

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2006, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period’s financial statements, the change in accounting estimate on residual values of vessels and the change in accounting method for investments in jointly-controlled entities:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) - Int 7	Applying the Restatement Approach under HKAS 29 <i>Financial Reporting in Hyperinflationary Economics</i>
HK(IFRIC) - Int 8	Scope of HKFRS 2
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment

The adoption of these new and revised HKFRSs, HKASs and Interpretations has had no material impact on the Group’s results of operations or financial position.

Depreciation of vessels

During the period ended 30 June 2007 (the “Period”), the residual values of fixed assets were reassessed, and accordingly, depreciation charge of fixed assets for the Period has been calculated based on the revised estimated residual values. This represented a change in accounting estimate, and the depreciation charge for the Period has been reduced by RMB117,066,000.

Interest in jointly-controlled entities

With effect from 1 January 2007, the Group has determined to change the accounting policy for investments in jointly-controlled entities from the proportionate consolidation method to equity method. Such change in accounting policy was accounted for retrospectively. However, such treatment had no impact on the Group’s net profit for the Period and the net assets as of 30 June 2007.

2. REVENUE

During the Period, the Group was involved in the following principal activities:

- (a) investment holding; and
- (b) oil and cargo shipment along the PRC coast and international shipment.

Notes to The Interim Condensed Consolidated Financial Statements (continued)

2. REVENUE (continued)

There is no major seasonality for the Group's turnover. An analysis of the Group's turnover and contribution to profit from operating activities by principal activity and geographical area of operations for the Period is as follows:

	For the six months ended 30 June			
	2007		2006	
	(Unaudited)		(Unaudited)	
By activity:	Revenue Rmb'000	Contribution Rmb'000	Revenue Rmb'000	Contribution Rmb'000
			(Restated)	(Restated)
Oil shipment				
Coal shipment	2,349,436	802,370	2,569,063	902,952
Other dry bulk shipment	2,454,571	1,244,716	1,328,527	457,085
	723,469	406,660	438,766	183,328
	5,527,476	2,453,746	4,336,356	1,543,365
Other income and gains		257,494		111,488
Selling and distribution costs		(16,598)		(13,979)
Administrative expenses		(92,700)		(90,193)
Other expenses		(18,486)		(24,819)
Finance costs		(96,924)		(50,858)
Share of profits of jointly-controlled entities		91,520		25,092
Profit before tax		2,578,052		1,500,096

	For the six months ended 30 June			
	2007		2006	
	(Unaudited)		(Unaudited)	
By geographical area:	Revenue Rmb'000	Contribution Rmb'000	Revenue Rmb'000	Contribution Rmb'000
			(Restated)	(Restated)
Domestic	3,527,980	1,601,683	2,424,911	733,265
International	1,999,496	852,063	1,911,445	810,100
	5,527,476	2,453,746	4,336,356	1,543,365
Other income and gains		257,494		111,488
Selling and distribution costs		(16,598)		(13,979)
Administrative expenses		(92,700)		(90,193)
Other expenses		(18,486)		(24,819)
Finance costs		(96,924)		(50,858)
Share of profits of jointly-controlled entities		91,520		25,092
Profit before tax		2,578,052		1,500,096

Notes to The Interim Condensed Consolidated Financial Statements

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3. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2007 (Unaudited) Rmb'000	2006 (Unaudited) Rmb'000 (Restated)
Gain on disposal of property, plant and equipment	185,337	54,719
Fair value gains on equity investments at fair value through profit or loss	60,400	-
Interest income	13,936	12,532
Rental income from leased vessels	35,277	37,517
Service income from vessel management	1,800	7,860
Exchange losses, net	(45,054)	(8,835)
Others	5,798	7,695
Total	257,494	111,488

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2007 (Unaudited) Rmb'000	2006 (Unaudited) Rmb'000 (Restated)
Cost of shipping services rendered:		
Bunker oil inventories consumed and port fees	1,671,157	1,472,862
Depreciation	446,842	467,485
Operating lease rentals:		
Land and buildings	11,805	10,992
Vessels	91,728	86,656
	103,533	97,648
Staff costs	378,228	353,507

5. FINANCE COSTS

	For the six months ended 30 June	
	2007 (Unaudited) Rmb'000	2006 (Unaudited) Rmb'000 (Restated)
Total interest	123,008	50,858
Less: Interest capitalised	26,084	-
Interest expenses	96,924	50,858

Notes to The Interim Condensed Consolidated Financial Statements (continued)

6. TAX

Pursuant to a directive 1998 (250) jointly issued by the Shanghai State Tax Bureau and Shanghai Bureau of Finance on 8 October 1998, the Company is entitled to a preferential income tax rate of 15% effective from 1 January 1998. Accordingly, PRC income has been provided at the rate of 15% (six months ended 30 June 2006: 15%) on the estimated assessable profits for the Period.

No Hong Kong profits tax has been provided as no assessable profit was earned in or derived from Hong Kong during the Period (six months ended 30 June 2006: No assessable profit was earned). Taxes on profits assessable elsewhere, if applicable, have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	Rmb'000	Rmb'000
		(Restated)
Group:		
Hong Kong	-	-
PRC	374,440	204,681
Tax charge for the Period	374,440	204,681

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the countries in which the Company, its subsidiaries and jointly-controlled entities are domiciled to the tax expense at the effective tax rates is as follows:

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	Rmb'000	Rmb'000
		(Restated)
Accounting profit before tax	2,578,052	1,500,096
Profit attributable to jointly-controlled entities	(91,520)	(25,092)
	2,486,532	1,475,004
Tax at the applicable tax rate of 15% (2006: 15%)	372,980	221,250
Tax effect of net income that is not taxable in determining taxable profit	1,460	(16,569)
	374,440	204,681
Tax charge at the Group's effective rate	374,440	204,681

Notes to The Interim Condensed Consolidated Financial Statements

(continued)

6. TAX (continued)

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law ("the New Corporate Income Tax Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. Since the detailed implementation and administrative rules and regulations have not yet been announced, the future financial impact of the New Corporate Income Tax Law to the Group cannot be reasonably estimated at this stage.

The share of tax attributable to jointly-controlled entities amounting to RMB17,406,000 (six months ended 30 June 2006: RMB8,894,000) is included in "Share of profits of jointly-controlled entities" on the face of the interim condensed consolidated income statement.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent for the Period of RMB2,203,612,000 (six months ended 30 June 2006: RMB1,293,741,000) and the number of shares of 3,326,000,000 (six months ended 30 June 2006: 3,326,000,000) in issue during the Period.

Diluted earnings per share for the six-month periods ended 30 June 2006 and 2007 have not been presented as no diluting events existed during these periods.

8. DIVIDEND PER SHARE

The directors do not recommend the payment of interim dividend (six months ended 30 June 2006: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the construction of an oil tanker at a total cost of RMB291,848,000 (six months ended 30 June 2006: three oil tankers at a total cost of RMB691,603,000) was completed and this vessel has been put into operation. Meanwhile, 33 second-hand cargo vessels at a total cost of RMB1,757,827,000 were purchased from three fellow subsidiaries (six months ended 30 June 2006: an oil tanker at a cost of RMB859,342,000).

During the Period, seven oil tankers with net book value of RMB13,517,000 in aggregate, three cargo vessels with net book value of RMB125,950,000 and a container vessel with net book value of RMB 8,076,000 were disposed of to third parties, and a cargo vessel with net book value of RMB64,240,000 was disposed of to a jointly-controlled entity.

During the six months ended 30 June 2006, two oil tankers with net book value of RMB1,353,000 in aggregate and a cargo vessel with net book value of RMB 753,000 were disposed of to third parties, and two oil tankers with net book value of RMB1,450,000 in aggregate were disposed of to fellow subsidiaries.

Notes to The Interim Condensed Consolidated Financial Statements (continued)

10. TRADE AND BILLS RECEIVABLES

	30 June 2007		31 December 2006	
	Balance (Unaudited) Rmb'000	Percentage (Unaudited)	Balance (Audited) Rmb'000 (Restated)	Percentage (Audited) (Restated)
Within one year	520,367	98	395,171	98
One to two years	-	-	-	-
Beyond two years	9,340	2	9,340	2
	529,707	100	404,511	100
Provision for doubtful debts	(10,249)		(10,238)	
Trade and bills receivables, net	519,458		394,273	

The Group normally allows a credit period of 30 days to its major customers.

11. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2007	
	Contract/ notional amount Rmb'000	Fair Values Liabilities Rmb'000
Cross currency swap agreements	891,233	5,849

The carrying amounts of forward currency contracts are the same as their fair values.

Cash flow hedges

As at 30 June 2007, the Group held two cross currency swap agreements designated as hedges in respect of expected future JPY bank loans which the Group has firm commitments.

The terms of the cross currency swap agreements have been negotiated to match the terms of the commitments. The cash flow hedges of the expected future JPY bank loans were assessed to be highly effective.

12. TRADE PAYABLES

	30 June 2007		31 December 2006	
	Balance (Unaudited) Rmb'000	Percentage (Unaudited)	Balance (Audited) Rmb'000 (Restated)	Percentage (Audited) (Restated)
Within one year	383,835	99	214,614	99
One to two years	1,873	1	869	1
Beyond two years	-	-	279	-
	385,708	100	215,762	100

Notes to The Interim Condensed Consolidated Financial Statements (continued)

13. CONTINGENT LIABILITIES

In December 2005, one of the Company's oil tankers "Daqing 91" leaked fuel during its voyage. According to a settlement agreement among Ministry of Communication, the Company and local authorities such as Maritime Safety Administration of Shandong Province, the Company would assume responsibility of the accident. The Company has made provision for the estimated loss from the claims taking into consideration the amount that could be compensated by the insurance company.

14. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its vessels under operating lease arrangements, with leases negotiated for terms ranging from one to twelve years.

As at 30 June 2007, the Group had total future minimum lease rental receivables under non-cancellable operating leases falling due as follows:

	30 June 2007 (Unaudited) Rmb'000	31 December 2006 (Audited) Rmb'000
Within one year	31,486	71,549
In the second to fifth years, inclusive	-	6,839
After five years	-	-
	31,486	78,388

(b) As lessee

The Group entered into non-cancellable operating lease arrangements on vessels, vehicles and buildings. The leases are negotiated for terms ranging from six months to five years.

As at 30 June 2007, the Group had total future minimum lease rental payables under non-cancellable operating leases falling due as follows:

	30 June 2007 (Unaudited) Rmb'000	31 December 2006 (Audited) Rmb'000
Within one year	69,087	103,103
In the second to fifth years, inclusive	14,453	1,802
	83,540	104,905

Notes to The Interim Condensed Consolidated Financial Statements

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15. COMMITMENTS

In addition to the operating lease commitments detailed in note 14(b) above, the Group had the following capital commitments at the balance sheet date:

	30 June 2007 (Unaudited) Rmb'000	31 December 2006 (Audited) Rmb'000
Contracted, but not provided for:		
Construction of vessels	15,360,364	7,633,629
Renovation of vessels	-	1,230,479
	15,360,364	8,864,108
Authorized, but not contracted for:		
Renovation of vessels	15,300	-
	15,375,664	8,864,108

16. DIFFERENCES IN FINANCIAL STATEMENTS PREPARED UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN HONG KONG (“HK GAAP”) AND PRC ACCOUNTING STANDARDS

The Group has prepared a separate set of financial statements for the Period in accordance with PRC accounting standards. The major differences between the financial statements prepared under PRC accounting standards and HK GAAP are set out as follows:

	For the six months ended 30 June	
	2007 (Unaudited) Rmb'000	2006 (Unaudited) Rmb'000
Net profit attributable to equity holders of the parent prepared under HK GAAP	2,203,612	1,293,741
Adjustments for depreciation, gain on disposal of vessels and deferred staff expenditures, etc.	23,185	4,876
Net profit attributable to equity holders of the parent prepared under PRC accounting standards	2,226,797	1,298,617

Notes to The Interim Condensed Consolidated Financial Statements (continued)

16. DIFFERENCES IN FINANCIAL STATEMENTS PREPARED UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN HONG KONG (“HK GAAP”) AND PRC ACCOUNTING STANDARDS (continued)

	30 June 2007 (Unaudited) Rmb’000	31 December 2006 (Audited) Rmb’000
Equity attributable to equity holder of the parent prepared under HK GAAP	13,783,693	12,596,924
Adjustments for revaluation surplus, depreciation, gain on disposal of vessels and deferred staff expenditure, etc.	(68,287)	(131,028)
Equity attributable to equity holder of the parent prepared under PRC accounting standards	13,715,406	12,465,896

17. THE ULTIMATE HOLDING COMPANY

In the opinion of the directors, the ultimate holding company of the Company is China Shipping (Group) Company (“China Shipping”), a state-owned enterprise established in the PRC.

18. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, business transactions between the Group and its holding company, fellow subsidiaries, jointly-controlled entities as well as related parties for the Period are set out as below:

- (1) A services agreement dated 3 April 2001 between the Company and China Shipping became effective subsequent to an approval by the independent shareholders at an extraordinary general meeting held on 22 May 2001. Pursuant to the services agreement and a supplementary agreement entered into on 8 January 2004, China Shipping or its subsidiaries or jointly-controlled entities will provide to the Group the necessary supporting shipping materials and services for the ongoing operations of the Group, including the provision of dry-docking and repairs services, lubricating oil, fresh water supplies, raw materials and bunker oil, as well as other services. The service agreement has been updated by a new agreement entered into between China Shipping (and its subsidiaries and jointly-controlled entities) and the Company on 31 October 2006 which became effective from 1 January 2007 and will last for a period of 3 years. The fees for the agreed supplies payable to China Shipping were determined with reference to, depending on applicability and availability, any one among the state price, market price or cost.

Notes to The Interim Condensed Consolidated Financial Statements (continued)

18. RELATED PARTY TRANSACTIONS (continued)

Further details of the principal amounts paid by the Group to China Shipping, its subsidiaries or jointly-controlled entities in respect of the services agreement for the period ended 30 June 2007 are set out below:

		For the six months ended 30 June	
		2007	2006
Pricing basis		Total value (Unaudited) Rmb'000	Total value (Unaudited) Rmb'000
Dry-docking and repairs	State-fixed prices or market prices	103,938	131,064
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	Market prices	1,004,960	803,127
White washing and oily water treatment for vessels	State-fixed prices or market prices	5,758	5,122
Installation, repairs and maintenance of telecommunication and navigational services	State-fixed prices	12,624	11,565
Hiring of sea crew	Market prices	141,203	97,245
Accommodation, lodging and transportation for employees	Market prices	298	414
Medical services (for existing employees)	State-fixed prices	643	651
Miscellaneous management services	Market prices	22,142	20,828
Agency commissions	Market prices	38,713	31,500
Service fees on sale and purchase of vessels, accessories and other equipment	Market prices	4,491	1,640

In connection with the above transactions and for other operating purposes, the Group made prepayments/advances to subsidiaries and jointly-controlled entities of China Shipping from time to time.

Notes to The Interim Condensed Consolidated Financial Statements (continued)

18. RELATED PARTY TRANSACTIONS (continued)

- (2) Save for the connected transactions outlined above, details of other connected transactions with the holding company, fellow subsidiaries, jointly-controlled entities and related companies are as follows:

	Notes	For the six months ended 30 June	
		2007 (Unaudited) Rmb'000	2006 (Unaudited) Rmb'000
Vessel chartering charges paid	(a)	40,022	45,674
Agency commissions paid		374	431
Vessel chartering income received	(b)	(43,347)	(54,102)
Vessel management fees	(c)	(1,800)	(5,641)
Sale of vessels	(d)	(99,654)	(25,633)
Interest paid	(e)	35,099	-

Notes:

- (a) The Group has entered into the following agreements:

- a time charter party agreement on 22 December 2004 with one of its fellow subsidiaries, namely China Shipping (Hong Kong) Holdings Co., Ltd., whereby the Company has agreed to lease from this fellow subsidiary a vessel for a term of three years commencing 1 January 2005. The charter payment for this vessel for the Period was RMB26,720,000.
- a time charter party agreement on 22 December 2004 with one of its fellow subsidiaries, namely Shanghai Shipping Industrial Co., Ltd., whereby the Company has agreed to lease from this fellow subsidiary a vessel for a term of three years commencing 1 January 2005. The charter payment for this vessel for the Period was RMB13,302,000.

- (b) The Company has entered into the following agreements:

- together with one of its subsidiaries, namely China Shipping Development (Hong Kong) Marine Co., Limited ("China Shipping Hong Kong"), various bare-boat charter party agreements on 22 December 2004 with one of their fellow subsidiaries, namely China Shipping Container Liners Co., Ltd. ("CSC"), whereby the Company and China Shipping Hong Kong have agreed to lease to this fellow subsidiary four and five vessels for a term of three years commencing 1 January 2005, respectively. The chartering income for these vessels for the Period was RMB30,544,000.
- various bare-boat charter party agreements in year 1998 with one of its fellow subsidiaries, namely CSC, whereby the Company has agreed to lease to this fellow subsidiary three vessels for a term of 12 years commencing 4 September 1998, 18 September 1998 and 23 September 1998, respectively, with a total consideration of RMB1,260,000.
- a time charter party agreement with one of its jointly-controlled entities, namely Shanghai Times Shipping Co., Ltd. ("Times Shipping"), whereby Times Shipping has agreed to lease from the Company a vessel for a term of three year commencing 13 January 2004. The charter payment for this vessel for the Period was RMB394,000.

Notes to The Interim Condensed Consolidated Financial Statements

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18. RELATED PARTY TRANSACTIONS (continued)

(b) The Company has entered into the following agreements:(continued)

- a bare-boat charter party agreement with one of its jointly-controlled entities, namely Shanghai Friendship Marine Co., Ltd. (“Friendship”), whereby Friendship has agreed to lease from the Company a vessel for a term of two years commencing 21 December 2005. The charter payment for this vessel for the Period was RMB2,500,000.
- Apart from the above, the Company entered into some voyage charter party agreements with Times Shipping, whereby Times Shipping has agreed to engage from the Company voyage charter services in the Period. The charter income for these voyage charter services for the Period was RMB8,649,000.

(c) Management of cargo vessels

On 27 May 1998, the Company entered into two cargo vessel management agreements with Dalian Shipping (Group) Company (“Dalian Shipping”) and Guangzhou Maritime Transport (Group) Company Limited (“Guangzhou Maritime”) for the management of their 15 and 57 cargo vessels (the “Cargo Vessels”), respectively. Each of the cargo vessel management agreements contains an option exercisable by the Company at any time prior to the expiration thereof to acquire any of the Cargo Vessels, and under which the Company has a right of first refusal in respect of any proposed sale of the Cargo Vessels. In the event that Dalian Shipping or Guangzhou Maritime ceases to own any of the Cargo Vessels, the management fees shall be reduced accordingly by the percentage represented by the tonnage of the vessels disposed of to the total tonnage of the Cargo Vessels.

On 1 January 2007, the Company entered into two agreements with Guangzhou Maritime and Guangzhou Pacific Ocean Shipping Company Limited (“Guangzhou Pacific”), respectively. According to these agreements, Guangzhou Maritime and Guangzhou Pacific should pay the Company RMB1,350,000 and RMB450,000, respectively, for the management of their cargo vessels during the Period.

- (d) The Group and Times Shipping, entered into a sale and purchase agreement on 30 March 2007, whereby the Group agreed to sell and Times Shipping agreed to purchase a cargo vessel. The consideration for the sale of this vessel was RMB99,654,000 as determined based on negotiations with reference to the market price.
- (e) The interests are paid for the balances due to fellow subsidiaries with a total amount of RMB893,711,000 as at 30 June 2007 which are interest-bearing at a rate of 5.022%.
- (f) On 31 October 2006, the Company exercised the option mentioned in note (c) above by entering into an acquisition agreement with China Shipping to acquire 42 cargo vessels for a total consideration of RMB2.47 billion. Nine vessels had been delivered to the Company as at 31 December 2006 according to the acquisition agreement. The remaining 33 vessels (with a total purchase consideration of RMB1,757,827,000) were delivered to the Company in January and March 2007.

Notes to The Interim Condensed Consolidated Financial Statements

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18. RELATED PARTY TRANSACTIONS (continued)

- (f) Apart from the above, the Company has entered into the following agreements:

On 16 February 2007, China Shipping Hong Kong entered into an agreement with its fellow subsidiaries, namely China Shipping Industrial Co., Ltd. and China Shipping Industrial (Jiangsu) Co., Ltd., for the constructions of two tankers each of 46,000 dead weight tons. The total consideration for the construction of the tankers is approximately USD87,000,000.

On 29 March 2007, the Company entered into an agreement with China Shipping Industrial Co., Ltd. and China Shipping Industrial (Jiangsu) Co., Ltd., for the construction of twelve bulk carriers each of 57,300 dead weight tons. The total consideration of the construction of the bulk carriers is approximately RMB3,274,200,000.

On 12 April 2007, China Shipping Hong Kong entered into an agreement with China Shipping Industrial Co., Ltd. and China Shipping Industrial (Jiangsu) Co., Ltd. for the construction of two tankers each of 46,500 dead weight tons. The total consideration for the construction of the tankers is approximately USD92,400,000.

- (g) Pursuant to two bare-boat charter-party agreements both dated 20 October 1994, Shanghai Shipping (Group) Company (“Shanghai Shipping”, formerly the holding company and now a fellow subsidiary of the Company) agreed to charter two vessels to the Company from their respective dates of delivery to the Company until full repayment of the principal and interest of the related loans borrowed by Shanghai Shipping to purchase the vessels and under which, on due completion of the charters, the vessels will become the Company’s property. The vessels were delivered to the Company on 1 January 1996. The principal amounts to be paid each year until 2007 amount to approximately DM7.6 million. With the currency reform in Europe starting from 1 January 2002, the principal amounts re-denominated to EURO are approximately EURO 3.9 million.
- (h) Pursuant to the share transfer agreement entered into between the Company and China Shipping on 9 September 2002, the Company transferred its 25% equity interest in CSC to China Shipping at a consideration of RMB1. The Company is entitled to an option to buy back from China Shipping all or part of the disposed interests in CSC at terms and consideration to be agreed between the two parties (“the Option”). It was resolved in a board meeting of the Company on 8 January 2004 that the Company would not exercise the Option within three years from the date when CSC was converted into a joint stock limited company, which was on 3 March 2004.

19. POST BALANCE SHEET EVENTS

On 2 July 2007, the Company issued convertible bonds in the principal amount of RMB2 billion with face value in integral principal amounts of RMB100 each with 10 convertible bonds forming one board lot.

20. APPROVAL OF INTERIM FINANCIAL REPORT

These interim condensed consolidated financial statements were approved and authorized for issue by the board of directors on 14 August 2007.