

35. PENSION SCHEME

The Group is required to contribute to a pension scheme (the "Scheme") for its eligible employees. Under the Scheme, the Group's retirement benefit obligations to its existing retired and future retiring employees except for the medical expenses to retired employees, are limited to its annual contributions equivalent to the range of 18% – 22% (2007: 22.5%) of the basic salaries of the Group's employees, after certain adjustments on individual employee's salaries in accordance with applicable regulations. Contributions by the Group to the Scheme for the year ended 31 December 2008 amounted to RMB99,827,332 (2007:RMB 85,951,771).

36. PLEDGE OF ASSETS

Details of the Group's bank loans secured by the assets of the Group are include in note 27 to the financial statements.

37. CONTINGENT LIABILITIES

- i) In December 2005, one of the Company's oil tankers "Daiqing 91" leaked fuel during its voyage. After the investigation done by the Maritime Safety Administration, the leakage polluted the sea. Hence, there was a settlement agreement among Ministry of Communication, the Company and local authorities such as Maritime Safety Administration of Shandong Province, the Company would assume responsibility of the accident. As the Company had been insured with an insurance company in the United Kingdom, the provision of its liability is limited to RMB36 million. The Company had made provision for its estimated loss. Up to 31 December 2008, the Company is still in the process of settlement, litigation and claiming compensation from the insurance company.
- ii) In December 2007, "Fuzhou" collided with "Chongcheong 118", which sunk afterwards. According to the judgement made by the Maritime Law Court at Shanghai on 12 June 2008, Shanghai Boshan Steel had lost its claim. Shanghai Boshan Steel is preparing to make an appeal. Up to 31 December 2008, the case is still in progress. The Company had made provision for the estimated loss. Appropriate insurance has been taken up by the Company on the vessel. Up to 31 December 2008, the Company is still in the process of settling all the issues concerned.
- iii) In December 2007, one of the Company's cargo vessels "Zhenfen 10" collided with "Mowushunfeng 276", which sunk afterwards. The case is still under investigation up to 31 December 2008 and the Company has made provision for the estimated loss. Appropriate insurance has been taken up by the Company on the cargo vessel. On 3 January 2008, the Company signed an agreement with the owners and agreed to pay all the salvage expenses and, to settle the dispute, by agreeing to pay RMB3,000, 000 as compensation and waiving the amount of RMB50,000 due from the owner. Up to 31 December 2008, the Company is still in the process of claiming compensation from the insurance company.

37. CONTINGENT LIABILITIES (.../Cont'd)

- iv) In December 2007, one of the Company's cargo vessels, "Cheungshun" collided with "Changming 6" resulting in damages of its bow. The investigation was still in progress. The Company has made provision for the estimated loss from the claims, taking into consideration the amount that could be compensated by the insurance company. Up to 31 December 2008, the claiming of insurance is still in progress.
- v) In May 2008, one of the Company's cargo vessels "Ningon 11" collided with the pier at Shanghai resulting damages to the pier and the door. The case is still under investigation up to 31 December 2008. The Company has made provision for the estimated loss. Appropriate insurance has been taken up by the Company for the estimated loss from the claims. The Company is still in the process of claiming compensation from the insurance company at 31 December 2008.

38. OPERATING LEASE ARRANGEMENTS

a) As lessor

The Group leases certain of its vessels under operating lease arrangements, with leases negotiated for terms ranging from 1 to 6 years.

As at 31 December 2008, the Group and the Company had total future minimum lease rental receivables under non-cancellable operating leases falling due as follow:

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	344,173	442,735	99,114	49,973
In the second to fifth year, inclusive	16,585	57,704	16,585	5,904
After five years	1,497	1,353	1,497	1,353
	<u>362,255</u>	<u>501,792</u>	<u>117,196</u>	<u>57,230</u>

38. OPERATING LEASE ARRANGEMENTS (.../Cont'd)

(b) As lessee

The Group entered into non-cancellable operating lease arrangements on vessels, vehicles and buildings. The leases are negotiated for terms ranging from 1 to 5 years.

As at 31 December 2008, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	353,764	1,545,747	75,422	46,687
In the second to fifth year, inclusive	175,480	212,500	–	–
After five years	–	–	–	–
	<u>529,244</u>	<u>1,758,247</u>	<u>75,422</u>	<u>46,687</u>

39. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 38 above, the Group and the Company had the following capital commitments at the balance sheet date of which RMB1,509,107,000 (The Company: RMB872,916,000) will be due within the next financial year.

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Authorized and contracted for construction and purchases of vessel (Note)	21,110,745	23,436,298	9,053,685	8,886,700
Capital payable to jointly-controlled entities and subsidiary	–	163,377	–	163,377
	<u>21,110,745</u>	<u>23,599,675</u>	<u>9,053,685</u>	<u>9,050,077</u>

Note: According to the construction purchase agreements entered into by the Group in 2006 to 2008, these capital commitments will fall due as from 2009 to 2012 respectively.

40. DIFFERENCES IN FINANCIAL STATEMENTS PREPARED UNDER HK GAAP AND PRC GAAP

The Group has prepared a separate set of financial statements for the year ended 31 December 2008 in accordance with accounting principles generally accepted in the PRC ("PRC GAAP"). The major differences between the financial statements prepared under PRC GAAP and HKFRS are as followed:

	2008	2007
	RMB'000	RMB'000
Profit attributable to equity holders of the parent under HKFRS	5,373,010	4,546,383
Adjustments for deferred staff expenditure	<u>–</u>	<u>49,668</u>
Profit attributable to equity holders of the parent under PRC GAAP	<u>5,373,010</u>	<u>4,596,051</u>
Equity attributable to equity holders of the parent under HKFRS	21,548,470	16,169,515
Adjustments for deferred staff expenditure	<u>–</u>	<u>–</u>
Equity attributable to equity holders of the parent under PRC GAAP	<u>21,548,470</u>	<u>16,169,515</u>

41. RELATED PARTY TRANSACTIONS

In addition to the transactions and balance detailed elsewhere in these financial statements, business transactions between the Group and its holding company, fellow subsidiaries and jointly-controlled entities of the Group as well as related parties for the year ended 31 December 2008, which are also considered by the directors as related party transactions, are set out below:

- (1) A services agreement signed in October 2006 between the Company and China Shipping became effective subsequent to the approval by the independent shareholders at an extraordinary general meeting and class meeting for holders of H shares and A shares held on 28 December 2006. Pursuant to the services agreement and a supplementary agreement entered into in 2006, China Shipping, its subsidiaries or jointly-controlled entities will provide to the Group the necessary supporting shipping materials and services for the ongoing operating of the Group, including the provision of dry-docking and repairs services, lubricating oil, fresh water supplies, raw materials and bunker oil, as well as other services. The service agreement has been updated by a new agreement between China Shipping (and its subsidiaries and jointly-controlled entities) and is effective for 3 years from 1 January 2007 to 31 December 2009. The fees for the agreed supplies and services payable to China Shipping were determined with reference to, depending on applicability and availability, any one among the state price, market price or cost.

41. RELATED PARTY TRANSACTIONS (.../Cont'd)

Further details of the principal amounts paid by the Group to China Shipping, its subsidiaries or jointly-controlled entities in respect of the services agreement for the year ended 31 December 2008 are set out below:

	Pricing basis	2008 Total value RMB'000	2007 Total value RMB'000
Dry-docking and repairs	State-fixed prices or market prices	205,131	274,487
Supply of lubricating oil, fresh water supplies, raw materials, bunker oil, mechanical and electrical engineering, ship stores, white washing and water treatment on vessels, repairs and maintenance services for lifeboats	State-fixed prices or Market prices	2,783,385	2,120,825
Installation, repairs and maintenance of telecommunication and navigational services	State-fixed prices	48,113	32,904
Hiring of sea crew	Market prices	34,719	360,824
Accommodation, lodging, medical services and transportation for employees	State-fixed prices or market prices	8,538	933
Miscellaneous management services	Market prices	26,065	46,606
Agency commission	Market prices	153,428	87,289
Service fees on sale and purchase of vessels, accessories and other equipment	Market prices	8,578	9,676

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

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

	Notes	2008 RMB'000	2007 RMB'000
Vessel chartering charges paid	(a)	71,481	75,194
Vessel chartering income received	(b)	(15,846)	(32,629)
Sale of vessels	(c)	(274,450)	(173,404)
Vessel management fees		(2,089)	(2,566)
Purchases of vessels, construction in progress and other non-current assets	(d)	1,404,127	356,057
Shipment income		–	35,110
Interest expenses		–	23,593

41. RELATED PARTY TRANSACTIONS (.../Cont'd)

Note:

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

- A time charter-party agreement on 14 November 2007 with one of its fellow subsidiaries, namely China Shipping (Hong Kong) Holdings Co., Ltd. ("CSHK"), whereby the Company agreed to lease from this fellow subsidiary a vessel for a term of one year commencing 1 January 2008. The charter payment for this vessel for the year ended 31 December 2008 was RMB49,219,000 (2007: RMB48,744,000).

On 30 December 2008, CSHK and Xi Chuan Shipping S.A., a wholly-owned subsidiary of the Company, entered into a bare-boat charter where CSHK will lease the vessel Song Lin Wan to Xi Chuan Shipping S.A. for a term of one year commencing from 1 January 2009 to 31 December 2009 (both dates inclusive). The aggregate payment will be Usd6,935,000, such payments are to be made in cash.

- A time charter-party agreement on 14 November 2007 with one of its fellow subsidiaries, namely Shanghai Maritime Enterprises Corp., a wholly owned subsidiary of China Shipping, whereby the Company agreed to lease from this fellow subsidiary a vessel for a term of one year commencing 1 January 2008. The charter payment for this vessel for the year ended 31 December 2008 was RMB22,262,000 (2007: RMB26,450,000).

On the 30 December 2008, Shanghai Maritime Enterprises Corp. and the Company entered into a bare-boat charter where Shanghai Maritime Enterprises Corp. will lease the vessel Da Qing 88 to the Company for a term of one year commencing from 1 January 2009 to 31 December 2009 (both dates inclusive). The aggregate payment will be Usd3,193,750, such payments are to be made in cash.

China Shipping holds approximately 46.36% of the issued share capital of the Company and is the controlling shareholder of the Company. As defined in the Listing Rules, Shanghai Maritime Enterprises Corp. and CSHK are a connected person of China Shipping. Accordingly, the above mentioned bare-boat charter agreements are continuing connected transactions of the Group.

41. RELATED PARTY TRANSACTIONS (.../Cont'd)

(b) The Group has entered into the following agreements:

- Various bare-boat charter party agreements in 1998 with one of its fellow subsidiaries, namely China Shipping Container Lines Co., Ltd., – "CSCL", whereby the Company has agreed to lease to this fellow subsidiary three vessels for a term of 12 years commencing 4 September 1998, 18 September 1998 and 23 September 1998, respectively.
- Together with one of its subsidiaries, namely China Shipping Development (Hong Kong) Marine Co., Limited ("China Shipping Hong Kong"), various bare-boat charter-party agreements on 14 November 2007 with CSCL, whereby the Company and China Shipping Hong Kong have agreed to lease to this fellow subsidiary four and five vessels respectively for a term of six months to one year commencing 1 January 2008. The chartering income for these vessels for the year ended 31 December 2008 was RMB15,846,000 (2007: RMB32,629,000).

(c) The Group has entered into the following agreement:

On 27 June 2008, Xiang Wang Shipping S.A., Xiang Xin Shipping S.A., Xiang Xiu Shipping S.A. and Xiang Da Shipping S.A.(the "Vendors"), all being companies established in Panama and which are indirect wholly owned subsidiaries of the Company(the "Vendors") entered into the sale and purchase agreements with Shanghai Puhai Marine Transportation (Hong Kong) Limited(the "Purchaser"), a limited liability company established in Hong Kong and is an indirectly wholly owned subsidiary of China Shipping Container Lines Co., Ltd. ("CSCL")("Sale of Container Vessels Agreement"). Pursuant to the Sale of Container Vessels Agreement, the Vendors have agreed to sell five container vessels, namely, "Xiang Zhu", "Xiang Xiu", "Xiang Xing", "Xiang Wang" and "Xiang Da" (collectively, the "Container Vessels") with gross tonnages of 7,864, 4,018, 4,960, 4,960 and 4,018 respectively to the Purchaser at a total consideration of Usd36,520,000.

The total consideration is determined by reference to the assets valuation report on the Container Vessels dated 10 June 2008 issued by an independent and qualified PRC valuer, China Tong Cheng Assets Appraisal Co., Ltd. The Purchaser paid a 50% deposit on 3 July 2008 amounting to Usd18,260,000 and paid the balance of the same amount on 29 July 2008.

The Container Vessels were previously leased to CSCL under bare-boat charters and CSCL has requested to early terminate these bare-boat charters and since such container vessels could not be cost effectively modified to bulk cargo carriers, the Group decided to sell the container vessels to the purchaser.

China Shipping is the controlling shareholder of the Company by virtue of holding approximately 46.36% of the total issued share capital of the Company. China Shipping also holds 47.89% of CSCL, who wholly owns the Purchaser, therefore the Purchaser is a connected person of the Company.

41. RELATED PARTY TRANSACTIONS (.../Cont'd)

(d) The transaction consists mainly of the payments for construction in progress which the Group has entered into the agreements to construct the vessels in 2007 with one of the fellow subsidiary of China Shipping, China Shipping Industry, Co., Ltd. The total selling price was RMB5,840,122,000. The construction of the vessels shall be finished from 2009 to 2012 and the outstanding amount will be settled from 2009 to 2012 by installments.

(3) Outstanding balances with related parties:

Details of the Group's current account balances with its fellow subsidiaries as at the balance sheet date are disclosed in notes 21, 23 and 24 to the financial statements.

(4) Compensation of key management personnel of the Group:

	2008	2007
	RMB'000	RMB'000
Fees	440	320
Other emoluments:		
Salaries, allowances and benefits in kind	5,325	4,236
Pension scheme contributions	<u>154</u>	<u>340</u>
	<u>5,919</u>	<u>4,896</u>

Details of directors' and supervisor's emoluments are included in note 8 to the financial statements.

The related party transactions as disclosed in paragraphs (1) and (2) also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include bank loans, cash and short-term deposits and convertible bonds. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, principally including interest rate swap agreement and forward currency swap agreement. The purpose is to manage the interest rate and foreign exchange arising from the Group's operations and its sources of finance.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Management identifies, evaluates and mitigates financial risks in close co-operation with the Group's operating units. The Group has use derivative financial instruments to manage interest rate risk.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States Dollar ("Usd") and Hong Kong Dollar ("Hkd") against Chinese Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

At 31 December 2008, if Usd and Hkd had weakened/strengthened by 1% against Renminbi with all other variables held constant, post-tax profit for the year would have been RMB28,806,000 (2007: RMB26,134,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Usd and Hkd denominated trade receivables and payables and cash and cash equivalents.

The Group does not have significant exposure to foreign exchange risk.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (.../Cont'd)

(a) Market risk (.../Cont'd)

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group's exposures to changes in interest rates are mainly attributable to its borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk.

Borrowings at floating rates expose the Group to fair value interest rate risk. Details of the Group's borrowings have been disclosed in Note 26 and 27. To minimize its interest expenses, the Group entered into interest rate swaps from time to time to mitigate the interest rate risk.

At 31 December 2008, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's post-tax profit for the year would have been RMB38,794,000 (2007: RMB35,281,000) lower/higher, the Company's post-tax profit for the year would have been RMB18,297,000 (2007: RMB12,647,000) lower/higher, mainly as a result of higher/lower interest expenses on floating rate borrowings.

(b) Credit risk

Credit risk is managed on a group basis. The Group's credit risk mainly arises from cash and cash equivalents as well as trade and other receivables. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

As at 31 December 2008 and 2007, all the cash and cash equivalents were deposited in the high quality financial institutions without significant credit risk.

The table below shows the bank balances of the 5 major banks at the balance sheet date. Management does not expect any losses from non-performance by these banks.

Counterparty	Bank credit rating	2008 RMB'000
Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aa2 / Prime-1 / Negative ¹	496,949
China Merchants Bank	Baa3 / Prime-3 / Stable ¹	350,299
Bank of China (Hong Kong) Limited	Aa3 / Prime-1 / Stable ¹	254,686
Industrial and Commercial Bank of China Limited	A1 / Prime-1 / Stable ¹	201,047
Hua Xia Bank	D/E ²	100,000

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (.../Cont'd)

(b) Credit risk (.../Cont'd)

Counterparty	Credit rating	2007 RMB'000
Citibank	A1 / Prime-1 / Stable ¹	264,874
Industrial and Commercial Bank of China Limited	A1 / Prime-1 / Stable ¹	258,140
China Merchants Bank	Baa3 / Prime-3 / Stable ¹	189,700
Bank of China	A1 / Prime-1 / Stable ¹	69,215
DNB Nor Bank	Aa1 / Prime-1 / Negative ¹	27,848

The Group does not have significant exposure to credit risk.

¹ Rating information provided by Moody's.

² Rating information provided by Fitch Ratings.

The Group has put in place policies to ensure that sales of products are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances.

The table below shows the balance of the five major debtors at the balance sheet date.

Counterparty	2008 RMB'000
寧波中海油船務有限公司	32,813
華陽電業有限公司	28,874
揚州第二發電有限公司	26,584
Baosteel Resources Co., Ltd.	20,818
U.S. Agency for International	18,453

Counterparty	2007 RMB'000
洋浦中油華遠船務有限公司	20,983
中國石油化工股份有限公司上海高橋分公司	19,599
上海電力燃料公司	15,688
中國石油化工股份有限公司金陵分公司	10,426
寧波中海油船務有限公司	10,030

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (.../Cont'd)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities.

The Group aims to maintain flexibility in funding by keeping credit lines available at all time.

The table below analyzes the Group's financial liabilities and derivative financial liabilities (net settled and gross settled derivative financial instruments) into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

At 31 December 2008

	Less than 1 year	Between 1 and 2 years	Over 2 years	Total RMB'000
Bank borrowings	920,948	1,288,566	4,240,245	6,449,759
Interest payments on bank borrowings	26,415	–	–	26,415
Derivative financial instruments	–	7,333	46,364	53,697
Trade payables	522,978	5,849	–	528,827
Other payables and accruals	294,531	–	177,347	471,878
Other loan	–	–	442,067	442,067

Group

At 31 December 2007

	Less than 1 year	Between 1 and 2 years	Over 2 years	Total RMB'000
Bank borrowings	721,825	1,316,857	2,237,984	4,276,666
Interest payments on bank borrowings	3,914	–	–	3,914
Trade payables	451,011	11,133	2	462,146
Other payables and accruals	419,819	–	54,000	473,819

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (.../Cont'd)

(c) Liquidity risk (.../Cont'd)

Company

At 31 December 2008

	Less than 1 year	Between 1 and 2 years	Over 2 years	Total RMB'000
Bank borrowings	778,422	594,355	2,153,335	3,526,112
Interest payments on bank borrowings	11,524	–	–	11,524
Trade payables	499,235	5,747	–	504,982
Other payables and accruals	203,684	–	109,000	312,684

Company

At 31 December 2007

	Less than 1 year	Between 1 and 2 years	Over 2 years	Total RMB'000
Bank borrowings	83,600	41,800	1,955,540	2,080,940
Interest payments on bank borrowings	3,914	–	–	3,914
Trade payables	380,003	11,133	2	391,138
Other payables and accruals	201,682	–	54,000	255,682

43. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The management monitors the Group's capital structure on the basis of a net debt-to-equity ratio. For this purpose, the Group defines net debt as total debt which includes interest-bearing loans and borrowings and trade and other payables plus unaccrued proposed dividends, less cash and cash equivalents.

The Group's and Company's net debt-to-equity ratio at 31 December 2008 and 2007 was as follow:

43. CAPITAL RISK MANAGEMENT (.../Cont'd)

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Total borrowings	6,891,826	4,276,666	3,526,112	2,080,940
Less: Cash and cash equivalents	(1,858,401)	(1,079,768)	(1,335,865)	(549,402)
Net debt	5,033,425	3,196,898	2,190,247	1,531,538
Total equity	21,548,470	16,169,515	19,335,643	14,930,075
Debt to equity ratio	23%	20%	11%	10%

44. POST BALANCE SHEET EVENT

- (i) At the first board meeting held on 8 January 2009, the Company passed the resolution regarding the formation of a joint venture shipping company with registered capital RMB100,000,000 by the Company and Beijing Shougang Investment Management Limited and China Shougang International Trade & Engineering Corp. (CSITEC), a wholly-owned subsidiary of Shougang Group. The Company will account for 51% equity holding of the joint venture shipping company and will contributing RMB51,000,000 in the form of two 10,000 to 15,000 tons vessels to the joint venture company with references to the valuation (Cash will be delivered to the company for the difference between RMB51,000,000 and the valuation of the two vessels, if the valuation of the 2 vessels is lower than RMB51,000,000).
- (ii) At the second board meeting held on 6 February 2009, the Company passed the resolution of the proposed issue of the medium-term notes (the "Medium-Term notes") with a principal amount of not more than RMB5 billion (inclusive) to inter-bank bond market institutional investors in the PRC, but not to the public. The maturity of the notes is to be determined and the interest rate of the Medium-Term Notes will be determined according to the market conditions prevailing at the time of issue, but it would not be higher than the prime rate for bank loans quoted by the People's Bank of China for the corresponding period.
- (iii) At the third board meeting held on 13 February 2009, the Company passed the resolution regarding to enter into the investment with China Shipping (Group) Company ("China Shipping") and its wholly-owned subsidiaries or subsidiaries, Guangzhou Maritime Transport (Group) Co., Ltd. ("Guangzhou Maritime Transport"), China Shipping Container Lines Company Limited ("CSCL") and China Shipping (Hainan) Haisheng Shipping and Enterprise Co., Ltd. ("CS Haisheng") for the establishment of CS Finance Company Limited ("CS Finance Company"). The registered capital of CS Finance Company is RMB300,000,000, out of which 25% shall be contributed by the Company and China Shipping and CSCL together with the 20%, amounted to RMB 60,000,000 and 5%, amounted to RMB15,000,000 contributed by Guangzhou Maritime Transport and CS Haisheng respectively.

44. POST BALANCE SHEET EVENT (.../Cont'd)

- (iv) At the forth board meeting held on 10 March 2009, the Company passed the resolution regarding the formation of a joint venture company, with a registered capital Usd5,000,000, by the Company and PetroChina International Co., Ltd., a subsidiary of PetroChina Company Limited. The joint venture company is tentatively named China Northern Liquefied Natural Gas Transportation Investment Co., Ltd. and the place of incorporation of the company is Hong Kong. Through joint contribution, the Company will contribute Usd4,500,000, representing 90% of the registered capital; PetroChina International Co., Ltd. will contribute Usd500,000, representing 10% of the registered capital.
- (v) At the forth board meeting held on 10 March 2009, the Company passed the resolution to the application for an entrusted loan of not more than RMB3 billion and with a term of less than six months from China Shipping (Group) Company with interest rate less than the benchmark rate for loans under six months quoted by the People's Bank of China as at the date of entering into the Entrusted Loan Agreement.
- (vi) According to the fifth resolution of Board of Directors held on 17 March 2009, the Company will distribute 10% of its net profit of RMB4,610,574,900 to the statutory surplus reserve, the directors also proposed to pay a final dividend for the year 2008 of RMB0.3 per share based on the number of shares issued as at 31 December 2008. The resolution proposing the final dividend will be submitted to the forth-coming annual general meeting.

45. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

46. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 17 March 2009.