

國際核數師報告書

REPORT OF THE INTERNATIONAL AUDITORS

To the members

China Shipping Development Company Limited

(Established in the People's Republic of China as a joint stock company with limited liability)

We have audited the financial statements on pages 52 to 136 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

國際核數師報告書 (續)

REPORT OF THE INTERNATIONAL AUDITORS (Continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong

28 March 2006

綜合損益表

CONSOLIDATED INCOME STATEMENT

截至二零零五年十二月三十一日止年度

Year ended 31 December 2005

		2005	2004
	附注 Notes	Rmb'000	Rmb'000 (重新列示) (Restated)
Revenue	5	8,515,191	6,452,479
Operating costs		(5,155,273)	(4,017,284)
Gross profit		3,359,918	2,435,195
Other income and gains	5	266,186	212,944
Administrative expenses		(253,295)	(237,654)
Other expenses		(90,699)	(150,182)
Finance costs	7	(135,593)	(106,012)
PROFIT BEFORE TAX	6	3,146,517	2,154,291
Tax	10	(452,639)	(308,674)
PROFIT FOR THE YEAR		<u>2,693,878</u>	<u>1,845,617</u>
Attributable to:			
Equity holders of the parent	11	2,691,200	1,844,527
Minority interests		2,678	1,090
	12	<u>2,693,878</u>	<u>1,845,617</u>
DIVIDEND			
Proposed final	13	<u>997,800</u>	<u>498,900</u>
EARNINGS PER SHARE ATTRIBUTABLE ORDINARY EQUITY HOLDERS OF THE PARENT		<u>80.91 cents</u>	<u>55.46 cents</u>

The accompanying notes from pages 58 to 136 form an integral part of the financial statements.

綜合資產負債表

二零零五年十二月三十一日

CONSOLIDATED BALANCE SHEET

31 December 2005

		2005	2004
	附注 Notes	Rmb'000	Rmb'000 (重新列示) (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	14	11,468,121	9,738,048
Available-for-sale equity investment/long term investment	17	4,000	4,000
Deferred staff expenditure	18	58,117	70,901
Deferred tax assets	29	20,795	20,860
Negative goodwill	19	-	(1,386)
Total non-current assets		11,551,033	9,832,423
CURRENT ASSETS			
Bunker oil inventories		266,701	146,252
Trade and bills receivables	20	227,913	157,205
Prepayments, deposits and other receivables	21	163,783	270,078
Cash and cash equivalents	22	1,177,927	1,312,646
Total current assets		1,836,324	1,886,181
CURRENT LIABILITIES			
Trade payables	23	216,888	165,008
Tax payable		41,417	44,449
Other payables and accruals	24	519,315	503,405
Current portion of interest-bearing bank and other borrowings, and finance lease payables	25	295,641	410,109
Total current liabilities		1,073,261	1,122,971
NET CURRENT ASSETS		763,063	763,210
TOTAL ASSETS LESS CURRENT LIABILITIES		12,314,096	10,595,633
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings, and finance lease payables	26	1,440,406	1,924,262
Total non-current liabilities		1,440,406	1,924,262
Net assets		10,873,690	8,671,371
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	30	3,326,000	3,326,000
Reserves	31	6,524,921	4,834,180
Proposed final dividend	12	997,800	498,900
		10,848,721	8,659,080
Minority Interests		24,969	12,291
Total equity		10,873,690	8,671,371
Li Shaode	Wang Daxiong		
Director	Director		

The accompanying notes from pages 58 to 136 form an integral part of the financial statements.

綜合權益變動表

CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN EQUITY

截至二零零五年十二月三十一日止年度

Year ended 31 December 2005

	附注 Notes	2005 Rmb'000	2004 Rmb'000
TOTAL EQUITY			
At beginning of year			
As previously reported		8,659,080	7,313,595
Adoption of a new accounting policy	2.2(b)	1,386	-
As restated		8,660,466	7,313,595
Net profit for the year		2,691,200	1,844,527
Change in the exchange fluctuation reserve and net gains and losses not recognised in the income statement	31	(4,045)	(142)
Dividend paid on ordinary shares		(498,900)	(498,900)
Equity attributable to equity holders of the parent		10,848,721	8,659,080
Minority interests		24,969	12,291
Total equity		10,873,690	8,761,371

The accompanying notes from pages 58 to 136 form an integral part of the financial statements.

綜合現金流量表

CONSOLIDATED CASH FLOW STATEMENT

截至二零零五年十二月三十一日止年度

Year ended 31 December 2005

	2005	2004
	附注 Note	Rmb'000 Rmb'000 (重新列示) (Restated)
Net cash inflow from operating activities	32(a)	2,851,188
CASH FLOWS FROM INVESTING ACTIVITIES	24,508	
Interest received	(2,616,029)	9,603
Payments for construction in progress	(19,923)	(2,371,023)
Purchases of property, plant and equipment	134,831	(126,161)
Proceeds from disposal of property, plant and equipment		97,346
	(2,476,613)	
Net cash outflow from investing activities		(2,390,235)
CASH FLOWS FROM FINANCING ACTIVITIES	(143,394)	
Interest paid	(498,900)	(120,265)
Dividend paid	1,070,250	(498,900)
New bank loans	(1,704,602)	976,875
Repayment of bank loans	(64,957)	(647,530)
Capital element of finance lease rental payments		(30,033)
Minority share of increase in capital of a subsidiary	10,000	5,000
	(1,331,603)	
Net cash outflow from financing activities		(314,853)

The accompanying notes from pages 58 to 136 form an integral part of the financial statements.

綜合現金流量表 (續)

CONSOLIDATED CASH FLOW STATEMENT

(Continued)

截至二零零五年十二月三十一日止年度

Year ended 31 December 2005

	2005	2004
	附注 Note	Rmb'000 Rmb'000 (重新列示) (Restated)
	Rmb'000	
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(130,674)	146,100
Cash and cash equivalents at beginning of year	(4,045)	1,166,688
Effect of foreign exchange rate changes, net		(142)
	1,177,927	
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,177,927	1,312,646
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	865,715	
Cash and bank balances		732,101
Time deposits with original maturity of less than three months when acquired	312,212	580,545
	1,177,927	1,312,646

The accompanying notes from pages 58 to 136 form an integral part of the financial statements.

資產負債表

BALANCE SHEET

二零零五年十二月三十一日

31 December 2005

		2005	2004
	附注 Notes	Rmb'000	Rmb'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	9,746,029	8,345,998
Interests in subsidiaries	15	1,580,909	1,715,637
Investments in jointly-controlled entities	16	100,000	70,000
Available-for-sale equity investment/long term investment	17	4,000	4,000
Deferred staff expenditure	18	58,117	70,901
Deferred tax assets	29	15,565	14,319
Total non-current assets		11,504,620	10,220,855
CURRENT ASSETS			
Bunker oil inventories		257,506	141,210
Trade and bills receivables	20	210,827	142,704
Prepayments, deposits and other receivables	21	141,208	249,537
Cash and cash equivalents	22	602,710	669,695
Total current assets		1,212,251	1,203,146
CURRENT LIABILITIES			
Trade payables	23	203,898	152,253
Tax payable		39,688	43,380
Other payables and accruals	24	360,634	481,657
Current portion of interest-bearing bank and other borrowings, and finance lease payables	25	265,356	338,109
Total current liabilities		869,576	1,015,399
NET CURRENT ASSETS		342,675	187,747
TOTAL ASSETS LESS CURRENT LIABILITIES		11,847,295	10,408,602
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings, and finance lease payables	26	1,364,593	1,904,262
Total non-current liabilities		1,364,593	1,904,262
Net assets		10,482,702	8,504,340
EQUITY			
Issued capital	30	3,326,000	3,326,000
Reserves	31	6,158,902	4,679,440
Proposed final dividend	12	997,800	498,900
		10,482,702	8,504,340
Li Shaode	Wang Daxiong		
Director	Director		

The accompanying notes from pages 58 to 136 form an integral part of the financial statements.