

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

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

	本集團 Group		本公司 Company	
	2007 人民幣千元 Rmb'000	2006 人民幣千元 Rmb'000	2007 人民幣千元 Rmb'000	2006 人民幣千元 Rmb'000
Vessels				
Cost at 31 December	1,141,184	976,926	932,322	527,166
Accumulated depreciation at 31 December	504,795	571,232	486,068	337,179

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

Certain of the Group's vessels existing as at 31 August 1994 were revalued at that date by Colliers Jardine Appraisals Limited, independent professionally qualified valuers, on an open market existing use basis. Since then, no further revaluation of the Group's vessels has been carried out, as the Group has relied upon the exemption granted under the transitional provisions in paragraph 80A of HKAS 16 from the requirement to carry out revaluations on a regular basis of its vessels which were stated at valuation at that time. Had these vessels been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been approximately Rmb737,264,000 (2006: Rmb816,613,000).

14. PROPERTY, PLANT AND EQUIPMENT (continued)

At 31 December 2007, certain of the Groups' vessels with a net book value of approximately Rmb1,473,601,000 (2006: Rmb1,636,110,100) were pledged to secure general banking facilities granted to the Group (note 27).

15. INTERESTS IN SUBSIDIARIES

		本公司 Company	
		2007	2006
		人民幣千元 Rmb'000	人民幣千元 Rmb'000
非上市、按成本計算	Unlisted shares, at cost	26,764	4,140

Particulars of the Group's principal subsidiary are as follows:

公司名稱 Name	注册及 經營地點 Place of incorporation/ registration and operations	已發行/ 注册資本 Nominal value of issued/ registered capital	股份種類 Class of shares in issue	本公司應占股 本權益百分比 Percentage of equity attributable to the Company		主要業務 Principal activities
				直接Direct	間接Indirect	
中海發展(香港) 航運有限公司 China Shipping Development (Hong Kong) Marine Co., Limited	香港 HongKong	美金 500,000 元 US\$500,000	普通股 Ordinary	100%	-	投資控股 Investment holding
上海銀樺航運有限公司 Shanghai Yinhua Shipping Company Limited	上海 Shanghai	人民幣 22,623,500 元 RMB 22,623,500	普通股 Ordinary	51%	-	船務服務 Provision of shipping services

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

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16. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES

		本集團 Group	
		2007	2006
		人民幣千元 Rmb'000	人民幣千元 Rmb'000
按權益法計算	Equity method	1,162,971	892,226
		本公司 Company	
		2007	2006
		人民幣千元 Rmb'000	人民幣千元 Rmb'000
非上市、按成本計算	Unlisted shares, at cost	1,043,839	931,839

The Groups other payable balances due to the jointly-controlled entities are disclosed in note 24 to the financial statements.

As at 31 December 2007, particulars of the jointly-controlled entities are as follows:

公司名稱 Name	持有 已發行股份 之詳情 Particulars of issued shares held	註冊及經營地點 Place of incorporation/ registration and operations	本公司應佔所有者權 益、投票權利及利潤 分享百分比 Percentage of ownership interest, voting power and profit sharing attributable to the Company	主要業務 Principal activities
上海友好航運有限公司 Shanghai Friendship Marine Co., Ltd.	註冊資本每份 人民幣1元 (人民幣25,000,000元) Registered Capital of Rmb1 each (Rmb25,000,000)	中華人民共和國 PRC	50%	船務服務 Provision of shipping services

16. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES (continued)

Name	Particulars of issued shares held	Place of incorporation/ registration/ and operations	Percentage of ownership interest, voting power and profit sharing attributable to the Company	Principal activities
Zhuhai New Century Marine Co., Ltd.	Registered Capital of Rmb1 each (Rmb257,000,000)	PRC	50%	Provision of shipping services
Shanghai Times Shipping Co., Ltd.	Registered capital of Rmb1 each (Rmb600,000,000)	PRC	50%	Provision of shipping services

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

17. AVAILABLE-FOR-SALE INVESTMENTS

	本集團及本公司 Group and Company	
	2007 人民幣千元 Rmb'000	2006 人民幣千元 Rmb'000
Listed equity investments, at fair value:		
Shanghai	300	578
Unlisted equity investments, at cost	4,000	4,000
	4,300	4,578

17. AVAILABLE-FOR-SALE INVESTMENTS (continued)

During the year, the gross gain on the Group's available-for-sale investments, net of tax impact, recognised directly in equity amounted to Rmb837,000 (2006: Rmb182,000).

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

The fair values of listed equity investments are based on quoted market prices. As at 31 December 2007, unlisted equity investments with a carrying amount of Rmb4,000,000(2006: Rmb4,000,000) were stated at cost because the directors are of the opinion that their fair value cannot be measured reliably.

18. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2007	2006
	人民幣千元	人民幣千元
	Rmb'000	Rmb'000
Listed equity investments, at fair value:		
Shanghai	<u>257,400</u>	<u>159,000</u>

The above equity investments at 31 December 2007 classified as held for trading were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

19. DEFERRED STAFF EXPENDITURE

	Group and Company
	人民幣千元
	Rmb'000
Cost	
At beginning of year and 31 December 2007	127,845
Accumulated amortisation	
At beginning of year	82,512
Amortisation provided during the year	45,333
At 31 December 2007	127,845
Net book value	
At 31 December 2007	<u>-</u>
At 31 December 2006	<u>45,333</u>

20. TRADE AND BILLS RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
	人民幣千元	人民幣千元	人民幣千元	人民幣千元
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Trade and bills receivables	568,932	410,565	513,346	402,276
Provision for doubtful debts	(9,495)	(10,238)	(7,556)	(10,238)
Trade and bills receivables, net	<u>559,437</u>	<u>400,327</u>	<u>505,790</u>	<u>392,038</u>

20. TRADE AND BILLS RECEIVABLES

(continued)

An aged analysis of the trade and bills receivables of the Group and the Company as at the balance sheet date, based on the invoice date, is as follows:

	Group			
	2007		2006	
	Balance	Percentage	Balance	Percentage
	人民幣千元	%	人民幣千元	%
	Rmb'000		Rmb'000	
			(重列)	
			(Restated)	
Within one year	568,866	100	401,225	98
One to two years	66	-	-	-
Over two years	-	-	9,340	2
	568,932	100	410,565	100
Provision for doubtful debts	(9,495)		(10,238)	
Trade and bills receivables, net	559,437		400,327	

	Company			
	2007		2006	
	Balance	Percentage	Balance	Percentage
	人民幣千元	%	人民幣千元	%
	Rmb'000		Rmb'000	
Within one year	513,346	100	392,936	98
One to two years	-	-	-	-
Over two years	-	-	9,340	2
	513,346	100	402,276	100
Provision for doubtful debts	(7,556)		(10,238)	
Trade and bills receivables, net	505,790		392,038	

20. TRADE AND BILLS RECEIVABLES

(continued)

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

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	本集團 Group		本公司 Company	
	2007	2006	2007	2006
	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000
Prepayments	157,673	787,583	205,309	284,046
Deposits and other debtors	80,207	296,989	76,155	66,845
Due from fellow subsidiaries	-	-	2,742,835	1,844,515
	<u>237,880</u>	<u>1,084,572</u>	<u>3,024,299</u>	<u>2,195,406</u>

22. CASH AND CASH EQUIVALENTS

	本集團 Group		本公司 Company	
	2007	2006	2007	2006
	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000
Cash and bank balances	<u>1,079,768</u>	<u>475,263</u>	<u>549,402</u>	<u>370,808</u>

22. CASH AND CASH EQUIVALENTS

(continued)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values. At the balance sheet date, the cash and bank balances of the Group denominated in US\$ amounted to Rmb 341,465,000 (2006:Rmb 75,970,000).

23. TRADE PAYABLES

	本集團 Group		本公司 Company	
	2007	2006	2007	2006
	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000
		(重列) (Restated)		
Trade payables	288,288	215,717	217,280	213,899
Due to fellow subsidiaries	173,858	475	173,858	-
	462,146	216,192	391,138	213,899

23. TRADE PAYABLES (continued)

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

	本集團 Group			
	2007		2006	
	餘額 Balance 人民幣千元 Rmb'000	百分比 Percentage %	餘額 Balance 人民幣千元 Rmb'000 (重列) (Restated)	百分比 Percentage %
Within one year	451,011	98	216,011	100
One to two years	11,133	2	181	-
Beyond two years	2	-	-	-
	462,146	100	216,192	100
	本公司 Company			
	2007		2006	
	餘額 Balance 人民幣千元 Rmb'000	百分比 Percentage %	餘額 Balance 人民幣千元 Rmb'000	百分比 Percentage %
Within one year	380,003	97	213,718	100
One to two years	11,133	3	181	-
Over two years	2	-	-	-
	391,138	100	213,899	100

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

24. OTHER PAYABLES AND ACCRUALS

	本集團		本公司	
	Group		Company	
	2007	2006	2007	2006
	人民幣千元	人民幣千元	人民幣千元	人民幣千元
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
		(重列)		
		(Restated)		
Accruals	108,117	45,858	108,354	145,766
Other liabilities	402,521	836,302	151,242	179,088
Due to jointly-controlled entities	-	1,163	-	2,325
Due to fellow subsidiaries	21,095	25,999	-	5,614
	531,733	909,322	259,596	332,793

Other payables are non-interest-bearing and have an average term of one to three months.

25. DERIVATIVE FINANCIAL INSTRUMENTS

Group	2007		2006	
	合同/名義金額	公允價值資產	公允價值資產	公允價值資產
	Contract/notional amount	Fair Values Assets	Fair Values Assets	Fair Values Assets
	人民幣千元	人民幣千元	人民幣千元	人民幣千元
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Cross currency swap agreements	913,837	17,610	1,044	

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

25. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedges

As at 31 December 2007, the Group held two cross currency swap agreements designated as hedges in respect of expected future JPY bank loans for 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 and a net gain of Rmb 13,738,000 was included in the hedging reserve as follows:

	2007 人民幣千元 Rmb'000	2006 人民幣千元 Rmb'000
Total fair value gains included in the hedging reserve	17,610	1,044
Deferred tax on fair value gains	(3,872)	(183)
Net gains on cash flow hedges	<u>13,738</u>	<u>861</u>

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

		本集團 Group		本公司 Company	
		2007	2006	2007	2006
	附註 Notes	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000
Current portion of bank and other borrowings	27	721,825	1,445,642	83,600	1,337,150
Current portion of finance lease payables	27	-	29,845	-	29,845
		<u>721,825</u>	<u>1,475,487</u>	<u>83,600</u>	<u>1,366,995</u>

26. CURRENT PORTION OF INTEREST BEARING BANK AND OTHER BORROWINGS, AND FINANCE LEASE PAYABLES (continued)

On 5 March 2007, a bank loan of Rmb 720,000,000 included in the current portion of bank and other borrowings at the balance sheet date has been replaced by a long-term loan offered by the bank.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS, AND FINANCE LEASE PAYABLES

	年 利率 Effective interest rate(%)	到 期 日 Maturity	本集團 Group		本公司 Company	
			2007	2006	2007	2006
			人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000
				(重列) (Restated)		
Current						
Financial lease payables		2008	-	29,845	-	29,845
Bank loans-secured	6.07 or(Libor+0.38-0.45)	2008	210,505	225,642	83,600	117,150
Bank loans-unsecured	Libor+0.25	2008	511,320	1,220,000	-	1,220,000
			721,825	1,475,487	83,600	1,366,995
Non-current						
Financial lease payables			-	-	-	-
Bank loans-secured	5.67-6.48 or(Libor+0.38-0.45)	2009-2012	1,700,001	1,661,366	142,500	760,620
Bank loans-unsecured	5.67-6.72	2010	1,854,840	-	1,854,840	-
			3,554,841	1,661,366	1,997,340	760,620

27. INTEREST-BEARING BANK AND OTHER BORROWINGS, AND FINANCE LEASE PAYABLES (continued)

	本集團 Group		本公司 Company	
	2007	2006	2007	2006
	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000
		(重列) (Restated)		
Analysed into:				
Bank loans :				
Within one year or on demand	721,825	1,445,642	83,600	1,337,150
In the second year	1,316,857	247,012	41,800	117,150
In the third to fifth years, inclusive	945,135	570,815	945,135	352,020
Beyond five years	1,292,849	843,539	1,010,405	291,450
	4,276,666	3,107,008	2,080,940	2,097,770
Finance lease payables:				
Within one year	-	29,845	-	29,845
In the second year	-	-	-	-
In the third to fifth years, inclusive	-	-	-	-
Beyond five years	-	-	-	-
	-	29,845	-	29,845
	4,276,666	3,136,853	2,080,940	2,127,615

27. INTEREST-BEARING BANK AND OTHER BORROWINGS, AND FINANCE LEASE PAYABLES (continued)

The Group's bank loans are secured by pledges of the Group's 6 vessels and construction in progress with an aggregate net book value at 31 December 2007 of Rmb1,473,601,000.

Bank loans of Rmb4,276,666,000 were guaranteed by China Shipping as at 31 December 2007 (2006: Rmb211,840,000).

The carrying amounts of the Group's and the Company's interest-bearing bank and other borrowings approximate their fair values.

Except for secured bank loans of Rmb1,684,405,000 which are denominated in United States dollars, all borrowings are in Renminbi.

28. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Group

	Unremitted earnings	Available -for-sale investments	Cash flow hedge	Equity investments at fair value through profit or loss	Total
	人民币千元 Rmb'000	人民币千元 Rmb'000	人民币千元 Rmb'000	人民币千元 Rmb'000	人民币千元 Rmb'000
At 1 January 2007	67,147	32	183	12,720	80,082
Deferred tax charged to the income statement during the year (note 10)	129,073	(32)	2,899	33,080	165,020
Deferred tax liabilities at 31 December 2007	<u>196,220</u>	<u>-</u>	<u>3,082</u>	<u>45,800</u>	<u>245,102</u>

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28. DEFERRED TAX (continued)

Company

	Available -for-sale investments	Equity investments at fair value through profit or loss	Total
	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000
At 1 January 2007	32	12,720	12,752
Deferred tax charged to the income statement during the year	(32)	33,080	33,048
Deferred tax debited to equity during the year	-	-	-
Deferred tax liabilities at 31 December 2007	<u>-</u>	<u>45,800</u>	<u>45,800</u>

28. DEFERRED TAX (continued)

Group

	Unremitted earnings	Available -for-sale investments	Cash flow hedge	Equity investments at fair value through profit or loss	Total
	人民币千元 Rmb'000	人民币千元 Rmb'000	人民币千元 Rmb'000	人民币千元 Rmb'000	人民币千元 Rmb'000
At 1 January 2006	-	-	-	-	-
Deferred tax charged to the income statement during the year (note 10)	67,147	-	-	12,720	79,867
Deferred tax debited to equity during the year	-	32	183	-	215
Deferred tax liabilities at 31 December 2006	<u>67,147</u>	<u>32</u>	<u>183</u>	<u>12,720</u>	<u>80,082</u>

28. DEFERRED TAX (continued)

Company	Available -for-sale investments	Equity investments at fair value through profit or loss	Total	
	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	
At 1 January 2007	-	-	-	
Deferred tax charged to the income statement during the year	-	12,720	12,720	
Deferred tax debited to equity during the year	32	-	32	
Deferred tax liabilities at 31 December 2007	<u>32</u>	<u>12,720</u>	<u>12,752</u>	
<u>Deferred tax assets</u>	本集團 Group		本公司 Company	
	Deductible tax depreciation		Deductible tax depreciation	
	2007	2006	2007	2006
	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000
	(Restated)			
At 1 January	20,090	20,795	15,854	15,565
Deferred tax credited/(charged) to the income statement during the year(note 10)	(20,090)	(705)	(15,854)	289
Deferred tax assets at 31 December	<u>-</u>	<u>20,090</u>	<u>-</u>	<u>15,854</u>

28. DEFERRED TAX (continued)

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

29. CONVERTIBLE BONDS

GROUP AND COMPANY

	2007	2006
	人民幣千元	人民幣千元
	Rmb'000	Rmb'000
Convertible bonds	<u>1,871,438</u>	<u>-</u>

Convertible bonds amounting to Rmb2,000,000,000 were issued on 2 July 2007. The bonds are convertible into ordinary shares of the Company at anytime between six months after the date of issue of the bonds and their settlement date.

If the bonds have not been converted, they will be redeemed on 1 July 2012 at par. The convertible bonds bear interest from 1.84% to 2.70% during the five years.

The fair value of the liability component included in the convertible bonds, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in convertible bond equity reserve.

The convertible bonds are denominated in Renminbi 100 each.

29. CONVERTIBLE BONDS (continued)

The convertible bonds recognised in the balance sheet are calculated as follows:

	2007 人民幣千元 Rmb'000	2006 人民幣千元 Rmb'000
Fair value of convertible bond	1,948,460	-
Equity component	(109,177)	-
Liability component on initial recognition	1,839,283	-
Imputed interest expense	32,155	-
Liability component at 31 December	<u>1,871,438</u>	<u>-</u>

The fair value of the liability component of the convertible bonds at 31 December 2007 amounted to RMB 2,770,584,942 (2006 : Nil). The fair value is calculated using cash flows discounted at a rate based on the estimated discount rate of 3.49%.

Interest expense of Rmb32,155,000 (2006 : Nil) has been recognised in the income statement in respect of the convertible bonds for the year ended 31 December 2007, using the effective interest method by applying effective interest rate of 3.74% to the liability component.

30. ISSUED CAPITAL

	Group and Company			
	2007	2007	2006	2006
	股份数目 Number of shares	人民幣千元 Rmb'000	股份数目 Number of shares	人民幣千元 Rmb'000
Registered, issued and fully paid State-owned legal person shares/A shares of Rmb1.00 each	1,578,500,000	1,578,500	1,578,500,000	1,578,500
H shares of Rmb 1.00 each	1,296,000,000	1,296,000	1,296,000,000	1,296,000
List A shares of Rmb 1.00 each	451,500,000	451,500	451,500,000	451,500
	3,326,000,000	3,326,000	3,326,000,000	3,326,000

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31. RESERVES

Group

	股本溢價	可轉換股債券權益儲備	重估儲備	法定公積金	法定公益金	一般公積金	可供出售套期股權投資之儲備	重估儲備	匯兌變動儲備	留存溢利 (可分配)	合計
	Share premium account	Convertible bonds equity reserve	Revaluation reserve	Statutory surplus reserve	Statutory public welfare fund	General surplus reserve	Hedging investment reserve	Revaluation reserve	Exchange fluctuation reserve	Retained profits (Distributable)	Total
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
At 1 January 2006	2,037,884	-	176,979	764,776	661,170	93,158	-	-	(4,136)	2,795,090	6,524,921
Reclassification	-	-	-	661,170	(661,170)	-	-	-	-	-	-
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	-	182	-	-	182
Release on disposal of items of property, plant and equipment	-	-	(8,150)	-	-	-	-	-	-	8,150	-
Transfers from/(to) reserves	-	-	-	276,202	-	-	-	-	-	(276,202)	-
Liquidation of a subsidiary	-	-	-	(26,222)	-	-	-	-	-	26,222	-
Proposed final 2006 dividend	-	-	-	-	-	-	-	-	-	(997,800)	(997,800)
Net gains on cash flow hedges	-	-	-	-	-	-	861	-	-	-	861
Exchange realignment	-	-	-	-	-	-	-	-	(10,890)	-	(10,890)
Profit for the year	-	-	-	-	-	-	-	-	-	2,755,850	2,755,850
At 31 December 2006 and at 1 January 2007	2,037,884	-	168,829	1,675,926	-	93,158	861	182	(15,026)	4,311,310	8,273,124
Prior year adjustment-adjustment on accounting for common control entity	-	-	-	-	-	-	-	-	-	8,329	8,329
	2,037,884	-	168,829	1,675,926	-	93,158	861	182	(15,026)	4,319,639	8,281,453
Convertible bonds	-	109,177	-	-	-	-	-	-	-	-	109,177
Reallocation	-	-	-	(42,978)	-	-	-	-	-	42,978	-
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	-	837	-	-	837
Transfers from/(to) reserves	-	-	-	372,450	-	-	-	-	-	(372,450)	-
Net gains on cash flow hedges	-	-	-	-	-	-	12,877	-	-	-	12,877
Dividend paid to minority shareholders of subsidiary	-	-	-	-	-	-	-	-	-	(9,948)	(9,948)
2007 Proposed final	-	-	-	-	-	-	-	-	-	(1,702,510)	(1,702,510)
Exchange realignment	-	-	-	-	-	-	-	-	(195,264)	-	(195,264)
Profit for the year	-	-	-	-	-	-	-	-	-	4,546,383	4,546,383
At 31 December 2007	2,037,884	109,177	168,829	2,005,398	-	93,158	13,738	1,019	(210,290)	6,824,092	11,043,005

31. RESERVES (continued)

	Company									
	股份溢價賬	重估儲備	法定 公積金	法定 公益金	可供出售 一般股權投資之 公積金	重估儲備	可供出售 重估儲備	可轉換 股債券	留存溢利	合計
	Share premium account	Revaluation reserve	Statutory surplus reserve	Statutory public welfare fund	General surplus reserve	investment revaluation reserve	Available- for-sale	Convertible bonds	Retained profits	Total
	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000
At 1 January 2006	2,037,884	173,815	741,976	648,818	93,158	-	-	2,463,251	6,158,902	
Profit for the year	-	-	-	-	-	-	-	2,801,742	2,801,742	
Transfers from/(to) reserves	-	-	274,111	-	-	-	-	(274,111)	-	
Release on disposal of property, plant and equipment	-	(8,150)	-	-	-	-	-	8,150	-	
Proposed final 2006 dividend - (note 12)	-	-	-	-	-	-	-	(997,800)	(997,800)	
Reclassification	-	-	648,818	(648,818)	-	-	-	-	-	
Changes in fair value of available-for sale investments	-	-	-	-	-	182	-	-	182	
At 31 December 2006 and 1 January 2007	2,037,884	165,665	1,664,905	-	93,158	182	-	4,001,232	7,963,026	
Profit for the year	-	-	-	-	-	-	-	3,531,035	3,531,035	
Transfers from/(to) reserves	-	-	372,450	-	-	-	-	(372,450)	-	
Proposed final 2007 dividend - (note 12)	-	-	(31,957)	-	-	-	-	31,957	-	
Convertible bonds equity	-	-	-	-	-	-	109,177	-	837	
Reclassification	-	-	-	-	-	-	-	(1,702,510)	(1,702,510)	
Changes in fair value of available-for sale investments	-	-	-	-	-	837	-	-	109,177	
At 31 December 2007	2,037,884	165,665	2,005,398	-	93,158	1,019	109,177	5,489,264	9,901,565	

31. RESERVES (continued)

In accordance with the Company Law of the PRC and the Company's articles of association, the Company is required to allocate 10% of its profit after tax, as determined in accordance with PRC GAAP and regulations applicable to the Company, to the statutory surplus reserve (the "SSR") until the SSR reaches 50% of the registered capital of the Company. Subject to certain restrictions set out in the Company Law of the PRC and the Company's articles of association, part of the SSR may be converted to increase share capital, provided that the remaining balance after capitalisation is not less than 25% of the registered capital.

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The directors have proposed to transfer Rmb372,450,000 (2006:Rmb 274,111,000) to SSR, represents 10% (2006: 10%) of the Company's profit after tax of Rmb3,724,500,000 (2006: Rmb 2,801,742,000), as determined in accordance with PRC GAAP. The transfer to the SSR is subject to shareholders' approval at the forthcoming annual general meeting.