

13. Borrowing costs

(1) The capitalization recognition principles of borrowing costs during the capitalization period

Borrowing costs directly attributed to comply with the conditions of capitalization, its establishment and production in the company can be included into the related assets costs if meeting the following conditions at the same time:

- ① capital expenditure has occurred;
- ② borrowing costs has occurred;
- ③ the necessary construction and production activities to make the assets realize the expected usable conditions have already begun.

Other borrowing interest, the amortization and exchange differences of discount or premium are numbered into the current gains and losses.

If the construction of fixed assets has interrupted in the abnormal way, and even for more than three hours, the capitalization of borrowing costs shall be suspended. If the interruption is the necessary procedure for capital assets in compliance with the capitalization conditions used in the purchase or production to realize the expected usable or salable conditions, the capitalization of borrowing costs should continue.

When the purchased fixed assets can reach the expected usable conditions, the capitalization of borrowing costs shall be stopped; later borrowing costs are recognised as expenses in the current period.

(2) Calculation method of capitalization value of borrowing costs

Special loans borrowed to purchase or produce the assets in line with the capitalization conditions, the capitalization value for special borrowing interest costs shall be defined as the current actual interest costs of special loans minus bank interest income from the borrowing funds deposited in the bank which are not used yet or investment income from the temporary investment.

If it occupies the general loans to purchase or produce the assets in line with capitalization conditions, the general loans shall be calculated as the weighted average of capitalized interest according to accumulated asset expense over that part of special loans multiply capitalized rate of occupied ordinary borrowings.

14. Impairment of Assets

The impairment of asset will be determined as the following methods, except the asset devaluing of stock, investment real estate measured by the mode of fair value, deferred income tax asset and financial assets.

The company will judge whether there exist sign of impairment of assets or not in the balance sheet date, and then estimate the recoverable amount to carry out impairment testing for those having the impaired indication. As for the goodwill formed by the merger of the enterprises and intangible assets with uncertain life, regardless of whether there is an indication of impairment, the impairment tests will be carried out every year.

Recoverable amount will be determined in accordance with the fair value of assets minus the higher value between the net cost of disposal and the present value of expected future cash flows. The company will estimate its recoverable amount based on the individual assets; if it is difficult to estimate the recoverable amount for individual assets, the company will recognize the recoverable amount of assets group based on the assets group that the asset is belonged to. The determination of assets group takes the basis that whether the main cash flow is independent from other assets or the cash flow of assets group.

When the asset or recoverable amount of assets group is less than its book value, the company will reduce the book value to its recoverable amount with reduced amount included in the current gain or loss, while preparing for the corresponding impairment of assets.

As for the impairment test of goodwill, the book value of goodwill formed as a result of the enterprises merger should be shared to relevant asset groups according to reasonable methods since the purchase date; if it is difficult to share to relevant asset groups, it should share it to the corresponding organized asset groups. The associated asset group or organized asset groups are not larger than report department identified by the company with the ability of gaining the benefit from the cooperation of enterprise merger.

In the impairment tests, if there existing the indication of impairment in assets group or organized asset group related to the goodwill, it should carry out impairment tests for those asset or asset groups excluding the goodwill to calculate the recoverable amount and determine the corresponding impairment value. And then carry out the impairment tests for those asset groups or organized asset groups including the goodwill, comparing the book value with recoverable amount, if the latter is less than the former, it should determine the impairment of goodwill.

Once the impairment of asset is determined, it cannot be returned in the later accounting period.

15. Expected liabilities

When the obligation related with the matter and complying with the following conditions at the same time, the company will recognize it as expected liabilities:

- It is the current obligation undertaken by the company;
- The performance of this obligation is likely to lead economic interest to flow the company;
- The value of this obligation can be calculated reliably.

16. Leasing

The leases that essentially transfer all the risks and rewards related with the ownership of assets can be defined as financing leases; otherwise, they belong to operating leases.

Rental expenses operating the lease shall be reckoned into the relevant asset costs or the current profit and loss in accordance with the straight-line method during all the terms of lease.

17. Shares payment

The company's share payment can be divided into cash settlement and equity settlement.

(1) Share payment with cash settlement

The share payment with cash settlement shall be measured by the fair value of liabilities determined on the basis of shares or other equity instruments undertaken by the company.

Share payment with cash settlement with feasible right immediately after the conferment, is reckoned into associated costs or fees with the fair value of liabilities undertaken by the company on conferring day, increasing correspondingly the liabilities.

Share payment with cash settlement existing the waiting period, put current received services into costs or fees and corresponding liabilities in accordance with fair value of liabilities undertaken by the company, on the basis of the best estimation of feasible possibility on each balance sheet date in the waiting period.

(2) Share payment with equity clearing tools

Share payment with equity clearing is reckoned according to the fair value of equity tools conferred to workers.

Share payment with equity settlement with feasible right immediately after the conferment, is reckoned into associated costs or fees with the fair value of equity tools on conferring day, increasing correspondingly the capital surplus.

Share payment with equity settlement existing the waiting period, put current received services into costs or fees and corresponding capital surplus in accordance with fair value on the conferring day of equity tools, on the basis of the best estimation for the amount of equity tools of feasible possibility on each balance sheet date in the waiting period.

18. Workers' salary

Workers' salaries include wages, bonuses, allowances and subsidies; workers' welfares; medical insurance, endowment insurance, unemployment insurance, work-related injury insurance and maternity insurance, and other social insurance; housing accumulation fund; workers union funds and education funds, and other related expenditures accessing to the services provided for workers.

Confirm workers' salary during the service period provided by the workers and reckon the salaries into the related cost fare according to equity targets of services provided by workers.

19. Income

Revenue can be recognized in the case of the economic interest being likely to flow to the company with the reliable value for measurement, and at the same time meeting the following conditions.

(1) The incomes of goods sale

The Company has transferred the main risks and rewards of the ownership of the commodity to the buyer, and no longer retained the continued management right usually associated with the ownership and the implementation of effective control. And related costs that have occurred or will occur can be measured reliably, which is recognized as the realization of income.

(2) Providing labor incomes

At the balance sheet date, on the condition of the results of labor transactions being estimated reliably, labor income is determined according to the percentage method of completion; otherwise, income shall be determined according to labor cost value that has occurred and can be expected to obtain the compensation.

That the outcome of providing labor transaction can be estimated reliably, means it can meet the following conditions at the same time: the amount of revenue can be measured reliably, related economic interests is likely to flow to the company, the completion progress of transactions can be determined reliably, as well as the costs have occurred and will occur in the transactions can be measured reliably. The company will determine the completion progress of providing labor transactions in accordance with the labor that has provided occupying the proportion of total labor.

We recognize the incomes of transport services provided according to the percentage method of completion. The percentage of completion is determined and measured according to finished trading days occupying the proportion of total expected trading days in this voyage.

Freight agents: ocean freight agent determines the realization of income on the date of ship leaving the harbor (export) or on the date of ship arriving to the harbor.

Shipping agents: to recognize the realization of income on the date of ship leaving the harbor.

(3) Interest income

It can be calculated according to the time of others using the monetary capital of the company and the actual rates.

(4) Rental income

During the terms of the lease, the company considers the operating lease rentals as the profit and loss for the current period in accordance with the straight-line method. Incomes of rental assets under the financing lease are calculated according to the actual interest rate in the accounting periods.

(5) Dividend income

Dividend income is received as the confirmation of dividend right.

(6) Income of investment sale

The income of investment sale is confirmed when the ownership of investment is transferred to the buyer.

If the following conditions are met at the same time, the transfer can be considered as the achievement of ownership of the investment as usual:

- ① Sale contract or agreement has been adopted by the shareholders meeting.
- ② Stock sale items have already been approved by the relevant authorities of the state.
- ③ Both selling and buying parties have transacted the necessary certificate of property rights transfer.
- ④ The purchaser has paid the bulk of the purchase price (normally more than 50%), and has the ability and plans to pay the remaining amount.
- ⑤ The buyer has actually achieved the financial and operating policies corresponding with the the shares and seller, enjoying the corresponding interest and undertaking the corresponding risk.

20. Income tax

Income tax includes the current income tax and deferred income tax, which is reckoned into the current profit and loss as income tax expense or earnings, apart from the adjusted goodwill produced by corporate merger, or transactions directly charged into the owner's equity or matters related that charged into the interests of owners.

Current income tax is the taxable income value in accordance with the calculation of taxable income in the current period. Taxable income is obtained in accordance with the adjustment of pre-tax accounting profit at this year from the relevant provisions of the tax law.

The company calculates the income tax liabilities or assets formed in the current and previous periods in accordance with the expected payable tax or returned income tax under the provisions of the tax law.

According to the temporary differences between the book value of assets and liabilities in the balance sheet day and tax basis, the company adopts the balance sheet debt provision to defer income tax.

All taxable temporary differences are indebted according to recognized deferred income tax, unless taxable temporary differences are produced in the following transactions:

- (1) The initial recognition of goodwill, or the initial recognition of the assets or liabilities in transactions with the following characteristics: the transaction is not a merger, and it impacts neither accounting profit nor the taxable income when the transactions occurring;
- (2) As for the taxable temporary differences relating to the investment with subsidiaries, joint ventures and pooled venture, the reversal time of the temporary differences can be controlled and the temporary differences in the foreseeable future are not likely to switch back.

As for the deductible temporary differences, deductible losses that can be carried to the following annual and tax losses, the company is likely to take the future taxable income used to deduct deductible temporary differences, deductible losses and tax losses as the limitation, determining deferred income tax assets thereof, unless the deductible temporary differences are produced in the following transactions:

- (1) The transaction is not a merger, and it impacts neither accounting profit nor the taxable income when the transactions occurring;
- (2) As for the taxable temporary differences relating to the investment with subsidiaries, joint ventures and pooled venture, at the same time satisfying the following conditions, the company recognizes as the corresponding deferred income tax assets: it is likely to switch back the temporary differences in the foreseeable future, and the taxable incomes that is likely to deduct the deductible temporary differences in the future.

Due to the provisions of the tax law, as for the deferred income tax assets and deferred income tax liabilities, the company will adopt the measurement according to expected recovery of the assets or the applicable tax rates during the period of discharging the liability, and reflect the tax income effect of expected recovery of the assets or liquidation form of liabilities on the balance sheet date.

On the balance sheet date, the company rechecks book value of deferred income tax assets. If it is improbable to get sufficient taxable income to deduct the interests of deferred income tax assets in the future, the company will reduce the book value of deferred income tax assets. If it is quite likely to get the enough taxable incomes, reduced value should be switched back.

21. Enterprises merger and the consolidated financial statements

Consolidated financial statements include those statements ended by the time of December 31, 2007 from the company and all subsidiaries of the company which are those invested units controlled by the company.

When establishing consolidated financial statements, subsidiaries shall adopt the same accounting fiscal and accounting policies with the company. All the major trading and exchanges between the companies belonging to the main company shall be offset in the merger.

Those parts included in the scope of the merger of the owner's equity in the subsidiaries that are not owned by the company should present separately in consolidated financial statements as part of minority interests.

Enterprise merger not under the same control

For corporate merger that non-under the same control, the company uses the purchase method to treat the accounting. Merger costs are the fair value of the assets offered and the liabilities undertaken as well as the securities issued by the company with the aim to obtain the control to the seller on the buying day. In the buying day, the assets, liabilities and contingent liabilities obtained by the company are confirmed according to the fair value.

The company considers the balance between merger costs from the buyer over the fair value share of identifiable net assets from the selling parties as goodwill and it should be measured in accordance with the value of cost deducting accumulated reduced value; as for the balance that merger costs from the buyer less than the fair value share of identifiable net assets from the selling parties, it should be reckoned into the recent gains and losses after the re-check.

The operating results of the seller should be merged since the date of the company obtaining the control, until to the company terminates their control.

Enterprise merger under the same control

As for the corporate merger under the same control, the company uses the equity method to treat the accounting. Assets and liabilities in the merger from merging parties are measured according to the original book value of the merging parties on that day, except the adjustment due to the different accounting policies. The book value of the merger price (or issued total share face value) and the balance of net assets book value got from the merger adjust capital surplus, and adjust retained earnings if the capital reserve less than reduces. The pre-merger net profit of merging parties will be brought into the profit statement.

(continued)

22. Accounting Policies and Changes of Accounting Estimation

The first implementation of the Enterprise Accounting Standards

As described in Note II, the Company has implemented Enterprise Accounting Standards since January 1, 2007 and the cumulative effects of first implementation of the Enterprise accounting standards are as follows:

	2007.1.1			2006.1.1		
	Before Adjustment		After Adjustment	Before Adjustment		After Adjustment
Capital	3,326,000,000.00	-	3,326,000,000.00	3,326,000,000.00	-	3,326,000,000.00
Capital surplus	2,053,720,693.55	165,860,474.76	2,219,581,168.31	2,053,720,693.55	164,817,870.56	2,218,538,564.11
Profit surplus	1,660,802,367.70	(27,852,949.99)	1,632,949,417.71	1,393,992,249.67	(35,153,674.40)	1,358,838,575.27
Unappropriated profit	5,436,552,786.62	(44,482,418.41)	5,392,070,368.21	3,940,170,036.15	(47,449,498.56)	3,892,720,537.59
Foreign currency						
Statement Discount differences	(11,180,051.98)	(3,836,397.82)	(15,016,449.80)	(11,180,051.98)	-	(11,180,051.98)
Equity of company	12,465,895,795.89	89,688,708.54	12,555,584,504.43	10,702,702,927.39	82,214,697.60	10,784,917,624.99
Minority stockholders						
Equity	-	-	-	24,968,963.19	-	24,968,963.19
Total stockholder equity	12,465,895,795.89	89,688,708.54	12,555,584,504.43	10,727,671,890.58	82,214,697.60	10,809,886,588.18

The effects on 2006 annual net profit from the first implementation of the Enterprise Accounting Standards would be as follows:

	2006
	RMB'000
Amount before the adjustment	2,760,793
Adjustment:	10,468
Amount after the adjustment	2,771,261

The Company has implemented Enterprise Accounting Standards since January 1, 2007 and the detailed effects on 2006 annual net profit from the first implementation of the Enterprise Accounting Standards will be seen in 16 (additional information 4).

Changes in accounting estimation

According to the relevant provisions of “No. 4 Enterprises Accounting Standards - fixed assets”, the company re-estimated the prospected net residuals value of the ship and finally determined that it adjusted from the original 4% to the value of the scrap steel in expected disposal. This accounting estimated change has come into force from January 1, 2007 which result in that 2007 net profit of the company increased 196,363,793.26 Yuan.

IV. Tax items

The main tax terms and tax rates of the company are shown below:

Value added tax - Taxable earnings should be calculated by 17% of tax rate to result in Output VAT and pay value added tax as to the margin deducted by the current Input VAT allowed tax credit.

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Sales tax - 3%, 5% of the Taxable Earnings should be paid as sales tax.

City Maintenance And Construction Tax - To be paid by 7% of the actual payment of turnover tax

Extra charges of Education funds - To be paid by 3% of the actual pay of turnover tax

Income tax - The place of incorporation of the company is Pudong New District in Shanghai. The present annual income tax of the year should be paid by 15% of the taxable earnings.

China Shipping Development (Hong Kong) Marine Co., Limited is the affiliated subsidiary of the company whose place of incorporation is the HONG KONG special administrative region, the suitable income tax according to the local tax law is 17.5%.

V. The consolidate range of the Consolidated financial statements

1. The situation of the important subsidiaries belonged to the head company are shown below:

	注册地	業務性質	注册資本	本公司 投資額	持股比例 直接/ 間接	表決權 比例	備注
	Place of incorporation	Operation Property	Registere capital	Investment amount of the compan	Shares proportion direct/indirect	Voting powe proportion	Notes
China Shipping Development (Hong Kong) Marine Co., Limited	香港 HK	水上運輸業 water transportation	USD 500,000	4,140,000	99%/1%	100%	注 1 note 1
Shanghai Yinhua Shipping Company Limited	上海 Shanghai	水上運輸業 water transportation	200,000,000	226,235,000	18.76%	18.76%	注 2 note 2
Shanghai Yinhua Shipping WEILY Co., Limited	香港 HK	水上運輸業 water transportation	HKD 100,000	HKD 100,000	100%	100%	注 3 note 3

- Note 1: A trust agreement had been achieved on 31.Dec.2001 between the company and China Shipping (Hong Kong) Holdings Co., Ltd.; China Shipping (Hong Kong) Holdings Co., Ltd will transfer its 1% share of China Shipping Development (Hong Kong) Marine Co., Limited in the way of trust to the company. Therefore the company actually owns 100% priority of benefit to China Shipping Development (Hong Kong) Marine Co., Limited.
- Note 2: An agreement had been reached between the company and Jiangsu Longfa electricity generation CO.,LTD to establish Shanghai Yinhua Shipping Company Limited with registered capital of 200,000,000 Yuan. According to the agreement the company will inject 200,000,000 Yuan in two periods with the premiere amount of 22,623,500 Yuan being injected already and the rest to be paid before Sep.2009.
- Note 3: China Shipping Development (Hong Kong) Marine Co., Limited as the subsidiary company of the parent company had acquired China Shipping Development (Hong Kong) WEILY Co., Limited in May.2007 which is a holding merger under a identical control, the current consolidated statement is brought into the consolidate range at the premiere period.

2. Consolidate range change

CHINA SHIPPING DEVELOPMENT (HONG KONG) MARINE CO., LIMITED as the subsidiary company of the parent company had acquired China Shipping Development (Hong Kong) WEILY Co., Limited in May. 2007 and brought it into consolidate range, due to the reason that CHINA SHIPPING DEVELOPMENT (HONG KONG) WEILY CO., LIMITED is also under the control of China shipping group, the merger is a acquisition under same control and is brought into the consolidate range at the premiere period which re-edit the statement of the previous year

Shanghai Times Shipping CO.,LTD, Zhuhai New Century Marine CO.,LTD, Shanghai Friendship Marine CO.,LTD are the subsidiary joint ventures of the company who used equity method to figure out and would not be brought into the range of statement. And the company re-edits the statement of the previous year.

The company newly established subsidiary company called Shanghai YINYE shipping CO.,LTD in Sep. 2007 and is brought into consolidate statement range this year.

VI. Main item remark for the consolidate financial statement

1. Cash

	2007			2006		
	原幣 Original currency	匯率 Exchange rate	折合人民幣 Convert into RMB	原幣 Original currency	匯率 Exchange rate	折合人民幣 Convert into RMB
Cash						
- RMB			827,263.75			707,616.65
- USD	72,925.36	7.30	532,690.58	17,716.92	7.81	138,346.11
- HKD	47,067.08	0.94	44,073.24	26,051.26	1.00	26,172.92
- JPY	81,916.05	0.06	5,247.87	122,524.91	0.06	8,041.31
- GBP	5,200.00	14.58	75,819.64	9,200.00	15.32	140,973.44
			<u>1,485,095.08</u>			<u>1,021,150.43</u>
Bank deposit						
- RMB			708,375,847.22			293,301,237.39
- USD	46,673,666.88	7.30	340,932,467.07	9,711,292.35	7.80	75,832,568.57
- HKD	30,153,842.21	0.94	28,236,055.44	103,976,308.24	1.00	4,464,996.60
- JPY	57,492.92	10.67	613,271.23	54,212.34	10.27	556,570.99
- GBP	65.04	6.40	416.51			-
			<u>1,078,158,057.47</u>			<u>474,155,373.55</u>
Other currency capital						
- RMB			124,798.90			86,582.78
			<u>124,798.90</u>			<u>86,582.78</u>
Total			<u>1,079,767,951.45</u>			<u>475,263,106.76</u>

NOTE: Fund which would cause limitation to utilization, foreign deposit and callback risks due the reason of credit or frozen etc should not exist at the end of the year.

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2. Trading financial assets

	2007	2006
Trading equity investment	257,400,000.00	159,000,000.00

The management considers the realization of trading financial assets investment does not have grand limitation.

3. Receivable notes

	2007	2006
Bank acceptance	1,500,000.00	21,488,931.79

4. Receivables

(I) The classifications are listed below:

	2007				2006			
	金額	比例	壞賬準備	計提比例	金額	比例	壞賬準備	計提比例
	Amount	Proportion	bad debts Preparation	appropriation proportion	Amount	Proportion	bad debts Preparation	appropriation proportion
Receivables of single grand amount	567,564,239.14	100%	9,627,602.31	1.70%	389,116,214.56	100%	10,238,312.00	2.70%

(2) Verification situation

The actual verification amount of the receivables this year are the freight or rent of the past years, due to debt time being over 3 years and should be cancelled with a total of 9,339,513.47 Yuan.

(3) First five of the receivables

Company name	金額 Amount	欠款時間 Debt time	所占比例 Description
Yangfu Zhongyou Huayuan Shipping Co. Ltd	20,982,900.00	一年以内 Less than a year	3.70%
SINOPEC Shanghai GAOQIAO subsidiary	19,599,491.23	一年以内 Less than a year	3.45%
Shanghai power fuel CO.,LTD	15,688,328.80	一年以内 Less than a year	2.76%
SINOPEC Shanghai JINLIN subsidiary	10,425,987.63	一年以内 Less than a year	1.84%
NINGBO china offshore oil shipping CO.,LTD	10,029,565.55	一年以内 Less than a year	1.77%
	<u>76,726,273.21</u>		<u>13.52%</u>

(4) By the day of balance sheet release, the account balance should exclude debt with shareholders or affiliated company who has 5% or over 5% of the voting power.

5. Prepayments

Account age structure	2007		2006	
	金額 Amount	比例 Proportion	金額 Amount	比例 Proportion
Less than 1 year	157,500,817.96	99.89%	787,406,659.26	99.98%
1-2 year	—	—	176,641.82	0.02%
2-3 year	172,056.51	0.11%	—	—
total	157,672,874.47	100%	787,583,301.08	100%

By the day of balance sheet release, the account balance should exclude debt with shareholders or affiliated company who has 5% or over 5% of the voting power.

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By the day of balance sheet release, the account balance involved 22,791,000Yuan prepaid to the affiliated company, the details please see to annotation 9, affiliation relation and trades.

6.other receivables

(I) classifications are listed below:

	2007				2006			
	金額 Amount	比例 Proportion	壞賬準備 bad debts Preparation	計提比例 appropriation proportion	金額 Amount	比例 Proportion	壞賬準備 bad debts Preparation	計提比例 appropriation proportion
Receivables of single grand amount	80,812,086.96	100%	604,956.81	0.01%	296,988,854.92	100%	-	-

(2) First five list of other receivables

Company name	金額 Amount	欠款時間 Debt time	所占比例 Description
Accident fee case not closed	58,154,572.22	一年以內 Less than a year	71.96%
Watercraft fund	9,131,970.20	一年以內 Less than a year	11.30%
board wages imprest	4,286,456.10	一年以內 Less than a year	5.30%
Watercraft foreign exchange advances	704,839.06	一年以內 Less than a year	0.87%
Medical fund	295,189.25	一年以內 Less than a year	0.37%
Total	<u>72,573,026.83</u>		<u>89.80%</u>

(3) By the day of balance sheet release, the account balance should exclude debt with shareholders or affiliated company who has 5% or over 5% of the voting power.

7. Inventory

	2007	2006
Shipping fuel	285,588,941.76	192,572,580.10
Low value consumption goods	17,545.00	—
Total	285,606,486.76	192,572,580.10

The management considers that there is no need to prepare the drop of price for the storage at the end of the year.

8. Vendible financial assets

	2007	2006
Vendible equity tool		
Raw water shore stock	—	577,852.00
Currency swap agreement	17,609,963.55	1,043,958.65
Total	17,609,963.55	1,621,810.65

9. Long term share investment

	初始金額 Initial amount	年初數 Amount at the beginning of the year	本年增加 Increase of the year	本年減少 Decrease of the year	年末數 Amount at the end of the year
Costing method:					
Shanghai BAOJIANG shipping CO.,LTD	4,000,000.00	4,000,000.00			4,000,000.00
QINHUANGDAO Shipping and coal Marketv CO.,LTD	300,000.00	—	300,000.00	—	300,000.00
Equity method:					
Shanghai Times Shipping CO.,LTD	692,132,287.39	692,132,287.39	100,330,713.81		792,463,001.20
Shanghai Friendship Marine CO.,LTD	25,000,000.00	23,888,311.18	10,790,318.27		34,678,629.45
Zhuhai New Century Marine CO.,LTD	257,000,000.00	176,205,205.97	166,623,975.40	7,000,000.00	335,829,181.37
		<u>896,225,804.54</u>			<u>1,167,270,812.02</u>

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Main financial information of the affiliated enterprises and joint venture:

	注册地	業務性質	注册資本(萬元)	本公司持股比例	本公司表決權比例
	Place of incorporation	Operation property	Registered capital 10,000 Yuan	Shares proportion of the company	Voting power proportion of the company
Joint venture					
Shanghai Times Shipping CO., LTD	上海 Shanghai	水上運輸業 shipping	120,000	50%	50%
Shanghai Friendship Marine CO., LTD	上海 Shanghai	水上運輸業 shipping	5,000	50%	50%
Zhuhai New Century Marine CO., LTD	珠海 Zhuhai	水上運輸業 shipping	51,400	50%	50%
	2007.12.31	2007.12.31	2007	2007	
	資產總額	負債總額	營業收入	淨利潤	
	Total asset	Total debt	Operation income	Net profit	
Joint venture					
Shanghai Times Shipping CO.,LTD	4,244,599,371.68	2,659,673,369.28	1,678,854,130.19	273,233,722.52	
Shanghai Friendship Marine CO.,LTD	108,650,278.60	5,484,099.16	108,234,485.60	18,102,419.35	
Zhuhai New Century Marine CO.,LTD	700,770,316.35	8,406,636.34	306,737,736.16	110,792,628.75	

10. Fixed assets

	房屋及建築物 Building or onstruction	船舶 watercraft	運輸工具 transportation tool	辦公及其他設備 office and other equipments	合計 Total
Original price:					
Amount at the start of the year	2,156,021.80	19,329,752,201.93	14,704,460.53	48,466,043.49	19,395,078,727.75
Purchase		1,744,151,532.42	1,586,135.68	1,904,417.68	1,747,642,085.78
Transferred from in-built project		2,457,557,563.10			2,457,557,563.10
Sales and discard	-	1,347,907,611.06	745,539.00	3,944,693.33	1,352,597,843.39
Amount at the end of the year	2,156,021.80	22,183,553,686.39	15,545,057.21	46,425,767.84	22,247,680,533.24
Accumulated depreciation:					
Amount at the start of the year	503,922.00	7,948,366,401.20	7,167,759.84	40,907,328.34	7,996,945,411.38
Counting & drawing	68,568.00	981,592,780.80	948,738.97	3,519,588.62	986,129,676.39
Resell	-	958,540,773.22	718,474.05	2,790,017.72	962,049,264.99
Amount at the end of the year	572,490.00	7,971,418,408.78	7,398,024.76	41,636,899.24	8,021,025,822.78
Preparation for depreciation:					
Amount at the start of the year			936,268.00		936,268.00
Counting & drawing					
Resell					
Amount at the end of the year	-	-	936,268.00	-	936,268.00
Account value:					
Amount at the end of the year	1,583,531.80	14,212,135,277.61	7,210,764.45	4,788,868.60	14,225,718,442.46
Amount at the start of the year	1,652,099.80	11,381,385,800.73	6,600,432.69	7,558,715.15	11,397,197,048.37

By the day of balance sheet release, watercrafts whose account amount of 1,473,601,000 Yuan (1,636,110,100 Yuan at the end of 2006) have been pledged as the surety to obtain bank loan.

會計報表附注(續)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

11. In built project

	預算數	年初數	本年增加	本年轉入固定資產	年末數	資金來源	工程投入占預算
	Amount at the	beginning of	Increase	transferred into	Amount at	Capital	Project invement
	Budget	the year	In current year	fixed assets	the end of	resource convering	proportion
				in current year	the year	bugget	
Purchase & manufacture of watercraft	18,399,120.00	2,286,612,811.57	5,670,265,673.72	2,316,026,859.94	5,640,851,625.35	自籌/貸款	20%-90%
						Self financing/loans	
Important watercraft reconstruction	295,200,000		244,170,532.22	141,221,957.85	102,948,594.37	自籌	95%
						Self financing	
Other project	-	301,899.17	622,800.97	308,745.31	615,954.83	自籌	-
						Self financing	
	18,694,320,000	2,286,914,710.74	5,915,059,026.91	2,457,557,563.10	5,744,416,174.55		

The debt capitalization amount involved in the amount at the end of the year is 105,078,130.36 Yuan, among which the current period contributed 90,069,408.39 Yuan.

The management considers it no need to prepare for the depreciation of in-built projects.

By the day of balance sheet release, in-built projects whose account amount of 1,002,471,700 Yuan has been pledged as the surety to obtain bank loan.