

#### 9.4 The related parties that the Group has no direct control

Name of related party	與本公司的關係	Relationship
China Shipping Container Lines Co., Ltd.	受同一公司控制	be controlled by the same holding company
China Shipping Industry Co., Ltd.	受同一公司控制	be controlled by the same holding company
China Shipping Agency Co., Ltd.	受同一公司控制	be controlled by the same holding company
China Shipping International Trading Co., Ltd.	受同一公司控制	be controlled by the same holding company
China Shipping & Sinopec Suppliers Co., Ltd.	受同一公司控制	be controlled by the same holding company
Shanghai Shipping (Group) Company	受同一公司控制	be controlled by the same holding company
Guangzhou Maritime (Group) Co., Ltd.	受同一公司控制	be controlled by the same holding company
Da'lian Shipping (Group) Co., Ltd.	受同一公司控制	be controlled by the same holding company
China Shipping Tele-communication Co., Ltd.	受同一公司控制	be controlled by the same holding company
China Shipping (Hong Kong) Holdings Co., Ltd.	受同一公司控制	be controlled by the same holding company
China Shipping International Shipping Management Co., Ltd	受同一公司控制	be controlled by the same holding company
JADE QUEEN NAVIGATION INC.	受同一公司控制	be controlled by the same holding company
SUPER DRAGON LTD.	受同一公司控制	be controlled by the same holding company
China Shipping Hai'sheng Co., Ltd.	受同一公司控制	be controlled by the same holding company

#### 9.5 Related party transactions

(RMB'000)

##### 9.5.1 Lease of vessels

Name of related party	定價標準 Pricing basis	2006年	2005年
China Shipping Container Lines Co., Ltd.	市場價 Market prices	67,273	69,051

##### 9.5.2 Sales of vessels

Name of related party	定價標準 Pricing basis	2006	2005
China Shipping Industry Co., Ltd.	市場價 Market prices	10,245	111,256
Shanghai Shipping (Group) Company	市場價 Market prices	32,675	12,207
China Shipping Hai'sheng Co., Ltd.	市場價 Market prices	240,800	—

## 會計報表附注(續)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 9.5.3 Vessel management fees

In June 2004, the Company signed a supplementary agreement of vessels management with Guangzhou Maritime (Group) Company and Da'lian Shipping (Group) Company for the management 31 cargo vessels of Guangzhou Maritime and 7 vessels of Da'lian Shipping. In 2006, the company amended this supplementary agreement of vessels management with Guangzhou Maritime(Group) Company and Da'lian Shipping (Group) Company for the management 33 cargo vessels of Guangzhou Maritime and 7 vessels of Da'lian Shipping.

Name of related party	定價標準 Pricing basis	2006 年	2005 年
Guangzhou Maritime (Group) Co., Ltd.	協議價 Agreement prices	10,236	9,199
Da'lian Shipping (Group) Co., Ltd.	協議價 Agreement prices	2,083	2,083

On 31 October,2006, the Company signed an agreement of purchasing cargo vessels with China Shipping Group Company. The Company decided to purchase 42 buck cargo vessels which owned by China Shipping Group Company and subsidiaries. After finishing the acquisition, the vessel agent service fee will be not existed.

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. 8th Jan 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 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	定價標準 Pricing basis	2006年	占本期同類 業務比例 Proportion of the same business	2005年
Guangzhou Maritime (Group) Co., Ltd.	市場價 Market price	4,425	0.16%	4,377
Shanghai Shipping (Group) Company	市場價 Market price	5,576	0.21%	4,914
China Shipping & Sinopec Suppliers Co., LTD.	市場價 Market price	1,612,965	59.72%	1,328,861
China Shipping Industry Co., Ltd.	市場價 Market price	285	0.01%	300
China Shipping International Trading Co., Ltd.	市場價 Market price	3,625	0.13%	4,592

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(b) Whitewashing and oily water treatment for vessels:

Name of related party	定價標準 Pricing basis	2006年	占本期同類 業務比例 Proportion of the same business	2005年
China Shipping & Sinopec Suppliers Co., LTD.	國家定價或市場價 State-fixed prices or market prices	385	1.93%	383
Guangzhou Maritime (Group) Co., Ltd.	國家定價或市場價 State-fixed prices or market prices	2,224	11.15%	3468
Shanghai Shipping (Group) Company	國家定價或市場價 State-fixed prices or market prices	7,318	36.68%	7,585
China Shipping Industry Co., Ltd.	國家定價或市場價 State-fixed prices or market prices	105	0.53%	—

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

Name of related party	定價標準 Pricing basis	2006年	占本期同類 業務比例 Proportion of the same business	2005年
China Shipping Tele-communication Co., Ltd.	國家定價 State-fixed prices	18,455	31.93%	16,099
Shanghai Shipping (Group) Company	國家定價 State-fixed prices	6,832	11.82%	2,836
Guangzhou Maritime (Group) Co., Ltd.	國家定價 State-fixed prices	4,739	8.20%	4,816
China Shipping Industry Co., Ltd.	國家定價 State-fixed prices	37	0.06%	50
China Shipping & Sinopec Suppliers Co., Ltd.	國家定價 State-fixed prices	207	0.36%	154
China Shipping International Shipping Management Co., Ltd	國家定價 State-fixed prices	—	0.00%	21
China Shipping Hai'sheng Co., Ltd.	國家定價 State-fixed prices	21	0.04%	—

## (d) Dry-docking and repairs:

Name of related party	定價標準 Pricing basis	2006年	占本期同類 業務比例 Proportion of the same business	2005年
China Shipping & Sinopec Suppliers Co., Ltd.	國家定價或市場價 State-fixed prices or market prices	40,472	9.12%	36,155
China Shipping Industry Co., Ltd.	國家定價或市場價 State-fixed prices or market prices	177,126	39.90%	228,671
Guangzhou Maritime (Group) Co., Ltd.	國家定價或市場價 State-fixed prices or market prices	26,238	5.91%	28,912
Shanghai Shipping (Group) Company	國家定價或市場價 State-fixed prices or market prices	21,968	4.95%	31,380
China Shipping International Trading Co., Ltd.	國家定價或市場價 State-fixed prices or market prices	4,830	1.09%	11,498
China Shipping Tele-communication Co., Ltd.	國家定價或市場價 State-fixed prices or market prices	12,118	2.73%	9,938

## (e) Hiring of sea crew

Name of related party	定價標準 Pricing basis	2006年	占本期同類 業務比例 Proportion of the same business	2005年
China Shipping International Shipping Management Co., Ltd	市場價 market prices	172,786	93.95%	209,610

## (f) Accommodation, lodging and transportation for employees

Name of related party	定價標準 Pricing basis	2006年	占本期同類 業務比例 Proportion of the same business	2005年
Shanghai Shipping (Group) Company	市場價 market prices	5,487	50.79%	5,525
Guangzhou Maritime (Group) Co., Ltd.	市場價 market prices	2,327	21.54%	424

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### (g) Medical services (for existing employees)

Name of related party	定價標準 Pricing basis	2006年	占本期同類 業務比例 Proportion of the same business	2005年
Shanghai Shipping (Group) Company	國家定價 State-fixed prices	1,133	19.24%	1,392
Guangzhou Maritime (Group) Co., Ltd.	國家定價 State-fixed prices	261	4.42%	204

### (h) Miscellaneous management services

Name of related party	定價標準 Pricing basis	2006年	占本期同類 業務比例 Proportion of the same business	2005年
Guangzhou Maritime (Group) Co., Ltd.	市場價 Market price	23,228	19.14%	24,564
China Shipping (Group) Company	市場價 Market price	104	0.09%	141
Shanghai Shipping (Group) Company	市場價 Market price	4,833	3.98%	5,446
China shipping & sinopec Suppliers Co., Ltd.	市場價 Market price	814	0.67%	373
China Shipping Tele-communication Co., Ltd.	市場價 Market price	1,972	1.62%	2,508
China Shipping Industry Co., Ltd.	市場價 Market price	105	0.09%	—
China Shipping (Hong Kong) Holdings Co., Ltd.	市場價 Market price	1,346	1.11%	1,852
China Shipping International Shipping Management Co., Ltd	市場價 Market price	16,506	13.60%	8,731

## (i) Agency commissions

Name of related party	定價標準 Pricing basis	2006年	占本期同類 業務比例 Proportion of the same business	2005年
China Shipping Agency Co., Ltd.	市場價 market prices	72,151	65.63%	66,269
JADE QUEEN NAVIGATION INC. SUPERDRAGONLTD.	市場價 market prices	187	0.17%	1010
	市場價 market prices	710	0.65%	726
Shanghai Shipping (Group) Company	市場價 market prices	122	0.11%	206
Guangzhou Maritime (Group) Co., Ltd.	市場價 market prices	2,772	2.52%	—

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

Name of related party	定價標準 Pricing basis	2006年	占本期同類 業務比例 Proportion of the same business	2005年
China Shipping International Trading Co., Ltd.	市場價 market prices	2,832	55.17%	3,530

## 9.5.4 Vessel chartering charges paid

Name of related party	定價標準 Pricing basis	2006年	占本期同類 業務比例 Proportion of the same business	2005年
Shanghai Shipping (Group) Company	市場價 Market prices	27,777	4.80%	28,464
Guangzhou Maritime (Group) Co., Ltd.	市場價 Market prices	20,475	3.54%	14,971
Da'lian Shipping (Group) Co., Ltd.	市場價 Market prices	41,200	7.12%	54184
China Shipping (Hong Kong) Holdings Co., Ltd.	市場價 Market prices	55,965	9.67%	56,928

## 會計報表附注(續)

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### 9.6 Vessel chartering charges purchase

Name of related party	定價標準 Pricing basis	2006年	2005年
Guangzhou Maritime (Group) Co., Ltd.	市場價 Market prices	479,109	—
Da'lian Shipping (Group) Co., Ltd.	市場價 Market prices	51,818	—
China Shipping (Hong Kong) Holdings Co., Ltd.	市場價 Market prices	181,246	—

The subsidiary company, China Shipping (Hong Kong) Marine Co., Ltd. purchased 9 vessels for goods of China Shipping (Group) company this years.(see notes 12.2)

### 9.7 The outstanding balances of related party

(RMB'000)

	金額 Amount		占期末余額的比例 Proportion %	
	2006.12.31	2005.12.31	2006.12.31	2005.12.31
<b>Accounts receivables:</b>				
Guangzhou Maritime (Group) Co., Ltd.	327	—	0.08%	—
Da'lian Shipping (Group) Co., Ltd.	28	—	0.01%	—
China Shipping (Hong Kong) Holdings Co., Ltd.	452	—	0.11%	—
<b>Other receivables:</b>				
China Shipping Hai'sheng Co., Ltd.	231,446	—	69.79%	—
Guangzhou Maritime (Group) Co., Ltd.	—	82	—	0.19%
China Shipping International Shipping Management Co., Ltd.	—	119	—	0.28%

	金額		占期末余额的比例	
	Amount		%	
Prepayments:	2006.12.31	2005.12.31	2006.12.31	2005.12.31
China Shipping Agency Co., Ltd.	7,907	7,660	0.97%	5.94%
China shipping & sinopec Suppliers Co., LTD.	1,177	1,249	0.14%	0.97%
JADE QUEEN NAVIGATION INC.	31,654	25,937	3.88%	20.13%
SUPER DRAGON LTD.	153,008	71,533	18.74%	55.52%
Shanghai Shipping (Group) Company	-	200	-	0.16%
Guangzhou Maritime (Group) Co., Ltd.	411,803	-	50.43%	-
Da'lian Shipping (Group) Company	115,545	-	14.15%	-
China Shipping Tele-communication Co., Ltd.	-	500	-	0.39%
China Shipping Industry Co., Ltd.	360	330	0.04%	0.26%
China Shipping International Shipping Management Co., Ltd.	83,359	5,402	10.21%	4.19%
China Shipping (Hong Kong) Holdings Co., Ltd.	4,753	4,753	0.58%	3.69%

	金額		占期末余额的比例	
	Amount		Proportion %	
Accounts Payable:	2006.12.31	2005.12.31	2006.12.31	2005.12.31
China Shipping Industry Co., Ltd.	-	2,209	-	1.01%
China shipping & sinopec Suppliers Co., LTD.	125	5,400	0.06%	2.47%
China Shipping Agency Co., Ltd.	247	356	0.11%	0.16%
China Shipping International Shipping Management Co., Ltd.	350	319	0.15%	0.15%
Shanghai Shipping (Group) Company	-	553	-	0.25%

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	金額		占期末余額的比例	
	Amount		Proportion	
Other Payable:	2006.12.31	2005.12.31	2006.12.31	2005.12.31
Guangzhou Maritime (Group) Co., Ltd.	335,457	-	58.73%	-
Da'lian Shipping (Group) Co., Ltd.	36,273	-	6.35%	-
China Shipping International Shipping Management Co., Ltd.	187	9,019	0.03%	3.37%
China Shipping (Hong Kong) Holdings Co., Ltd.	142,770	7,893	25.00%	2.95%
China Shipping Industry Co., Ltd.	5,531	-	0.97%	-

**10. Guaranty**

There is no guaranty should be disclosed for in the financial statements.

**11. Commitment**

- 11.1 The Company signed the contract with Guangzhou shipyard international company limited in March 2006, and planed to start the constructions of 2 oil vessels (40000T). Pursuant to the contract, each vessel valued USD 37 million and USD 38.50 million, and the estimated total costs would be USD 75.50 million, which will be paid by 5 installment. As of Dec 31, 2006 the company had paid USD 22.80 million. The remaining will be paid by installments of starting, building on shipway, entering the water and completion. The construction plan to complete in 2007 and 2008 respectively.
- 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 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, 2006, the company had paid USD 28.64 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.
- 11.4 The Company signed the contract with Guangzhou Shipyard Dragon hole Co., Ltd. in Oct 2006, and planed to start the constructions of 4 oil vessels (308000T). Pursuant to the contract, each vessel valued USD 114.26 million, and the estimated total costs would be USD 457.04 million, which will be paid by 5 installments. As of Dec 31, 2006, the company had paid USD 91.4080 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 June ,2010.
- 11.5 China Shipping (Hong Kong) Marine Co., Ltd., the subsidiary signed the contract with Guangzhou Shipyard International Co. Ltd. in March 2006, and planed to start the constructions of 2 oil vessels(40000T). Pursuant to the contract, each vessel valued USD 36.50 million, and the estimated total costs would be USD 73.00 million, which will be paid by 5 installments. As of Dec 31,2006, the company had paid USD 14.60 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 2009.

- 11.6 China Shipping (Hong Kong) Marine Co., Ltd., the subsidiary signed the contract with Dalian Shipbuilding Industry Co., Ltd. in March, 2006, and planned to start the constructions of 4 oil vessels (298000T). Pursuant to the contract, two vessels each valued USD 104.49 million, other two vessels each valued USD 99.89 million and the estimated total cost would be USD 408.76 million which will be paid by 5 installment. As of Dec 31 2006, the company had paid USD 81.752 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 2009.
- 11.7 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 2006, the company had paid USD 30.15 million for these vessels. The remaining will be paid by installments of building on shipway, entering the water and completion. The constructions plan to complete in 2007.
- 11.8 Shanghai Time shipping Co., Ltd., the subsidiary signed the contract with China State Shipbuilding Corporation and ChengXi ShipYard Co., Ltd. in March, 2006 and planned the constructions of 4 bulk cargo vessels (53000T). Pursuant to the contract, each vessel valued USD 29.50 million and the estimated total cost would be USD 118.00 million which would be paid by 6 installment. As of Dec 31 2006, the company had paid USD 23.60 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 May, 2010.

11.9 Shanghai Time shipping Co., Ltd., the subsidiary signed the contract with Seaward Limited in August, 2006 and planned the constructions of 2 bulk cargo vessels (45513T/69616T). Pursuant to the contract, one vessel valued USD 24.25 million and the other valued USD 23.00 million. As of Dec 31 2006, the company had paid USD 12.0563 million for these vessels. The remaining will be paid by completion. The constructions plan to complete in 2007.

11.10 Shanghai Time shipping Co., Ltd., the subsidiary signed the contract with Danaos Corporation in August, 2006 and planned the constructions of 6 bulk cargo vessels are as follows:

Amount of Contract	Tonnage
25.50million	69659T
22.50million	45205T
25.50million	69111T
22.75 million	45210T
22.25 million	43815T
25.00million	69069T

As of Dec 31, 2006, the company had paid USD 36.85 million for these vessels. The remaining will be paid by completion. The constructions plan to complete in 2007.

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

12.1 According to the sixth resolution of Board of Directors on 29th March 2007, the Company will distribute 10% of holding company's net profit RMB 2,741.10 million to statutory surplus reserve amounted RMB 274.11 million. And the distributed dividend of year 2006 will be RMB 0.30 per share (Before tax).The decision should be approved by shareholder meeting.

- 12.2 On 31 October, 2006, the Company signed an agreement of purchasing 42 cargo vessels which owned by China Shipping Group Company and its subsidiaries. As of Dec 31, 2006, the company paid 30% of purchase amount of RMB 741 million and had finished 9 cargo vessels transferring procedure. As of March 29, 2007, the remaining 33 bulk cargo vessels transferring procedure had been completed.
- 12.3 The Company signed the contract with China State Shipbuilding Corporation and Guangzhou Shipyard Dragon Hole Company Limited in 28 October, 2006 and planned the constructions of 4 oil vessels(308000T), and mortgage these vessels to Bank of Communications Shanghai Branch and received the tiptop item loan of RMB 2880 million. Before the contract of item loan was effective, Bank of Communications Shanghai Branch had provided RMB 720 million as bridging loan. The contract went into effect on 6th March, 2007, the Company receive this loan and return the bridging loan.

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

### 13. Contingent liability

- 13.1 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 for the estimated loss from the claim taking into consideration the amount that could be compensated by the insurance company. Aim at before-mentioned instance, the Company has estimated loss which maybe happen.

Up to 29th March 2007, the case still had no further processing.

- 13.2 On 28 December,2005, the vessel "Daqin 91" was found 4.5 meter crack in hull, part of oil leaked. According to the research of Ministry of Communications Maritime Department, it deemed to a polluted accident of Bohai Wan. After the accident happened, there was accident team to handle it. According to the compromise contract between the Company and the Shandong Maritime Department, as "Daqin 91" was insured by the UK B&I Club which the limited liability is RMB 36 million, the Company has accrued loss which maybe occur.

Up to 29th March 2007, 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) ROE and EPS

	净資產收益率		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
Gross profit	27.20%	29.25%	1.0194	1.0194
Operating profit	24.59%	26.44%	0.9215	0.9215
Net profit	22.15%	23.81%	0.8301	0.8301
Net profit after deducting abnormal items	21.07%	22.66%	0.7897	0.7897

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### Provision and impairment of assets

Item	期初余額		本期增加數		本期減少數		Write-off		合計		期末余額	
	Beginning balance		Addition		因資產價值 回升轉回數		壞帳核銷		Total		Ending balance	
	合并 Consolidation	母公司 Holding company										
1. Bad debts provision	24,714,456.18	24,061,854.97	9,105,793.29	5,997,321.02	-	-	\$,837,565.61	\$,837,565.61	\$,837,565.61	\$,837,565.61	24,953,653.86	21,221,610.35
Including: Accounts receivables	24,287,101.71	23,760,766.21	6,136,274.60	5,547,366.72	-	-	\$,787,565.61	\$,787,565.61	\$,787,565.61	\$,787,565.61	21,633,510.70	20,520,367.32
Other receivables	427,354.47	301,088.76	2,972,518.69	449,954.30	-	-	50,000.00	50,000.00	50,000.00	50,000.00	3,319,873.16	701,043.06
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	936,265.00	936,265.00	-	-	-	-	-	-	-	-	936,265.00	936,265.00
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 2006.12.31 or 10% of total profit for 2006.1-12:

Subjects in the balance sheet:

Items	2006.12.31.	2005.12.31.	差异變動		占資產總額
			Variation 金額	變動Rate	比例 Amount% of total assets
Cash and banks (1)	663,777,644.15	1,177,926,740.95	-514,149,096.80	-43.65%	3.90%
Accounts receivable (2)	397,515,389.13	202,472,064.96	195,043,324.17	96.33%	2.34%
Other receivables (3)	331,637,442.54	42,308,093.42	289,329,349.12	683.86%	1.95%
Advances to suppliers (4)	816,544,458.02	128,853,057.34	687,691,400.68	533.70%	4.80%
Long-term equity investment (5)	82,232,974.35	3,674,410.00	78,558,564.35	2137.99%	0.48%
Fixed assets (6)	19,991,289,361.33	18,312,250,875.24	1,679,038,486.09	9.17%	117.52%
Depreciation (7)	8,198,422,390.15	7,814,284,893.53	384,137,496.62	4.92%	48.19%
Construction in progress (8)	2,665,836,407.06	865,762,167.19	1,800,074,239.87	207.92%	15.67%
Short-term loans (9)	500,000,000.00	-	500,000,000.00	2.93%	-
Other payables (10)	571,113,010.85	232,570,386.16	338,542,624.69	145.57%	3.36%
Long-term liabilities due within 1 year (11)	996,853,626.63	270,355,852.92	726,497,773.71	268.72%	5.86%
Long-term loans (12)	1,832,159,393.99	1,346,745,000.00	485,414,393.99	36.04%	10.77%

Subjects in income statements:

Items	2006年	2005年	變動金額		占利潤總額
			Variation	變動比例	比例 % % of profit
Revenue (13)	9,772,392,066.59	8,700,448,150.75	1,071,943,915.84	12.32%	302.90%
Cost (14)	6,187,605,307.38	5,134,816,069.67	1,052,789,237.71	20.50%	191.79%
Financial Expenses (15)	146,858,132.53	121,332,327.69	25,525,804.84	21.04%	4.55%
Non-operating income (16)	168,637,421.64	102,806,206.33	65,831,215.31	64.03%	5.23%
Income tax (17)	462,443,925.53	452,573,431.01	9,870,494.52	2.18%	14.33%

- (1) Since the company paid 30% purchasing amount of 42 bulk cargo vessels which owned by China Shipping Group Company and pay many vessels which put into construction, the closing balance of this subject decreased 43.65% compared with last year.
- (2) The closing balance of accounts receivable increased 96.33% compared with last year due to the carrying capacity increase and sea route prolong, the shipping revenue is recognized on the finished schedule of the voyages.

## 會計報表附注(續)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

- (3) The balance of other receivables increased 683.86% compared with last year due to the receivable from China Shipping Hai'sheng Co., Ltd. amounted RMB231.45 million of the trading of vessels, the amount received on 20 March, 2007.
- (4) The balance of advances to suppliers increased RMB 687.69 million compared with last year because the Company prepay 30% of purchased amount of 33 bulk cargo vessels which owned by China Shipping Group Company and its subsidiaries.
- (5) The balance of Long-term equity investment increased RMB 78.56 million compared with last year because the Company purchased the stock of China Merchants Energy Shipping Co., Ltd as a strategic investor.
- (6) 3 oil tanks were put into use and the subsidiary of the Company, China Shipping (Hong Kong) Marine Co., Ltd., bought 1 oil tanks and 9 vessels cargo, Shanghai Time Shipping Co., Ltd., bought 1 vessels cargo, ZhuHai New century Co., Ltd., bought 1 vessels cargo which caused the value of fixed assets increased RMB 1,679.03 million.
- (7) Since the addition of fixed assets cost, the depreciation expenses during this period went up 384.14 million compared with the related amount in last year.
- (8) Construction in process increased RMB1,800.07 million because the Company increase 12 oil tanks in construction and the subsidiary company, Shanghai Time Shipping Co., Ltd. increased 8 vessels cargo in construction this year.
- (9) The short-term loan increased due to the increase of working capital loan.

- (10) The balance of other payables increased RMB 338.45 million due to the 70% of purchase amount of 9 vessels cargo to China Shipping Group Company from the subsidiary company, China Shipping (Hong Kong) Marine Co., Ltd.
- (11) The balance of Long-term liabilities due within 1 year increased RMB 726.50 million because the Company received bridging loan of building vessels. It had transferred to Long-term loan on 6 March,2007.
- (12) The balance of Long-term loans increased RMB 485.41 million because the subsidiary company, China Shipping (Hong Kong) Marine Co., Ltd., borrowed project loans of vessels of USD 137.60 million, and the Company had returned part of Long-term loans this year.
- (13) Because of the transport velocity increased, the revenue improved by 12.32% compared with the relevant amount of the same period in 2005.
- (14) The cost of the company increased 20.50% compared with the relevant cost of the corresponding period in 2005. Because the cost of oil increased sharply, the foreign trade voyages and the port charge rate of domestic increased.
- (15) Financial expenses increased 21.40% compared with the relevant amount of the same period in 2005. Because the revaluation of RMB, it led to the increase of exchange loss.
- (16) Non-operating income increased RMB 65.83 million due to the disposal of the vessels increase compared with the relevant amount of the same period in 2005.
- (17) Income tax increased 2.25% compared with the relevant amount of the same period in 2005. Because the profit increased lead to the increase of income tax.

## **16. Approval**

The financial statements have been approved and issued by Board of Directors on March 29, 2007.