

12. Intangible assets

	房屋使用權 Building usufruct	土地使用權 land usufruct	軟件 Software	其他 Others	合計 Total
Original price:					
Amount at the beginning of the year	2,102,464.00	4,145,716.00	3,651,785.00	28,462.50	9,928,427.50
Current year increase			52,160.00		52,160.00
current year deduction	-	-		28,462.50	28,462.50
Amount at the end of the year	<u>2,102,464.00</u>	<u>4,145,716.00</u>	<u>3,703,945.00</u>	<u>-</u>	<u>9,952,125.00</u>
Accumulated amortization:					
Amount at the beginning of the year	1,366,601.34	690,952.91	1,786,933.30		3,844,487.55
Amortization	210,246.36	82,914.36	744,103.69		1,037,264.41
Resell	-	-	-	-	-
Amount at the end of the year	<u>1,576,847.70</u>	<u>773,867.27</u>	<u>2,531,036.99</u>	<u>-</u>	<u>4,881,751.96</u>
Account value:					
Amount at the end of the year	<u>525,616.30</u>	<u>3,371,848.73</u>	<u>1,172,908.01</u>	<u>-</u>	<u>5,070,373.04</u>
Amount at the beginning of the year	<u>735,862.66</u>	<u>3,454,763.09</u>	<u>1,864,851.70</u>	<u>28,462.50</u>	<u>6,083,939.95</u>

13. Long term deferred and prepaid expenses

	2007	2006
Daqing 88wheel 05special coating		5,291,273.39
Yanghe Compressed Storehouse Special Coating	8,442,410.11	9,104,942.11
Songlinwan Special Coating	13,083,515.95	16,219,140.00
CAS, CAP reconstruction of DAQING 88wheel	5,411,247.00	-
	<u>26,937,173.06</u>	<u>30,615,355.50</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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14. Deferred income tax assets/debts:

Item	2007		2006	
	帳面餘額 Account balance	對應的暫時性差異 corresponding temporary differenc	帳面餘額 Account balance	對應的暫時性差異 corresponding temporary differenc
I. deferred income tax assets				
Revaluation appreciation of fixed assets			20,090,091.00	133,933,940.00
			<u>20,090,091.00</u>	
II. deferred income tax debts				
Trading financial assets	45,800,000.00	183,200,000.00	12,720,000.00	84,800,000.00
Vendible financial assets	3,081,743.90	17,609,965.14	214,740.44	1,257,610.64
Profits of HK branch that has not been transferred back I	196,219,997.67	1,189,212,107.09	67,147,255.00	406,953,060.61
	<u>245,101,741.57</u>		<u>80,081,995.44</u>	

15. Preparation for assets depreciation

	年初數	本年計提	本年減少		年末數
	Amount at the beginning of the year	Counting & drawing of the current year	轉回 Transfer back	轉銷 Deduction of the current year resell	Amount at the end of the year
Preparation for bad debts	10,238,312.00	13,054,395.23	3,720,634.64	9,339,513.47	10,232,559.12
Preparation for depreciation of fixed assets	936,268.00	-	-	-	936,268.00
	<u>11,174,580.00</u>				<u>11,168,827.12</u>

16. Short term loan

	2007	2006
Credit loan	511,320,283.60	500,000,000.00
	<u>511,320,283.60</u>	<u>500,000,000.00</u>

17. Payable account

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.

By the day of balance sheet release, the affiliated amount involved in the account balance is 173,858,000Yuan; its details please see to annotation 9, affiliation relation and trades.

By the day of balance sheet release, large receivables with account age over 1 yr should be excluded.

18. Prepaid account

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.

By the day of balance sheet release, the affiliated amount involved in the account balance is 23,889,000Yuan; its details please see to annotation 9, affiliation relation and trades.

19. Payable employee wage

	年初数 Amount at the beginning of the year	本年增加 Current year increase	本年支付 Current year payment	年末数 Amount at the end of the year
Wage, bonus, allowance and subsidy	37,328,686.40	852,224,734.59	790,972,975.19	98,580,445.80
Employee welfare	143,920,931.90	(79,030,877.78)	64,890,054.12	
Social insurance	348,118.55	3,766,546.40	3,335,818.65	778,846.30
Housing fund	353,370.40	9,043,098.10	9,396,468.50	
Labor union outlay and employee education outlay	6,794,421.46	21,306,988.12	19,106,957.33	8,994,452.25
	<u>188,745,528.71</u>	<u>807,310,489.43</u>	<u>887,702,273.79</u>	<u>108,353,744.35</u>

會計報表附注(續)

NOTES TO CONSOLIDATED FINANCIAL
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20. Payable tax

	2007	2006
Value added tax	476,557.58	
Sales tax	46,864,797.12	22,901,313.45
City maintenance and Construction tax	501,034.53	434,407.09
Enterprise income tax	50,513,687.76	52,450,474.10
Stamp tax	1,384,663.91	1,639,366.73
Individual income tax	3,780,862.80	8,974,366.84
Extra charge of education funds	214,729.09	186,174.47
Embankment fee	567,658.70	180,730.75
River Maintenance Fee	71,576.37	62,058.15
	<u>104,375,567.86</u>	<u>86,828,891.58</u>

21. Other payable account

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.

By the day of balance sheet release, the affiliated amount involved in the account balance is 21,095,000Yuan; its details please see to annotation 9, affiliation relation and trades.

22. Non-current debt to be mature less than a year

	附注 Note	2007	2006
Long term loan	23	210,504,824.87	975,486,609.15
		<u>210,504,824.87</u>	<u>975,486,609.15</u>

23. Long term loan

(I) Classified by loan units

	2007		2006		借款條件 Loan Condition	利率 Interest ratio
	原幣(千美元) Original currency thousand USD	折合人民幣 Converted RMB	原幣(千美元) Original currency thousand USD	折合人民幣 Converted RMB		
CB		1,374,840,000.00	720,000,000.00		抵押/ 信用 Amortization/ Credit	5.67%- 6.72%
BOCO		160,000,000.00			信用 Credit	6.72%
ICBC		226,100,000.00	437,940,000.00		抵押 Amortization	5.67% -6.48%
CMBC		160,000,000.00			信用 Credit	5.91%
ABC		160,000,000.00			信用 Credit	5.91%
Eximbank			29,844,537.79			
BC			439,830,000.00		抵押 Amortization	6.16%
Citicorp						
International Limited	44,000	321,401,320.82	49,333	385,230,647.33	抵押 Amortization	L+0.45%
DnB NOR Bank	16,996	854,606,112.86	85,600	668,427,231.50	抵押 Amortization	L+0.42%
ING Bank	69,600	508,398,453.41		-	抵押 Amortization	L+0.38%
Subtract: long term loan to be mature in less than a year		210,504,824.87		975,486,609.15		
		3,554,841,062.22		1,705,785,807.47		

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(II) Classified by loan category

Loan category	2007	2006
Credit loan	1,854,840,000.00	—
Amortization loan	1,700,001,062.22	1,705,785,807.47
	<u>3,554,841,062.22</u>	<u>1,705,785,807.47</u>

24. Payable bond

Category	期限 Term	發行日期 Issue date	面值總額 Total par value	本期應計利息總額 Total current accrued interest amount	累計應付利息總額 Total accumulated accrued interest amount	期末帳面金額 par value at the end of the term
Convertible company bonds	5年 5 years	2007.7.2	2,000,000,000	18,400,000	18,400,000	1,871,438,206.03

The debt-for-equity swap term of the convertible bond is the day six months after the publish day, which is from 2.Jan.2008 to 1.Jul.2012 (Extend when non-trading day appears).

25 Share Capital

The total of registered capital and paid-up stocks is 3,326,000,000Yuan, par value of each share is 1 Yuan, the stock category and structures are listed below:

	年初數		本年增(減)股數					年末數	
	Amount at the beginning of the year		Increased (deduced) shares of the current year					Amount at the end of the year	
	股數	比例	發行新股	送股	公積金轉股	其他	小計	股數	比例
	Shares	proportion	offerings	Bonus share	Funds shift to shares	other	subtotal	Shares	proportion
			New shares						
I. Limited stocks with vend conditions									
1. State Shareholding	1,578,500,000	47.46%					1,578,500,000	47.46%	
2. State juridical person share holding									
3. Other domestic capital share holding									
Among which:									
Domestic non-state juridical person share holding									
Domestic natural person share holding									
4. Foreign capital share holding									
Among which									
Foreign non-state juridical person share holding									
Domestic natural person share holding									
Total stocks with vend conditions	1,578,500,000	47.46%					1,578,500,000	47.46%	
II. Non-limited stocks with vend conditions									
1. RMB common stock	451,500,000	13.57%					451,500,000	13.57%	
2. Foreign capital stock issued domestically									
3. Foreign capital stock issued abroad	1,296,000,000	38.97%					1,296,000,000	38.97%	
4. Other									
Total stocks without vend conditions	1,747,500,000	52.54%					1,747,500,000	52.54%	
III. Total stocks	3,326,000,000	100%					3,326,000,000	100%	

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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26. Capital surplus

Item	期初余額 Balance at the beginning of the year	本年增加 Increase of the year current year	本年減少 Deduction of the current year	年末余額 Balance at the end of the year
Capital (share) surplus	2,023,877,878.95			2,023,877,878.95
Preparation of the asset evaluation appreciation	165,665,069.00			165,665,069.00
Other capital surplus	30,038,220.36	122,902,235.26	—	152,940,455.62
	<u>2,219,581,168.31</u>	<u>122,902,235.26</u>	<u>—</u>	<u>2,342,483,403.57</u>

Other capital fund refers to the increase conformed by convertible equity tools and the value change of vendible financial assets recognized by public.

27. Surplus reserve

Item	期初余額 Initial Balance	本年增加 Increase of the year current year	本年減少 Deduction of the current year	年末余額 Balance at the end of the year	變動依據 Change basis
Legal surplus reserve	<u>1,632,949,417.71</u>	<u>372,449,171.13</u>	<u>—</u>	<u>2,005,398,588.84</u>	系本年計提 Refers to accounting & drawing of the current year

28. Undistributed profit

	2007	2006
Undistributed profit at the		
End of the previous year	5,436,552,786.62	3,940,170,036.15
Influence made by the change		
Of accounting policies	(44,482,418.41)	(47,449,498.56)
Balance after adjustment and re-statement		
At the beginning of the year	5,392,070,368.21	3,892,720,537.59
Refunding of surplus Fund		
Net profit	4,596,050,561.15	2,771,260,673.06
Subtract: withdraw legal surplus fund	372,449,171.13	274,110,842.44
Withdraw any surplus fund		
Payable cash dividend	1,007,748,655.01	997,800,000.00
Dividend converted to shares	—	—
Undistributed profits at		
The end of the year	<u>8,607,923,108.22</u>	<u>5,392,070,368.21</u>

The influence on undistributed profit at the beginning of the year caused by the changes of accounting policies please see the annotation III.22 of the financial statements.

29. Minor stock holder's equity

The minor stock holder's equity of the important subsidiary company belonging to the company is shown below:

	2007	2006
上海銀樺航運有限公司 Shanghai Yinhua Shipping Company Limited	<u>98,000,000.00</u>	<u>—</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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30. Sales income and cost

The list of sales income is shown below:

	2007	2006
Main operation income	12,642,110,088.90	9,381,541,329.99
Other operation income	44,856,137.29	59,735,146.75
	<u>12,686,966,226.19</u>	<u>9,441,276,476.74</u>

The sales income and cost are shown below:

Unit: thousand Yuan

	2007		2006	
	收入 Income	成本 Cost	收入 Income	成本 Cost
Coal transportation	5,473,521	2,884,308	2,891,771	1,712,235
Fuel transportation	5,003,418	3,512,827	5,439,044	3,596,532
Other transportation	2,165,171	932,173	1,050,726	607,975
Watercraft rent	39,125	8,983	43,652	28,170
Other income	5,731	982	16,084	1,167
	<u>12,686,966</u>	<u>7,339,273</u>	<u>9,441,277</u>	<u>5,946,079</u>

前五名客戶收入總額合計	The first five clients' total revenue	2,037,893	1,998,920
占全部營業收入的比例	Proportion of the total operation revenue	16.06%	21.17%

31. Operation tax and extra charge

	2007	2006
Operation tax	239,535,353.46	163,386,083.51
City maintenance and construction tax	4,986,251.58	9,289,751.87
Extra charge of education	2,136,964.96	3,981,322.25
River way management fee	712,321.71	1,327,107.43
	247,370,891.71	177,984,265.06

The payment standards of operation tax please see to the 4th annotation and tax item of financial statement.

32. Financial fee

	2007	2006
Interest layout	263,198,008.81	144,857,489.64
Subtract: interest capitalization	90,069,408.39	24,367,573.06
Subtract: interest income	34,512,836.49	24,147,635.52
Exchange gains or losses	55,894,879.53	38,971,991.45
Other	384,215.11	390,140.01
	194,894,858.57	135,704,412.52

The amount of interest capitalization has been calculated into in-built project.

33. Asset depreciation losses

	2007	2006
Bad debts losses	9,333,760.59	(9,422,997.00)
	9,333,760.59	(9,422,997.00)

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NOTES TO CONSOLIDATED FINANCIAL
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34. Change gains of the public acknowledged value

	2007	2006
Trading financial assets	98,400,000.00	84,800,000.00
	<u>98,400,000.00</u>	<u>84,800,000.00</u>

35. Investment profit

	2007	2006
Stock investment profit	840,000.00	1,461,173.72
Net gains or losses confirmed by affiliated company and joint venture	165,745,007.48	75,169,733.74
Investment gains or losses of share transfer	934,483.83	(9,897,986.06)
Other gains or losses of share transfer	(7,534,725.74)	1,452,741.22
	<u>159,984,765.57</u>	<u>68,185,662.62</u>

The investment profit remittances of the company are all without grand limitations by the day of balance sheet.

36. Non-operating revenue

	2007	2006
Gains made by the disposition		
Of non-current asset	424,149,375.31	179,518,972.85
Others	5,048,501.34	1,112,883.28
	<u>429,197,876.65</u>	<u>180,631,856.13</u>

37. Non-operating expenses

	2007	2006
Losses made by the disposition		
Of non-current asset	3,077,236.89	1,530,021.68
Charity donation expenses		15,000.00
Others	979,026.45	800,298.61
	<u>4,056,263.34</u>	<u>2,345,320.29</u>

38. Income tax expenses

	2007	2006
Current income tax expenses	596,542,078.48	462,443,925.53
Deferred income tax expenses	185,109,837.13	68,895,077.27
	<u>781,651,915.61</u>	<u>531,339,002.80</u>

39. Profit per share

Basically, the profit of each share is calculated into the current net profit of common share holders of the company, those common stocks issued outside should be calculated in weighted average.

Numerator of the dilution in each stock profit is calculated into the current net profit of common share holders, to be confirmed after the adjustment of the following factors:(I) diluted potential common stock dividend currently acknowledged as expenses (II) the profit or expense when converting the diluted potential common stocks; and (III) the income tax influence concerning the above adjustments.

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Denominator of diluted in each share dividend equals the plus of the following two items(I) the weighted average of the issued common stocks of the parent company in each basic share profit; and (II) increased common stock weighted average if the diluted potential stocks are converted into common stocks

When calculating the common stock weighted average increase of the diluted potential common stocks converted into issued common stocks, it is needed to consider the issued diluted potential stocks are converted currently; currently issued diluted potential common stocks converted on the issuing day.

The detailed calculation of basic each share profit and diluted each share profit is shown below:

	2007	2006
Profit		
Current net profit belonging to the Shareholders of common stock of the company	4,596,050,561.15	2,771,260,673.06
Diluting potential common stock interest currently confirmed as expenses	27,331,949.26	—
Current net profit confirm belonging to the shareholders of common stock of the company after adjustment	<u>4,623,382,510.41</u>	<u>2,771,260,673.06</u>
Share		
Weighted average of published common stock of the company		
Diluting effect-- weighted average of common stock:		
Common stock	3,326,000,000.00	3,326,000,000.00
Convertible bonds	39,510,075.00	—
Weighted average of published common stock of the company after adjustment	<u>3,365,510,075.00</u>	<u>3,326,000,000.00</u>

40. Adjust net profit to net cash flow amount of operations

Item	2007	2006
I. net profit	4,596,050,561.15	2,774,258,345.64
plus: Preparation of asset depreciation	9,333,760.59	(9,422,997.00)
Depreciation of fixed asset, fuel asset and productive bio asset	986,129,676.39	896,161,599.18
Amortization of intangible assets	1,065,726.91	1,049,298.05
Amortization of long-term deferred expenses	9,324,701.44	31,050.00
Disposition losses of fixed assets, Intangible assets and other long term assets (Profit is filled with-)	(421,072,138.42)	(177,988,951.17)
Discard losses of fixed assets (profit is filled with-)		
Change losses of public acknowledged value (profit is filled with-)	(98,400,000.00)	(84,800,000.00)
Financial expenses (profit is filled with-)	194,894,858.57	135,704,412.52
Investment losses (profit is filled with-)	(159,984,765.57)	(68,185,662.62)
Asset deduction of deferred tax (increase is filled with-)	20,090,091.00	
Debt increase of deferred tax (deduction is filled with-)	162,120,694.87	
Deduction of storage (increase is filled with-)	(93,033,906.66)	64,152,380.77
Deduction of receivable operating items (increase is filled with-)	48,395,772.81	(719,486,724.36)
Increase of receivable operating items (deduction is filled with-)	347,144,510.33	359,743,362.18
Other	-	-
Net cash flow of operating activities	<u>5,602,059,543.41</u>	<u>3,171,216,113.19</u>
II. Investment and money raising activities not concerning cash balance:		
Bonds convert to capital		
Convertible company bonds to be mature in less than a year		
Financing to rent fixed assets		
III. Increase situation of cash and cash equivalent		
Account balance of cash at the end term	1,079,767,951.45	475,263,106.76
Subtract: account balance of cash at the Beginning term	475,263,106.76	1,098,539,439.48
Plus: account balance of cash equivalent at the end term		
Subtract: account balance of cash equivalent at the beginning term		
Net increase of cash and cash equivalent	<u>604,504,844.69</u>	<u>(623,276,332.72)</u>

(continued)

41. Enterprise mergers

1. Enterprise mergers under identical control

The company acquired CHINA SHIPPING DEVELOPMENT (HONG KONG) WEILY CO., LIMITED at the price of 947,934.45 in cash in May.2007 which is now under the control of parent company- CHINA SHIPPING DEVELOPMENT CO.,LTD, due to the reason that the two companies are both under the control of China shipping group which is not temporary, therefore the merger is an enterprise merger under identical control, and the date of merger is 31.May. The assets and debt of CHINA SHIPPING DEVELOPMENT (HONG KONG) WEILY CO., LIMITED are both calculated by the account value of the merger date.

The daily account value of asset and debt in the balance sheet of CHINA SHIPPING DEVELOPMENT (HONG KONG) WEILY CO., LIMITED on the merger day and the previous accounting period is shown below:

	2007.5.31	2006.12.31
Currency capital	16,330,990.65	889,661.39
Operating receivables	47,773,040.09	15,349,129.44
Fixed assets	10,631.55	12,917.96
Operating receivables	32,124,445.41	—
Consolidate margin (calculated into equity)	847,464.45	
Merger cost	947,934.45	

The operation results and cash flow of CHINA SHIPPING DEVELOPMENT (HONG KONG) WEILY CO., LIMITED are shown below:

	2007.1.1–2007.5.31
Operation income	124,177,957.92
Net profit	2,671,684.35
Net cash flow	16,330,990.65

VII. Segment reporting

Unit: thousand Yuan

2007

	Domestic	abroad	total
Operation income	7,587,615	5,099,352	12,686,967

2006

	Domestic	abroad	total
Operation income	5,214,196	4,227,081	9,441,277

(continued)

VIII. Main item remarks in the financial statement of the parent company

1. Receivables

(I) Classified as below:

	2007				2006			
	Amount	Proportion	bad debts appropriation Preparation	proportion	Amount	Proportion	bad debts appropriation Preparation	proportion
Receivables of single grand amount	511,846,080.32	100%	7,556,505.46	1.48%	384,444,799.39	100%	10,238,312.00	2.73%
	<u>511,846,080.32</u>	<u>100%</u>	<u>7,556,505.46</u>	<u>1.48%</u>	<u>384,444,799.39</u>	<u>100%</u>	<u>10,238,312.00</u>	<u>2.73%</u>

(2) Verification situation:

The actual verification receivables of the current year are the annual receivable freight or rent of the past years, due to the reason that account over three years should be cancelled with a total amount of 9,339,513.47 Yuan.

(3) First five of the receivables list:

Company name	Amount	Debt time	Description
Yangfu Zhongyou Huayuan Shipping CO.LTD	20,982,900.00	Less than a year	4.10%
SINOPEC Shanghai GAOQIAO subsidiary	19,599,491.23	Less than a year	3.83%
Shanghai power fuel CO.,LTD	15,688,328.80	Less than a year	3.07%
SINOPEC Shanghai JINLIN subsidiary	10,425,987.63	Less than a year	2.04%
NINGBO china offshore oil shipping CO.,LTD	10,029,565.55	Less than a year	1.96%
	<u>76,726,273.21</u>		<u>15%</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.

2. Other receivables

(I) Classified list as 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								
with single largest amount	2,819,595,288.48	100%	604,956.81	0.02%	1,905,726,626.24	100%	-	-

(2) First five of the other receivables list

Company name	金額 Amount	欠款時間 Debt time	所占比例 Proportion
CHINA SHIPPING DEVELOPMENT (Hong Kong) CO.,LTD	2,742,834,742.87	一年以內 Less than a year	97.28%
Accident fee case not close	58,154,572.22	一年以內 Less than a year	2.06%
Watercraft fund	9,131,970.20	一年以內 Less than a year	0.32%
Board wages imprest	4,286,456.10	一年以內 Less than a year	0.15%
Watercraft foreign exchange advances	704,839.06	一年以內 Less than a year	0.02%
	<u>2,815,112,580.45</u>		<u>99.83%</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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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3. Long term stock 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
China Shipping Development (Hongkong) Co.Ltd	4,140,000.00	4,140,000.00			4,140,000.00
Shanghai Yinhua Shipping Co.Ltd.	22,623,500.00		22,623,500.00		22,623,500.00
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>900,365,804.54</u>			<u>1,194,034,312.02</u>

Main financial information of the affiliated enterprises and joint venture:

	注册地 Place of incorporation	業務性質 Operation property	注册資本(萬元) Registered capital 10,000 Yuan	本公司持股比例 Shares proportion of the company	本公司表決權比例 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 資產總額 Total asset	2007.12.31 負債總額 Total debt	2007 營業收入 Operation income	2007 淨利潤 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

4. Operation income and cost

Operation income is listed below:

	2007	2006
Main operation income	10,703,689,225.00	9,036,005,271.22
Other operation income	44,856,137.29	59,735,146.75
	10,748,545,362.29	9,095,740,417.97

main operation income and cost are listed below:

	2007 (千元) (thousand Yuan)		2006 (千元) (thousand Yuan)	
	收入 Income	成本 Cost	收入 Income	成本 Cost
Coal transportation	4,602,805	2,445,720	2,729,834	1,733,936
Fuel transportation	4,258,198	3,008,672	5,130,293	3,481,252
Other transportation	1,842,686	798,389	1,175,878	545,353
Watercraft rent	39,125	8,984	43,652	25,115
Other income	5,731	982	16,083	994
	10,748,545	6,262,747	9,095,740	5,786,650
Total amount of first five Clients income			2,037,893	1,998,920
Proportion covering the Whole operation			18.96%	21.98%

(continued)

5. Investment profit

	2007	2006
Stock investment profit	840,000.00	1,461,173.72
Net profit confirmed to cover		
Affiliated company and joint venture	165,745,007.48	75,169,733.74
Investment gains and losses by	934,483.83	(12,895,658.64)
Transferring shares		
Other stock investment profit	(7,534,725.74)	1,452,741.22
	<u>159,984,765.57</u>	<u>65,187,990.04</u>

The investment profit remittance of the company has no grand limitation by the day of balance sheet release.

IX. Relations and trade of related party

1. Determination standard of related party

One party control another party or apply significant influence to another party, as well as one party controls two parties or more than two parties, or apply significant influence to two parties or more than two parties, then they make up of related parties.

The related party is made up of the following party:

- 1) Parent company of principal company;
- 2) Subsidiary company of principal company;
- 3) Other enterprises controlled by the same parent company of principal company;
- 4) Investment parties apply the same control to principal company;

- 5) Investment parties apply significant influence to principal company;
- 6) Partnership enterprise of principal company;
- 7) Combine enterprise of principal company;
- 8) Main investors and their secondary individuals of principal company;
- 9) Key managers of principal company or key managers of parent company, and their secondary individuals;
- 10) Controlled, common controlled by main investor, key manager or their secondary individuals of this principal company, or applied significant influence by other enterprises.

2. Parent company and subsidiary company

母公司名稱	Name of parent Company	注册地 Registration palce	業務性質 Nature of the business	對本公司持股比例 Stock hold ratio of principal comany	對本公司表決權比例 Voting power ratio of the company	注册資本 Registered capital
中國海運(集團)總公司	China shipping (Group) Company	上海 Shanghai	水上運輸業 Water transport service	47.46%	47.46%	6,620,227,000

Details of subsidiary company of this company see annotate five, consolidated range of consolidated financial statement.

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3. Other related party

Name of unit	Relations of related party
Shanghai time shipping Co., Ltd.	Partnership enterprise
China Shipping & Sinopec Suppliers Co., LTD.	Controlled by the same company
China Shipping Industry Co., Ltd.	Controlled by the same company
Da'lian Shipping (Group) Co., Ltd.	Controlled by the same company
Shanghai Shipping (Group) Company	Controlled by the same company
China Shipping International Trading Co., Ltd.	Controlled by the same company
Guangzhou Maritime (Group) Co., Ltd.	Controlled by the same company
China Shipping Telecommunication Co., Ltd.	Controlled by the same company
China Shipping International Shipping Management Co., Ltd	Controlled by the same company
China Shipping (Hong Kong) Holdings Co., Ltd.	Controlled by the same company
China Shipping (Europe) Holding GmbH	Controlled by the same company
China shipping agency Co., ltd.	Controlled by the same company
China Shipping Container Lines Co., Ltd.	Controlled by the same company
JADE QUEEN NAVIGATION INC.	Controlled by the same company
China Shipping(Hai Nan) Haisheng Co., Ltd.	Controlled by the same company
Shanghai Puhai Shipping Co., Ltd.	Controlled by the same company
China Shipping (Australia Agency) Sydney	Controlled by the same company
China Shipping Container Japan Co. Ltd.	Controlled by the same company
China Shipping (North America) Holding Co., Ltd.	Controlled by the same company
China Shipping (Southeast Asia) Regional Holdings Sdn Bhd	Controlled by the same company

4. Main trade between principal company and related party

(1) Marine rent income:

	2007 金額 Amount	2006 金額 Amount
China Shipping Container Lines Co., Ltd.	32,628,854.31	67,273,000.00

Amount received of rent from related party occupies 0.26% of this company's entire receipts.

(2) Marine disposal income:

	2007 金額 Amount	2006 金額 Amount
China Shipping Haisheng Co., Ltd.	45,749,527.00	240,800,000.00
Shanghai Puhai Shipping Co., Ltd.	28,000,000.00	
Shanghai time shpping Co., ltd.	99,654,400.00	

(3) Transportation revenue

	2007		2006	
	金額 Amount	比例 Ratio	金額 Amount	比例 Ratio
China Shipping Haisheng Co., Ltd	6,478,416.00	0.05%		
China Shipping Container Lines Co., Ltd.	28,631,795.08	0.23%		

(4) Sevice income of marine administer

	2007		2006	
	金額 Amount	比例 Ratio	金額 Amount	比例 Ratio
Guangzhou Maritime (Group) Co., Ltd.	2,565,625.08	0.02%	10,236,000.00	0.11%

(5) Rent marine payout

	2007		2006	
	金額 Amount	比例 Ratio	金額 Amount	比例 Ratio
Shanghai Shipping (Group) Company	26,450,019.70	0.36%	27,777,000.00	0.45%
China shipping (Hong Kong) holdings Co., ltd.	48,744,120.00	0.66%	55,965,000.00	0.91%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(6) Interest exchange

	2007		2006	
	金額 Amount	比例 Ratio	金額 Amount	比例 Ratio
Guangzhou Maritime (Group) Co., Ltd.	20,396,138.15	7.75%		
Da'lian Shipping (Group) Co., Ltd.	3,196,850.46	1.21%		

(7) Capital used in purchasing ships, construction in progress and fixed assets

	2007 金額 Amount	2006 金額 Amount
Guangzhou Maritime (Group) Co., Ltd.	1,246,919,879.00	479,109,000.00
Da'lian Shipping (Group) Co., Ltd.	385,170,647.80	51,818,000.00
China Shipping Telecommunication Co., Ltd.	319,208.00	
China Shipping Industry Co., Ltd.	1,799,594,055.08	
China Shipping International Trading Co., Ltd.	180,000.00	
China Shipping & Sinopec Suppliers Co., LTD.	936,639.13	
China shipping (Hong Kong) holdings Co., ltd.	126,936,760.00	181,246,000.00