreciation, gain on disposal of vessels and deferred staff expenditure, etc.	<b>172,460</b>	182,437
Shareholders' equity prepared under HKGAAP	<b>7,700,362</b>	7,313,595