

***THE FINANCIAL STATEMENTS IN ACCORDANCE
WITH CHINESE ACCOUNTING STANDARDS***

To the shareholders of China Shipping Development Company Limited:

We have audited the accompanying balance sheet of China Shipping Development Company Limited(The “Group”) as at December 31, 2002 and the related statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Independent Audit Standards of China. Our audit includes an examination, on a test basis, of the company’s accounting records and other audit procedures that we consider necessary. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Group’s financial statements have been prepared in accordance with Accounting Standards of the People’s Republic of China and Accounting regulations for Enterprises, and present fairly, in all material respects, the financial position of the Company as at December 31, 2002, and the results of operations and the changes of cash flow for the year then ended and the accounting policies have been consistently applied.

BDO International
Shanghai Zhonghua

Shanghai, the PRC
March 25 2003