CHINA SHIPPING DEVELOPMENT COMPANY LIMITED
中海發展股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01138)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

Financial Highlights

- Revenue decreased by approximately 49.3% to approximately RMB8.73 billion
- Profit attributable to equity holders decreased by approximately 80.2% to approximately RMB1.065 billion
- Earnings per share was RMB0.3128
- A final dividend of RMB0.10 per share is recommended by the Board

The board (the "**Board**") of directors (the "**Directors**") of China Shipping Development Company Limited (the "**Company**") is pleased to announce the annual results of the Company and its subsidiaries (together referred to as the "**Group**") for the year ended 31 December 2009 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2008. The Group's annual results have been audited by UHY VOCATION HK CPA LIMITED (天職香港會計師事務所有限公司) (certified public accountants in Hong Kong), the Company's international auditors.

1. PRINCIPAL FINANCIAL DATA AND STATISTICS HIGHLIGHTS

The annual results of the Group for the Reporting Period have been audited by UHY VOCATION HK CPA LIMITED and compared with those for the year ended 31 December 2008 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2009

	2009 *RMB'000*	**2008** *RMB'000* *(Restated)*
Continuing operations		
Revenue		
Turnover	8,729,969	17,214,283
Operating costs	(7,260,412)	(11,110,771)
Gross Profit	1,469,557	6,103,512
Other income and gains	251,572	460,900
Marketing expenses	(38,955)	(37,907)
Administrative expenses	(286,756)	(256,883)
Other expenses	(44,397)	(284,429)
Share of profits of jointly-controlled entities	61,099	531,566
Finance costs	(69,783)	(84,074)
PROFIT BEFORE TAX	1,342,337	6,432,685
Tax	(277,696)	(1,056,690)
PROFIT FOR THE YEAR	1,064,641	5,375,995
Other comprehensive income		
Exchange realignment	(10,353)	(244,750)
Net gain / (loss) on cash flow hedges	7,738	(22,064)
Other comprehensive losses for the year (net of tax)	(2,615)	(266,814)
Total comprehensive income for the year	1,062,026	5,109,181
Profit attributable to:		
Equity holders of the parent	1,064,794	5,373,010
Non-controlling interests	(153)	2,985
	1,064,641	5,375,995
Total comprehensive income attributable to:		
Equity holders of the parent	1,062,195	5,105,800
Non-controlling interests	(169)	3,381
	1,062,026	5,109,181
Earnings per share		
From continuing operations	31.28 cents	158.64 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2009

	2009	**2008**
	RMB'000	*RMB'000*
		(Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	28,648,891	25,100,467
Investments in jointly-controlled entities	1,614,781	1,628,682
Available-for-sale investments	4,300	4,300
Derivative financial instruments	1,326	54,273
Total non-current assets	30,269,298	26,787,722
CURRENT ASSETS		
Bunker oil inventories	349,736	272,245
Trade and bills receivables	670,257	784,542
Prepayments, deposits and other receivables	362,996	241,115
Assets classified as held for sale	55,115	—
Cash and cash equivalents	2,222,147	1,942,970
Total current assets	3,660,251	3,240,872
CURRENT LIABILITIES		
Trade and bills payables	1,037,843	528,827
Other payables and accruals	839,735	321,327
Provisions - current portion	20,000	—
Tax payable	9,745	63,039
Current portion of notes, interest-bearing bank and other borrowings	1,322,373	920,948
Total current liabilities	3,229,696	1,834,141
NET CURRENT ASSETS	430,555	1,406,731
TOTAL ASSETS LESS CURRENT LIABILITIES	30,699,853	28,194,453

	2009	2008
	RMB'000	*RMB'000*
		(Restated)
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	3,404,552	3,404,552
Reserves	17,649,566	17,028,102
Proposed final dividend	340,455	1,021,366
	21,394,573	21,454,020
Non-controlling interests	243,281	194,450
Total equity	21,637,854	21,648,470
NON-CURRENT LIABILITIES		
Other loan	441,658	442,067
Provisions	81,000	177,347
Derivative financial instruments	1,125	53,697
Notes, interest-bearing bank, and other borrowings	8,215,534	5,528,811
Deferred tax liabilities	322,682	344,061
Total non-current liabilities	9,061,999	6,545,983
TOTAL EQUITY AND NON-CURRENT LIABILITIES	30,699,853	28,194,453

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2009

	2009	**2008**
	RMB'000	*RMB'000*
		(Restated)
Net cash inflow from operating activities	1,908,308	6,047,060
CASH FLOWS USED IN INVESTING ACTIVITIES		
Interest received	30,429	25,617
Payments for construction in progress	(3,739,485)	(6,882,893)
Purchases of property, plant and equipment	(4,674)	(6,264)
Proceeds from disposal of property, plant and equipment	205,379	573,506
Dividends received from jointly-controlled entities	150,000	149,855
Dividends received from available-for-sale investments	1,319	932
Dividends received from equity investments at fair value through profit or loss	—	1,420
Investments in jointly-controlled entities increased	(75,000)	(84,000)
Proceeds from disposal of equity investments at fair value through profit or loss	—	88,131
Acquisition of subsidiary under common control	(100,276)	—
Net cash outflow used in investing activities	(3,532,308)	(6,133,696)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(246,303)	(296,911)
Dividend paid	(1,021,366)	(1,702,276)
Proceeds from issue of medium term notes	5,000,000	—
Payments for redemption of convertible bonds	—	(11,827)
Proceeds from termination of cross currency swaps	60,441	—
Payments for termination of interest rate swaps	(34,011)	—
New bank loans	6,025,904	4,332,452
Repayment of bank loans	(7,920,648)	(1,978,013)
Loan from minority shareholder of subsidiary	—	455,726
Contribution from minority shareholders of subsidiaries	49,000	94,846
Net cash inflow from financing activities	1,913,017	893,997
NET INCREASE IN CASH AND CASH EQUIVALENTS	289,017	807,361
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,942,970	1,166,873
Effect of foreign exchange rate changes, net	(9,840)	(31,264)
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,222,147	1,942,970
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,222,147	1,942,970

Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), Interpretations and Accounting Guidelines issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also complied with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out in the consolidated financial statements.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period for the Group. Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the consolidated financial statements.

1.2 BASIS OF PREPARATION

The consolidated financial statements include the financial statements of the Group for the Reporting Period. The consolidated financial statements have been prepared using the principles of merger accounting as prescribed in Hong Kong Accounting Guildeline 5 "Merger Accounting for Common Control Combinations". All significant intercompany transactions and balances within the Group are eliminated on consolidation. The measurement basis used in the preparation of the financial statements is the historical cost basis except for certain financial instruments which have been measured at fair value.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

These financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Group, and all values are rounded to the nearest thousand except where otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") AND CHANGES IN ACCOUNTING POLICIES

(1) *Impact of new and revised HKFRSs*

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements, the adoption of these new and revised standards and interpretations has had no material effect on the results and financial position of the Group for the current or prior accounting periods:-

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS5 that is effective for annual periods beginning or after July 1, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of Investment in a Subsidiary, Jointly controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment - Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 and HKAS 39 (Amendment)	Reassessment of Embedded Derivatives and Financial Instrument: Recognition and measurement
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfer of Assets from Customers

(2) *Impact of HKFRSs issued but not yet effective*

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective in these financial statements.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[1]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Presentation - Classification of Right Issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HK(IFRIC)-Int 14 (Amendment)	Prepayment of a Minimum Funding Requirment[6]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]
HK-Int 4 (Amendment)	Determination of Length of Lease Term in respect of Hong Kong Land Leases[3]

In May 2009, the HKICPA issued Improvements to HKFRSs* which set out amendments to HKFRSs, primarily with a view to removing inconsistencies and clarifying wording. The Group expects to adopt the amendments to HKFRSs from 1 January 2010. There are separate transitional provisions for each standard. While the adoption of some of them may result in changes in accounting policy, none of these amendments are expected to have a material financial impact on the Group.

1 Effective for annual periods beginning on or after July 1, 2009
2 Amendments that are effective for annual periods beginning on or after July 1, 2009 or January 1, 2010, as appropriate
3 Effective for annual periods beginning on or after January 1, 2010
4 Effective for annual periods beginning on or after February 1, 2010
5 Effective for annual periods beginning on or after July 1, 2010
6 Effective for annual periods beginning on or after January 1, 2011
7 Effective for annual periods beginning on or after January 1, 2013

* Improvements to HKFRSs contain amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.

3. REVENUE AND SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments. The Group's business segments are categorised as follows:

(i) oil shipment;

(ii) dry bulk shipment;

— coal shipment

— other dry bulk shipment

(iii) rental income from vessel chartering

Business segments

There is seasonality for the Group's turnover but the effect is small. An analysis of the Group's turnover and contribution to profit from operating activities by principal activity and geographical area of operations for the year is set out as follows:

	2009		2008	
	Turnover	**Contribution**	**Turnover**	**Contribution**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Restated)	*(Restated)*
By principal activity:				
Oil shipment	4,913,520	987,568	5,994,525	1,795,648
Dry bulk shipment				
- Coal shipment	2,765,739	500,196	6,872,280	3,436,601
- Other dry bulk shipment	854,432	(16,142)	2,487,621	970,955
Rental income from vessels chartering	196,278	(2,065)	1,859,857	(99,692)
	8,729,969	1,469,557	17,214,283	6,103,512
Other income and gains		251,572		460,900
Marketing expenses		(38,955)		(37,907)
Administrative expenses		(286,756)		(256,883)
Other expenses		(44,397)		(284,429)
Share of profits of jointly-controlled entities		61,099		531,566
Finance costs		(69,783)		(84,074)
Profit before tax		1,342,337		6,432,685
Total segment assets				
Oil shipment		18,747,527		15,604,206
Dry bulk shipment		12,827,768		12,054,454
Unallocated corporate assets		2,354,254		2,369,934
		33,929,549		30,028,594
Total segment liabilities				
Oil shipment		8,140,444		4,248,368
Dry bulk shipment		3,813,646		3,791,674
Unallocated corporate liabilities		337,605		340,082
		12,291,695		8,380,124

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The net book values of oil vessels and dry bulk vessels at 31 December 2009 amounted to RMB13,168,917,000 and RMB5,315,399,000 respectively.

Geographical segments

	2009		2008	
	Turnover	**Contribution**	**Turnover**	**Contribution**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(Restated)	*(Restated)*
By geographical area:				
Domestic	5,282,014	1,434,987	9,417,115	4,211,445
International	3,447,955	34,570	7,797,168	1,892,067
	8,729,969	1,469,557	17,214,283	6,103,512
Other income and gains		251,572		460,900
Marketing expenses		(38,955)		(37,907)
Administrative expenses		(286,756)		(256,883)
Other expenses		(44,397)		(284,429)
Share of profits of jointly-controlled entities		61,099		531,566
Finance costs		(69,783)		(84,074)
Profit before tax		1,342,337		6,432,685
Turnover				
Total segment turnover		8,729,969		17,214,283
Less: inter-company transactions		—		—
Total consolidated turnover		8,729,969		17,214,283

The principal assets employed by the Group are located in the PRC, and accordingly, no segment analysis of assets and expenditure has been prepared for the year.

4. OTHER INCOME AND GAINS

	Group	
	2009	**2008**
	RMB'000	*RMB'000*
		(Restated)
Other income		
Interest income	30,429	25,617
Government subsidy (Note)	33,377	25,000
Others	4,561	16,401
	68,367	67,018
Gains		
Gain on disposal of property, plant and equipment, net	125,311	385,334
Exchange losses, net	(5,096)	(2,121)
Dividends receive from equity investment	1,319	—
Gains on termination of cross currency swaps	60,441	—
Others	1,230	10,669
	183,205	393,882
Other income and gains	251,572	460,900

Note: During the year, the Group, received government subsidy for business development purpose. There were no unfulfilled conditions or contingencies relating to these subsidy.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Group	
	2009	**2008**
	RMB'000	*RMB'000*
		(Restated)
Cost of shipping services rendered:		
Bunker oil inventories consumed and port fees	3,269,953	4,704,521
Others (Including vessel depreciation and crew expenses)	3,990,459	6,406,250
Depreciation	1,071,585	1,039,505
Operating lease rentals:		
Land and buildings	37,575	26,236
Vessels	418,276	2,690,387
Total operating lease rentals	455,851	2,716,623
Auditor's remuneration	2,980	2,800
Staff costs (including directors' remuneration)		
Wages, salaries, crew expenses and related expenses	1,198,250	1,299,082
Pension scheme contributions	132,099	100,043
Total staff costs	1,330,349	1,399,125
Gain on disposal of property, plant and equipment, net	(125,311)	(385,334)
Provision/(reversal of provision) for bad and doubtful debts	207	(8,161)
Impairment loss on property, plant and equipment	—	108,546
Loss on disposal of equity investments at fair value through profit or loss	—	169,269
Gains on termination of cross currency swaps	(60,441)	—
Losses on termination of interest rate swaps	34,011	—
Dry-docking and repairs	487,851	534,599
Government subsidy	(33,377)	(25,000)

6. FINANCE COSTS

	Group 2009 RMB'000	2008 RMB'000 (Restated)
Total finance costs		
Interest expenses on:		
- Convertible bonds	—	19,739
- Bank loans		
Interest on bank loans, overdraft or loan from capital market wholly repayable or by installment within five years	116,028	171,342
Interest on bank loans, overdraft or loan from capital market not required wholly repayable or by installment within five years	49,927	113,625
- Notes	56,553	—
Hedge loan interest	17,545	4,482
Other loan or borrowings costs and charges	6,251	—
	246,304	309,188
Less: Interest capitalised	(176,521)	(225,114)
Finance costs	69,783	84,074

7. TAX

(i) Hong Kong Profits Tax

On 26 June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong profits tax was not provided for in the financial statements as the Group did not have any assessable profits arising in Hong Kong during the year ended 31 December 2009.

(ii) PRC Corporate Income Tax

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "new CIT Law"). The Company is entitled to a preferential income tax rate of 18%-24% effective from 1 January 2008. The existing preferential tax rate currently enjoyed by the Group is gradually transited to the new standard rate of 25% over a five-year transitional period. Accordingly, the People's Republic of China ("PRC") corporate income tax of the Company has been provided at the rate of 20% (2008:18%) on the estimated assessable profits for the year.

Non-resident enterprises without an establishment or a place of business in the PRC or which have an establishment or a place of business in the PRC but which relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividends derived from sources within the PRC. The Group has already assessed the impact of the New Tax Law regarding this withholding tax and considered the New Tax Law would not have a significant impact on the results of operations and financial position of the Group.

	Group 2009	Group 2008
	RMB'000	*RMB'000*
		(Restated)
Group:		
Current - Hong Kong	—	—
Current - PRC		
Charge for the year	259,933	935,635
Under provision in prior years	30,187	27,969
Deferred tax	(12,424)	93,086
Total tax charge for the year	277,696	1,056,690

	Company 2009	Company 2008
	RMB'000	*RMB'000*
Company:		
Tax	289,412	962,183
Deferred tax	—	(45,800)
Total tax charge for the year	289,412	916,383

Income tax for the year of jointly-controlled entities attributable to the Group amounted to RMB14,189,000 (2008: RMB117,177,000).

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the country in which the Company, its subsidiaries and jointly-controlled entities are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e. the statutory tax rate) to the effective tax rate, is as follows:

	2009 *RMB'000*	%	**2008** *RMB'000* *(Restated)*	%
Profit before tax	1,342,337		6,432,685	
Tax at the statutory tax rate	268,468	20.0	1,157,883	18.0
Higher/(Lower) tax rate for specific provinces	6,981	0.5	(12,231)	(0.2)
Adjustments in respect of current tax of previous periods	30,187	2.2	27,969	0.4
Expenses not deductible for tax	6,556	0.5	6,084	0.1
Income not subject to tax	(34,496)	(2.6)	(123,015)	(1.9)
Tax charge at the Group's effective rate	277,696	20.6	1,056,690	16.4

Tax payable in the consolidated statement of financial position represented by:

	2009 *RMB'000*	**2008** *RMB'000* *(Restated)*
Income tax payable at the beginning of the year	63,039	50,514
Provision for Corporate income tax during the year	259,933	935,635
Increase of provision tax of previous year	30,187	27,969
Income tax paid	(343,414)	(951,079)
Income tax payable at the end of the year	9,745	63,039

8. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated profit attributable to equity holders of the parent for the Reporting Period includes a profit of RMB1,231,123,000 (2008: RMB4,228,863,000) which has been dealt within the financial statements of the Company.

9. DIVIDEND

The dividend paid in 2009 was RMB1,021,366,000 (representing 2008 final dividend of RMB0.30 per share).

	2009 *RMB'000*	2008 *RMB'000* *(Restated)*
Proposed final: RMB 0.10 (2008: RMB 0.30) per ordinary share	340,455	1,021,366

The proposed final dividend for the year 2009 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting to be held in 2010.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2009	2008 *(Restated)*
Profit attributable to equity holders of the Company *(RMB'000)*	1,064,794	5,373,010
Weighted average number of ordinary shares in issue *(thousands)*	3,404,552	3,386,989
Basic earnings per share (RMB cents per share)	31.28	158.64

Diluted earnings per share is the same as the basic earnings per share, as the Company does not have any potential dilutive ordinary shares during the year ended 31 December 2009 (2008: Nil).

11. TRADE AND BILLS RECEIVABLES

	Group		Company	
	2009 *RMB'000*	2008 *RMB'000* *(Restated)*	2009 *RMB'000*	2008 *RMB'000*
Trade and bills receivables	670,464	784,542	552,018	674,426
Provision for doubtful debts	(207)	—	—	—
Trade and bills receivables, net	670,257	784,542	552,018	674,426

The carrying amounts of trade and bills receivables approximate their fair values.

An aged analysis of the trade and bills receivables of the Group and the Company as at the statement of financial position reporting date, based on the invoice date, is as follows:

	Group			
	2009		**2008**	
	Balance	**Percentage**	**Balance**	**Percentage**
	RMB'000	*%*	*RMB'000*	*%*
			(Restated)	*(Restated)*
1 - 3 months	649,721	97	716,890	92
4 - 6 months	12,949	2	63,548	8
7 - 9 months	984	—	1,557	—
10 - 12 months	—	—	2,547	—
1 - 2 years	6,810	1	—	—
	670,464	100	784,542	100
Provision for doubtful debts	(207)		—	
Trade and bills receivables, net	670,257		784,542	

	Company			
	2009		**2008**	
	Balance	**Percentage**	**Balance**	**Percentage**
	RMB'000	*%*	*RMB'000*	*%*
1 - 3 months	538,467	98	612,413	91
4 - 6 months	12,594	2	61,695	9
7 - 9 months	957	—	318	—
10 - 12 months	—	—	—	—
1 - 2 years	—	—	—	—
	552,018	100	674,426	100
Provision for doubtful debts	—		—	
Trade and bills receivables, net	552,018		674,426	

No impairment loss is provided for the trade receivables that are neither past due nor impaired because these receivables are within credit period granted to the respective customers and the management considers the default rate is low for such receivables based on historical information and past experience.

In determining the recoverability of a trade receivable, the Group considers any change in credit quality of the trade receivable from the date credit was initially granted up to the reporting date. In view of the good settlement history of those receivables of the Group which are past due but not impaired for the year, the Directors of the Company consider that no allowance is required.

Included in trade receivables for 2009 are debtors with carrying amounts of approximately RMB20,743,000 (2008:RMB67,652,000) which are past due as at the reporting date for which the Group had not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. Included in RMB20,743,000 is an amount of approximately RMB207,000 (2008: nil), the Directors consider that allowance is required.

Ageing of trade receivables which are past due but not impaired:

	Group 2009	Group 2008
	RMB'000	*RMB'000*
		(Restated)
1 - 6 months	12,949	63,548
7 months - above 1 year	7,587	4,104
	20,536	67,652

The Group normally allows an average credit period of 30 days to its major customers. In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

IMPAIRMENT OF TRADE RECEIVABLES

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

Movements on the provision for impairment of trade receivables are as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
		(Restated)		
At 1 January	—	9,495	—	—
Provision/(reversal of provision) for bad and doubtful debts	207	(9,495)	—	—
At 31 December	207	—	—	—

The Group does not hold any collateral over these balances.

The carrying amounts of the trade and bills receivables of the Group and the Company are denominated in the following currencies:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
		(Restated)		
USD	217,539	206,757	104,411	149,263
RMB	452,718	577,785	447,607	525,163
	670,257	784,542	552,018	674,426

12. TRADE AND BILLS PAYABLES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RMB'000	*RMB'000* *(Restated)*	*RMB'000*	*RMB'000*
Trade and bills payables	792,686	247,243	723,147	194,783
Due to subsidiaries	—	—	—	36,894
Due to fellow subsidiaries	245,157	281,584	210,078	273,305
	1,037,843	528,827	933,225	504,982

The carrying amount of trade and bills payables approximate their fair values.

An aged analysis of trade and bills payables as at the statement of financial position reporting date , base on the invoice date, is as follows:

	Group			
	2009		**2008**	
	Balance	**Percentage**	**Balance**	**Percentage**
	RMB'000	*%*	*RMB'000* *(Restated)*	*%* *(Restated)*
1 - 3 months	921,661	89	410,973	79
4 - 6 months	30,978	3	12,914	2
7 - 9 months	46,084	4	7,566	1
10 - 12 months	20,415	2	91,525	17
1 - 2 years	14,316	1	5,849	1
Over 2 years	4,389	1	—	—
	1,037,843	100	528,827	100

	Company			
	2009		**2008**	
	Balance	**Percentage**	**Balance**	**Percentage**
	RMB'000	*%*	*RMB'000*	*%*
1 - 3 months	821,806	88	400,925	80
4 - 6 months	31,071	3	6,888	1
7 - 9 months	45,381	5	4,681	1
10 - 12 months	14,209	2	86,741	17
1 - 2 years	16,480	2	5,747	1
Over 2 years	4,278	—	—	—
	933,225	100	504,982	100

The trade and bills payables are non-interest-bearing and are normally settled in 1 - 3 months.

The trade and bills payables are denominated in the following currencies:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RMB'000	*RMB'000* *(Restated)*	*RMB'000*	*RMB'000*
USD	229,579	201,563	129,874	198,892
RMB	790,498	307,417	785,900	286,413
JPY	7,542	8,791	7,430	8,790
AUD	4,795	4,482	4,702	4,464
GBP	2,042	2,756	2,042	2,756
EUR	—	2,465	—	2,465
HKD	2,977	802	2,922	651
Others	410	551	355	551
	1,037,843	528,827	933,225	504,982

II. MANAGEMENT DISCUSSION AND ANALYSIS

1. Analysis of the International and Domestic Shipping Market during the Reporting Period

The Group is principally engaged in the cargo shipping business which mainly consists of the shipment of oil and dry bulk cargoes (primarily coal) along the coastal region of the PRC and internationally.

In 2009, the world economy is entering into a stage of adjustment and recovery after the serious impact of the financial crisis, with China's economy taking the lead to stabilize and rebound. According to National Bureau of Statistics, China's GDP grew 8.7% in 2009 compared with the same period in 2008.

In 2009, the international shipping market also underwent profound changes. Driven by the gradual economic rebound, there was a slight increase in demand for shipment. However, in light of the oversupply of shipping capacity, the shipping market was in a depressed state throughout the year, with a number of market segments operating without profit. 2009 was the most difficult year of the shipping industry in the new century.

As for the dry bulk cargo shipping market, driven by the series of stimulus policies of the Chinese Government, domestic iron ore and coal imports increased significantly. According to statistics of General Administration of Custom, China imported 628 million tons of iron ore in 2009, representing an increase of 41.6% compared with the same period in 2008. According to data released by National Energy Administration, China imported a total of 126 million tons of coal in 2009, an increase of 211.9 % compared with the same period in 2008, which is also a record high. Due to the China factor, the performance of the international dry bulk cargo shipping market fluctuated throughout the year. The Baltic Dry Bulk Freight Rate Index (the "BDI") averaged daily in 2009 at 2,617 points, down 59% compared with the same period in 2008.

As for the domestic coastal bulk shipping market, despite seasonal surge at the end of 2009, freight rates were low throughout the year, and the coastal consolidated dry bulk freight index ("CCBFI") averaged daily in 2009 at 1,218 points, fell by 41.8% compared with the same period in 2008.

In 2009, worldwide economic slowdown resulted in the negative growth in oil demand. Meanwhile, there were a large number of new tankers deliveries, leading to serious excess of shipping capacity in the tanker shipping market, and an overall significant fall in the freight rates of various routes in the international oil tanker shipping market. The Baltic Dirty Oil Tanker Freight Rate Index ("BDTI") in 2009 averaged daily at 581 points, representing a decrease of 61.5 % compared with the same period in 2008. The World Scale Index ("WSI") for the shipping routes from the Middle East to Japan, being one of the freight rate indicators for very large crude oil carriers ("VLCC") in 2009 averaged daily at 41.7 points, representing a decrease of 68.7% compared with the same period in 2008.

In 2009, the overall demand for domestic coastal oil shipment was relatively stable, and the freight rates remained stable. The Group further enhanced strategic cooperation with major customers so as to keep a stable market share in the domestic coastal oil shipping market which has become the highlight of the Group's operations.

2. **Analysis of the Principal Operations of the Group**

In 2009, faced with the dramatic changes in shipping market, the Group persisted in taking domestic coastal coal shipping and oil shipping business as its core business, strengthened the strategic cooperation with its major customers and made efforts to promote meticulous management and enhance various cost control, energy saving and emission reduction measures. As a result, the Group's operations and safety management worked smoothly, maintaining an overall healthy development.

During the Reporting Period, the shipping volume achieved by the Group was approximately 221.7 billion tonne-nautical miles, and the total revenue derived from shipment was approximately RMB8.73 billion (after business tax and surplus, the same below), representing a decrease of 3.30% and 49.3% as compared with those of the same period in 2008 respectively. Cost of operations was approximately RMB7.26 billion, a decrease of 34.7% as compared with that of the same period in 2008. Net profit attributable to equity holders was approximately RMB1.065 billion, representing a decrease of 80.2% as compared with that of the same period in 2008. Earnings per share was approximately RMB0.3128.

An analysis of the principal operations in terms of products transported is set out as follows:

Principal Operations by Products Transported

Industry or Product Description	**Revenue** *(RMB'000)*	**Operating costs** *(RMB'000)*	**Gross profit margin** *(%)*	**Increase in revenue as compared with 2008** *(%)*	**Increase in operating costs as compared with 2008** *(%)*	**Increase/(decrease) in gross profit margin as compared with 2008** *(%)*
Coal shipments	2,765,739	2,265,543	18.1	-59.8	-34.1	Down 31.9 percentage points
Oil shipments	4,913,520	3,925,952	20.1	-18.0	-6.5	Down 9.8 percentage points
Other bulk shipments	854,432	870,574	-1.9	-65.7	-42.6	Down 40.9 percentage points
Rental income from vessel chartering	196,278	198,343	-1.1	-89.5	-89.9	Up 4.3 percentage points
Total	8,729,969	7,260,412	16.8	-49.3	-34.7	Down 18.6 percentage points

An analysis of the principal operations in terms of geographical regions is set out as follows:

Principal Operations by Geographical Regions

Regions	**Revenue** *(RMB'000)*	**Increase/ (decrease) in revenue as compared with 2008** *(%)*
Domestic shipment	5,282,014	(43.9)
International shipment	3,447,955	(55.8)

(1) **Shipping business — Dry bulk shipments**

In 2009, faced with the tough market conditions, the Group adjusted its operating strategy and shipping capacity layout in a timely manner. For coastal coal shipping, the Group focused on contracts of affreightment ("COA contracts"), strengthened the communication with its clients, and improved its service quality. In addition, the Group fully leveraged on the advantage of its fleet for both domestic and foreign trade, continued to strengthen the foreign trade management, with a view to forming internal and external complementary and coordinated development pattern.

In 2009, the Group achieved a shipping volume of approximately 95.44 billion tonne-nautical miles of dry bulk cargo, and derived a revenue of approximately RMB3.62 billion, representing decreases of 23.8% and 61.3% as compared with those of the same period in 2008 respectively.

An analysis of the transportation volume and revenue in terms of product types is as follows:

Transportation volume by types

	In 2009 *(billion tonne nautical miles)*	**In 2008** *(billion tonne nautical miles)*	**Increase/ (decrease) in volume as compared with 2008** *(%)*
Domestic Shipment	55.68	78.93	(29.5)
Coal	48.82	71.27	(31.5)
Other dry bulk	6.86	7.66	(10.5)
International Shipment	39.76	46.39	(14.3)
Coal	7.30	3.72	96.2
Other dry bulk	32.46	42.67	(23.9)
Total	95.44	125.32	(23.8)

Revenue by product types

	In 2009 *(RMB million)*	In 2008 *(RMB million)*	Increase/ (decrease) in revenue as compared with 2008 *(%)*
Domestic Shipment	2,808	7,261	(61.3)
Coal	2,521	6,689	(62.3)
Other dry bulk	287	572	(49.8)
International Shipment	812	2,099	(61.3)
Coal	245	183	33.2
Other dry bulk	567	1,916	(70.4)
Total	3,620	9,360	(61.3)

Note: Other bulk cargoes include metal ore, non-metallic ore, steel, cement, timber, grain, insecticide, fertilizer etc. except for coal.

(2) **Shipping business — Oil shipments**

In 2009, amidst sustained market downturn, the Group focused on the operation of key routes, key vessels and key demand sources and enhanced cooperation with major customers so as to expand the COA cargo resources, and made every effort to reduce the impact resulting from market volatility. The domestic oil shipping market overall remained stable, and the Group fully leveraged on the advantage of its fleet for both domestic and foreign trade. The Group focused on stabilizing the market in the offshore oil shipment, and actively explored the refined oil shipping market, so as to achieve maximum operational effectiveness.

In 2009, the Group achieved a shipping volume of approximately 126.26 billion tonne-nautical miles of oil shipment, representing an increase of 21.4% as compared with that of the same period in 2008, and the revenue achieved was approximately RMB4.914 billion, representing a decrease of 18.0% as compared with that of the same period in 2008. In 2009, the market share of the Group in domestic crude oil shipping market exceeded 60% of this market.

An analysis of the transportation volume and revenue in terms of products types is as follows:

Transportation volume and revenue in terms of products types

	In 2009 *(billion tonne nautical miles)*	**In 2008** *(billion tonne nautical miles)*	**Increase/ (decrease) in volume as compared with 2008** *(%)*
Domestic Shipment	19.5	18.09	7.8
Crude oil	15.31	15.34	(0.2)
Refined oil	4.19	2.75	52.5
International Shipment	106.76	85.92	24.3
Crude oil	69.95	48.41	44.5
Refined oil	36.81	37.51	(1.9)
Total	126.26	104.01	21.4

Revenue by product types

	In 2009 *(RMB million)*	**In 2008** *(RMB million)*	**Increase/ (decrease) in revenue as compared with 2008** *(%)*
Domestic Shipment	2,474	2,156	14.8
Crude oil	2,053	1,892	8.5
Refined oil	421	264	59.5
International Shipment	2,440	3,838	(36.4)
Crude oil	1,028	1,490	(31.0)
Refined oil	1,412	2,348	(39.9)
Total	4,914	5,994	(18.0)

(3) **Vessel chartering business**

To control the risks arising from significant fluctuations in the international vessel chartering market, the Group has reduced its vessels chartering business. As at 31 December 2009, there were two bulk vessels under charter with a total capacity of 98,000 deadweight tonnes and the charter party will expire in 2010.

In 2009, the Group achieved a turnover of approximately RMB 196 million from vessel chartering, and incurred chartering cost of approximately RMB 198 million, representing a decrease of approximately 89.5% and approximately 89.9% as compared with the same period in 2008 respectively.

(4) **Transportation costs analysis**

In 2009, the Group continued to focus on "increasing revenue, reducing expenses and improving efficiency", heavily promoted refined management and enhanced advanced control and management in various aspects. Besides, through adopting comprehensive budget management, the Group effectively controlled major transportation costs.

In 2009, affected by a reduction in global oil demand, international crude oil prices and refined oil prices experienced a relatively sharp decline as compared with the same period in 2008. However, with the Chinese economy and the world economy gradually gaining stability, international crude oil prices have rebounded after bottoming out. The average price of Singapore 380CST fuel for 2009 dropped by 26.6% as compared with the same period in 2008. The drop in oil prices is far below the drop in the freight rates in shipping market. This brought some challenge for shipping enterprises to control their fuel costs. The Group endeavoured to reduce fuel consumption by saving energy through technological management means, and achieved remarkable results in reducing fuel cost and improving energy efficiency.

The total operating cost incurred in 2009 was approximately RMB7.26 billion, a decrease of 34.7% as compared with 2008, of which the transportation cost incurred was approximately RMB7.062 billion (after deduction of the operating cost of vessel Chartering), a decrease of 22.8% as compared with that of the same period in 2008. The transportation cost compositions are specifically analysed as follows:

(a) **Fuel cost:** the Group's fuel consumption in 2009 was approximately 866,100 tonnes, and the fuel cost incurred was approximately RMB2.67 billion, a decrease of 32.8% as compared with 2008, representing 37.8% of the total transportation cost. In 2009, with the scrapping of old vessels and delivery of new large-size vessels, the Group further enhanced its fuel saving, and as a result the fuel consumption per thousand nautical miles was 3.91 kg, a decrease of 1.1% as compared with that of the same period in 2008.

(b) **Port cost:** the Group's port expenses incurred in 2009 was approximately RMB722 million, a decrease of 16.5% as compared with that of the same period in 2008, representing 10.2% of the total transportation cost.

(c) **Labor cost:** the Group's total labor cost incurred in 2009 was approximately RMB1,222 million, an increase of 5.2% as compared with that of the same period in 2008, representing 17.3% of the total transportation cost. Such change was due to the enterprise annuities of approximately RMB60 million contributed to the crew members.

(d) **Depreciation:** the Group's depreciation expenses incurred in 2009 amounted to approximately RMB1,050 million, an increase of 3.3% as compared with that of the same period in 2008, representing 14.9% of the total transportation cost. Such change was due to delivery of new vessels.

(e) **Lubricants expenses**: the Group's lubricants expenses incurred in 2009 was approximately RMB 193 million, a decrease of 14.8% as compared with that of the same period in 2008, representing 2.7% of the total transportation cost of the Group.

(f) **Insurance expenses**: the Group's insurance expenses incurred in 2009 was approximately RMB 237 million, a decrease of 1.3% as compared with that of the same period in 2008, representing 3.4% of the total transportation cost.

(g) **Repair expenses**: the Group's repair expenses incurred in 2009 amounted to approximately RMB488 million, a decrease of 7.4% as compared with that of the same period in 2008, representing 6.9% of the total transportation cost.

(5) **Interests in the jointly-controlled entities' results**

In 2009, the Group has recognized its interests in the jointly-controlled entities' profits of approximately RMB61.099 million, representing a decrease of 88.5% as compared with that of the same period in 2008. The main reason for such change was due to the significant decreases in the cargo volume and freight in domestic bulk shipping business, and the operating results achieved by the three jointly-controlled entities of the Group, namely Shanghai Times Shipping Co., Ltd., Zhuhai New Century Marine Co., Ltd. and Shanghai Friendship Marine Co., Ltd . In 2009, the three jointly-controlled entities achieved a shipping volume of 25.686 million tones, a decrease of 29.7% as compared with the same period in 2008. The turnover achieved by the three jointly-controlled entities in 2009 was approximately RMB1,594 million, with a net profit of approximately RMB127 million, representing decreases of 49.6% and 88.5% as compared with the same period in 2008 respectively. As at 31 December 2009, the three jointly-controlled entities owned 33 bulk vessels with a total capacity of 1,477,000 deadweight tonnes and 10 vessels under construction with the capacity of 680,000 deadweight tonnes.

The details of the three jointly-controlled entities are as follows:

Company name	**Registered capital** *(RMB'000)*	**Interest held by the Company**	**Total assets** *(RMB'000)*	**Total liabilities** *(RMB'000)*	**Turnover achieved in 2009** *(RMB'000)*	**Net profit** *(RMB'000)*
Shanghai Times Shipping Co., Ltd.	1,200,000	50%	4,549,145	2,580,822	1,072,960	60,319
Zhuhai New Century Marine Co., Ltd.	682,000	50%	1,198,502	200,222	413,777	59,154
Shanghai Friendship Marine Co., Ltd.	50,000	50%	165,969	10,907	107,257	7,078

3. **Financial analysis**

(1) **Net cash inflow**

The net cash inflow from operating activities of the Group decreased from approximately RMB6,047,060,00 for the year ended 31 December 2008 to approximately RMB1,908,308,000 for the year ended 31 December 2009, representing a decrease of 68.5%.

(2) **Capital commitments**

The Group and the Company had the following capital commitments as at 31 December 2009 of which approximately RMB1,509,107,000 (The Company: approximately RMB872,916,000) will be due within the next financial year. The source of funding was mainly financed by the Company's working capital, notes, bank loans and other borrowings.

	Group		**Company**	
	2009	**2008**	**2009**	**2008**
	RMB'000	*RMB'000 (Restated)*	*RMB'000*	*RMB'000*
Authorized and contracted for construction and purchases of vessels (Note)	17,464,664	21,110,745	7,367,064	9,053,685
Equity Investments	2,103,051	—	2,103,051	—
	19,567,715	21,110,745	9,470,115	9,053,685

Note:

According to the construction purchase agreements entered into by the Group in 2006 to 2009, these capital commitments will fall due as from 2010 to 2012 respectively.

(3) **Capital structure**

As at 31 December 2009, the shareholders' equity, bank loans and interest-bearing borrowings amounted to approximately RMB21,394,573,000 and approximately RMB9,537,907,000 respectively. As at 31 December 2009, the debt-to-equity ratio was 44.6% (31 December 2008: 30%).

(4) **Notes, interest-bearing bank and other borrowings**

(a) **The Group's notes, interest-bearing bank and other borrowings are analysed as follows:**

	Annual Effective interest	Maturity	Group		Company	
			2009	**2008**	**2009**	**2008**
	(%)		*RMB'000*	*RMB'000* *(Restated)*	*RMB'000*	*RMB'000*
Current						
(i) Bank loan						
Secured	Libor + 0.38% to 1.40%	2010	780,963	142,526	—	—
Unsecured	1.45% to 4.37%、Libor + 0.7% to 1%	2010	541,410	778,422	541,410	778,422
Notes, interest-bearing bank and other borrowings - current portion			1,322,373	920,948	541,410	778,422
Non-current						
(ii) Bank loan						
Secured	Libor + 0.38% to 1.40%	2010-2020	3,229,216	2,781,121	—	—
Unsecured	Floating rate or 5.670% to 6.804%	2013	-	2,747,690	—	2,747,690
			3,229,216	5,528,811	—	2,747,690
(b) Notes						
Unsecured	3.90% to 4.18%	2012-2014	4,986,318	—	4,986,318	—
Notes, interest-bearing bank and other borrowings - Non-current portion			8,215,534	5,528,811	4,986,318	2,747,690

The Group's bank loans are secured by pledges or mortgages of the Group's 9 vessels (2008: 7 vessels) and another 4 vessels under construction (2008: 4 vessels under construction) with total net carrying amount of approximately RMB5,953,403,000 at 31 December 2009.

The carrying amounts of the Group's and the Company's interest-bearing bank and other borrowings approximate their fair values.

Except for secured bank loans of RMB4,010,179,000 and unsecured bank loans of RMB341,410,000 which are denominated in USD, all borrowings are denominated in Renminbi.

(b) **At 31 December 2009, the Group's notes, interest-bearing bank and other borrowings were repayable as follows:**

	Group		**Company**	
	2009	**2008**	**2009**	**2008**
	RMB'000	*RMB'000 (Restated)*	*RMB'000*	*RMB'000*
Analysed into:				
(i) Bank loans:				
Within one year or on demand	1,322,373	920,948	541,410	778,422
In the second year	397,004	1,288,566	—	594,355
In the third to fifth year, inclusive	1,191,012	2,967,057	—	2,153,335
Over five years	1,641,200	1,273,188	—	—
	4,551,589	6,449,759	541,410	3,526,112
(ii) Notes:				
In the third to fifth year, inclusive	4,986,318	—	4,986,318	—
	9,537,907	6,449,759	5,527,728	3,526,112

(c) **Details of the notes at 31 December 2009 are as follows:**

	2009
	RMB'000
Principal amount	5,000,000
Notes issurance cost	(14,496)
Proceeds received	4,985,504
Accumulated amortisation	814
	4,986,318

Notes with principal amount of RMB3,000,000,000 and RMB2,000,000,000 were issued by the Group to investors on 3 August 2009 and 26 November 2009 respectively. The notes carried a fixed interest yield of 3.90% and 4.18% per annum respectively and were issued at a price of 100 per cent of their principal amount, resulting in no discount on the issue. The notes bear interest from 4 August 2009 and 27 November 2009 respectively, payable annually in arrear on 4 August and 27 November respectively of each year.

Unless previously redeemed or repurchased by the Group, the notes will mature on 3 August 2014 and 26 November 2012 respectively at their principal amount.

As at 31 December 2009, the Group's total debt to equity ratio (the Group's total debt divided by total assets) is 36.2% (2008: 27.9%).

(5) **Cash and cash equivalents**

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RMB'000	*RMB'000* *(Restated)*	*RMB'000*	*RMB'000*
Cash and bank balances	2,222,147	1,942,970	1,534,421	1,335,865
Maximum exposure to credit risk	2,222,147	1,942,970	1,534,421	1,335,865

Cash at banks generates interest income at floating rates based on daily bank deposit rates. Short-term fixed deposits are deposited for various periods of between one day to three months depending on the immediate cash requirements of the Group, and interest income shall accrue at the respective short-term fixed deposit rates. The carrying amounts of the cash and cash equivalents approximately equal to their fair values. As at 31 December 2009, the cash and bank balances of the Group denominated in USD amounted to approximately RMB493,700,000 (2008: RMB539,000,000).

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RMB'000	*RMB'000* *(Restated)*	*RMB'000*	*RMB'000*
USD	493,700	539,000	98,326	160,220
RMB	1,725,226	1,402,597	1,434,975	1,174,585
HKD	2,132	342	31	29
EUR	1,037	974	1,037	974
GBP	46	51	46	51
JPY	6	6	6	6
	2,222,147	1,942,970	1,534,421	1,335,865

(6) **Risk on foreign currency**

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 Renminibi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.

At 31 December 2009, if USD and HKD had weakened or strengthened by 1% against RMB with all other variables held constant, post-tax profit for the year 2009 would have been RMB37,607,000 (2008: RMB28,806,000) higher or lower, mainly as a result of foreign exchange gains or 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.

As at 31 December 2009, the Group's foreign exchange liabilities mainly comprised of bank borrowings in USD equivalent to approximately RMB4,351,589,000. In addition, the Company would pay dividend for H shares in HKD.

Given the increasing significance of the Group's international shipping business, changes in exchange rates will have certain impact on the Group's profitability. Therefore, the Group will further strengthen its efforts in monitoring and studying exchange rate fluctuations, and will actively implement effective measures to strive to avoid exchange rate fluctuation risks. Firstly, the Group will strive to break even USD for its operations. Secondly, the Group will conscientiously analyze and compare available financial instruments for averting exchange rate risks, so as to hedge and lock in financial costs, and to effectively protect against risks caused by exchange rate fluctuations.

4. **Investment**

In 2009, the total investment of the Group was approximately RMB3,919,435,100, of which approximately RMB3,744,158,900 was paid for the purchase of fixed assets in cash.

In 2009, ten new tankers with a total capacity of 1,486,000 deadweight tonnes and three new bulk vessels with total capacity of 172,000 deadweight tonnes have been delivered for use. In 2009, to cope with the changes in shipping market, the Group has upgraded 14 old vessels with a total net assets of approximately RMB162,591,300. In 2009, approximately RMB323,022,500 has been paid for the transformation of these old vessels.

5. **Material asset disposals**

In 2009, the Group continued to speed up adjustments to its fleet structure, and disposed of 14 old vessels of 344,000 deadweight tonnes, including 4 tankers of 21,000 deadweight tones and 10 bulk vessels of 323,000 deadweight tonnes. The details of such disposals are as follows:

Assets sold	**Price of Disposal** *(RMB'000)*	**Profit/ (Loss) arising from disposal of assets** *(RMB'000)*	**Connected transaction (Yes/No)**	**Pricing Policy**
Yin Quan	12,000	8,227	No	Market price
Ming Quan	12,800	9,031	No	Market price
Jian She 9	5,080	4,302	No	Market price
Jian She 10	5,080	4,205	No	Market price
Da Qing 63	11,310	64	Yes	Market price
Dan Xia Shan	9,103	(1,340)	Yes	Market price
Fu Zhou	10,895	10,079	Yes	Market price
Lun Lun Shan	24,123	8,347	No	Market price
Da Luo Shan	27,095	8,464	No	Market price
Zhen Fen 13	39,599	18,898	No	Market price
Lu Zhou	16,564	14,232	Yes	Market price
Chang Shun	14,298	13,666	No	Market price
Chang Ji	14,363	12,675	No	Market price
Yin Shen	34,803	14,182	No	Market price
Total	237,113	125,032		

6. **Asset acquisition**

Counter parties	**Asset acquired**	**Date of acquisition**	**Price of acquisition** *(RMB'000)*	**Connected transaction (Yes/No)**	**Pricing Policy**
China Shipping (Group) Company	35% equity interest of China Shipping Group Liquefied Gas Investment Co., Ltd. ("China Shipping Gas")	30 April 2009	35,096.67	Yes	Appraisal price
Guangzhou Maritime Transport (Group) Co., Ltd	25% equity interest of China Shipping Gas	30 April 2009	25,069.04	Yes	Appraisal price
Shanghai Shipping (Group) Company	25% equity interest of China Shipping Gas	30 April 2009	25,069.04	Yes	Appraisal price
Dalian Shipping (Group) Company	15% equity interest of China Shipping Gas	30 April 2009	15,041.42	Yes	Appraisal price

7. **Outlook and highlights for 2010**

(1) **Prediction and Analysis of International and Domestic Shipping Markets**

In 2010, benefiting from the worldwide implementation of large-scale fiscal stimulus and loose monetary policies, the world's economy will continue a slow recovery, and international trade and investment will show a resumption of growth. According to Organisation for Economic Cooperation and Development (OECD), the global economy is expected to grow at 3.4%, and global trade volume will grow at 6%. The improvement of the economy is favorable to the shipping industry. It is expected that in 2010 demand for bulk cargo shipping will improve, while demand for the world's oil consumption will also experience a slight rebound. However, the global economic recovery will be a slow and tortuous process, and there are many factors of instability and uncertainty. Furthermore, 2010 will be the peak year for delivery of new vessels for the shipping industry when the issue of excess shipping capacity in the market will remian prominent. In general, the shipping market is expected to be slightly better in 2010 compared with 2009.

(2) **Operational target for 2010**

In 2010, 23 new vessels of the Group with a total tonnage of 3.01 million deadweight tonnes are scheduled to be delivered for use, including 10 tankers of 1.69 million deadweight tonnes and 13 bulk vessels of 1.32 million deadweight tonnes. As a result, the total shipping capacity of the Group which could be used in the Group's operations in 2010 is expected to be 10.25 million deadweight tonnes, representing an increase of 22% as compared with that of the same period in 2009. Based on its view of the domestic and overseas shipping markets in 2010, and taking into account the delivery of new vessels, the Group's operating targets are as follows: shipping volume of approximately 253.5 billion tonne nautical miles, an increase of 14.3% as compared with 2009; turnover of approximately RMB11.008 billion, an increase of 23.4%; operating costs of approximately RMB9.108 billion, an increase of 25.3% as compared with 2009.

(3) **Work initiatives in 2010**

To cope with the current market situation, the Group will:

i) Continue to enhance strategic cooperation with major customers and maintaining long-term stable strategic cooperation relationship in 2010 so as to further consolidate and expand the Company's share in the domestic and overseas shipping markets and reduce operating risks brought about by fluctuation in shipping tariffs.

In 2009, the Company achieved notable results in its major customers strategy. Regarding dry bulk shipping, the Group actively promoted the strategic cooperation with China Shenhua, Shougang Group, China Resources and Shenergy, while Guangzhou Jinghai Shipping Co., Ltd. (a joint venture with China Shougang International Trade and Engineering Company and Beijing Shougang Steel Trade Investment Management Co., Ltd.) has commenced operation during the year of 2009. In 2010, the Company will work hard for the increase in capital in Zhuhai New Century Shipping Co., Ltd., while Shanghai Golden Harvest Shipping Co., Ltd. (a joint venture with Shenergy Co., Ltd.) has also commenced operation in Shanghai in March, and our capital injection in China Resources Power Shipping (Tianjin) Co., Ltd. is also steadily underway.

Regarding oil shipment, the Group will further strengthen the strategic cooperation with Sinopec, PetroChina and CNOOC. In August 2009, we amended certain provisions in the VLCC COA Contract with China Petroleum and Chemical Corporation.

Regarding LNG shipment, in 2009, the Company successfully acquired 100% equity interest in China Shipping Liquefied Natural Gas Investment Company Limited from our controlling shareholder China Shipping (Group) Company, building a solid foundation for expanding our LNG shipping business.

As of 26 March 2010, the Group has completed the signing of domestic coastal bulk cargo COA Contracts for 2010 with freight rates increased by 10.5% compared with 2009.

ii) Continue to speed up adjustments to vessel composition and further optimize fleet structure so as to improve the shipping efficiency. As at 31 December 2009, the Group had a total of 164 vessels with an aggregate of 8.89 million deadweight tonnes. The composition of the Group's fleet is as follows:

	Number of vessels	**Deadweight tonnes** *('000)*	**Average age (years)**
Tankers	63	5,090	8.9
Dry bulk vessels	101	3,800	19.8
Total	164	8,890	15.6

Currently, the Group has a total of 58 new vesssels with 7,852,000 deadweight tonnes under construction, which are scheduled to be delivered for use by the end of 2012. The capital expenditure between 2010 and 2012 is expected to be approximately RMB7.03 billion, RMB7.49 billion and RMB3.04 billion respectively.

In 2010, the Group is scheduled to dispose of 11 old vessels with a total capacity of 279,000 deadweight tonnes. In addition, in accordance with China's policies for phasing out single hull vessels, the Group will propose and timely implement specific programs for scrapping or re-building our existing single-hull tankers in light of the Chinese Government's phase-out policy together with a combination of considerations regarding market conditions, policies and cost-effectiveness.

iii) Increased efforts will be made for the building of a strong workforce and the efficient acquisition, management and operation of large vessels. In 2010, several VLCCs and VLOCs of the Group will commence operation. The Group will get well-prepared in all aspects including ship construction supervision, crew training and selection as well as management and training of personnel, so as to ensure the efficient acquisition, management and operation of large vessels, and to provide powerful high-quality human resources for "building a world-class tanker fleet" and "turning a new page for bulk cargo shipment", hence achieving the coordinated development of our fleet and workforce.

iv) Cost control will be strengthened to achieve cost effectiveness. In 2010, the Group will continue to strengthen control over management and other fees to prevent the rebound thereof. Fuel costs are one of the Group's major costs. The Group will continue to strengthen energy-saving and the use of energy-saving technologies, will implement the policy of economic speed and strive to control fuel costs.

v) Strengthen risk precaution and internal control and establish risk dynamic management mechanism. The Group will be closely monitoring the risks generated from the new operational environment, strengthen the research and analysis of market and business risks, reinforce the management and control over significant events as well as critical steps. Since June 2009, the Group has formally implemented the establishment of a general risk management system so as to provide reliable support and protection for the stable and healthy development of the Group.

vi) Strengthen safety and security. We will work hard to avoid possibilities of ship collision, carry out anti-piracy measures, fire prevention and anti-pollution measures, and will construct and operate a comprehensive security system. Special attention shall be made to the careful formulation of security plan and the due inspection of potential security risks, so as to make positive contribution to the smooth operation of the Shanghai 2010 World Expo and the 16th Asian Games in Guangzhou.

III. OTHER SIGNIFICANT EVENTS

(1) Changes in directors, supervisors and senior management

On 10 March 2009, the Company convened the Fourth Meeting of the Board of 2009 and resolved to appoint Mr. Qiu Guoxuan as the deputy general manager of the Company due to redeployment of Mr. Wang Kunhe who then ceased to be the deputy general manager of the Company.

On 2 April 2009, Mr. Luo Yuming and Ms. Chen Xiuling were recommended by the Company's union to be re-elected as staff representatives of the Supervisory Committee of the Company.

On 25 May 2009, the Company convened the Annual General Meeting of 2008 and elected the members of the Board and the Supervisory Committee for a new term (excluding the staff representatives of the Supervisory Committee).

As at the date of this announcement, the Board of the Company comprised Mr. Li Shaode, Mr. Ma Zehua, Mr. Lin Jianqing, Mr. Wang Daxiong, Mr. Zhang Guofa, Mr. Mao Shijia and Mr. Qiu Guoxuan as executive directors, Mr. Zhu Yongguang, Mr. Gu Gongyun, Mr. Zhang Jun and Mr. Lu Wenbin as independent non-executive directors.

As at the date of this announcmentment, the Supervisory Committee of the Company comprised of Mr. Kou Laiqi, Mr. Xu Hui, Mr. Yan Zhichong as supervisors, Mr. Yu Shicheng as an independent supervisor, and Mr. Luo Yuming and Ms. Chen Xiuling both as staff representatives of the Company.

(2) **Results, dividends and closure of the H Share register**

The net profit of the Company for 2009, as determined in accordance with PRC GAAP, was approximately RMB1,142,223,000, 10% of which will be transferred to the statutory surplus reserve. According to the relevant laws and regulations, the Company's reserves available for distribution are determined based on the lower of the amount determined under PRC GAAP and the amount determined under HK GAAP.

The Directors recommended the payment of a final dividend of RMB0.10 per share in respect of the year 2009 to shareholders on the register of members at the close of business on 7 May 2010. There was no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the statement of financial position.

The register of members of the Company will be closed from Saturday, 8 May 2010 to Tuesday, 8 June 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and to determine the identity of the shareholders who are entitled to attend and vote at the 2009 annual general meeting of the Company, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company's H shares, Hong Kong Registrars Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 7 May 2010. The H shares of the Company will trade ex-dividend on 6 May 2010.

(3) **Medical insurance scheme**

As required by the regulations of the PRC government effective from 1 July 2001, the Company participates in a defined contribution medical insurance scheme organised by PRC social security authorities. Under the scheme, the Company is required to make monthly contributions at the rate of 12% of the total salaries of the employees after certain adjustments on individual employee's salary in accordance with the applicable regulations. In addition, pursuant to the aforementioned regulations, the contributions are accounted for as staff welfare payables accrued by the Company. The Company has no obligation for the payment of medical benefits beyond such contributions to the registered insurance companies.

(4) **Pension and Enterprise annuity schemes**

a) PRC (other than Hong Kong)

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% (2008: 18%-22%) 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 2009 amounted to RMB132,099,329 (2008: RMB99,827,332).

Enterprise annuity scheme

In the year 2009, after the resolution held between the representatives of the Company's Labour Union and the Board of Directors, a scheme on the enterprise annuity has been set up. The annuity scheme confirms that the employer's contributions will be 5% of the total staff costs of previous year. The employees' contributions will be 1.25% of their income from previous year and the employer's contributions for the management staff should not be 5 times more than the staff average.

The enterprise annuity scheme is effective as on 1 January 2008. According to the scheme, actual amount incurred as labour cost in 2009 amounted to RMB73,570,000.

The Group has no further obligations beyond the annual contributions. In the opinion of the directors of the Company, the Group did not have any significant liabilities beyond the above contributions in respect of the retirement benefits of its employees.

b) Hong Kong

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the MPF Scheme vest immediately.

(5) **Directors' and supervisors' interests and short positions in shares and underlying shares of the Company**

As at 31 December 2009, none of the Directors, supervisors, chief executives or, to the best knowledge of the Directors, their associates had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

(6) **Purchase, sale or redemption of the Company's listed securities**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

(7) **Compliance with the Code on Corporate Governance Practices**

During the Reporting Period, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(8) **Audit Committee**

In compliance with Rule 3.21 of the Listing Rules, the Company has established an audit committee to review the financial reporting procedures and internal control and to provide guidance thereto. The audit committee of the Company comprises the four independent non-executive Directors of the Company.

The audit committee has reviewed the annual results of the Company for the Reporting Period.

(9) **Remuneration Committee**

The remuneration committee comprised of the four independent non-executive Directors of the Company. The remuneration committee of the Company has adopted terms of reference which are in line with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

(10) **Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules**

The Company has adopted a code of conduct regarding Directors' securities transactions in accordance with the required standard set out in the Model Code.

Following specific enquiries made with the Directors, supervisors and chief executive of the Company, the Company has confirmed that each of them has complied with the Model Code during the Reporting Period.

(11) **Employees**

Adjustment of employee remuneration is calculated in accordance with the Company's turnover and profitability and is determined by assessing the correlation between the total salary paid and the economic efficiency of the Company. Under this mechanism, management of employees' remuneration will be more efficient while employees will be motivated to work hard to bring encouraging results for the Company. Save for the remuneration policy disclosed above, the Company does not maintain any share option scheme for its employees and the employees do not receive any bonus. The Company regularly provides to its administrative personnel training on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws. Such training may be in different forms, such as seminars, site visits and study tours.

As at 31 December 2009, the Company had 4,038 employees. During the Reporting Period, the total staff cost was approximately RMB1,330,349,000 (In 2008: RMB1,399,125,000).

(12) **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 2009, 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 9 March 2009, Shanghai Boshan Steel has lost its appeal and the Company is allowed to set up a Limitation Fund for Maritime Claims Liability amounted to RMB16,318,000. Since the Company had been insured, all compensation will be borne by the insurance company. Up to 31 December 2009, the Company is still in the process of settling all the issues concerned.

iii) In May 2008, one of the Company's cargo vessels "Ningan 11" collided with the pier at Shanghai resulting damages to the pier and the door. According to the judgment made by the Maritime Law Court at Shanghai on 10 June 2009, Shanghai Waigaoqiao Power Generation Co., Ltd. ("Shanghai Waigaoqiao") has lost its claim. The Company is allowed to set up a provision of liability fund which is limited to RMB25,443,000. There was a settlement agreement between the Company and Shanghai Waigaoqiao. Up to 31 December 2009, the Company is still in the process of claiming compensation from the insurance company.

iv) In September 2009, one of the Company's cargo vessels "Wanshoushan" leaked during its voyage. The Company had been insured with an insurance company and had made provision of its liability. Up to 31 December 2009, the Company is still in the process of investigating the damages.

(13) **Events after reporting period**

i) At the 2009 13th Board meeting held on 21 August 2009, the Company passed the resolution regarding the capital contribution to China Resources Power Shipping (Tianjin) Company Limited (China Resources Shipping), a subsidiary of China Resources Power Holdings Company Limited. The registered capital is RMB300,000,000 The Company will account for 51% equity holding of China Resources Shipping and will contribute RMB153,000,000 in the form of one 35,000 tons vessel to the joint venture with reference to the valuation (Cash will be delivered to the company for the difference between RMB153,000,000 and the valuation of the vessel, if the valuation of the vessel is lower than RMB153,000,000). Up to the date of the financial statements were approved and authorised for issue, the Company has contributed a vessel valued at RMB103,652,600 and RMB49,347,400 in cash, with a total amount of RMB153,000,000.

ii) At the 2009 17th Board meeting held on 27 November 2009, the Company passed the resolution regarding the formation of a joint venture shipping company with registered capital RMB240,000,000 by the Company and Shenergy Group. The Company agreed to contribute RMB122,400,000, representing 51% of the registered capital. Up to the date of the financial statements were approved and authorised for issue, the Company has contributed RMB122,400,000 to the joint venture.

iii) At the 2010 first Board meeting held on 29 January 2010, the Company passed the resolution regarding the Capital Contribution Agreement signed by the Company and China Shenhua in relation to the increase in registered capital in Zhuhai New Century Shipping Company Limited. The name of Zhuhai New Century Shipping Company Limited will be changed to New Century Shipping Company Limited (New Century Shipping). The Company agreed to contribute RMB2,250,000,000 during the period from 2010 to 2013, representing 49% of the registered capital. The registered capital will become RMB4,600,000,000 after contributions by both parties. Up to the date of the financial statements were approved and authorised for issue, the Company has contributed RMB149,000,000 to New Century Shipping for the first installment.

iv) According to the second Board resolution of the Board meeting held on 26 March 2010, the Company will distribute 10% of its net profit of approximately RMB1,142,223,000 to the statutory surplus reserve. The Directors also proposed to pay a final dividend of RMB0.10 per share for the year 2009 based on the number of shares issued as at 31 December 2009. The resolution proposing the final dividend will be passed after the annual general meeting to be held in 2010.

(14) **Publication of annual results on the internet website of the Company and The Stock Exchange of Hong Kong Limited**

An annual report of the Company containing all the financial and relevant information required by paragraphs 7 to 34A of Appendix 16 to the Listing Rules will be posted on the website of the Hong Kong Stock Exchange in due course.

The financial information set out above does not constitute the Company's statutory financial statements for the years ended 31 December 2008 and 2009, but is derived from the consolidated financial statements prepared in accordance with accounting principles generally accepted in Hong Kong and complies with accounting standards issued by the HKICPA. Those consolidated financial statements for the year ended 31 December, 2009, which will contain an unqualified auditors' report, will be delivered to the Registrar of Companies, and delivered to shareholders as well as made available on the Company's website at http://www.cnshippingdev.com.

By order of the Board
Li Shaode
Chairman

26 March 2010
Shanghai, the PRC

As at the date of this announcement, the board of directors of the Company is comprised of Mr. Li Shaode, Mr. Ma Zehua, Mr. Lin Jianqing, Mr. Wang Daxiong, Mr. Zhang Guofa, Mr. Mao Shijia and Mr. Qiu Guoxuan as executive directors, Mr. Zhu Yongguang, Mr. Gu Gongyun, Mr. Zhang Jun and Mr. Lu Wenbin as independent non-executive directors.