

**8. The Difference between Chinese Accounting Standards and HK GAAP**  
(Unit:RMB'000)

**Standards and HK GAAP**

|                                                                                                              | 2005       | 2004      |
|--------------------------------------------------------------------------------------------------------------|------------|-----------|
| Net profit under Chinese Accounting Standards                                                                | 2,714,223  | 1,892,074 |
| The difference between Chinese Accounting Standards and HK GAAP                                              |            |           |
| Including : Difference of depreciation of vessels                                                            | -9,275     | -13,342   |
| The deferred profit of sales ships to the related parties                                                    | 4,013      | -23,960   |
| Difference of house funding                                                                                  | -12,574    | -12,574   |
| The deferred tax at HK GAAP                                                                                  | -725       | 3,409     |
| other                                                                                                        | -4,462     | -1,080    |
| Net profit under HK GAAP                                                                                     | 2,691,200  | 1,844,527 |
| Owners' equity under Chinese Accounting Standards                                                            | 10,711,224 | 8,524,297 |
| 2005.1-12 house founding amortizing                                                                          | 62,242     | 74,816    |
| Adjustments for revaluation surplus, exchange gain or loss, depreciation, income of vessels sales and others | 75,255     | 59,967    |
| Owners' equity under HK GAAP                                                                                 | 10,848,721 | 8,659,080 |

The international audit report of the company for 2005 is prepared by Ernst & Young.

**9. Related Party Transactions and Balances**

9.1 The related parties that the Group controls

| Name of related party                                  | Registered address | Business Scope                                                                                                               | Relationship       | Economic type | Corporate delegate |
|--------------------------------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------|--------------------|
| China Shipping (Group) Company                         | Shanghai China     | Cargo shipment along sea, ocean, domestic transportation for goods                                                           | Holding company    | State owned   | Li Keling          |
| Hai`nan Haixiang Investment Co.,Ltd.                   | Haikou China       | Realestate exploitation operation, cabaret management, travel investment & development, agriculture investment & development | Subsidiary company | State owned   | Wang Kunhe         |
| China Shipping Development (Hongkong) Marine Co., Ltd. | HongKong China     | Bale transport at sea, shipping leasehold, lay-up, shipping deputize, shipping spare part, elding and food-stuff purvey      | Subsidiary company | State owned   | Wu Zhongxiao       |

## 會計報表附注(續)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 9.2 The change in registered capital of the Holding Company (unit: RMB '000)

| Name of related party                                       | Beginning balance | Addition | Decrease | Ending balance |
|-------------------------------------------------------------|-------------------|----------|----------|----------------|
| China Shipping<br>(Group) Company                           | 6,620,227         | -        | -        | 6,620,227      |
| Hai'nan Haixiang<br>Investment Co., Ltd.                    | 20,100            | 20,000   | -        | 40,100         |
| China Shipping Development<br>(Hongkong) Marine<br>Co.,Ltd. | 4,140             | -        | -        | 4,140          |

### 9.3 The change in ownership of the Holding Company (unit: RMB'000)

| Name of related party                                          | Beginning balance |        | Addition |    | Decrease |       | Ending balance |        |
|----------------------------------------------------------------|-------------------|--------|----------|----|----------|-------|----------------|--------|
|                                                                | Amount            | %      | Amount   | %  | Amount   | %     | Amount         | %      |
| China Shipping<br>(Group) Company                              | 1,680,000.00      | 50.51  | -        | -  | 101,500  | 3.05% | 1,578,500      | 47.46  |
| Hai'an Haixiang<br>Investment Co., Ltd.                        | 190,950           | 95.00  | 190,000  | 95 | -        | -     | 380,950        | 95.00  |
| China Shipping<br>Development<br>(Hongkong)<br>Marine Co.,Ltd. | 4,140             | 100.00 | -        | -  | -        | -     | 4,140          | 100.00 |

#### 9.4 The nature of the related parties that the Group has no control

| Name of related party                                     | Relationship                              |
|-----------------------------------------------------------|-------------------------------------------|
| China Shipping Container Lines Co., Ltd.                  | be controlled by the same holding company |
| China Shipping Industry Co., Ltd.                         | be controlled by the same holding company |
| China Shipping Agency Co., Ltd.                           | be controlled by the same holding company |
| China Shipping International Trading Co., Ltd.            | be controlled by the same holding company |
| China Shipping & Sinopec Suppliers Co., Ltd.              | be controlled by the same holding company |
| Shanghai Shipping (Group) Company                         | be controlled by the same holding company |
| Guangzhou Maritime (Group) Co., Ltd.                      | be controlled by the same holding company |
| Da'lian Shipping (Group) Co., Ltd.                        | be controlled by the same holding company |
| China Shipping Tele-communication Co., Ltd.               | be controlled by the same holding company |
| China Shipping (Hong Kong) Marine Co., Ltd.               | be controlled by the same holding company |
| China Shipping International Shipping Management Co., Ltd | be controlled by the same holding company |
| JADE QUEEN NAVIGATION INC.                                | be controlled by the same holding company |
| SUPER DRAGON LTD.                                         | be controlled by the same holding company |
| China Shipping Hai'sheng Co., Ltd.                        | be controlled by the same holding company |

#### 9.5 Related party transactions (RMB'000)

##### (1) Lease of vessels

| Name of related party                       | Pricing basis | 2005 年        | 2004 年 |
|---------------------------------------------|---------------|---------------|--------|
| China Shipping Container Lines Co., Ltd.    | Market prices | <b>69,051</b> | 46,007 |
| China Shipping (Hong Kong) Marine Co., Ltd. | Market prices | -             | 10,256 |

會計報表附注 (續)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

(2) Sales of vessels

| Name of related party             | Pricing basis | 2005           | 2004   |
|-----------------------------------|---------------|----------------|--------|
| China Shipping Industry Co., Ltd. | Market prices | <b>111,256</b> | 39,167 |
| Shanghai Shipping (Group) Company | Market prices | <b>12,207</b>  | –      |

(3) Vessel management fees

In June 2004, the Company entered into a supplementary agreement of vessels management with Guangzhou Maritime (Group) Company and Da'lian Shipping (Group) Company for the management 31 goods vessels of Guangzhou Maritime and 7 vessels of Da'lian Shipping:

| Name of related party                | Pricing basis    | 2005         | 2004  |
|--------------------------------------|------------------|--------------|-------|
| Guangzhou Maritime (Group) Co., Ltd. | Agreement prices | <b>9,199</b> | 9,199 |
| Da'lian Shipping (Group) Co., Ltd.   | Agreement prices | <b>2,083</b> | 2,083 |

A services Agreement dated 3rd April 2001 between the Company and China Shipping (Group) Company became effective subsequent to an approval by the independent shareholder at an extraordinary general meeting held on 22nd May 2001. On Jan 8th 2004, the company signed the supplement agreement. The agreement became effective after approved by the first general meeting in 2004. Pursuant to the Services Agreement China Shipping (or its subsidiaries) will provide to the Company the necessary supporting shipping materials and services for the on-going operations of dry-docking and repairs services, lubricating oil, fresh water supplies, raw material, bunker oil, as well as other services. The Services Agreement is effective for a period of ten years. According to the agreement, whether the payment based on market price, state-fixed price or cost depends on the feasibility and applicability of the service.

(a) Supply of lubricating oil, fresh water supplies, raw materials, bunker oil, mechanical and electrical engineering, ship stores and repairs and maintenance services for life boats

| Name of related party                          | Pricing basis | 2005      | Proportion of the same business | 2004    |
|------------------------------------------------|---------------|-----------|---------------------------------|---------|
| Guangzhou Maritime (Group) Co., Ltd.           | Market price  | 4,377     | 0.25%                           | 3,019   |
| Shanghai Shipping (Group) Company              | Market price  | 4,914     | 0.28%                           | 3,735   |
| China Shipping & Sinopec Suppliers Co., LTD.   | Market price  | 1,328,861 | 75.05%                          | 904,708 |
| China Shipping Industry Co., Ltd.              | Market price  | 300       | 0.02%                           | 116     |
| China Shipping International Trading Co., Ltd. | Market price  | 4,592     | 0.26%                           | —       |

(b) Whitewashing and oily water treatment for vessels:

| Name of related party                        | Pricing basis                       | 2005  | Proportion of the same business | 2004  |
|----------------------------------------------|-------------------------------------|-------|---------------------------------|-------|
| China Shipping & Sinopec Suppliers Co., LTD. | State-fixed prices or market prices | 383   | 2.77%                           | 474   |
| Guangzhou Maritime (Group) Co., Ltd.         | State-fixed prices or market prices | 3,468 | 25.07%                          | 2,946 |
| Shanghai Shipping (Group) Company            | State-fixed prices or market prices | 7,585 | 54.83%                          | 7,280 |

## 會計報表附注(續)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

- (c) Installation, repairs and maintenance of telecommunication and navigational services:

| Name of related party                          | Pricing basis      | 2005          | Proportion of the same business | 2004  |
|------------------------------------------------|--------------------|---------------|---------------------------------|-------|
| China Shipping Tele-communication Co., Ltd.    | State-fixed prices | <b>16,099</b> | 40.48%                          | 8,877 |
| Shanghai Shipping (Group) Company              | State-fixed prices | <b>2,836</b>  | 7.13%                           | 2,709 |
| Guangzhou Maritime (Group) Co., Ltd.           | State-fixed prices | <b>4,816</b>  | 12.11%                          | 2,149 |
| China Shipping Industry Co., Ltd.              | State-fixed prices | <b>50</b>     | 0.13%                           | 152   |
| China Shipping & Sinopec Suppliers Co., Ltd.   | State-fixed prices | <b>154</b>    | 0.39%                           | 1,444 |
| China Shipping International Trading Co., Ltd. | State-fixed prices | <b>21</b>     | 0.05%                           | —     |

(d) Dry-docking and repairs:

| Name of related party                          | Pricing basis                       | 2005           | Proportion of the same business | 2004    |
|------------------------------------------------|-------------------------------------|----------------|---------------------------------|---------|
| China Shipping & Sinopec Suppliers Co., Ltd.   | State-fixed prices or market prices | <b>36,155</b>  | 7.57%                           | 32,869  |
| China Shipping Industry Co., Ltd.              | State-fixed prices or market prices | <b>228,671</b> | 47.91%                          | 242,691 |
| Guangzhou Maritime (Group) Co., Ltd.           | State-fixed prices or market prices | <b>28,912</b>  | 6.06%                           | 25,988  |
| Shanghai Shipping (Group) Company              | State-fixed prices or market prices | <b>31,380</b>  | 6.57%                           | 26,767  |
| China Shipping International Trading Co., Ltd. | State-fixed prices or market prices | <b>11,498</b>  | 2.41%                           | 1,327   |
| China Shipping Tele-communication Co., Ltd.    | State-fixed prices or market prices | <b>9,938</b>   | 2.08%                           | 12,004  |

(e) Hiring of sea crew

| Name of related party                                              | Pricing basis | 2005           | Proportion of the same business | 2004    |
|--------------------------------------------------------------------|---------------|----------------|---------------------------------|---------|
| Guangzhou Maritime (Group) Co., Ltd.                               | market prices | -              | -                               | 159,812 |
| Da'lian Shipping (Group) Co., Ltd.                                 | market prices | -              | -                               | 4,109   |
| China Shipping<br>China Shipping<br>International Trading Co., Ltd | market prices | <b>209,610</b> | 89.23%                          | -       |

(f) Accommodation, lodging and transportation for employees

| Name of related party                | Pricing basis | 2005         | Proportion of the same business | 2004  |
|--------------------------------------|---------------|--------------|---------------------------------|-------|
| Shanghai Shipping (Group) Company    | market prices | <b>5,525</b> | 84.48%                          | 5,753 |
| Guangzhou Maritime (Group) Co., Ltd. | market prices | <b>424</b>   | 6.48%                           | 2,178 |

## 會計報表附注 (續)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

(g) Medical services (for existing employees)

| Name of related party                | Pricing basis      | 2005         | 2004                            |       |
|--------------------------------------|--------------------|--------------|---------------------------------|-------|
|                                      |                    |              | Proportion of the same business |       |
| Shanghai Shipping (Group) Company    | State-fixed prices | <b>1,392</b> | 21.09%                          | 2,405 |
| Guangzhou Maritime (Group) Co., Ltd. | State-fixed prices | <b>204</b>   | 3.09%                           | 188   |

(h) Miscellaneous management services

| Name of related party                                     | Pricing basis | 2005          | 2004                            |        |
|-----------------------------------------------------------|---------------|---------------|---------------------------------|--------|
|                                                           |               |               | Proportion of the same business |        |
| Guangzhou Maritime (Group) Co., Ltd.                      | Market price  | <b>24,564</b> | 17.21%                          | 24,024 |
| China Shipping (Group) Company                            | Market price  | <b>141</b>    | 0.10%                           | 385    |
| Shanghai Shipping (Group) Company                         | Market price  | <b>5,446</b>  | 3.81%                           | 8,150  |
| Da'lian Shipping (Group) Co., Ltd.                        | Market price  | -             | 0.00%                           | 32     |
| China Shipping & Sinopec Suppliers Co., LTD.              | Market price  | <b>373</b>    | 0.26%                           | 1,186  |
| China Shipping Tele-communication Co., Ltd.               | Market price  | <b>2,508</b>  | 1.76%                           | 4,457  |
| China Shipping (Hong Kong) Marine Co., Ltd.               | Market price  | <b>1,852</b>  | 1.30%                           | 725    |
| China Shipping International Shipping Management Co., Ltd | Market price  | <b>8,731</b>  | 6.12%                           | -      |



(i) Agency commissions

| Name of related party                          | Pricing basis | 2005          | Proportion of the same business | 2004   |
|------------------------------------------------|---------------|---------------|---------------------------------|--------|
| China Shipping Agency Co., Ltd.                | market prices | <b>66,269</b> | 77.03%                          | 37,929 |
| JADE QUEEN NAVIGATION INC.                     | market prices | <b>1,010</b>  | 1.17%                           | 167    |
| SUPERDRAGONLTD.                                | market prices | <b>726</b>    | 0.84%                           | 744    |
| Shanghai Shipping (Group) Company              | market prices | <b>206</b>    | 0.24%                           | 12,175 |
| China Shipping International Trading Co., Ltd. | market prices | -             | -                               | 927    |

(j) Service fee for the purchase or sale of vessels, components or other equipment

| Name of related party                          | Pricing basis | 2005         | Proportion of the same business | 2004 |
|------------------------------------------------|---------------|--------------|---------------------------------|------|
| China Shipping International Trading Co., Ltd. | market prices | <b>3,530</b> | 7.89%                           | -    |

9.5.4 Vessel chartering charges paid

| Name of related party                       | Pricing basis | 2005          | Proportion of the same business | 2004   |
|---------------------------------------------|---------------|---------------|---------------------------------|--------|
| Shanghai Shipping (Group) Company           | Market prices | <b>28,464</b> | 9.10%                           | 35,760 |
| Guangzhou Maritime (Group) Co., Ltd.        | Market prices | <b>14,971</b> | 4.79%                           | 8,000  |
| Da'lian Shipping (Group) Co., Ltd.          | Market prices | <b>54,184</b> | 17.33%                          | 12,922 |
| China Shipping (Hong Kong) Marine Co., Ltd. | Market prices | <b>56,928</b> | 18.21%                          | 41,215 |

會計報表附注(續)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

9.6 The outstanding balances of related party

(RMB'000)

| Item                                                          | Amount     |            | %          |            |
|---------------------------------------------------------------|------------|------------|------------|------------|
|                                                               | 2005.12.31 | 2004.12.31 | 2005.12.31 | 2004.12.31 |
| <b>Accounts receivables:</b>                                  |            |            |            |            |
| Shanghai Shipping<br>(Group) Company                          | -          | 2,465      | -          | 1.15%      |
| <b>Other receivables:</b>                                     |            |            |            |            |
| Guangzhou Maritime (Group)<br>Co., Ltd.                       | 82         | 918        | 0.19%      | 1.97%      |
| China Shipping (Hong Kong)<br>Holdings Co., Ltd.              | -          | 11,226     | -          | 24.14%     |
| China Shipping International<br>Shipping Management Co., Ltd. | 119        | -          | 0.28%      | -          |
| <b>Prepayments:</b>                                           |            |            |            |            |
| China Shipping Agency Co., Ltd.                               | 7,660      | 7,192      | 5.94%      | 3.55%      |
| China Shipping & Sinopec<br>Suppliers Co., LTD.               | 1,249      | 1,250      | 0.97%      | 0.62%      |
| JADE QUEEN<br>NAVIGATION INC.                                 | 25,937     | 19,859     | 20.13%     | 9.79%      |
| SUPER DRAGON LTD.                                             | 71,533     | 133,919    | 55.52%     | 66.03%     |
| China Shipping<br>International Trading Co., Ltd.             | -          | 2,587      | -          | 1.28%      |
| Shanghai Shipping<br>(Group) Company                          | 200        | 15,743     | 0.16%      | 7.76%      |
| Guangzhou Maritime<br>(Group) Co., Ltd.                       | -          | 5,045      | -          | 2.49%      |
| China Shipping<br>Tele-communication Co., Ltd.                | 500        | 500        | 0.39%      | 0.25%      |
| China Shipping<br>Industry Co., Ltd.                          | 330        | 1,430      | 0.26%      | 0.71%      |
| Da'lian Shipping (Group) Company                              | -          | 1,281      | -          | 0.63%      |
| China Shipping (Hong Kong) Marine<br>Co., Ltd.                | 4,753      | -          | 3.69%      | 0.00%      |
| China Shipping International Shipping<br>Management Co., Ltd. | 5,402      | -          | 4.19%      | 0.00%      |

|                                                            | Amount     |            | %          |            |
|------------------------------------------------------------|------------|------------|------------|------------|
|                                                            | 2005.12.31 | 2004.12.31 | 2005.12.31 | 2004.12.31 |
| <b>Accounts Payable:</b>                                   |            |            |            |            |
| China Shipping Industry Co., Ltd.                          | 2209       | –          | 1.01%      | –          |
| China shipping & sinopec Suppliers Co., LTD.               | 5,400      | 5,476      | 2.47%      | 3.38%      |
| China Shipping Agency Co., Ltd.                            | 356        | 286        | 0.16%      | 0.18%      |
| Shanghai Shipping (Group) Company                          | 553        | 129        | 0.25%      | 0.08%      |
| China Shipping International Shipping Management Co., Ltd. | 319        | –          | 0.15%      | –          |
| <b>Other Payable:</b>                                      |            |            |            |            |
| Shanghai Shipping (Group) Company                          | –          | 413        | –          | 0.15%      |
| China Shipping (Hong Kong) Marine Co., Ltd.                | 7,893      | –          | 2.95%      | –          |
| China Shipping International Shipping Management Co., Ltd. | 9,019      | –          | 3.37%      | –          |

## 10. Guaranty

No guaranty that required to be disclosed in the financial statement up to the report dates.

## 11. Commitment

11.1 The Company signed the contract with Dalian Shipyard Heavy Industry Co., Ltd in Dec. 2003 and planed to start the constructions of 2 oil vessels (70000T). Pursuant to the contract, each vessel valued USD 28.38 million and the estimated total cost will be USD 56.76 million which will be paid by 5 installment. As of Dec 31, 2005 the company had paid USD 31.22 million. The remaining will be paid by installments of entering the water and completion. The construction is planned to complete at the end of 2006.

- 11.2 The Company signed the contract with Dalian New Shipyard Heavy Industry Co., Ltd in May, 2004 and planned to start the construction of oil vessel (298000T). Pursuant to the contract, the vessel valued USD 98.8 million which would be paid by 5 installments. As of Dec 31, 2005 the company had paid USD 39.52 million. The remaining will be paid by installments of building on slipway, entering the water and completion. The construction is planned to complete at the end of 2007.
- 11.3 The China Shipping Development(Hong Kong) Marine Co., Ltd., the subsidiary company, signed the contract with Guangzhou Shipyard International Co., Ltd. in May 2004, and planed to start the constructions of 2 oil vessels (40000T). Pursuant to the contract, each vessel valued USD 27.8 million, and the estimated total costs would be USD 55.6 million, which will be paid by 5 installments. As of Dec 31 2005, one vessel had completed, the company had paid USD 11.12 million and remains had been paid on January 25,2006;Another one was on the construction period, the company had paid USD 8.34 million. The remaining will be paid by installments of entering the water and completion. The constructions planed to complete before the end of 2006.
- 11.4 The Company signed the contract with Guangzhou Shipyard International Co., Ltd. in Dec 2004, and planed to start the constructions of 4 oil vessels (52500T). Pursuant to the contract, each vessel valued USD 35.80 million, and the estimated total costs would be USD 143.20 million, which will be paid by 5 installments. As of Dec 31, 2005, the company had paid USD 14.32 million for these vessels. The remaining will be paid by installments of starting, building on shipway, entering the water and completion. The constructions plan to complete in 2008.

11.5 Shanghai Time shipping Co., Ltd, the subsidiary signed the contract with Jiangnan Shipyard Co., Ltd in April 2005 and planned the constructions of 2 vessels (76000T). Pursuant to the contract, each vessel valued USD 33.5 million and the estimated total cost would be USD 67 million which would be paid by 7 installment. As of Dec 31 2005, the company had paid USD 20.10 million. The remaining will be paid by installments of 12 months after signed the contract, starting, building on shipway, entering the water and completion. The constructions are planned to complete at the end of 2008.

## **12. Post balance sheet events**

According to the resolution of Board of Directors on 28th March 2006, the Company will distribute 10% of holding company's net profit RMB 2,691.09 million to statutory surplus reserve and statutory welfare reserve amounted 269.11 million respectively. And the distributed dividend of year 2005 will be RMB 0.30 per share (Before tax).

There is no other post balance sheet events should be disclosed up to the report dates.

## **13. Contingent liability**

13.1 In December 2003, the company signed two vessel rent agreements, as owner, with Korea HURON Company, as renter. According to the agreement, HURON rent 'Dinhe' and 'Daqin74' based on the number of voyages or flights. HERON rent the tankers for transferring 2 tankers of oil to Qunshan harbor in Korea. These oils were for 4 bills of lading. Korea Exchange Bank('KEB')-Kookmin Bank('Kookmin')Woori Bank('Woori')National Federation of Fishery Cooperatives('NFFC') discharged letters of credit for the above transactions (Including oil 67.8 thousand tons, valued USD 12.7 million which is the amount of letters of credit).

When 'Dinhe' and 'Daqin74' arrived Qunshan Harbor, the company released the above mentioned cargo based on the request authorized by HURON. HURON paid the rental expenses. But HURON didn't surrender the original bills of lading, which is promised to retrocede in time. In May 2004, HURON applied court in Korea for assets restructuring. In May 2004, HURON was bring to count for bankruptcy. This processing caused three banks, NFFC, Woori and Kookmin to suit the company for the total amount of the above mentioned cargo based on the original bills of lading. The sum they suited for is 11,974,643,009(WON) and interest related. According to the application from the company, Bank of China provided guarantee to the above 3 banks.

In September 2004, the company applied the court of Korea for the injunction of forbidding the treatments of the 64.1 thousands oil and got the injunction successfully.

On 2nd December 2004 the company reached an agreement with above four banks to withdraw the forbidden injunction.

The Company has made provision as at 31 December 2005 for the estimated loss from this claim taking into consideration of the proceeds of WON5, 150,000,000 (equivalent to Rmb40,000,000) from the disposal of the relevant oil of 64,100 tons in March 2005 which could be used to offset part of the loss.

Up to 28th March 2006, this case between the company and the three banks (NFFC, Woori and Kookmin) was still in processing.

13.2 On March 8th, 2005, “Hualin”, the vessel what is affiliated with the company, collided with “MSC CHRISTINA”, certified in Germany, in the middle Huanghai and sank after ruptured. In April 2005, the insurer for the hull and accident of “MSC CHRISTINA” provided the company guaranty, USD 19 million. On Jun 14th 2005, the attorney for the owner of “MSC CHRISTINA” litigated the company to claim for compensation USD 10 million.

Depend on the attorney’s opinion, the Company has made relevant provision as at 31 December 2005 for the estimated loss from the claim taking into consideration the amount that could be compensated by the insurance company.

Up to 28th March 2006, the case still had no further processing.

#### 14. Other important proceeding

No material non-monetary transaction and debt restructuring that required to be disclosed in the financial statement up to the report dates.

#### 15. Supplementary information

##### (1) 淨資產收益率和每股收益

##### (1) ROE and EPS

|                   |                                              | 淨資產收益率                    |                | 每股收益              |                |
|-------------------|----------------------------------------------|---------------------------|----------------|-------------------|----------------|
|                   |                                              | Rate of returns per share |                | Earning per share |                |
|                   |                                              | 全面攤薄                      | 加權平均           | 全面攤薄              | 加權平均           |
|                   |                                              | Fully diluted             | Weight Average | Fully diluted     | Weight Average |
| 主營業務利潤            | Gross profit                                 | 31.56%                    | 35.10%         | 1.0164            | 1.0164         |
| 營業利潤              | Operating profit                             | 28.59%                    | 31.79%         | 0.9206            | 0.9206         |
| 淨利潤               | Net profit                                   | 25.34%                    | 28.18%         | 0.8161            | 0.8161         |
| 扣除非經常性<br>損益后的淨利潤 | Net profit after deducting<br>abnormal items | 24.50%                    | 27.25%         | 0.7891            | 0.7891         |

## 會計報表附注(續)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### Provision and impairment of assets

| Item                                   | 年初餘額              |               | 本期增加數         |              | 本期減少數         |               |              |               | Write-off    |               | 年末餘額           |               |         |
|----------------------------------------|-------------------|---------------|---------------|--------------|---------------|---------------|--------------|---------------|--------------|---------------|----------------|---------------|---------|
|                                        | Beginning balance |               | Addition      |              | 因資產價值         |               | 其他原因         |               | 合計           |               | Ending balance |               |         |
|                                        | 合併                | 母公司           | 合併            | 母公司          | 回升            | 轉回數           | 轉回數          | 轉回數           | 合併           | 母公司           | 合併             | 母公司           |         |
|                                        | Consolidation     | Holding       | Consolidation | Holding      | Consolidation | Consolidation | Holding      | Consolidation | Holding      | Consolidation | Holding        | Consolidation | Holding |
|                                        | company           | company       | company       | company      | company       | company       | company      | company       | company      | company       | company        | company       | company |
| 1. Bad debts provision                 | 31,860,098.12     | 31,521,831.00 | 2,366,517.55  | 2,115,018.24 | 42,374.49     | 105,209.27    | 9,469,785.00 | 9,469,785.00  | 9,512,159.49 | 9,574,994.27  | 24,714,456.18  | 24,061,854.97 |         |
| Including: Accounts receivables        | 31,390,369.16     | 31,115,532.97 | 2,366,517.55  | 2,115,018.24 | -             | -             | 9,469,785.00 | 9,469,785.00  | 9,469,785.00 | 9,469,785.00  | 24,287,101.71  | 23,760,766.21 |         |
| Other receivables                      | 469,729.96        | 406,298.03    | -             | -            | 42,374.49     | 105,209.27    | -            | -             | 42,374.49    | 105,209.27    | 427,354.47     | 301,088.76    |         |
| 2. Impairment of short-term investment | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| Including: Stock investment            | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| Debt investment                        | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| 3. Provision of inventory              | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| Including: Finished goods              | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| Raw materials                          | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| 4. Impairment of long-term investment  | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| Including: Long-term stock investment  | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| Long-term debt investment              | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| 5. Impairment of fixed assets          | 936,268.00        | 936,268.00    | -             | -            | -             | -             | -            | -             | -            | -             | 936,268.00     | 936,268.00    |         |
| Including: Buildings                   | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| Machinery                              | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| 6. Impairment of intangible assets     | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| Including: Patent                      | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| Land-use right                         | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| 7. Impairment of CIP                   | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |
| 8. Provision for intrust loan          | -                 | -             | -             | -            | -             | -             | -            | -             | -            | -             | -              | -             |         |



- (3) Analysis for the subjects changed over 30% of the consolidated financial statements ,or accounted more than 5% of total assets as at 2005.12.31 or 10% of total profit for 2005.1-12:

Subjects in the balance sheet:

| items                           | 2005.12.31.       | 2004.12.31.       | 差異變動             |          | 占資產總額                       |
|---------------------------------|-------------------|-------------------|------------------|----------|-----------------------------|
|                                 |                   |                   | Variation<br>金額  | 比例       | Amount<br>% of total assets |
| Cash and banks (1)              | 1,177,926,740.95  | 1,287,820,466.58  | -109,893,725.63  | -8.53%   | 8.89%                       |
| Notes receivable(2)€            | 20,500,000.00     | 9,340,000.00      | 11,160,000.00    | 119.49%  | 0.16%                       |
| Prepayments (3)                 | 128,853,057.34    | 202,813,723.62    | -73,960,666.28   | -36.47%  | 0.97%                       |
| Inventories (4)                 | 266,701,401.91    | 143,777,728.76    | 122,923,673.15   | 85.50%   | 2.01%                       |
| Long-term equity investment (5) | 3,674,410.00      | 100,743,669.07    | -97,069,259.07   | -96.36%  | 0.03%                       |
| Fixed assets (6)                | 18,312,250,875.24 | 15,297,234,142.60 | 3,015,016,732.64 | 19.71%   | 138.19%                     |
| Depreciation (7)                | 7,814,284,893.53  | 7,044,039,639.96  | 770,245,253.57   | 10.93%   | 58.97%                      |
| Construction in progress (8)    | 865,762,167.19    | 1,293,051,471.63  | -427,289,304.44  | -33.05%  | 6.53%                       |
| Intangible assets (9)           | 7,089,775.50      | 5,337,434.97      | 1,752,340.53     | 32.83%   | 0.05%                       |
| Short-term loans (10)           | -                 | 30,000,000.00     | -30,000,000.00   | -100.00% | 0.00%                       |
| Accounts payable (11)           | 218,260,349.54    | 162,209,240.95    | 56,051,108.59    | 34.55%   | 1.65%                       |
| Advance from customers (12)     | 34,265,736.42     | 56,243,046.22     | -21,977,309.80   | -39.08%  | 0.27%                       |
| Long-term loans (13)            | 1,346,745,000.00  | 1,827,867,300.00  | -481,122,300.00  | -26.32%  | 10.16%                      |
| Long term payable (14)          | 118,946,301.52    | 76,394,624.13     | 42,551,677.39    | 55.70%   | 0.90%                       |

Subjects in income statements:

| items                       | 2005年            | 2004年            | 變動金額             |         | 變動比例 占利潤總額  |
|-----------------------------|------------------|------------------|------------------|---------|-------------|
|                             |                  |                  | Variation        | %       | % of profit |
| Revenue (15)                | 8,700,448,150.75 | 6,486,955,470.43 | 2,213,492,680.32 | 34.13%  | 274.50%     |
| Cost (16)                   | 5,134,816,069.67 | 3,906,965,766.03 | 1,227,850,303.64 | 31.43%  | 162.01%     |
| Other operating profit (17) | 44,199,895.41    | 21,630,691.37    | 22,569,204.04    | 104.34% | 1.39%       |
| Investment Income (18)      | 1,888,335.10     | 21,631,289.88    | -19,742,954.78   | -91.27% | 0.06%       |
| Subsidy (19)                | 6,386,300.00     | 3,831,000.00     | 2,555,300.00     | 66.70%  | 0.20%       |
| Non-operating income (20)   | 102,806,206.33   | 58,837,288.19    | 43,968,918.14    | 74.73%  | 3.24%       |
| Non-operating expense (21)  | 3,565,614.93     | 18,513,259.05    | -14,947,644.12   | -80.74% | 0.11%       |
| Income tax (22)             | 452,573,431.01   | 307,955,672.93   | 144,617,758.08   | 46.96%  | 14.28%      |
| Minority equity (23)        | 2,741,957.94     | 1,090,086.51     | 1,651,871.43     | 151.54% | 0.09%       |

## 會計報表附注(續)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

- (1) Since the company paid dividend RMB 498,900,000.00 for dividend and RMB 2,580 million for vessels construction, the closing balance of this subject decreased 8.53% compared with last year.
- (2) The closing balance of notes receivable increased RMB 11.16 million compared with last year due to the revenue increase and more businesses settled by notes during this period.
- (3) The balance of advance payment decreased 36.47% compared with last year because the company improved the control for collecting debts from the oversea agencies.
- (4) The company hold 85.50% more inventory compared with the related amount of 2005, which is mainly caused by the increasing of vessels during this period and the greatly growth of unit price of fuel in the international market.
- (5) The associated subsidiaries Zhu'hai New Century Shipping Co., Ltd. and Shanghai Friendship Shipping Co., Ltd., were included in the consolidation scope in 2005, which caused the decreasing (97.07 million) of long-term investment.
- (6) 7 vessels for goods and 7 oil tanks were put into use which caused the value of fixed assets increased RMB 3,015.02million.
- (7) Since the addition of the cost of fixed assets cost, the depreciation expenses during this period went up 770.25 million compared with the related amount in last year.
- (8) Construction in process decreased RMB 427.29million due to the construction completion.

- (9) The intangible assets increased 32.83% compared with last year because the company purchased a new shipping management system.
- (10) The company paid the short term loan amounted RMB 30 million.
- (11) The account payable increased RMB 56.05 million due to the rising of oil price and the port unit price.
- (12) The closing balance of advanced receivable decreased RMB 21.98 million, 39.08% compared with last year because the company improved the settlement of payment and adopted COP for the main clients.
- (13) The company refund part of long term loan in advance which caused the decrease of the balance of 48 million.
- (14) Long term payables increased RMB 42.55 million because the subsidiary company Shanghai Time Shipping Co., Ltd. purchase one vessel used financial lease method.
- (15) Because of the soaring prices for freight and oil shipment and the raising of shipment quantity, the revenue improved by 34.12% compared with the relevant amount of the same period in 2004.
- (16) The cost of the company increased 31.43% compared with the relevant cost of the corresponding period in 2004. Although the cost of oil increased sharply, the company used many method to control the increase of total cost, such as adjusted shipping structure, strengthened efficiency, decreased the anchor time and improved the consume ratio of fuel oil .

## 會計報表附注(續)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*(continued)*

- (17) Other operating profit increased RMB 22.57 million because: as a lessee, the bare-boat charter vessels decreased, so the lease cost decreased; as a lessor the lease income increased due to the unit price went up.
- (18) The associated subsidiaries Zhu'hai New Century Shipping Co., Ltd. and Shanghai Friendship Shipping Co., Ltd., were included in the consolidation scope in 2005, which caused the decreasing (RMB 19.74 million) of investment profit.
- (19) The changes of consolidation scope caused the increased of 2.56 million of subsidy from associated company.
- (20) Non-operating income increased RMB 43.97 million due to the disposal of 6 vessels in 2005.
- (21) The disposal of "Friendship 22" caused non-operating expense to increase in 2004. Therefore, non-operating expense decreased RMB14.95 million in 2005.
- (22) The sharply jumping of profit during the current period by 44.00% caused the income tax to increase 46.96% appropriately.
- (23) The minority interest is 151.54% more than last year, which is caused by the net profit increasing of Hai'nan Haixiang Investment Co., Ltd., the subsidiary company.