

**中國註冊會計師  
審計報告**

**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 Company") as at December 31, 2003 and the related statement of income and cash flows for the year then ended. The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

We conducted our audit in accordance with the Independent Audit Standards of China. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the audited financial statements present fairly, in all material aspects, the financial position as at December 31, 2003 of the Company and the results of its operations and the cash flows for the year then ended, and are in conformity with "Accounting Standards for Enterprises" and "Accounting Regulations for Enterprises" of the People's Republic of China.

BDO Shanghai Zhonghua

Shanghai, the PRC  
March 12 2004