

Independent Review Report

Appendix I

Interim financial report prepared under the PRC accounting standards

To the shareholders of

China Shipping Development Company Limited

We have audited the accompanying financial statements of China Shipping Development Company Limited (“The Company”), which comprise the consolidated balance sheet of the company as at 30 June 2007, the consolidated profit and loss account and the consolidated cash flow statement of the company for the half of year then ended, and the notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with China Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Auditing Standards of Chinese Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of China Shipping Development Company as of June 30, 2007, and of its financial performance and its cash flows for the half of year then ended in accordance with China Accounting Standards.

BDO Shanghai Zhonghua
Certified Public Accountants

Shanghai, August 2nd, 2007

BALANCE SHEET

Unit: RMB

CURRENT ASSETS	Notes	2007.6.30		2006.12.31.	
		HOLDING COMPANY	GROUP	HOLDING COMPANY	GROUP
CURRENT ASSETS:					
Cash and cash equivalents	6.1	514,449,648.49	919,772,338.08	370,807,770.92	475,263,106.76
Transaction financial assets	6.2	219,400,000.00	219,400,000.00	159,000,000.00	159,000,000.00
Notes receivable	6.3	12,981,354.44	12,981,354.44	21,448,931.79	21,448,931.79
Accounts receivable	6.4	457,785,635.18	477,473,187.03	361,520,741.07	366,125,119.43
Prepayments	6.5	278,093,977.65	163,048,975.30	785,509,819.91	825,310,175.91
Interests receivable		-	-	-	-
Dividends receivable		-	-	-	-
Other receivables	6.6	1,882,744,297.13	90,261,220.74	1,905,025,583.18	329,688,412.49
Inventory	6.7	247,991,899.24	249,705,760.96	192,132,012.13	192,572,579.70
Long-term debt investment due within 1 year		-	-	-	-
Other current assets		-	-	-	-
TOTAL CURRENT ASSETS		3,613,446,812.13	2,132,642,836.55	3,795,444,858.99	2,369,408,326.08
NON-CURRENT ASSETS:					
Financial assets available for sale	6.8	-	-	1,621,779.61	1,621,779.61
Investments holding till maturity		-	-	-	-
Long-term accounts receivable	6.9	-	-	-	-
Long-term equity investment	6.10	1,418,326,276.91	1,016,412,589.20	1,318,396,611.15	916,482,923.43
Fixed assets	6.11	10,196,978,524.09	12,729,400,750.53	8,652,193,337.84	11,325,086,775.81
Construction in progress	6.12	2,285,173,328.17	3,569,968,092.50	1,466,965,613.65	2,250,385,706.80
Intangible assets		5,537,370.07	5,537,370.07	6,055,477.45	6,055,477.45
Good will	6.13	-	-	-	-
Long-term deferred expenses	6.14	26,326,807.00	26,326,807.00	30,643,818.00	30,643,818.00
Deferred tax assets		8,610,314.73	9,575,481.26	9,053,757.76	9,053,757.76
Other long-term assets		-	-	-	-
TOTAL NON-CURRENT ASSETS		13,940,952,620.97	17,357,221,090.56	11,484,930,395.46	14,539,330,238.86
TOTAL ASSETS		17,554,399,433.10	19,489,863,927.11	15,280,375,254.45	16,908,738,564.94

BALANCE SHEET (continued)

Unit: RMB

Liabilities and owner's equity	Notes	2007.6.30		2006.12.31.	
		HOLDING COMPANY	GROUP	HOLDING COMPANY	GROUP
CURRENT LIABILITIES:					
Short-term loans	6.15	—	—	500,000,000.00	500,000,000.00
Transaction financial liabilities		—	—	—	—
Notes payable		—	—	—	—
Accounts payable	6.16	383,092,192.12	385,512,254.90	213,898,891.57	216,191,542.65
Advances from customers	6.17	70,877,730.60	99,220,735.23	60,315,886.10	69,746,628.46
Accrued payroll	6.18	161,153,446.59	166,999,521.63	194,347,586.45	195,560,948.76
Taxes payable	6.19	98,190,198.93	98,190,198.93	81,054,157.59	81,054,157.59
Interests payable		3,515,811.96	10,646,125.98	1,763,171.53	7,336,102.52
Dividends payable		473,550,000.00	473,550,000.00	—	—
Other payable	6.20	700,532,185.02	988,530,176.12	2,290,549.20	519,585,547.31
Long-term liabilities due within 1 year	6.21	185,641,375.27	321,880,140.00	866,994,537.79	975,483,817.63
Other currents liabilities		—	—	—	—
TOTAL CURRENT LIABILITIES:		2,076,552,940.49	2,544,529,152.79	1,920,664,780.23	2,564,958,744.92
NON-CURRENT LIABILITIES:					
Long-term loans	6.22	1,902,045,000.00	3,044,826,172.41	760,620,000.00	1,705,788,598.99
Accrued liabilities		30,000,000.00	30,000,000.00	44,420,000.00	44,420,000.00
Deferred tax liabilities	6.23	101,252,640.81	149,252,812.41	78,541,295.42	78,541,295.42
Other financial liabilities	6.24	—	5,849,494.14	—	—
TOTAL NON-CURRENT LIABILITIES:		2,033,297,640.81	3,229,928,478.96	883,581,295.42	1,828,749,894.41
TOTAL LIABILITIES		4,109,850,581.30	5,774,457,631.75	2,804,246,075.65	4,393,708,639.33
OWNER'S EQUITY:					
Share capital	6.25	3,326,000,000.00	3,326,000,000.00	3,326,000,000.00	3,326,000,000.00
Capital surplus	6.26	2,053,720,693.55	2,048,836,365.94	2,054,789,636.22	2,054,789,636.22
Deduct Treasury stock		—	—	—	—
Reserved fund	6.27	1,632,949,417.71	1,632,949,417.71	1,632,949,417.71	1,632,949,417.71
Retained earnings	6.28	6,431,878,740.54	6,730,489,393.00	5,462,390,124.87	5,512,470,923.66
Difference of foreign currency translation		—	-22,868,881.29	—	-11,180,051.98
OWNER'S EQUITY OF HOLDING COMPANY		13,444,548,851.80	13,715,406,295.36	12,476,129,178.80	12,515,029,925.61
MINORITY INTEREST		—	—	—	—
TOTAL OWNER'S EQUITY		13,444,548,851.80	13,715,406,295.36	12,476,129,178.80	12,515,029,925.61
TOTAL LIABILITIES AND OWNER'S EQUITY		17,554,399,433.10	19,489,863,927.11	15,280,375,254.45	16,908,738,564.94

INCOME STATEMENT

Unit: RMB

2007.1-6

2006.1-6

ITEM	Notes	HOLDING COMPANY	GROUP	HOLDING COMPANY	GROUP
Sales	6.29	5,232,225,970.93	5,812,697,004.83	4,384,325,968.06	4,479,116,932.60
Less: Cost of sales	6.29	2,955,525,415.98	3,205,814,758.29	2,793,292,027.17	2,815,692,584.91
Sales taxes	6.30	117,402,098.45	117,414,655.06	90,858,817.75	90,858,817.75
Sales expense		16,597,536.56	16,597,536.56	13,979,265.57	13,979,265.57
General and administration expense		82,067,799.21	89,389,052.57	81,719,613.99	84,931,161.21
Financial expenses	6.31	62,295,109.48	138,657,858.17	40,018,472.93	49,876,183.08
Loss of assets	6.32	3,106,024.90	1,539,076.69	3,529,857.14	4,377,819.05
ADD: Variance of fair value		60,400,000.00	60,400,000.00	-	-
Income on investment	6.33	100,947,350.82	100,947,350.82	83,723,040.73	36,065,306.09
Including: Share of subsidiaries		106,629,665.77	10,6629,665.77	82,271,987.01	34,614,252.37
Operating Profit		2,156,579,337.17	2,404,631,418.31	1,444,650,954.24	1,455,466,407.12
Non-operating income	6.34	138,849,091.03	198,305,162.74	53,150,241.26	53,150,241.26
Less: Non-operating expense	6.35	2,881,250.04	2,881,250.04	259,369.43	259,569.43
Including: Loss of disposal		2,170,947.10	2,170,947.10	-	-
Total Profit		2,292,547,178.16	2,600,055,331.01	1,497,541,826.07	1,508,357,078.95
Less: Income tax	6.36	325,258,562.49	373,258,734.09	215,991,565.16	216,067,340.43
Net Profit		1,967,288,615.67	2,226,796,596.92	1,281,550,260.90	1,292,289,738.52
Attributable to holding company		1,967,288,615.67	2,226,796,596.92	1,281,550,260.90	1,290,693,261.75
Minority interests		-	-	-	1,596,476.77
Earning per share					
Earning per basic share		0.5915	0.6695	0.3853	0.3881
Earning per diluted share		0.5915	0.6695	0.3853	0.3881

CASH FLOW STATEMENT

Unit: RMB

ITEM	2007.1-6		2006.1-6	
	HOLDING COMPANY	Group	HOLDING COMPANY	Group
1. Cash Flows from Operating Activities				
Cash received from sales of goods or rendering of services	4,985,040,670.40	5,735,556,415.59	3,305,186,190.81	3,984,518,140.68
Refund of taxes and levy	-	-	-	-
Other cash received relating to operating activities	212,260,018.49	76,125,213.73	221,357,790.72	247,078,193.34
Sub -total of cash inflows	5,197,300,688.89	5,811,681,629.32	3,526,543,981.53	4,231,596,334.03
Cash paid for goods and services	1,686,406,304.65	2,176,349,999.20	1,499,187,850.14	1,589,646,006.15
Cash paid to and on behalf of employees	365,649,393.53	365,753,014.55	417,612,303.99	417,742,979.86
Tax paid	449,292,088.34	417,819,882.69	308,232,641.66	308,393,241.20
Other cash paid relating to operating activities	166,430,001.71	100,851,702.74	59,140,382.97	275,002,484.19
Sub -total of cash outflows	2,667,777,788.23	3,060,774,599.18	2,284,173,178.76	2,590,784,711.40
Net Cash flows from operating activities	2,529,522,900.66	2,750,907,030.14	1,242,370,802.77	1,640,811,622.63
2. Cash Flows from Investing Activities				
Cash received from disposal of investments	806,564.00	806,564.00	1,451,053.72	1,451,053.72
Cash received from investment income	9,426,638.25	9,426,638.25	5,250,000.00	25,250,000.00
Net cash received from disposal of fixed assets, Other cash received relating to investing activities, intangible assets and other long-term assets	272,045,900.91	620,232,919.03	66,615,345.99	66,615,345.99
Sub -total of cash inflows	282,279,103.16	630,466,121.28	73,316,399.71	93,316,399.71
Cash paid to acquire fixed assets, intangible assets, and other long-term assets	2,032,261,498.63	2,516,824,992.77	323,081,640.43	2,236,591,888.67
Cash paid to acquire equity investment	300,000.00	300,000.00	70,000,000.00	70,000,000.00
Cash paid to acquire subsidiaries	-	934,065.00	-	-
Other cash paid relating to investing activities	-	-	-	-
Sub-total of cash outflows	2,032,561,498.63	2,518,059,057.77	393,081,640.43	2,306,591,888.67
Net cash flows from investing activities	-1,750,282,395.47	-1,887,592,936.48	-319,765,240.72	-2,213,275,488.96
3. Cash Flows from Financing Activities				
Proceeds from issuing shares	-	-	-	-
Proceeds from borrowings	1,850,000,000.00	2,158,810,973.86	300,000,000.00	1,399,168,614.40
Other proceeds relating to financing activities	-	-	-	-
Sub -total of cash inflows	1,850,000,000.00	2,158,810,973.86	300,000,000.00	1,399,168,614.40
Cash out for the payment of loans	1,889,928,162.52	1,943,617,393.23	495,096,008.00	501,611,141.76
Cash payments for distribution of dividends or profits	585,360,773.60	615,400,792.81	1,036,442,681.62	1,036,442,681.62
Other cash payments relating to financing activities	1,776,657.55	2,772,923.67	-	352,277.15
Sub -total of cash outflows	2,477,065,593.67	2,561,791,109.71	1,531,538,689.62	1,538,406,100.53
Net cash flows from financing activities	-627,065,593.67	-402,980,135.85	-1,231,538,689.62	-139,237,486.13

CASH FLOW STATEMENT (continued)

Unit: RMB

ITEM	2007.1-6		2006.1-6	
	HOLDING COMPANY	Group	HOLDING COMPANY	Group
4. Effect of Foreign Exchange Rate Changes on Cash	-8,533,033.95	-15,824,726.49	-2,683,196.92	-5,627,345.82
5. Net Increase in Cash and Cash Equivalents	143,641,877.57	444,509,231.32	-311,616,324.49	-717,328,698.27
Supplemental Information				
1. Reconciliation of Net profit to Cash Flows from Operating Activities				
Net profit	1,967,288,615.67	2,226,796,596.92	1,281,550,260.90	1,292,289,738.52
Add: provision for assets	3,106,024.90	1,539,076.69	3,529,857.14	4,377,819.05
Depreciation of fixed assets	356,030,889.98	459,288,995.93	416,835,262.68	465,430,472.01
Amortization of long-term deferred expense	518,107.38	518,107.38	527,857.40	527,857.40
Amortization of long-term deferred expense	4,327,011.00	4,327,011.00	-	-
Losses on disposal of fixed assets, intangible assets and other long-term assets (or deduct: gains)	-133,994,948.87	-195,491,003.90	-52,693,005.34	-52,693,005.34
Losses on discrap of fixed assets				
Variance of fair value	-60,400,000.00	-60,400,000.00	-	-
Financial expenses	63,549,083.49	112,782,394.73	37,429,718.63	50,787,199.05
Losses arising from investments(or deduct gains)	-100,947,350.82	-100,947,350.82	-83,780,523.23	-36,065,306.09
Decrease of deferred assets	443,443.03	-521,723.50	-	-
Increase of deferred liabilities	22,711,345.39	70,711,516.99	48,011,946.97	48,011,946.97
Decrease in inventories (or deduct: increase)	-55,859,887.11	-57,133,181.26	-38,348,362.53	-36,366,484.60
Decrease in operating receivables (or deduct: increase)	-47,721,483.66	78,052,834.47	-691,630,569.10	-722,080,033.03
Increase in operating payables(or deduct: decrease)	524,892,050.28	225,803,755.52	320,938,359.24	626,591,418.70
Others	-14,420,000.00	-14,420,000.00	-	-
Net Cash flows from operating activities	2,529,522,900.66	2,750,907,030.14	1,242,370,802.77	1,640,811,622.63
2. Investing and financing activities that do not involving cash receipts and payments				
Conversion of debt into capital				
Reclassify convertible bonds to be expired within one year				
Fixed assets financed by finance leases				
3. Net Increase in Cash and Cash Equivalents				
Cash at the end of the period	514,449,648.49	919,772,338.08	291,093,862.89	373,448,019.55
Less: Cash at the beginning of the period	370,807,770.92	475,263,106.76	602,710,187.38	1,090,776,717.82
Plus: Cash equivalents at the end of period				
Less: Cash equivalents at the beginning of period				
Net Increase in Cash and Cash Equivalents	143,641,877.57	444,509,231.32	-311,616,324.49	-717,328,698.27

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2007.1-6

Unit: RMB

Item	Equity attributable to holding company			
	Share capital	Share reserve	Treasury stock	Reserve fund
1. Balance at 31 December 2006	3,326,000,000.00	2,053,720,693.55		1,660,802,367.70
Add: Adjustment of changes in accounting policy		1,068,942.67		-27,852,949.99
2. Balance at 1 January 2007	3,326,000,000.00	2,054,789,636.22	-	1,632,949,417.71
3. Variance of the period				
3.1 Net profit				
3.2 The profits and losses directly included in the liabilities	-	-5,953,270.28	-	-
3.2.1 Variance of fair value of financial assets available for sale		-5,953,270.28		
3.2.2 Under the equity method of the effect of other changes in the owners'equity of the invested enterprise				
3.2.3 The effect of income tax related to the liabilities				
3.2.4 Others				
Subtotal of above 1 and 2	-	-5,953,270.28	-	-
3.3 Owners inputs and reducing capital	-	-	-	-
1. Owners of capital				
2. Included in the shares to pay the amount of the owner's equity				
3. Others				
3.4 Distributable profit to shareholders	-	-	-	-
3.4.1 transfer to statutory surplus reserve				
3.4.2 dividends to preferred stock shareholders				
3.4.3 Others				
3.5 liabilities' internal carry-over	-	-	-	-
3.5.1 Transfer-in from capital surplus				
3.5.2 Transfer-in from surplus reserve				
3.5.3 Recovery of losses from surplus reserve				
3.5.4 Others				
4. Balance at 30 June 2007	3,326,000,000.00	2,048,836,365.94	-	1,632,949,417.71

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

2007.1-6

Unit: RMB

Item	Equity attributable to holding company			Total equity
	Retained earnings	Minority Interests	Others	
1. Balance at 31 December 2006	5,436,552,786.62		-11,180,051.98	12,465,895,795.89
Add: Adjustment of changes in accounting policy	75,918,137.05			49,134,129.73
				-
2. Balance at 1 January 2007	5,512,470,923.66		-11,180,051.98	12,515,029,925.62
3. Variance of the period				-
3.1 Net profit	2,226,796,596.92			2,226,796,596.92
3.2 The profits and losses directly included in the liabilities	-834,727.58		-11,688,829.31	-18,476,827.17
3.2.1 Variance of fair value of financial assets available for sale				-5,953,270.28
3.2.2 Under the equity method of the effect of other changes in the owners'equity of the invested enterprise				-
3.2.3 The effect of income tax related to the liabilities				-
3.2.4 Others	-834,727.58		-11,688,829.31	-12,523,556.89
Subtotal of above 1 and 2	2,225,961,869.34		-11,688,829.31	2,208,319,769.75
3.3 Owners inputs and reducing capital		-		-
1. Owners of capital				-
2. Included in the shares to pay the amount of the owner's equity				-
3. Others				-
3.4 Distributable profit to shareholders	-1,007,943,400.00			-1,007,943,400.00
3.4.1 transfer to statutory surplus reserve				-
3.4.2 dividends to preferred stock shareholders	-1,007,943,400.00			-1,007,943,400.00
3.4.3 Others				-
3.5 liabilities' internal carry-over		-		-
3.5.1 Transfer-in from capital surplus				-
3.5.2 Transfer-in from surplus reserve				-
3.5.3 Recovery of losses from surplus reserve				-
3.5.4 Others				-
4. Balance at 30 June 2007	6,730,489,393.00		-22,868,881.29	13,715,406,295.36

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2006.1-6

Unit: RMB

Item	Equity attributable to holding company			
	Share capital	Share reserve	Treasury stock	Reserve fund
1. Balance at 31 December 2006	3,326,000,000.00	2,053,720,693.55		1,393,992,249.66
Add: Adjustment of changes in accounting policy				
2. Balance at 1 January 2007	3,326,000,000.00	2,053,720,693.55	-	1,393,992,249.66
3. Variance of the period				
3.1 Net profit				
3.2 The profits and losses directly included in the liabilities	-	-	-	-
3.2.1 Variance of fair value of financial assets available for sale				
3.2.2 Under the equity method of the effect of other changes in the owners'equity of the invested enterprise				
3.2.3 The effect of income tax related to the liabilities				
3.2.4 Others				
Subtotal of above 1 and 2	-	-	-	-
3.3 Owners inputs and reducing capital	-	-	-	-
1. Owners of capital				
2. Included in the shares to pay the amount of the owner's equity				
3. Others				
3.4 Distributable profit to shareholders	-	-	-	-
3.4.1 transfer to statutory surplus reserve				
3.4.2 dividends to preferred stock shareholders				
3.4.3 Others				
3.5 liabilities' internal carry-over	-	-	-	-
3.5.1 Transfer-in from capital surplus				
3.5.2 Transfer-in from surplus reserve				
3.5.3 Recovery of losses from surplus reserve				
3.5.4 Others				
4. Balance at 30 June 2007	3,326,000,000.00	2,053,720,693.55	-	1,393,992,249.66

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

2006.1-6

Unit: RMB

Item	Equity attributable to holding company			Total equity
	Retained earnings	Minority Interests	Others	
1. Balance at 31 December 2006	3,940,370,036.15		-2,858,605.08	10,711,224,374.28
Add: Adjustment of changes in accounting policy	6,326,893.31			6,326,893.31
				-
2. Balance at 1 January 2007	3,946,696,929.46		-2,858,605.08	10,717,551,267.59
3. Variance of the period				-
3.1 Net profit	1,292,289,738.52			1,292,289,738.52
3.2 The profits and losses directly included in the liabilities		-	-2,561,288.01	-2,561,288.01
3.2.1 Variance of fair value of financial assets available for sale				-
3.2.2 Under the equity method of the effect of other changes in the owners'equity of the invested enterprise				-
3.2.3 The effect of income tax related to the liabilities				-
3.2.4 Others			-2,561,288.01	-2,561,288.01
Subtotal of above 1 and 2	1,292,289,738.52		-2,561,288.01	1,289,728,450.51
3.3 Owners inputs and reducing capital		-		-
1. Owners of capital				-
2. Included in the shares to pay the amount of the owner's equity				-
3. Others				-
3.4 Distributable profit to shareholders	-997,800,000.00			-997,800,000.00
3.4.1 transfer to statutory surplus reserve				-
3.4.2 dividends to preferred stock shareholders	-997,800,000.00			-997,800,000.00
3.4.3 Others		-		-
3.5 liabilities' internal carry-over				-
3.5.1 Transfer-in from capital surplus				-
3.5.2 Transfer-in from surplus reserve				-
3.5.3 Recovery of losses from surplus reserve				-
3.5.4 Others				-
4. Balance at 30 June 2007	4,241,186,667.98	-	-5,419,893.09	11,009,479,718.10

STATEMENT OF CHANGES IN EQUITY

2007.1-6

Unit: RMB

Item	Share capital	Share reserve	Treasury stock	Reserve fund
1. Balance at 31 December 2006	3,326,000,000.00	2,053,720,693.55		1,632,949,417.71
Add: Adjustment of changes in accounting policy		1,068,942.67		-
2. Balance at 1 January 2007	3,326,000,000.00	2,054,789,636.22	-	1,632,949,417.71
3. Variance of the period				
3.1 Net profit				
3.2 The profits and losses directly included in the liabilities	-	-1,068,942.67	-	-
3.2.1 Variance of fair value of financial assets available for sale		-1,068,942.67		
3.2.2 Under the equity method of the effect of other changes in the owners'equity of the invested enterprise				
3.2.3 The effect of income tax related to the liabilities				
3.2.4 Others				
Subtotal of above 1 and 2	-	-1,068,942.67	-	-
3.3 Owners inputs and reducing capital	-	-	-	-
1. Owners of capital				
2. Included in the shares to pay the amount of the owner's equity				
3. Others				
3.4 Distributable profit to shareholders	-	-	-	-
3.4.1 transfer to statutory surplus reserve				
3.4.2 dividends to preferred stock shareholders				
3.4.3 Others				
3.5 liabilities' internal carry-over	-	-	-	-
3.5.1 Transfer-in from capital surplus				
3.5.2 Transfer-in from surplus reserve				
3.5.3 Recovery of losses from surplus reserve				
3.5.4 Others				
4. Balance at 30 June 2007	3,326,000,000.00	2,053,720,693.55	-	1,632,949,417.71

STATEMENT OF CHANGES IN EQUITY *(continued)*

2007.1-6

Unit: RMB

Item	Retained earnings	Total Equity
1. Balance at 31 December 2006	5,446,889,025.59	12,459,559,136.85
Add: Adjustment of changes in accounting policy	15,501,099.28	16,570,041.95
		-
2. Balance at 1 January 2007	5,462,390,124.87	12,476,129,178.80
3. Variance of the period		-
3.1 Net profit	1,967,288,615.67	1,967,288,615.67
3.2 The profits and losses directly included in the liabilities	-	-1,068,942.67
3.2.1 Variance of fair value of financial assets available for sale		-1,068,942.67
3.2.2 Under the equity method of the effect of other changes in the owners'equity of the invested enterprise		-
3.2.3 The effect of income tax related to the liabilities		-
3.2.4 Others		-
Subtotal of above 1 and 2	1,967,288,615.67	1,966,219,673.00
3.3 Owners inputs and reducing capital	-	-
1. Owners of capital		-
2. Included in the shares to pay the amount of the owner's equity		-
3. Others		-
3.4 Distributable profit to shareholders	-997,800,000.00	-997,800,000.00
3.4.1 transfer to statutory surplus reserve		-
3.4.2 dividends to preferred stock shareholders	-997,800,000.00	-997,800,000.00
3.4.3 Others		-
3.5 liabilities' internal carry-over	-	-
3.5.1 Transfer-in from capital surplus		-
3.5.2 Transfer-in from surplus reserve		-
3.5.3 Recovery of losses from surplus reserve		-
3.5.4 Others		-
4. Balance at 30 June 2007	6,431,878,740.54	13,444,548,851.80

STATEMENT OF CHANGES IN EQUITY

2006.1-6

Unit: RMB

Item	Share capital	Share reserve	Treasury stock	Reserve fund
1. Balance at 31 December 2006	3,326,000,000.00	2,053,720,693.55		1,358,838,575.27
Add: Adjustment of changes in accounting policy		-		
2. Balance at 1 January 2007	3,326,000,000.00	2,053,720,693.55	-	1,358,838,575.27
3. Variance of the period				
3.1 Net profit				
3.2 The profits and losses directly included in the liabilities	-	-	-	-
3.2.1 Variance of fair value of financial assets available for sale				
3.2.2 Under the equity method of the effect of other changes in the owners'equity of the invested enterprise				
3.2.3 The effect of income tax related to the liabilities				
3.2.4 Others				
Subtotal of above 1 and 2	-	-	-	-
3.3 Owners inputs and reducing capital	-	-	-	-
1. Owners of capital				
2. Included in the shares to pay the amount of the owner's equity				
3. Others				
3.4 Distributable profit to shareholders	-	-	-	-
3.4.1 transfer to statutory surplus reserve				
3.4.2 dividends to preferred stock shareholders				
3.4.3 其他				
3.5 liabilities' internal carry-over	-	-	-	-
3.5.1 Transfer-in from capital surplus				
3.5.2 Transfer-in from surplus reserve				
3.5.3 Recovery of losses from surplus reserve				
3.5.4 Others				
4. Balance at 30 June 2007	3,326,000,000.00	2,053,720,693.55	-	1,358,838,575.27

STATEMENT OF CHANGES IN EQUITY *(continued)*

2006.1-6

Unit: RMB

Item	Retained earnings	Total Equity
1. Balance at 31 December 2006	3,977,691,443.59	10,716,250,712.41
Add: Adjustment of changes in accounting policy	7,259,258.46	7,259,258.46
		-
2. Balance at 1 January 2007	3,984,950,702.05	10,723,509,970.87
3. Variance of the period		
3.1 Net profit	1,281,550,260.90	1,281,550,260.90
3.2 The profits and losses directly included in the liabilities	-	-
3.2.1 Variance of fair value of financial assets available for sale		-
3.2.2 Under the equity method of the effect of other changes in the owners'equity of the invested enterprise		-
3.2.3 The effect of income tax related to the liabilities		-
3.2.4 Others		-
Subtotal of above 1 and 2	1,281,550,260.90	1,281,550,260.90
3.3 Owners inputs and reducing capital	-	-
1. Owners of capital		-
2. Included in the shares to pay the amount of the owner's equity		-
3. Others		-
3.4 Distributable profit to shareholders	-997,800,000.00	-997,800,000.00
3.4.1 transfer to statutory surplus reserve		-
3.4.2 dividends to preferred stock shareholders	-997,800,000.00	-997,800,000.00
3.4.3 其他		-
3.5 liabilities' internal carry-over	-	-
3.5.1 Transfer-in from capital surplus		-
3.5.2 Transfer-in from surplus reserve		-
3.5.3 Recovery of losses from surplus reserve		-
3.5.4 Others		-
4. Balance at 30 June 2007	4,268,700,962.95	11,007,260,231.77