

5. TURNOVER, OTHER INCOME AND GAINS

Revenue represents gross revenue arising from shipping operations, net of business taxes. Pursuant to various tax rules and regulations in the PRC, revenues derived from sea freighting attributable to voyages departing from ports in the PRC and from vessel chartering services are both subject to business tax at a rate of 3%. Business taxes charged to the income statement for the year amounted to Rmb184,962,000 (2004: Rmb147,778,000).

An analysis of revenue, other income and gains is as follows:

	Group	
	2005	2004
	Rmb'000	Rmb'000
		(Restated)
Revenue		
Oil shipments	4,604,473	3,673,786
Coal shipments	2,992,241	2,036,748
Other dry bulk shipments	918,477	741,945
	<u>8,515,191</u>	<u>6,452,479</u>
Other income		
Interest income	24,508	9,603
Rental income from bare-boat chartering	77,891	64,728
Service income from vessel management	13,302	13,302
Income from coal sales	37,009	90,406
Others	5,327	4,172
	<u>158,037</u>	<u>182,211</u>
Gains		
Gain on disposal of items of property, plant and equipment, net	107,529	35,315
Exchange losses, net	(7,609)	(9,996)
Amortisation of negative goodwill	-	198
Others	8,229	5,216
	<u>108,149</u>	<u>30,733</u>
Other revenue and gains	<u>266,186</u>	<u>212,944</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Group	
	2005	2004
	Rmb'000	Rmb'000 (Restated)
Cost of shipping services rendered:		
Bunker oil inventories consumed and port fees	2,423,751	1,768,963
Others	2,731,522	2,248,321
Depreciation	922,049	778,523
Operating lease rentals:		
Land and buildings	23,255	22,939
Vessels	218,590	211,625
	241,845	234,564
Auditors' remuneration	3,174	2,985
Staff costs (including directors' remuneration (note 8)):		
Wages, salaries and hiring of sea crew	666,931	580,493
Pension scheme contributions	80,414	67,035
	747,345	647,528
Provision/(write-back of provision) for bad and doubtful debts	1,075	(2,032)
Write-off of construction in progress	8,545	10,200
Amortization of deferred staff expenditure	12,784	12,785
Dry-docking and repairs	436,582	350,135

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7. FINANCE COSTS

	Group	
	2005	2004
	Rmb'000	Rmb'000 (Restated)
Interest on bank loans and other loans wholly repayable within five years	138,563	115,327
Interest on finance leases	3,422	4,973
Total interest	141,985	120,300
Less: Interest capitalised	(6,392)	(14,288)
	135,593	106,012

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance, is as follows:

	Directors		Supervisors	
	2005	2004	2005	2004
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Fees	180	150	-	-
Other emoluments:				
Salaries, allowances and benefits in kind	1,388	3,577	1,262	899
Pension scheme costs	32	86	32	28
Total	1,600	3,813	1,294	927

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2005	2004
	Rmb'000	Rmb'000
Mr. Zhou Zhanqun	60	50
Mr. Hu Honggao	60	50
Mr. Xie Rong	60	50
	180	150

There were no other emoluments payable to the independent non-executive directors during the year (2004: Nil).

(b) Executive directors and supervisors

2005	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Executive directors:				
Mr. Li Shaode	-	-	-	-
Mr. Wang Daxiong	-	-	-	-
Mr. Sun Zhitang	-	-	-	-
Mr. Yao Zuozhi	-	-	-	-
Mr. Mao Shijia	-	621	16	637
Mr. Wang Kunhe	-	767	16	783
	-	1,388	32	1,420
Supervisors:				
Mr. Kou Laiqi	-	-	-	-
Mr. Yan Mingyi	-	550	16	566
Mr. Zhang Rongbiao	-	712	16	728
	-	1,262	32	1,294

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2004	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Executive directors:				
Mr. Li Kelin	-	139	3	142
Mr. Li Shaode	-	577	13	590
Mr. Wang Daxiong	-	469	13	482
Mr. Xu Zuyuan	-	270	7	277
Mr. Sun Zhitang	-	198	7	205
Mr. Yan Mingyi	-	504	15	519
Mr. Wang Kunhe	-	710	14	724
Mr. Yao Zuozhi	-	710	14	724
		3,577	86	3,663
Supervisors:				
Mr. Kou Laiqi	-	470	13	483
Mr. Zhang Rongbiao	-	429	15	444
Mr. Wang Xiangyun	-	-	-	-
	-	899	28	927

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2004: five) directors or supervisors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one (2004: Nil) non-director and non-supervisor, highest paid employee for the year are as follows:

	Group	
	2005	2004
	Rmb'000	Rmb'000
Salaries, allowances and benefits in kind	627	-
Pension scheme contributions	16	-
	643	-

The number of non-director and non-supervisor, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2005	2004
Nil to Rmb\$1,000,000	1	-

10. TAX

Pursuant to a directive 1998 (250) jointly issued by the Shanghai State Tax Bureau and the 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% (2004: 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 (2004: Nil). 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	
	2005	2004
	Rmb'000	Rmb'000 (Restated)
Group:		
Current-Hong Kong	-	-
Current-PRC		
Charge for the year	455,370	314,670
Over provision in prior years	(2,796)	(2,587)
Deferred (note 29)	65	(3,409)
Total tax charge for the year	<u>452,639</u>	<u>308,674</u>

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10. TAX (continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the country in which the Company, its subsidiaries and jointly-controlled entities are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, is as follows:

	2005		2004	
	Rmb'000	%	Rmb'000	%
Profit before tax	3,146,517		2,154,291	
Tax at the statutory tax rate	471,978	15.0	323,144	15.0
Adjustment in respect of current tax of previous periods	(2,796)	(0.1)	(2,587)	(0.1)
Expenses not deductible for tax	4,967	0.2	3,483	0.1
Income not subject to tax	(21,510)	(0.7)	(15,366)	(0.4)
Tax charge at the Group's effective rate	452,639	14.4	308,674	14.3

11. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT

The net profit from ordinary activities attributable to equity holders of the parent for the year ended 31 December 2005 dealt with in the financial statements of the Company was Rmb2,477,262,000 (2004: Rmb1,718,442,000) (note 31).

12. DIVIDEND

	2005	2004
	Rmb'000	Rmb'000
Proposed final - Rmb0.30(2004: Rmb0.15) per ordinary share	997,800	498,900

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the net profit for the year attributable to ordinary equity holders of the parent of Rmb2,691,200,000 (2004: Rmb1,844,527,000) and 3,326,000,000 (2004: 3,326,000,000) shares in issue during the year.

Diluted earnings per share for the years ended 31 December 2004 and 2005 have not been disclosed as no diluting events existed during these years.

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14. PROPERTY, PLANT AND EQUIPMENT

	Group						
	Leasehold improvements	Vessels	Machinery and equipment	Motor vehicles	Buildings	Construction in progress	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Cost or valuation							
At beginning of year							
-Restated	26,662	14,951,793	44,211	13,388	17,923	1,293,408	16,347,385
Transfers	13,669	2,970,020	1,457	-	-	(2,985,146)	-
Additions	9,933	101,688	6,896	1,287	1,104	2,567,061	2,687,969
Disposals	-	(172,719)	(4,154)	(431)	(651)	(8,545)	(186,500)
At 31 December 2005	50,264	17,850,782	48,410	14,244	18,376	866,778	18,848,854
Accumulated depreciation							
At beginning of year							
-Restated	5,110	6,567,212	27,272	7,196	1,611	-	6,608,401
Provided during the year	5,918	904,436	10,248	1,186	261	-	922,049
Disposals	-	(146,415)	(3,759)	(355)	(124)	-	(150,653)
At 31 December 2005	11,028	7,325,233	33,761	8,027	1,748	-	7,379,797
Impairment loss							
At 31 December 2005	-	-	-	936	-	-	936
At 31 December 2004	-	-	-	936	-	-	936
Accumulated depreciation and Impairment loss							
At 31 December 2005	11,028	7,325,233	33,761	8,963	1,748	-	7,380,733
At 31 December 2004	5,110	6,567,212	27,272	8,132	1,611	-	6,609,337
Net book value							
At 31 December 2005	39,236	10,525,549	14,649	5,281	16,628	866,778	11,468,121
At 31 December 2004	21,552	8,384,581	16,939	5,256	16,312	1,293,408	9,738,048

14. PROPERTY, PLANT AND EQUIPMENT (continued)

(Restated)

	Group						
	Leasehold improvements	Vessels	Machinery and equipment	Motor vehicles	Buildings	Construction in progress	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Cost or valuation							
At beginning of year	26,662	12,969,785	37,585	11,325	14,791	774,180	13,834,328
Transfers	-	1,997,915	6,177	-	-	(2,004,092)	-
Additions	-	119,573	1,262	2,194	3,132	2,533,520	2,659,681
Disposals	-	(135,480)	(813)	(131)	-	(10,200)	(146,624)
At 31 December 2004	<u>26,662</u>	<u>14,951,793</u>	<u>44,211</u>	<u>13,388</u>	<u>17,923</u>	<u>1,293,408</u>	<u>16,347,385</u>
Accumulated depreciation							
At beginning of year	2,444	5,874,480	21,246	5,000	1,101	-	5,904,271
Provided during the year	2,666	766,428	6,652	2,267	510	-	778,523
Disposals	-	(73,696)	(626)	(71)	-	-	(74,393)
At 31 December 2003	<u>5,110</u>	<u>6,567,212</u>	<u>27,272</u>	<u>7,196</u>	<u>1,611</u>	<u>-</u>	<u>6,608,401</u>
Impairment loss							
At 31 December 2004	<u>-</u>	<u>-</u>	<u>-</u>	<u>936</u>	<u>-</u>	<u>-</u>	<u>936</u>
At 31 December 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>936</u>	<u>-</u>	<u>-</u>	<u>936</u>
Accumulated depreciation and Impairment loss							
At 31 December 2004	<u>5,110</u>	<u>6,567,212</u>	<u>27,272</u>	<u>8,132</u>	<u>1,611</u>	<u>-</u>	<u>6,609,337</u>
At 31 December 2003	<u>2,444</u>	<u>5,874,480</u>	<u>21,246</u>	<u>5,936</u>	<u>1,101</u>	<u>-</u>	<u>5,905,207</u>
Net book value							
At 31 December 2004	<u>21,552</u>	<u>8,384,581</u>	<u>16,939</u>	<u>5,256</u>	<u>16,312</u>	<u>1,293,408</u>	<u>9,738,048</u>
At 31 December 2003	<u>24,218</u>	<u>7,095,305</u>	<u>16,339</u>	<u>5,389</u>	<u>13,690</u>	<u>774,180</u>	<u>7,929,121</u>

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14. PROPERTY, PLANT AND
EQUIPMENT (continued)

31 December 2005	Company						
	Leasehold improvements	Total	Machinery and equipment	Motor vehicles	Buildings	Construction in progress	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Cost or valuation							
At beginning of year	26,662	12,680,025	43,018	11,061	7,046	1,247,276	14,015,088
Transfers	13,669	2,740,774	1,457	-	-	(2,755,900)	-
Additions	9,933	703	6,148	1,287	-	2,219,882	2,237,953
Disposals	-	(172,719)	(4,154)	(302)	(651)	(7,413)	(185,239)
At 31 December 2005	<u>50,264</u>	<u>15,248,783</u>	<u>46,469</u>	<u>12,046</u>	<u>6,395</u>	<u>703,845</u>	<u>16,067,802</u>
Accumulated depreciation							
At beginning of year	5,110	5,628,688	26,885	6,394	1,077	-	5,668,154
Provided during the year	5,918	786,604	9,782	796	171	-	803,271
Disposals	-	(146,415)	(3,759)	(290)	(124)	-	(150,588)
At 31 December 2005	<u>11,028</u>	<u>6,268,877</u>	<u>32,908</u>	<u>6,900</u>	<u>1,124</u>	<u>-</u>	<u>6,320,837</u>
Impairment loss							
At 31 December 2005	-	-	-	936	-	-	936
At 31 December 2004	-	-	-	936	-	-	936
Accumulated depreciation and Impairment loss							
At 31 December 2005	<u>11,028</u>	<u>6,268,877</u>	<u>32,908</u>	<u>7,836</u>	<u>1,124</u>	<u>-</u>	<u>6,321,773</u>
At 31 December 2004	<u>5,110</u>	<u>5,628,688</u>	<u>26,885</u>	<u>7,330</u>	<u>1,077</u>	<u>-</u>	<u>5,669,090</u>
Net book value							
At 31 December 2005	<u>39,236</u>	<u>8,979,906</u>	<u>13,561</u>	<u>4,210</u>	<u>5,271</u>	<u>703,845</u>	<u>9,746,029</u>
At 31 December 2004	<u>21,552</u>	<u>7,051,337</u>	<u>16,133</u>	<u>3,731</u>	<u>5,969</u>	<u>1,247,276</u>	<u>8,345,998</u>

**14. PROPERTY, PLANT AND
EQUIPMENT (continued)**

31 December 2004	Company						
	Leasehold improvements	Vessels	Machinery and equipment	Motor vehicles	Buildings	Construction in progress	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Cost or valuation							
At beginning of year	26,662	10,919,980	36,396	9,809	6,725	774,180	11,773,752
Transfers	-	1,997,915	6,177	-	-	(2,004,092)	-
Additions	-	-	1,084	1,252	321	2,487,388	2,490,045
Disposals	-	(237,870)	(639)	-	-	(10,200)	(248,709)
At 31 December 2004	<u>26,662</u>	<u>12,680,025</u>	<u>43,018</u>	<u>11,061</u>	<u>7,046</u>	<u>1,247,276</u>	<u>14,015,088</u>
Accumulated depreciation							
At beginning of year	2,444	5,088,243	20,992	4,626	780	-	5,117,085
Provided during the year	2,666	666,550	6,437	1,768	297	-	677,718
Disposals	-	(126,105)	(544)	-	-	-	(126,649)
At 31 December 2004	<u>5,110</u>	<u>5,628,688</u>	<u>26,885</u>	<u>6,394</u>	<u>1,077</u>	<u>-</u>	<u>5,668,154</u>
Impairment loss							
At 31 December 2004	-	-	-	936	-	-	936
At 31 December 2003	-	-	-	936	-	-	936
Accumulated depreciation and Impairment loss							
At 31 December 2004	<u>5,110</u>	<u>5,628,688</u>	<u>26,885</u>	<u>7,330</u>	<u>1,077</u>	<u>-</u>	<u>5,669,090</u>
At 31 December 2003	<u>2,444</u>	<u>5,088,243</u>	<u>20,992</u>	<u>5,562</u>	<u>780</u>	<u>-</u>	<u>5,118,021</u>
Net book value							
At 31 December 2004	<u>21,552</u>	<u>7,051,337</u>	<u>16,133</u>	<u>3,731</u>	<u>5,969</u>	<u>1,247,276</u>	<u>8,345,998</u>
At 31 December 2003	<u>24,218</u>	<u>5,831,737</u>	<u>15,404</u>	<u>4,247</u>	<u>5,945</u>	<u>774,180</u>	<u>6,655,731</u>

**14. PROPERTY, PLANT AND
EQUIPMENT (continued)**

The net book value of the Group's vessels held under finance leases included in the total amount of property, plant and equipment at 31 December 2005 amounted to Rmb364,639,000 (2004: Rmb285,970,000). The depreciation charge for the year in respect of such assets amounted to Rmb22,316,000 (2004: Rmb20,950,000).

Certain of the Group's and the Company's property, plant and equipment are leased to other parties under operating leases. Further details of the assets under operating lease arrangements are as follows:

	Group		Company	
	2005	2004	2005	2004
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
		(Restated)		
Vessels				
Cost at 31 December	989,187	1,008,987	512,216	532,016
Accumulated depreciation at 31 December	<u>543,362</u>	<u>524,473</u>	<u>303,494</u>	<u>303,571</u>

Further summary details of the operating leases are included in note 36(a) to the financial statements.

Certain of the Group's vessels 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 provisions in paragraph 80A of HKAS 16 "Property, Plant and Equipment" issued by the Hong Kong Institute of Certified Public Accountants as to the requirement to make revaluations on a regular basis of the vessels and accordingly, no further revaluation of these vessels has been carried out since then. Had the vessels of the Group been carried at historical cost less accumulated depreciation, (i.e., the effect of this revaluation was excluded), the total historical carrying values of the revalued vessels would have been approximately Rmb899,962,000 (2004: Rmb1,039,117,000).

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Prior to its transfer to vessels during the year, the carrying amount of construction in progress included capitalised interest of Rmb9,612,000 (2004: Rmb15,618,000). The amounts of interest capitalised were calculated with reference to the respective interest rates of bank borrowings at a rate of 5.184% or 5.508% per annum.

At 31 December 2005, certain of the Group's vessels with a net book value of approximately Rmb 2,249,791,000 (2004: Rmb2,763,931,000) were pledged to secure general banking facilities granted to the Group (note 26).

15. INTERESTS IN SUBSIDIARIES

	Note	Company 2005	2004
		Rmb'000	Rmb'000
Unlisted shares, at cost		386,009	196,009
Due from subsidiaries	27	<u>1,194,900</u>	<u>1,519,628</u>
		<u>1,580,909</u>	<u>1,715,637</u>

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15. INTERESTS IN SUBSIDIARIES**(continued)**

Particulars of the Group's principal subsidiaries as at 31 December 2005 were as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued/ registered capital	Class of shares in issue	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
China Shipping Development (Hong Kong) Marine Co., Limited	HongKong	US\$500,000	Ordinary	100%	–	Investment holding
Hainan Haixiang Investment Co., Ltd.*	PRC/mainland China	Rmb401,000,000	Ordinary	95%	–	Investment holding

* Hainan Haixiang Investment Co., Ltd. is not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

16. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

	Company	
	2005	2004
	Rmb'000	Rmb'000
Unlisted shares, at cost	100,000	70,000

Particulars of the jointly-controlled entities as at 31 December 2005 were as follows:

Name	Business Structure	Place of incorporation/ registration and operations	Percentage of ownership interest, voting power and profit sharing attributable to the Company	Principal activities
Directly held by the Company:				
Shanghai Friendship Marine Co., Ltd.	Corporate	PRC/mainland China	50%	Provision of shipping services
Zhuhai New Century Marine Co., Ltd.	Corporate	PRC/mainland China	50%	Provision of shipping services
Indirectly held by the Company:				
Shanghai Times Shipping Co., Ltd.	Corporate	PRC/mainland China	47.5%	Provision of shipping services

The above jointly-controlled entities are not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

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16. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (continued)

The financial statements of the above jointly-controlled entities are coterminous with those of the Group. Material transactions between the jointly-controlled entities and the Group companies have been adjusted for.

The following table illustrates the summarised financial information of the Group's jointly-controlled entities:

	2005	2004
	Rmb'000	Rmb'000
Share of the jointly-controlled entities' assets and liabilities:		
Current assets	125,881	72,841
Non-current assets	449,306	284,783
Current liabilities	(28,230)	(95,678)
Non-current liabilities	(119,586)	(20,000)
Net assets	<u>427,371</u>	<u>241,946</u>
	2005	2004
	Rmb'000	Rmb'000
Share of the jointly-controlled entities' results:		
Revenue	400,858	327,165
Other income	49,856	98,740
Total revenue	450,714	425,905
Total expenses	(378,284)	(375,750)
Tax	(11,505)	(7,731)
Profit after tax	<u>60,925</u>	<u>42,424</u>

17. AVAILABLE-FOR-SALE EQUITY INVESTMENT / LONG TERM INVESTMENT

	Group and Company	
	2005	2004
	Rmb'000	Rmb'000
Unlisted equity investment	<u>4,000</u>	<u>4,000</u>

18. DEFERRED STAFF EXPENDITURE

	Group and Company
	Rmb'000
Cost	
At beginning of year and 31 December 2005	127,845
Accumulated amortisation	
At beginning of year	56,944
Amortisation provided during the year	12,784
At 31 December 2005	69,728
Net book value	
At 31 December 2005	<u>58,117</u>
At 31 December 2004	<u>70,901</u>

19. NEGATIVE GOODWILL

The transitional provisions of HKFRS 3 have required the Group to derecognise at 1 January 2005 the carrying amounts of negative goodwill against retained profits.

財務報告附注(續)

NOTES TO FINANCIAL STATEMENTS

(continued)

二零零五年十二月三十一日

31 December 2005

20. TRADE AND BILLS RECEIVABLES

	Note	Group		Company	
		2005	2004	2005	2004
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
			(Restated)		
Trade and bills receivables	27	248,033	183,150	230,488	168,553
Due from fellow subsidiaries		-	2,465	-	2,465
Provision for doubtful debts		(20,120)	(28,410)	(19,661)	(28,314)
Trade and bills receivables, net		227,913	157,205	210,827	142,704

An aged analysis of the trade and bills receivables of the Group and the Company as at the balance sheet date are as follows:

	Group			
	2005		2004	
	Balance	Percentage	Balance	Percentage
	Rmb'000	%	Rmb'000	%
			(Restated)	
Within one year	231,038	93	159,150	86
One to two years	-	-	-	-
Beyond two years	16,995	7	26,465	14
	248,033	100	185,615	100
Provision for doubtful debts	(20,120)		(28,410)	
Trade and bills receivables, net	227,913		157,205	

20. TRADE AND BILLS RECEIVABLES

(continued)

	Company			
	2005		2004	
	Balance	Percentage	Balance	Percentage
	%		%	
	Rmb'000		Rmb'000	
Within one year	213,493	93	144,553	85
One to two years	-	-	-	-
Beyond two years	16,995	7	26,465	15
	230,488	100	171,018	100
Provision for doubtful debts	(19,661)		(28,314)	
Trade and bills receivables, net	210,827		142,704	

The Group normally allows a credit period of 30 days to its major customers. In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	Group		Company	
		2005	2004	2005	2004
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
			(Restated)		
Prepayments		9,872	11,193	-	-
Deposits and other debtors		38,933	37,871	26,317	29,607
Due from fellow subsidiaries	27	115,322	221,510	115,202	220,347
Provision for doubtful debts		(344)	(496)	(311)	(417)
		163,783	270,078	141,208	249,537

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(continued)

31 December 2005

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005	2004	2005	2004
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
		(Restated)		
Cash and bank balances	865,715	732,101	554,289	578,653
Time deposits	312,212	580,545	48,421	91,042
Cash and cash equivalents	<u>1,177,927</u>	<u>1,312,646</u>	<u>602,710</u>	<u>669,695</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.

23. TRADE PAYABLES

	Note	Group		Company	
		2005	2004	2005	2004
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
			(Restated)		
Trade payables		209,261	159,087	197,903	146,918
Due to fellow subsidiaries	27	7,627	5,921	5,995	5,335
		<u>216,888</u>	<u>165,008</u>	<u>203,898</u>	<u>152,253</u>

23. TRADE PAYABLES (continued)

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

	Group			
			2004	
	Balance	Percentage	Balance	Percentage
	Rmb'000	%	Rmb'000	%
			(Restated)	
Within one year	214,449	99	156,747	95
One to two years	302	-	359	-
Beyond two years	2,137	1	7,902	5
	216,888	100	165,008	100

	Company			
	2005		2004	
	Balance	Percentage	Balance	Percentage
	Rmb'000	%	Rmb'000	%
Within one year	201,482	99	144,042	95
One to two years	279	-	332	-
Beyond two years	2,137	1	7,879	5
	203,898	100	152,253	100

The trade payables are non-interest-bearing and are normally settled in one to three months.

財務報告附注(續)

NOTES TO FINANCIAL STATEMENTS

(continued)

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24. OTHER PAYABLES AND ACCRUALS

	Note	Group		Company	
		2005	2004	2005	2004
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
			(Restated)		
Accruals		204,710	174,028	200,269	170,575
Other liabilities	27	298,016	329,377	151,800	311,082
Due to fellow subsidiaries		16,589	-	8,565	-
		519,315	503,405	360,634	481,657

Other payables are non-interest-bearing and are normally settled in one to three months.

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

	Notes	Group		Company	
		2005	2004	2005	2004
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
			(Restated)		
Current portion of bank and other borrowings	26	233,225	366,455	228,225	294,455
Current portion of finance lease payables	28	62,416	43,654	37,131	43,654
		295,641	410,109	265,356	338,109