

(8) Other main related trade:

This company has signed a “Shipping material supply and service agreement” with China shipping group in October 2006. This agreement becomes effective after passing the first interim general meeting of stockholders in December 28, 2006 and the first A/H stock general meeting of stockholders. According to this agreement, China shipping group (or its subordinate company and association company) will provide marine store and service used in continuing operation for this company’s ships, including ships corrective maintenance service, provide lubricating oil, fresh water, raw material, fuel oil and other services. The effective data of this service agreement is three years from January 1, 2007 to December 31, 2009. The payable expense under this service agreement will be decided according to the national price, market price or cost decision.

- (a) Provide lubricating oil, fresh water, raw material, fuel oil, electromechanical and electronic engineering, maintenance and attendance of marine store, shipping, and lifeboat:

	2007		2006	
	金額 Amount	比例 Ratio	金額 Amount	比例 Ratio
Guangzhou Maritime (Group) Co.,Ltd.	49,467,787.42	0.67%	4,425,000.00	0.07%
China Shipping & Sinopec Suppliers Co., Ltd.,	2,051,247,365.81	27.95%	1,612,965,000.00	26.28%
China Shipping Industry Co., Ltd.	145,596.50	0.01%	285,000.00	0.01%
Da’lian Shipping (Group) Co., Ltd.	1,692,726.63	0.02%		
Shanghai Shipping (Group) Company	4,803,163.10	0.07%	5,576,000.00	0.09%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

(b) Plaster ships and oil stain processing:

	2007		2006	
	金額 Amount	比例 Ratio	金額 Amount	比例 Ratio
Guangzhou Maritime (Group) Co., Ltd.	6,340,593.00	0.09%	2,224,000.00	0.04%
Shanghai Shipping (Group) Company	6,865,892.00	0.09%	7,318,000.00	0.12%
China Shipping & Sinopec Suppliers Co., Ltd.	261,561.90	0.01%	385,000.00	0.01%

(c) Installation, maintenance, attendance, communication and navigation system service:

	2007		2006	
	金額 Amount	比例 Ratio	金額 Amount	比例 Ratio
Guangzhou Maritime (Group) Co., Ltd.	5,156,159.67	0.07%	4,739,000.00	0.08%
Shanghai Shipping (Group) Company	8,807,125.23	0.12%	6,832,000.00	0.11%
China Shipping Telecommunication Co., Ltd.	17,106,119.25	0.23%	8,455,000.00	0.30%
China Shipping & Sinopec Suppliers Co., Ltd.	5,125.00	0.01%	207,000.00	0.01%
China Shipping Haisheng Co., Ltd.	1,829,844.00	0.02%	21,000.00	0.01%

(d) The dock repair, service and ships technological transformation expense:

	2007		2006	
	金額 Amount	比例 Ratio	金額 Amount	比例 Ratio
Guangzhou Maritime (Group) Co., Ltd.	23,900,486.41	0.33%	26,238,000.00	0.43%
Shanghai Shipping (Group) Company	21,714,072.22	0.30%	21,968,000.00	0.36%
China Shipping Telecommunication Co., Ltd.	19,440,415.52	0.26%	12,118,000.00	0.20%
China Shipping Industry Co., Ltd.	156,242,889.50	2.13%	177,126,000.00	2.89%
China Shipping & Sinopec Suppliers Co., LTD.	44,652,821.31	0.61%	40,472,000.00	0.66%
China Shipping International Trading Co., Ltd.	8,536,683.40	0.12%	4,830,000.00	0.08%

(e) Rents crew staff costs:

	2007		2006	
	金額 Amount	比例 Ratio	金額 Amount	比例 Ratio
China Shipping International Shipping Management Co., Ltd	360,823,871.48	4.92%	172,786,000.00	2.81%

(f) Provide services such as lodgings and transportation for staff:

	2007		2006	
	金額 Amount	比例 Ratio	金額 Amount	比例 Ratio
Guangzhou Maritime (Group) Co., Ltd.	574,379.50	0.01%	2,327,000.00	0.04%
Shanghai Shipping (Group) Company	38,018.00	0.01%	5,487,000.00	0.09%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

(g) Provide medical service:

	2007		2006	
	金額 Amount	比例 Ratio	金額 Amount	比例 Ratio
Guangzhou Maritime (Group) Co., Ltd.	321,276.40	0.01%	261,000.00	0.01%

(h) Sundries management service:

	2007		2006	
	金額 Amount	比例 Ratio	金額 Amount	比例 Ratio
Guangzhou Maritime (Group) Co., Ltd.	30,474,218.68	0.42%	23,228,000.00	0.38%
Shanghai Shipping (Group) Company	9,495,338.83	0.13%	4,833,000.00	0.08%
China Shipping Telecommunication Co., Ltd.	2,020,079.55	0.03%	1,972,000.00	0.03%
Da'lian maritime transport (group) Co., Ltd.	3,600.00	0.01%		
China Shipping & Sinopec Suppliers Co., Ltd	135,136.00	0.01%	814,000.00	0.01%
China Shipping Industry Co., Ltd.	458,475.20	0.01%	105,000.00	0.01%
China maritime transport (Hong Kong) proprietary Co., Ltd.	3,481,586.95	0.05%	1,346,000.00	0.02%
China Shipping International Shipping Management Co., Ltd	537,684.14	0.01%	16,506,000.00	0.27%

(i) Marine and shipping agent:

	2007		2006	
	金額 Amount	比例 Ratio	金額 Amount	比例 Ratio
China shipping agency Co., Ltd.	80,742,107.92	1.10%	72,151,000.00	1.18%
Guangzhou Maritime (Group) Co., Ltd.	6,374,454.84	0.09%	2,772,000.00	0.05%
China shipping (Europe) holding Co., Ltd.	99,007.59	0.01%		
JADEQUEEN NAVIGATION INC.	73,696.40	0.01%	187,000.00	0.01%

(j) Service charge used in paying selling and purchasing ships, accessories and other equipments:

	2007		2006	
	金額 Amount	比例 Ratio	金額 Amount	比例 Ratio
China Shipping International Trading Co., Ltd.	9,676,168.87	0.13%	2,832,000.00	0.05%

會計報表附注(續)

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5. Receivables and payables balance of related party

	2007 人民幣千元 Rmb'000	2006 人民幣千元 Rmb'000
Advance payment		
China shipping (Hong Kong) holdings Co., ltd.	335	4,753
China Shipping (Australia Agency) Sydney	1,158	
China Shipping (Korea) Holding Co., Ltd.	232	
China shipping (Europe) holding Co., ltd.	1,989	
China Shipping Container Japan Co. Ltd.	146	
China Shipping (North America) Holding Co., Ltd.	1,812	
China Shipping Regional Holdings Sdn Bhd	2,741	
China Shipping & Sinopec Suppliers Co., LTD.	172	1,177
China shipping agency Co., ltd.	14,206	7,907
Accounts payable		
Guangzhou Maritime (Group) Co., Ltd.	40,933	
China Shipping & Sinopec Suppliers Co., LTD.	66,154	125
China Shipping Industry Co., Ltd..	9,506	
China Shipping International Shipping Management Co., Ltd	55,576	350
China Shipping International Trading Co., Ltd.	1,394	
China Shipping (North America) Holding Co., Ltd.	295	
Other account payable		
Guangzhou Maritime (Group) Co., Ltd.	14,244	335,457
China shipping agency Co., ltd.	74	
China Shipping International Shipping Management Co., Ltd	6,777	187
Items received in advance		
China Shipping Haisheng Co., Ltd.	23,889	

X. Contingent event

	2007	2006	
Contingent liability produced by suspense lawsuit	30,000,000.00	30,000,000.00	注 1(note 1)
Contingent liability produced by commitment		14,420,000.00	
Others	21,000,000.00	-	注 2(note 2)
	<u>51,000,000.00</u>	<u>44,420,000.00</u>	

Note 1: When in Bohai Gulf Area, "Taching 91" ship hull appears approximately 4.5 meters cracks, part crude oils leaked out on December 28, 2005; after investigating the Ministry of Communications Marine Bureau recognized that "Taching 91" ship hull cracking, crude oil leakage resulted in the Bohai Gulf Area pollution accident. After the accident occurring, this company established an accident treatment group. According to the composition deed and recent related legal proceedings of this company and Shandong marine bureau, in view of the fact that "Taching 91" ship has affected insurance from England's UK protection and indemnity association, the insurance responsibility limitfor is RMB 36,000,000 Yuan, this company predicted the loss which possibly occurred. Up to March 25, 2008, the compensation, lawsuit as well as insurance compensation of this company because of "Taching 91" ship pollution accident is still at treating processes.

- Note 2:1. Fuzhou ship crashed against “Zhongchang 118” ship, and result in the latter submerging in the Wu Song main channel in December 2007; In view of the fact on December 31, 2007, this accident is still at treating processes, the company predicted the loss which possibly occurred. This company has purchased the corresponding insurance for this ship. Up to March 25, 2008, related matters of this collision case are still at treating processes.
2. “Rouses 10” ship crashed against “Wuhu Tail Wind 276” ship in Shanghai Gangbao Mountain Channel in December 2007. In view of the fact that on December 31, 2007, this case is still at treating processes, this company predicted the loss which possibly occurred. This company has purchased the corresponding insurance for the ships. On January 3, 2008 this company signed written agreement with the ship-owner of “Wuhu Tail Wind 276”, the agreement stipulated all reasonable expenses used for refloating, decontamination and biding is responsible by this company during refloating period; and compensate RMB 3,000,000 Yuan, the earlier period loans 50,000 Yuan not need to repay; After signing this agreement both sides can’t have any dispute. Up to March 25, 2008, related insurance compensation of this collision case is still at treating processes.
3. “Changshun ship” crashed against “Changming 6” in Shanghai Wusongkou in December 2007 which resulted in forebody breakage. In view of the fact that on December 31, 2007, this case is still at treating processes. This company predicted the loss which possibly occurred and has purchased the corresponding insurance for the ship. Up to March 25, 2008, related insurance compensation of this collision case is still at treating processes.

XI. Commitment event

		Unit: ten thousand yuan	
		2007	2006
資本承諾	Capital commitment		
已簽約但未撥備	Have signed a contract but haven't appropriated funds	<u>2,343,629.81</u>	<u>763,362.89</u>
投資承諾	Investment commitment		
已簽約但尚未完全履行	Have signed a contract but haven't performed completely	<u>16,337.65</u>	<u></u>

11.1 57300 tun bulk-cargo ship*12 shipes (Contract award period: 2007.3.29)

This company signed construction contract of twelve 57300 tun bulk-cargo shipes with China Shipping Industry Co., Ltd. and Chian shipping industry (Jiangsu) Co., ltd. in March, 2007, the contracted value is each ship RMB 27,285 ten thousand Yuan, total up RMBi 327,420 ten thousand Yuan, payments divided into five periods. Up to December 31, 2007 the company has paid RMB 65,484 ten thousand Yuan. The spare money will be paid separately in shipes starting, board ship, launching, and ship delivery. Predict the company will pay off the spare money in batches at the end of December, 2008.

- 11.2 40000 tun product /curde oil tanker *1ship (Contract award period: 2006.3.31)

This company signed construction contract of one 40000 tun product /curde oil tanker with China state shipbuilding corporation and Guangzhou shipyard international company limited in March, 2007, the contracted value is 3,700 ten thousand dollar, payments divided into five periods. Up to December 31, 2007 the company has paid 1,480 ten thousand dollar. The spare money will be paid separately in ships starting, board ship, launching, and ship delivery. Predict the company will pay off the spare money in batches at the end of December, 2008.

- 11.3 308000 tun curde oil tanker*4 shipes (Contract award period: 2006.10.28)

This company signed construction contract of four 308000 tun curde oil tankers with China state shipbuilding corporation and Guangzhou longxue shipbuilding Co.,Ltd. in October 2006. The contracted value is each ship 11,426 ten thousand dollar; total up 45,704 ten thousand dollar, payments divided into five periods. Up to December 31, 2007 the company has paid 9,140.8 ten thousand dollar. The spare money will be paid separately in ships starting, board ship, launching, and ship delivery. Predict the company will pay off the spare money in batches at the end of June, 2010.

11.4 76000 tun curde oil tanker*6 shipes (Contract award period: 2007.3.2)

This company signed construction contract of six 76000 tun curde oil tanker with China shipbuilding & offshore international Co., ltd. and Daq̄lian shipbuilding industry Co., ltd. in March, 2007, the contracted value is each ship 5,126 ten thousand dollar, total up 30,756 ten thousand dollar, payments divided into five periods. Up to December 31, 2007 the company has paid 6,151.2 ten thousand dollar. The spare money will be paid separately in ships starting, relayering, launching, and ship delivery. Predict the company will pay off the spare money in batches at the end of September, 2010.

11.5 46000 tun product oil / oil tanker *2 shipes (Contract award period: 2007.2.16)

Subsidiary of this company China shipping development (Hong Kong) Co., ltd. signed construction contract of two 46000 tun product oil / oil tankers with China Shipping Industry Co., Ltd.. and China shipping industry (Jiangsu) Co., ltd. in February 2007, the contracted value is each ship 4,350 ten thousand dollar, total up 8,700 ten thousand dollar, payments divided into two periods. Up to December 31, 2007 the company has paid 6,960 ten thousand dollar. The spare money will be paid in ship delivery. Predict the company will pay off the spare money in batches at the end of August, 2008.

- 11.6 46500 tun product oil / oil tanker *1 ship (Contract award period: 2007.4.12)

Subsidiary of this company China shipping development (Hong Kong) Co., Ltd. signed construction contract of one 46500 tun product oil / oil tanker with China Shipping Industry Co., Ltd. and China shipping industry (Jiangsu) Co., Ltd. in April 2007, the contracted value is 4,620 ten thousand dollar, payments divided into three periods. Up to December 31, 2007 the company has paid 2,772 ten thousand dollar. The spare money will be paid in launching and ship delivery. Predict the company will pay off the spare money in batches at the end of October, 2008.

- 11.7 46500 tun product oil / oil tanker *1 ship (Contract award period: 2007.4.12)

Subsidiary of this company China shipping development (Hong Kong) Co., Ltd. signed construction contract of one 465000 tun product oil / oil tanker with China Shipping Industry Co., Ltd. and China shipping industry (Jiangsu) Co., Ltd. in April 2007, the contracted value is 4,620 ten thousand dollar, payments divided into four periods. Up to December 31, 2007 the company has paid 1,848 ten thousand dollar. The spare money will be paid in dockage, launching and ship delivery. Predict the company will pay off the spare money in batches at the end of January, 2009.

- 11.8 298000 tun product oil tanker *2 shipes (Contract award period: 2006.3.31)

Subsidiary of this company China shipping development (Hong Kong) Co., Ltd. signed construction contract of two 298000 tun product oil tanker with China shipbuilding & offshore international Co., Ltd. and Daq̄lian shipbuilding industry Co., Ltd. in March 2007, the contracted value is each ship 9,989 ten thousand dollar, total up 19,978 ten thousand dollar, payments divided into five periods. Up to December 31, 2007 the company has paid 3,995.6 ten thousand dollar. The spare money will be paid in start working, dockage, launching and ship delivery. Predict the company will pay off the spare money in batches at the end of September, 2009.

11.9 298000 tun curde oil tanker *2 shipes (Contract award period: 2006.3.31)

Subsidiary of this company China shipping development (Hong Kong) Co., Ltd. signed construction contract of two 298000 tun curde oil tankers with China shipbuilding & offshore international Co., Ltd. and Da'lian shipbuilding industry Co., Ltd. in March 2006, the contracted value is each ship 10,449 ten thousand dollar, total up 20,898 ten thousand dollar, payments divided into five periods. Up to December 31, 2007 the company has paid 4,179.6 ten thousand dollar. The spare money will be paid in start working, dockage, launching and ship delivery. Predict the company will pay off the spare money in batches at the end of December, 2009.

11.10 40000 tun product oil / oil tanker *2 shipes (Contract award period: 2007.3.31)

Subsidiary of this company China shipping development (Hong Kong) Co., Ltd. signed construction contract of two 40000 tun product oil / oil tankers with China shipping industry trade Co., Ltd. and Guangzhou shipyard international company limited in March 2007, the contracted value is each ship 3,650 ten thousand dollar, total up 7,300 ten thousand dollar, payments divided into five periods. Up to December 31, 2007 the company has paid 1,460 ten thousand dollar. The spare money will be paid in start working, dockage, launching and ship delivery. Predict the company will pay off the spare money in batches at the end of November, 2009.

11.11 300000 tun ore carrier*4 shipes (Contract award period: 2007.10.22)

Subsidiary of this company China shipping development (Hong Kong) Co., Ltd. signed construction contract of four 300000 tun ore carriers with China shipbuilding & offshore international Co., Ltd. and Da'lian shipbuilding industry Co., Ltd. in October 2007, the contracted value is each ship 11,380 ten thousand dollar, total up 45,520 ten thousand dollar, payments divided into five periods. Up to December 31, 2007 the company has paid 9,104 ten thousand dollar. The spare money will be paid in start working, dockage, launching and ship delivery. Predict the company will pay off the spare money in batches at the end of March, 2012.

11.12 230000 tun ore carrier*4 shipes (Contract award period: 2007.2.2)

Subsidiary of this company China shipping development (Hong Kong) Co., Ltd. signed construction contract of four 230000 tun ore carriers with China shipping industry trade Co., Ltd. and Guangzhou longxue shipbuilding Co.,Ltd. in February 2007, the contracted value is each ship 8,080 ten thousand dollar, total up 32,320 ten thousand dollar, payments divided into five periods. Up to December 31, 2007 the company has paid 6,464 ten thousand dollar. The spare money will be paid in start working, dockage, undocking and ship delivery. Predict the company will pay off the spare money in batches at the end of December, 2010.

11.13 230000 tun ore carrier *4 shipes (Contract award period: 2007.10. 27)

Subsidiary of this company China shipping development (Hong Kong) Co., Ltd. signed construction contract of four 230000 tun ore carriers with China shipping industry trade Co., Ltd. and Guangzhou longxue shipbuilding Co.,Ltd. in February 2007, the contracted value is each ship 9,016 ten thousand dollar, total up 36,064 ten thousand dollar, payments divided into five periods. Up to December 31, 2007 the company has paid 7,212.8 ten thousand dollar. The spare money will be paid in start working, dockage, undocking and ship delivery. Predict the company will pay off the spare money in batches at the end of December, 2011.

Capital commitment event which has signed and prepared to perform

11.14 57300 tun bulk-carrier * 6 shipes (Contract award period: 2007.3.29)

Subsidiary of this company China shipping development (Hong Kong) Co., Ltd. signed construction contract of six 57300 tun bulk-carriers with China Shipping Industry Co., Ltd.. and China shipping industry (Jiangsu) Co.,Ltd. in March 2007, the contracted value is each ship 27,285 ten thousand Yuan, total up 163,710 ten thousand Yuan, payments divided into five periods. Up to Balance sheet date, the company hasn't paid contract fund. The money will be paid in start working, dockage, undocking and ship delivery. Predict the company will pay off the contract fund in batches at the end of September, 2009.

11.15 57000 tun bulk-carrier *4 shipes (Contract award period: 2007.11.28)

Subsidiary of this company China shipping development (Hong Kong) Co., Ltd. signed construction contract of four 57000 tun bulk-carriers with China Shipping Industry Co., Ltd. and China shipping industry (Jiangsu) Co.,Ltd. in November 2007, the contracted value is each ship 30,022 ten thousand Yuan, total up 120,088 ten thousand Yuan, payments divided into five periods. Up to Balance sheet date, the company hasn't paid contract fund. The money will be paid in start working, dockage, undocking and ship delivery. Predict the company will pay off the contract fund in batches at the end of June, 2012.

11.16 300000 tun ore carrier *4 shipes (Contract award period: 2007.12.29)

Subsidiary of this company China shipping development (Hong Kong) Co., Ltd. signed construction contract of four 300000 tun ore carriers with China shipbuilding & offshore international Co., Ltd. and Da'lian shipbuilding industry Co., Ltd. in December 2007, the contracted value is each ship 11,680 ten thousand dollar, total up 46,720 ten thousand dollar, payments divided into five periods. Up to Balance sheet date, the company hasn't paid contract fund. The money will be paid in start working, dockage, undocking and ship delivery. Predict the company will pay off the contract fund in batches at the end of June, 2012.

11.17 Capital increase commitment for Zhuhai new century shipping ltd.

In the first stockholders' conference of Zhuhai new century shipping ltd. 2007, this company compounded with China Shenhua Energy Company Limited, both stockholder increase in capital RMB 3.92 hundred million yuan (each side increases 1.96 hundred million yuan). After the associated company signing the shipbuilding contract, increase RMB 1.12 hundred million yuan. Up to December 31, 2007 the first capital increase has been paid, the spare RMB 0.84 hundred million yuan will be increased according to the second construction progress.

11.18 Financial contribution commitment for Shanghai Yinhua shipping Co., ltd.

This company reached an agreement with Jiangyin Sulong Power Generation Limited Company, established Shanghai Yinhua Shipping Co., Ltd with registered capital 200 million yuan. According to this agreement, the company will invest in two period, the first period invest 2,262.35 ten thousand yuan has been paid, the spare 7,937.65 ten thousand yuan will be paid before September 2009.

XII. Balance sheet later proceeding

12.1 According to the sixth board meeting decision of this company on March 10, 2008, this company revised the proposal of shipping company established by its subcompany China shipping development (Hong Kong) Co., ltd. ("China shipping development Hong Kong") and Shanghai Puyuan Shipping Co., ltd. ("Shanghai Puyuan"). The meeting decided regarding China shipping development (Hong Kong) and Shanghai Puyuan as subject of investment and establishing a shipping company with registration fund of 1,900 ten thousand dollar. Thereinto, China shipping Development (Hong Kong) contributes 969 ten thousand dollar (about RMB 7,078 ten thousand dollar), occupying 51%; Shanghai Puyuan contributes 931 ten thousand dollar, occupying 49%. Invest 230 thousand-ton ore carrier in initial period, expand the scale again by the back sight situation.

12.2 According to the forth board meeting decision of this company on February 21, 2008, this company passed “Proposal about establishing a shipping company with Baosteel Trading Limited company”, the meeting decided to establish a shipping company (“copartnership”) with Baosteel Trading Limited company (Baosteel trading) belongs to Baosteel Group Limited company, which mainly operate oversea shipping trade like importing major bulks such as iron ore. The palce of incorporation is Hong Kong, registered capital is 8 million dollar. The company contributes 4.08 million dollar, occupying 51% while Baosteel Trading contributes 3.92 million dollar, occupying 49%. This company will convey the signed shipbuilding contract of two 300,000 tun ore carriers and four 230,000 tun ore carriers to the copartnership. Thereinto, the fabrication cost of these two 300,000 tun ore carriers is 11,380 ten thousand US dollars/ per ship; in those four 230,000 tun ore carriers, the fabrication cost of two is 8,080 ten thousand US dollars/ per ship, the other two is 9,016 ten thousand US dollars/ per ship.

12.3 Authorized by Securities Supervision issue [2007] No. 150 of China National Securities Supervision and Management Committee, this company distributes 2,000,000,000 Yuan convertible bond (hereafter refer to as “China shipping convertible bond”) to the public in July 2, 2007. China shipping convertible bond has been changed into A stock (short title of the stock is “China shipping development”) from January, 2008. Up to March 21, 2008, it had 1,587,385,000 Yuan China shipping convertible bond changed into A stock, still had 412,615,000 Yuan China shipping convertible bond in the market.

12.4 According to the disclose of “recruitment specification about issuing convertible bond” of China Shipping Development, “during this period of convertible bond, if the closing price of A stock is not less than 130% (including 130%) of share transfers price in current period continuous in 20 business days, this company is entitled to redeem all or part convertible bond which hasn’t transferred with the price according to 103% of the bond face value (including annual interests of current period)”. From January 23, 2008 to February 26, 2008, China Shipping Development has been above 130% (32.91 yuan / per share) of current period share transfers price (25.31 yuan/ per share) in 20 business days, which has been satisfactory to the redeem condition for the first time. According to pertinent regulations of above agreement, “Office procedure of public company securities issue” and “Listing regulations” of Shanghai Stock Exchange, the proposal of “Perform conditional redemption provisions” passed in the fifth board meeting in 2008 decided redeeming all China Shipping convertible bond which haven’t been transferred up to the date of record (March 26, 2008).

(continued)

12.5 According to the decision of the seventh board meeting on March 25, 2008, this company passed 2007 year predetermined plan of profit distribution, namely takes delivery of 10% legal surplus 37,244.92 ten thousand Yuan according to 372,449.17 ten thousand Yuan net profits of the parent company in 2007 year, and distributes cash bonus with 0.50 yuan per share (including tax) to whole stockholders regard the shareholding equity registered on March 26, 2008 as the cardinal number. This predetermined plan can be executed after passing the decision of the general meeting of shareholders.

XIII. Other important event

None

XIV. Comparative data

A number of comparative data has been reworded to accord with the requirement of this year's report.

Execute the business accounting standard for the first time in this year; reword the comparative data according to the requirement of report.

XV. Supplementary material

1. Net asset income ratio and eps

Profits of report period	Net assets income ratio				Eps			
	Fully diluted (%)		Weighted mean (%)		Basic eps		Dilution eps	
	2007	2006	2007	2006	2007	2006	2007	2006
Net profit belongs to shareholder of company's common stock	<u>28.60%</u>	<u>22.07%</u>	<u>32.03%</u>	<u>23.72%</u>	<u>1.3819</u>	<u>0.8332</u>	<u>1.3738</u>	<u>0.8332</u>
Net profit belongs to shareholder of company's common stock after deducting non recurrent gains and loss	<u>26.26%</u>	<u>21.00%</u>	<u>29.41%</u>	<u>22.57%</u>	<u>1.2690</u>	<u>0.7929</u>	<u>1.2541</u>	<u>0.7929</u>

2. Analysis of report item with anomalous variation

Item analysis of data variation format of the financial statement arrives 30% (including 30%), and occupies 5% of reprot's day total assets (including 5%) or 10% of total profit during report period (including 10%)

Financial statement item	2007	2006	差异金额 Variance amount	差异幅度 Variance amplitude
Construction in progress	5,744,416,174.55	2,286,914,710.74	3,457,501,463.81	151.19%
Long-term borrowing	3,554,841,062.22	1,705,785,807.47	1,849,055,254.75	108.40%
Bonds payable	1,871,438,206.03	-	1,871,438,206.03	100%
Business income	12,686,966,226.19	9,441,276,476.74	3,245,689,749.45	34.38%

2.1 The eoy balance of the construction in progress is 5,744,416,174.55 Yuan; increased 151.19% compared to the beginning of the year, mainly is caused by many new construction and ship reconstruction this year.

2.2 The eoy balance of long-term borrowing is 3,554,841,062.22 Yuan, increased 108.40% compared to the beginning of the year, mainly is caused by bank loan of this company in order to raise money for shipbuilding.

2.3 The eoy balance of bonds payable is 1,871,438,206.03 Yuan; mainly is caused by distributing 20 hundred million yuan convertible bond in 2007.

2.4 The business income of 2007 is 12,686,966,226.19 Yuan, increased 34.38% compared to the last year, mainly is caused by increasing operation ships and the shipping market continues to be booming in 2007.

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3. According to the standards from the article five to the article nineteen of “Business accounting standard No.38 - the first execution business accounting standard” and “Business accounting standard Explanation No.1” adjust the situation of the profit chart of 2006.

Financial statement entry	調整前 before adjustment	調整後 after adjustment
Main business income	9,772,392,066.59	9,441,276,476.74
Minus:Main business cost	6,187,605,307.38	5,946,079,277.14
Main business taxes and addition	194,213,590.21	177,984,265.06
Plus: Other service profit	41,133,988.63	
Minus:Selling expenses		32,933,099.86
Overhead expenses	219,942,634.47	183,673,269.18
Financial expenses	146,858,132.53	135,704,412.52
Asset depreciation loss		(9,422,997.00)
Plus: Fair values disturbance income		84,800,000.00
Investment yield	(9,981,743.70)	68,185,662.62
Subvention income	5,027,950.00	
Nonbusiness revenue	168,637,421.64	180,631,856.13
Minus:Nonbusiness expenditure	2,355,551.96	2,345,320.29
Income tax	462,443,925.53	531,339,002.80
Net profit	2,763,790,541.08	2,774,258,345.64
Thereinto: Belongs to parent company		
Own net profit	2,760,792,868.50	2,771,260,673.06
A handful of stockholders' profit and loss	2,997,672.58	2,997,672.58

4. Adopt 2006 profit variance adjustment of new enterprise accounting standard

Item	金額(千元) Amount (thousand yuan)
Net profits of 2006 (former accounting standard)	2,760,793
Influence sum of retroactive adjustment item	10,468
Thereinto: Fair values disturbance income	84,800
Deferred tax adjustment	(80,571)
Investment yield	3,131
Adjust A stock and H stock according to explanation No.1	
Determined difference of accumulated depreciation	271
Profit produced because of combination cotrolled by the same company	2,837
Net profits of 2006 (new accounting standard)	2,771,261
Remark information of assuming implement new accounting standard overall	
Other itmes influence sum	—
Analogy net profits of 2006	2,771,261

(continued)

5. According to the requirement of “information disclose standard QA NO.1 of issuing corporation - non recurring gains and loss” (revised in 2007) of China National Securities Supervision and Management Committee, disclose non recurring gains and loss situation during report period.

	金額 Amount
Details of non-recurrent profit and loss	
(1) Disposal profit and loss of non current assets	422,006,622.35
(2) The current net income and loss from the beginning of subcompany produced because of business combination to the date of combination	2,671,684.35
(3) Other net amount of nonbusiness revenue and expenditure besides above items	4,069,474.89
(4) Other non-recurrent profit and loss project determined by China National Securities Supervision and Management Committee	<u>14,140,823.66</u>
Minus: influence amount of income tax	<u>67,659,456.84</u>
Non-recurrent profit and loss after deducting income tax influence	<u>375,229,148.41</u>
Thereinto:	
Non-recurrent profit and loss belongs to parent company's owner	<u>375,229,148.41</u>
Non-recurrent profit and loss belongs to few stockholders	

6. Difference regulation of combination shareholders equity in the beginning of 2007

Entry name	2007年年報 Annual report of 2007 人民幣千元 Rmb' 000	2006年年報 Annual report of 2006 人民幣千元 Rmb'000	差異 Difference 人民幣千元 Rmb'000
Shareholders equity on December 31, 2006	12,465,896	12,465,896	—
Increase a business combination cttrolled By the same company and measure its alteration with fair value	8,327	—	8,327
Financial assets charged to Current profits and losses	85,013	85,013	—
Derivation financial instruments	1,044	1,044	—
Income tax	(60,205)	(69,488)	9,283
Special retroactive adjustment of B stock and H stock (Note 1)	55,510	23,389	32,121
Shareholders equity of Jaunary 1, 2007	<u>12,555,585</u>	<u>12,505,854</u>	<u>49,731</u>

Note 1: Special retroactive adjustment of B stock and H stock is the difference of capital depreciation established according to China enterprise accounting standard and Hong Kong accounting standard.

(continued)

7. Diversity regulation table complied according to China enterprise accounting standard and Hong Kong accounting standard.

The main difference between the financial statement compiled according to China enterprise accounting standard and the consolidated financial statements compiled according to Hong Kong accounting standard as follows:

	淨利潤 Retained profits 人民幣千元 Rmb'000	淨資產 Net assets 人民幣千元 Rmb'000
Compiled according to Hong Kong accounting standard	4,546,383	16,169,515
Expense amortization of defer employee	49,668	-
Compiled according to China enterprise accounting standard	4,596,051	16,169,515

Overseas auditors who compiled the financial report for this company according to 2007 Hong Kong accounting standard is Vocation Hong Kong accounting firm Co.,Ltd.

XVI. Financial statement authorize

This financial report authorized by board of directors of this company on March 25, 2008.

Remit to general meeting for discussion according to bylaws and this financial report.