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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: 1138)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

- Revenue of the Group for 2013 was approximately RMB11.344 billion, representing a increase of approximately 2.6% as compared to 2012
- Loss attributable to owners of the Company was RMB2,234 million as compared to profit attributable to owners of the Company of RMB74 million in 2012
- The basic and diluted loss per share for 2013 was RMB0.6562 and RMB0.6562 respectively
- The Board do not recommend the payment of a final dividend for 2013 as the Company recorded loss.

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 2013 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2012. The Group’s annual results have been audited by Baker Tilly Hong Kong 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 auditor.

I. PRINCIPAL FINANCIAL DATA AND STATISTICS HIGHLIGHTS

The annual results of the Group for the Reporting Period as audited by Baker Tilly Hong Kong Limited and compared with those for the year ended 31 December 2012 set out as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Revenue		
Turnover	11,344,152	11,053,628
Operating costs	<u>(11,524,839)</u>	<u>(11,252,251)</u>
Gross loss	(180,687)	(198,623)
Other income and gains	(612,389)	663,340
Marketing expenses	(49,309)	(50,256)
Administrative expenses	(489,151)	(418,976)
Other expenses	(44,933)	(27,401)
Share of profits of joint ventures	111,581	293,701
Finance costs	<u>(964,462)</u>	<u>(593,160)</u>
LOSS BEFORE TAX	(2,229,350)	(331,375)
Tax credit	<u>11,903</u>	<u>469,144</u>
(LOSS)/PROFIT FOR THE YEAR	<u>(2,217,447)</u>	<u>137,769</u>
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss, net of nil tax:		
Exchange realignment	(128,401)	17,444
Net gain on cash flow hedges	<u>157,491</u>	<u>2,846</u>
Other comprehensive income for the year	<u>29,090</u>	<u>20,290</u>
Total comprehensive (expense)/income for the year	<u><u>(2,188,357)</u></u>	<u><u>158,059</u></u>

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
(Loss)/profit for the year attributable to:		
Owners of the Company	(2,234,106)	73,741
Non-controlling interests	<u>16,659</u>	<u>64,028</u>
	<u><u>(2,217,447)</u></u>	<u><u>137,769</u></u>
Total comprehensive (expense)/income for the year attributable to:		
Owners of the Company	(2,289,269)	94,128
Non-controlling interests	<u>100,912</u>	<u>63,931</u>
	<u><u>(2,188,357)</u></u>	<u><u>158,059</u></u>
(Loss)/earnings per share — basic	<u><u>(65.62) cents</u></u>	<u><u>2.17 cents</u></u>
(Loss)/earnings per share — diluted	<u><u>(65.62) cents</u></u>	<u><u>2.17 cents</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2013

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS		
Investment properties	1,076,280	1,193,458
Property, plant and equipment	47,467,664	45,734,065
Investments in associates	—	—
Investments in joint ventures	4,552,714	4,020,369
Loan receivables	219,289	110,198
Available-for-sale investments	5,825	5,873
Derivative financial instruments	151,027	—
Deferred tax assets	<u>297,590</u>	<u>241,801</u>
	<u>53,770,389</u>	<u>51,305,764</u>
CURRENT ASSETS		
Inventories	888,287	934,159
Trade and bills receivables	1,750,285	1,484,866
Prepayments, deposits and other receivables	486,174	756,161
Cash and cash equivalents	<u>1,919,204</u>	<u>3,285,745</u>
	5,043,950	6,460,931
Assets classified as held for sale	<u>28,140</u>	<u>93,828</u>
	<u>5,072,090</u>	<u>6,554,759</u>
CURRENT LIABILITIES		
Trade and bills payables	1,542,733	1,207,913
Other payables and accruals	917,101	916,965
Current portion of provision for onerous contracts	175,287	—
Current portion of derivative financial instruments	1,940	—
Current portion of notes, interest-bearing bank and other borrowings	8,565,055	4,194,889
Current portion of other loans	29,874	—
Current portion of obligations under finance leases	41,479	—
Tax payable	<u>12,072</u>	<u>3,206</u>
	<u>11,285,541</u>	<u>6,322,973</u>

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
NET CURRENT (LIABILITIES)/ASSETS	<u>(6,213,451)</u>	<u>231,786</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u><u>47,556,938</u></u>	<u><u>51,537,550</u></u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	3,404,556	3,404,553
Reserves	<u>17,822,815</u>	<u>20,112,584</u>
	21,227,371	23,517,137
Non-controlling interests	<u>984,506</u>	<u>868,426</u>
Total equity	<u><u>22,211,877</u></u>	<u><u>24,385,563</u></u>
NON-CURRENT LIABILITIES		
Provision for onerous contracts	174,407	—
Derivative financial instruments	4,689	12,758
Notes, interest-bearing bank and other borrowings	15,412,552	18,207,079
Other loans	714,234	527,763
Obligations under finance leases	448,456	—
Bonds payable	8,391,928	8,229,218
Deferred tax liabilities	<u>198,795</u>	<u>175,169</u>
	<u><u>25,345,061</u></u>	<u><u>27,151,987</u></u>
TOTAL EQUITY AND NON-CURRENT LIABILITIES	<u><u>47,556,938</u></u>	<u><u>51,537,550</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2013

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Net cash inflow from operating activities	<u>1,429,279</u>	<u>891,308</u>
INVESTING ACTIVITIES		
Interest received	44,337	60,897
Payments for construction in progress	(3,740,322)	(6,101,907)
Purchases of property, plant and equipment	(122,277)	(69,953)
Proceeds from disposal of property, plant and equipment	243,621	253,147
Proceeds from held-to-maturity investments	212,000	—
Repayment from a shareholder of a subsidiary	—	49,000
Loan to associates	(106,774)	(57,450)
Dividends received from joint ventures	16,800	226,850
Dividends received from available-for-sale investments	1,772	2,240
Investments in held-to-maturity investments	(212,000)	—
Investments in available-for-sale investments	—	(1,573)
Investments in joint ventures	<u>(437,564)</u>	<u>(455,960)</u>
Net cash outflow used in investing activities	<u>(4,100,407)</u>	<u>(6,094,709)</u>
FINANCING ACTIVITIES		
Interest paid	(993,795)	(744,280)
Dividend paid	—	(340,455)
Increase in other loans	232,903	13,452
Net proceeds from issue of corporate bonds	—	4,959,500
Increase in bank loans	9,230,106	8,071,023
Repayment of bank loans	(7,160,918)	(6,949,889)
Contribution from non-controlling shareholders of subsidiaries	14,708	113,408
Distribution to non-controlling shareholders of subsidiaries	<u>(59)</u>	<u>(12,107)</u>
Net cash inflow from financing activities	<u>1,322,945</u>	<u>5,110,652</u>

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,348,183)	(92,749)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,285,745	3,376,692
Effect of foreign exchange rate changes, net	<u>(18,358)</u>	<u>1,802</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>1,919,204</u></u>	<u><u>3,285,745</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>1,919,204</u></u>	<u><u>3,285,745</u></u>

Notes:

1. CORPORATE INFORMATION

China Shipping Development Company Limited (the “Company”) is a joint stock company with limited liability established in the People’s Republic of China (the “PRC”). On 23 January 2014, the official name of the registered office of the Company was changed from Room A-1015, No 188 Ye Sheng Road, Yangshan Free Trade Port, Shanghai, the PRC to Room A-1015, No.188 Ye Sheng Road, China (Shanghai) Pilot Free Trade Zone, the PRC and the principal place of business is located at 670 Dong Da Ming Road, Shanghai, the PRC. During the year, the Company and its subsidiaries (together the “Group”) were involved in the following principal activities:

- a) investment holding; and / or
- b) oil and cargo shipment along the PRC coast and international shipment; and / or
- c) vessel chartering.

The Company’s ultimate holding company is China Shipping (Group) Company (“China Shipping”), a state-owned enterprise established in the PRC.

The H-Shares and A-Shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited and The Shanghai Stock Exchange respectively.

The consolidated 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 consolidated financial statements have been approved for issue by the Board on 18 March 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, 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 disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The consolidated financial statements have been prepared on the historical cost basis, except that the following assets and liabilities are measured at fair values: (1) Investment properties, and (2) Derivative financial instruments.

Asset classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The HKICPA has issued certain revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The consolidated financial statements provide information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior periods reflected in these consolidated financial statements.

Judgements made by management in the application of HKFRSs that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the consolidated financial statement.

A summary of the significant accounting policies adopted by the Group is set out below.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial instruments: Recognition and measurement", when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another HKFRS.

3. APPLICATION OF NEW AND REVISED HKFRSs

Impact of new/revised HKFRSs

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA that are effective and relevant to the Group's financial year beginning 1 January 2013.

Improvements to HKFRSs	Annual improvements to HKFRSs 2009 -2011 cycle
HKAS 1 (Amendments)	Presentation of financial statements — Presentation of items of other comprehensive income
HKFRS 7 (Amendments)	Disclosures — Offsetting financial assets and financial liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (2011)	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKAS 28 (2011)	Investments in associates and joint ventures

Except as described below, the application of the new and revised HKFRSs in current year has had no material impact on the consolidated financial statements of the Group for the current or prior years and/or on the disclosures set out in these consolidated financial statements.

HKAS 1 (Amendments) require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in these consolidated financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles “statement of profit or loss and other comprehensive income” as introduced by the amendments in these consolidated financial statements.

HKFRS 10 replaces the requirements in HKAS 27 “Consolidated and separate financial statements” relating to the preparation of consolidated financial statements and HK-SIC 12 “Consolidation — Special purpose entities”. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 11, which replaces HKAS 31 “Interests in joint ventures”, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator’s interest in the joint operation. All other joint arrangement are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the group’s consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangement and re-evaluated its involvement in its joint arrangement. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the Group’s results of operation and financial position.

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity’s interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards.

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued and relevant but are not yet effective.

Improvement to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ²
Improvement to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ²
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment entities ¹
HKFRS 9	Financial Instruments ³
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date of HKFRS 9 and transition disclosures ³
HKAS 19 (Amendments)	Defined benefit plans: Employee contributions ²
HKAS 32 (Amendments)	Offsetting financial assets and financial liabilities ¹
HKAS 36 (Amendments)	Recoverable amount disclosures for non-financial assets ¹
HKAS 39 (Amendments)	Novation of derivatives and continuation of hedge accounting ¹

¹ Effective for annual periods beginning on or after 1 January 2014.

² Effective for annual periods beginning on or after 1 July 2014.

³ Available for application the mandatory effective date will be determined when the outstanding phase of HKFRS9 are finalized.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. 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; and
- (ii) dry bulk shipment
 - coal shipment
 - iron ore shipment
 - other dry bulk shipment

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

	2013		2012	
	Turnover	Contribution	Turnover	Contribution
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
By principal activity :				
Oil shipment	5,388,805	(381,629)	5,592,795	(220,315)
Dry bulk shipment				
- Coal shipment	2,698,142	(9,904)	2,699,649	(149,717)
- Iron ore shipment	2,455,750	329,820	2,154,841	333,896
- Other dry bulk shipment	801,455	(118,974)	606,343	(162,487)
	<u>5,955,347</u>	<u>200,942</u>	<u>5,460,833</u>	<u>21,692</u>
	<u>11,344,152</u>	(180,687)	<u>11,053,628</u>	(198,623)
Other income and gains		(190,444)		691,303
Impairment losses on assets classified as held for sale		(80,288)		(27,963)
Impairment losses on property, plant and equipment		(341,657)		—
Marketing expenses		(49,309)		(50,256)
Administrative expenses		(489,151)		(418,976)
Other expenses		(44,933)		(27,401)
Share of profits of joint ventures		111,581		293,701
Finance costs		<u>(964,462)</u>		<u>(593,160)</u>
Loss before tax		<u>(2,229,350)</u>		<u>(331,375)</u>
Total segment assets				
Oil shipment		21,855,835		20,571,880
Dry bulk shipment		27,751,581		16,571,656
Unallocated corporate assets		<u>9,235,063</u>		<u>20,716,987</u>
		<u>58,842,479</u>		<u>57,860,523</u>
Total segment liabilities				
Oil shipment		15,612,587		14,230,822
Dry bulk shipment		19,613,258		13,923,313
Unallocated corporate liabilities		<u>1,404,757</u>		<u>5,320,825</u>
		<u>36,630,602</u>		<u>33,474,960</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment contribution represents the gross loss incurred by each segment without allocation of central administration costs (including directors' remuneration), marketing expenses, other expenses, share of profits of associates, share of profits of joint ventures, other income and gains and finance costs. This is the measure reported to chief operating decision makers for the purposes of resource allocation and performance assessment.

The carrying values of oil tankers and dry bulk vessels at 31 December 2013 amounted to RMB23,802,813,000 and RMB19,895,788,000 respectively (2012: RMB19,258,740,000 and RMB20,392,431,000 respectively).

Geographical segments

	2013		2012	
	Turnover	Contribution	Turnover	Contribution
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
By geographical area :				
Domestic	4,899,067	305,696	4,913,910	163,760
International	<u>6,445,085</u>	<u>(486,383)</u>	<u>6,139,718</u>	<u>(362,383)</u>
	<u>11,344,152</u>	(180,687)	<u>11,053,628</u>	(198,623)
Other income and gains		(190,444)		691,303
Impairment losses on assets classified as held for sale		(80,288)		(27,963)
Impairment losses on property, plant and equipment		(341,657)		—
Marketing expenses		(49,309)		(50,256)
Administrative expenses		(489,151)		(418,976)
Other expenses		(44,933)		(27,401)
Share of profits of joint ventures		111,581		293,701
Finance costs		<u>(964,462)</u>		<u>(593,160)</u>
Loss before tax		<u>(2,229,350)</u>		<u>(331,375)</u>
Turnover				
Total segment turnover		11,344,152		11,053,628
Less: inter-segment transactions		<u>—</u>		<u>—</u>
Total consolidated turnover		<u>11,344,152</u>		<u>11,053,628</u>

Other information

	2013			
	Oil	Dry bulk	Others	Total
	shipment	shipment		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Additions to segment non-current assets	251,725	3,436,289	969,054	4,657,068
Depreciation	820,266	841,606	6,831	1,668,703
Provision for onerous contracts	316,257	33,437	—	349,694
Loss on disposal of property, plant and equipment	(48,302)	(177,723)	(9,450)	(235,475)
Interest income	<u>14,872</u>	<u>18,520</u>	<u>10,945</u>	<u>44,337</u>

	2012			
	Oil	Dry bulk	Others	Total
	shipment	shipment		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Additions to segment non-current assets	1,932,802	4,084,647	1,807	6,019,256
Depreciation	733,697	743,030	9,743	1,486,470
Gain / (loss) on disposal of property, plant and equipment	(16,752)	63,629	(8)	46,869
Interest income	<u>7,871</u>	<u>10,622</u>	<u>45,601</u>	<u>64,094</u>

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.

No revenue from customers contributing over 10% of the total sales of the Group for both years.

5. OTHER INCOME AND GAINS

	Group	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Other income		
Government subsidies (Note)	23,138	99,085
Bank interest income	33,255	58,064
Rental income from investment properties	20,446	23,373
Interest income from held to maturity investment	3,706	—
Interest income from loan receivables	7,376	6,030
Others	<u>17,682</u>	<u>5,286</u>
	<u>105,603</u>	<u>191,838</u>
Other (losses)/gains		
Gain on revaluation of investment properties	11,637	439,126
(Loss)/gain on disposal of property, plant and equipment, net	(235,475)	46,869
Exchange (losses)/gains, net	(95,216)	5,535
Dividends received from available-for-sale investments	1,772	2,240
Impairment losses on assets classified as held for sale	(80,288)	(27,963)
Impairment losses on property, plant and equipment	(341,657)	—
Others	<u>21,235</u>	<u>5,695</u>
	<u>(717,992)</u>	<u>471,502</u>
Other income and gains	<u>(612,389)</u>	<u>663,340</u>

Note: The Group received government subsidies for business development purpose and refund of value-added tax. There were no unfulfilled conditions or contingencies relating to these subsidies.

6. LOSS BEFORE TAX

The loss before tax is arrived at after charging:

	Group	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of shipping services rendered:		
Bunker oil inventories consumed and port fees	6,121,659	6,410,526
Others (Including vessel depreciation and crew expenses, which amount is also included in respective total amounts disclosed separately below)	<u>5,403,180</u>	<u>4,841,725</u>
	<u><u>11,524,839</u></u>	<u><u>11,252,251</u></u>
Operating lease rentals:		
Land and buildings	53,088	52,233
Vessels	<u>612,076</u>	<u>616,386</u>
Total operating lease rentals	<u><u>665,164</u></u>	<u><u>668,619</u></u>
Staff costs (including directors' remuneration):		
Wages, salaries, crew expenses and related expenses	1,732,761	1,685,035
Pension scheme contributions	<u>168,677</u>	<u>131,506</u>
Total staff costs	<u><u>1,901,438</u></u>	<u><u>1,816,541</u></u>
Depreciation	1,668,703	1,486,470
Auditor's remuneration	3,879	4,026
Provision for onerous contracts	349,694	—
Dry-docking and repairs	<u><u>289,137</u></u>	<u><u>386,791</u></u>

7. FINANCE COSTS

	Group	
	2013	2012
	RMB'000	RMB'000
Total finance costs		
Interest expenses in :		
- Bank loans and other borrowings repayable over five years	385,102	356,891
- Bank loans and other borrowings repayable within five years	253,265	248,118
- Corporate bonds	250,397	70,682
- Convertible bonds	184,541	176,978
- Notes	118,738	173,870
- Finance leases	25,304	—
- Hedge loan	6,216	7,545
Other loan or borrowings costs and charges	<u>10,348</u>	<u>63</u>
	1,233,911	1,034,147
Less: Interest capitalised	<u>(269,449)</u>	<u>(440,987)</u>
Finance costs	<u>964,462</u>	<u>593,160</u>

8. TAX

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2013. Hong Kong profits tax was not provided for in the consolidated financial statements as the Group did not have any assessable profits arising in Hong Kong during the years ended 31 December 2012.

Under the Law of the People's Republic of China on Corporate Income Tax Law (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of the Group is 25%.

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 "New Tax Law"). 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	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Current:		
Hong Kong		
- Charge for the year	(535)	—
- Under provision in prior years	(348)	—
PRC		
- Charge for the year	(17,697)	(4,700)
- Under provision in prior years	(1,680)	(3,156)
Deferred tax	<u>32,163</u>	<u>477,000</u>
Total tax credit for the year	<u>11,903</u>	<u>469,144</u>

Income tax for the year of joint ventures attributable to the Group amounted to RMB43,596,000 (2012: RMB107,578,000).

There was no income tax for the year attributable to the Group from the associates (2012: RMB Nil).

PRC Corporate Income Tax

A reconciliation of the tax credit applicable to loss before tax using the statutory rate for the country in which the Company, its subsidiaries, associates and joint ventures are domiciled to the tax expense at the effective tax rate is as follows:

	Group	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Loss before tax	<u>(2,229,350)</u>	<u>(331,375)</u>
Tax at the statutory tax rate	557,338	82,844
Tax effect of share of profits of joint ventures	43,596	107,578
Expenses not deductible for tax	(281,829)	(67,996)
Income not subject to tax	26,569	28,543
Adjustments in respect of current tax of previous periods	(2,028)	(3,156)
Unused tax losses not recognised	(15,688)	(6,363)
Temporary differences not recognised	24	(44)
Different tax rate of subsidiaries operating in other jurisdiction	(147,876)	(17,341)
Reversal of deferred tax assets on tax losses	(152,852)	—
(Charged)/reversal of deferred tax liabilities on unremitted earnings	<u>(15,351)</u>	<u>345,079</u>
Tax credit	<u>11,903</u>	<u>469,144</u>

Tax payable in the consolidated and company statements of financial position represented by:

	Group		Company	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Income tax payable at the beginning of the year	3,206	4,463	—	70
Provision for Corporate Income Tax	18,232	4,700	—	—
Under provision in prior years	2,028	3,156	—	2,486
Income tax paid	(11,381)	(9,113)	—	(2,556)
Exchange realignment	<u>(13)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Income tax payable at the end of the year	<u>12,072</u>	<u>3,206</u>	<u>—</u>	<u>—</u>

9. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year ended 31 December 2013 includes a loss of RMB753,448,000 (2012: profit of RMB185,997,000) which has been dealt with in the financial statements of the Company.

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of RMB2,234,106,000 (2012: profit of RMB73,741,000) and the weighted average of 3,404,554,000 shares (2012: 3,404,553,000 shares) in issue during the year, calculated as follows:

	2013	2012
(Loss)/profit attributable to owners of the Company (RMB'000)	(2,234,106)	73,741
Weighted average number of shares in issue (thousands)	3,404,554	3,404,553
Basic (loss)/earnings per share (RMB cents per share)	<u>(65.62)</u>	<u>2.17</u>

(b) Diluted (loss)/earnings per share

In 2013 and 2012, the calculation of diluted (loss)/earnings per share does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in decrease/increase in (loss)/profit per share from continuing operations. Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

11. DIVIDEND

The dividend paid in 2012 was RMB340,455,000, representing 2011 final dividend of RMB0.10 per share.

No dividend was paid or proposed during 2013, nor has any dividend been proposed since the end of the reporting period.

12. TRADE AND BILLS RECEIVABLES

	Group		Company	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables	1,647,728	1,445,631	1,312	480,322
Due from associates, joint ventures and fellow subsidiaries	<u>102,557</u>	<u>39,235</u>	<u>—</u>	<u>1,077</u>
Trade and bills receivables	<u><u>1,750,285</u></u>	<u><u>1,484,866</u></u>	<u><u>1,312</u></u>	<u><u>481,399</u></u>

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

The amounts due from associates, joint ventures and fellow subsidiaries are unsecured, non-interest bearing and repayable on demand.

An ageing analysis of the trade and bills receivables at the end of the reporting period, based on the invoice date, is as follows:

	Group			
	2013		2012	
	Balance	Percentage	Balance	Percentage
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
1 - 3 months	1,559,506	89	1,345,645	91
4 - 6 months	108,813	6	131,054	9
7 - 9 months	47,208	3	6,751	—
10 - 12 months	33,251	2	1,075	—
1 - 2 years	<u>1,507</u>	<u>—</u>	<u>341</u>	<u>—</u>
	<u><u>1,750,285</u></u>	<u><u>100</u></u>	<u><u>1,484,866</u></u>	<u><u>100</u></u>

	Company			
	2013		2012	
	Balance <i>RMB'000</i>	Percentage %	Balance <i>RMB'000</i>	Percentage %
1 - 3 months	1,255	96	466,109	97
4 - 6 months	—	—	13,093	3
7 - 9 months	—	—	1,232	—
10 - 12 months	—	—	835	—
1 - 2 years	<u>57</u>	<u>4</u>	<u>130</u>	<u>—</u>
	<u>1,312</u>	<u>100</u>	<u>481,399</u>	<u>100</u>

No impairment loss is provided for the trade and bills 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 and bills receivables, the Group considers any change in credit quality of the trade and bills receivables from the date credit was initially granted up to the end of the reporting period. 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 and bills receivables are debtors with carrying amount of approximately RMB190,779,000 (2012: RMB58,132,000) which are past due as at the end of the reporting period 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 (2012: RMBNil).

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

	Group		Company	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
1 — 6 months	156,021	56,716	—	4,325
7 — 12 months	<u>34,758</u>	<u>1,416</u>	<u>57</u>	<u>965</u>
	<u>190,779</u>	<u>58,132</u>	<u>57</u>	<u>5,290</u>

The Group normally allows a credit period of 30 to 120 days to its major customers. In view of the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The Group does not hold any collateral over these balances.

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

	Group		Company	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
RMB	927,890	860,363	1,312	454,314
USD	<u>822,395</u>	<u>624,503</u>	<u>—</u>	<u>27,085</u>
	<u><u>1,750,285</u></u>	<u><u>1,484,866</u></u>	<u><u>1,312</u></u>	<u><u>481,399</u></u>

13. TRADE AND BILLS PAYABLES

	Group		Company	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills payables	548,149	404,687	1,614	154,476
Due to fellow subsidiaries and related parties	994,584	803,226	9,853	297,056
Due to subsidiaries	<u>—</u>	<u>—</u>	<u>8,688</u>	<u>6,705</u>
	<u><u>1,542,733</u></u>	<u><u>1,207,913</u></u>	<u><u>20,155</u></u>	<u><u>458,237</u></u>

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

The amounts due to subsidiaries, fellow subsidiaries and related parties are unsecured, non-interest bearing and repayable on demand.

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

	Group		Company	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
RMB	952,068	666,759	20,062	292,378
USD	577,249	498,892	93	157,179
HKD	1,969	31,516	—	2,070
JPY	1,885	5,395	—	2,365
EUR	48	3,904	—	3,852
Others	<u>9,514</u>	<u>1,447</u>	<u>—</u>	<u>393</u>
	<u><u>1,542,733</u></u>	<u><u>1,207,913</u></u>	<u><u>20,155</u></u>	<u><u>458,237</u></u>

An ageing analysis of trade and bills payables at the end of the reporting period, based on the invoice dates, is as follows:

	Group			
	2013		2012	
	Balance	Percentage	Balance	Percentage
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
1 - 3 months	1,388,738	90	1,083,462	90
4 - 6 months	71,612	5	79,132	6
7 - 9 months	49,090	3	27,010	2
10 - 12 months	17,928	1	3,620	—
1 - 2 years	5,889	—	8,288	1
Over 2 years	<u>9,476</u>	<u>1</u>	<u>6,401</u>	<u>1</u>
	<u><u>1,542,733</u></u>	<u><u>100</u></u>	<u><u>1,207,913</u></u>	<u><u>100</u></u>

	Company			
	2013		2012	
	Balance	Percentage	Balance	Percentage
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
1 - 3 months	9,653	48	405,971	89
4 - 6 months	344	2	28,807	6
7 - 9 months	705	3	19,383	4
10 - 12 months	6,541	33	2,155	1
1 - 2 years	2,818	14	1,662	—
Over 2 years	<u>94</u>	<u>—</u>	<u>259</u>	<u>—</u>
	<u><u>20,155</u></u>	<u><u>100</u></u>	<u><u>458,237</u></u>	<u><u>100</u></u>

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

II. MANAGEMENT DISCUSSION AND ANALYSIS

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

In 2013, amidst weak demand from global major economies, together with continuous expansion in shipping capacities, the imbalance between demand and supply in the shipping market was aggravated, the international shipping market was still sluggish, and the operating environment for shipping enterprises remained challenging.

In 2013, the international oil tanker transportation market showed an overall fluctuating and declining trend. Affected by an increase in oil production in the United States, shipping demand was weak and freight rate remained at low levels. In 2013, the Baltic Dirty Tanker Index (BDTI) averaged daily at 642 points, representing a decrease of 10.7% year-on-year, of which the daily average freight index for very large crude oil carriers (VLCC) on shipping routes from the Middle East to Japan was 40.22 points, representing a decrease of 15.5% year-on-year.

For domestic oil shipment, under the impact of large-scale crude oil terminals and oil transportation through pipelines, the transshipment volume of imported crude oil declined notably. Affected by the trend of structural changes featuring pipeline transport, short-distance transport and small freight volumes in the refined oil markets, the room for development continued to shrink in the domestic refined oil market. Offshore oil shipping volume increased year-on-year due to production resumed at the Penglai 19-3 oilfield in Bohai Bay. In general, the overall coastal oil shipping market was relatively stable.

The overall performance of the international dry bulk cargo shipping market in 2013 was better as compared to 2012. The annual freight rates showed a trend of “going from low to high” level, and the annual average value of the Baltic Dry Index (BDI) was 1,217 points, representing an increase of 32.3% as compared to 2012.

The coastal dry bulk shipping market showed a trend of experiencing two extremes in 2013. Before July 2013, the coastal coal transportation market was hit by serious oversupply in shipping capacities and the competitive advantage of imported coal prices, the coastal dry bulk shipping market experienced a historical low level. However, the demand for thermal coal in summer increased rapidly after August, the rising BDI and delay in shipments due to typhoons caused freight rates to increase continuously. In 2013, the annual average value of the Coastal Bulk Freight Index (CBFI) in China was 1,126 points, basically in line with the level of 2012.

2. Review of Operating Results During the Reporting Period

In 2013, faced with a challenging market environment, the Group firmly adhered to innovative thinking and mode of operation. By actively implementing transformation and development and further deepening its strategy of “major clients, great co-operation and comprehensive services”, new breakthroughs and results were obtained in the areas of safety management, marketing, cost reduction, efficiency enhancement and management improvement, maintaining an overall trend of stable development.

During the Reporting Period, the volume of freight shipping turnover completed by the Group was 411.29 billion tonne-nautical miles, representing an increase of 5.6% year-on-year. Revenue from operations (after business tax and surcharge) was RMB11.344 billion, representing an increase of 2.6% year-on-year. Operating costs amounted to RMB11.525 billion, representing an increase of 2.4% year-on-year. The loss attributable to owners of the Company was RMB 2,234 million, and basic loss per share were RMB0.6562.

(1) Revenue from Principal Operations

In 2013, overall details of the Group’s principal operations by products transported and geographical regions were as follows:

Principal Operations by Products Transported

Industry or Product Description	Revenue (RMB'000)	Operating costs (RMB'000)	Gross profit margin (%)	Increase/ (decrease) in revenue compared with 2012 (%)	Increase/ (decrease) in operating costs compared with 2012 (%)	Increase/ (decrease) in gross profit margin compared with 2012 (%)
Oil shipments	5,388,805	5,770,434	-7.1%	-3.6%	-0.7%	-3.2%
Coal shipments	2,698,142	2,708,046	-0.4%	-0.1%	-5.0%	5.1%
Iron ore shipments	2,455,750	2,125,930	13.4%	14.0%	16.7%	-2.1%
Other dry bulk shipments	<u>801,455</u>	<u>920,429</u>	-14.8%	32.2%	19.7%	12.0%
Total	<u>11,344,152</u>	<u>11,524,839</u>	-1.6%	2.6%	2.4%	0.2%

Principal Operations by Geographical Regions

Regions	Revenue (RMB'000)	Increase/ (decrease) in revenue as compared to 2012 (%)
Domestic shipment	4,899,067	-0.3%
International shipment	6,445,085	5.0%

(1) Shipping business — Oil shipments

In 2013, facing the persistently sluggish market and a growing competitive trend, the Company adopted the all-staff marketing concept and established a quick response team to marketing to fully implement the strategy of “major clients, great co-operation and comprehensive services” and achieved good results. In 2013, the market share of the Company in the domestic crude oil shipping market was approximately 54% and continued to maintain its leading position in the coastal oil shipment market.

In the international oil shipment market, the Company continued to leverage on the complementary advantages between domestic and international trade and achieved a notable result. By capturing the opportunity of the short-term increase of the international white oil freight rates and the demand for shipping capacity arising from the resumption of production at the Penglai 19-3 oilfield, the Company adjusted the allocation of domestic and international shipping capacities on a timely basis and realized a substantial reduction in losses of approximately RMB160 million in the international white oil and the small dirty tanker markets. The annual operating earnings derived from the VLCC fleet of the Company outperformed market level in 2013.

In 2013, the Group achieved a shipping volume of approximately 194.1 billion tonne-nautical miles of oil, representing a decrease of approximately 2.1% year-on-year; revenue derived from oil transportation was approximately RMB5,389 million, representing a decrease of 3.6% year-on-year. An analysis of the transportation volume and revenue in terms of product types is as follows:

Transportation volume by types

	In 2013 <i>(billion tonne-nautical miles)</i>	In 2012 <i>(billion tonne-nautical miles)</i>	Increase/ Decrease <i>(%)</i>
Domestic	16.38	17.84	-8.2%
Crude oil	13.24	12.60	5.1%
Refined oil	3.14	5.24	-40.1%
International	177.73	180.44	-1.5%
Crude oil	134.67	148.82	-9.5%
Refined oil	43.06	31.62	36.2%
Total	<u>194.11</u>	<u>198.28</u>	-2.1%

Revenue by shipments types

	In 2013 <i>(RMB million)</i>	In 2012 <i>(RMB million)</i>	Increase/ Decrease <i>(%)</i>
Domestic	2,058	2,195	-6.2%
Crude oil	1,758	1,796	-2.1%
Refined oil	300	399	-24.8%
International	3,331	3,398	-2.0%
Crude oil	1,663	2,023	-17.8%
Refined oil	1,668	1,375	21.3%
Total	<u>5,389</u>	<u>5,593</u>	-3.6%

(2) Shipping business — Dry bulk shipments

In 2013, the Group continued to strengthen its marketing activities to develop new customers actively and increased efforts to push ahead joint projects. New progress has been made. In 2013, the Company signed domestic bulk freight COA contracts of 53,430,000 tonnes by adopting annual fixed rates, quarterly pricing and monthly pricing rates. The amount of executed annual freight rate represented approximately 16% of the contracted shipment volume. In a sluggish market, a more market-oriented and more flexible pricing mechanism is in the better interest of the Company as a whole.

Offshore dry bulk cargo shipment became another bright spot in the Group's operation. In 2013, the offshore dry bulk cargo shipment turnover volume accounted for over 60% in the total dry bulk cargo shipment turnover, and realized an outstanding performance by achieving shipment profit of approximately RMB320 million. The fleet of very large ore carriers (VLOC), comprising 8 VLOC vessels of 230,000 tonnes for each and 6 VLOC vessels of 300,000 tonnes for each, completed a shipping volume of 20,530,000 tonnes, representing an increase of 22.7% year-on-year, and realized an operating revenue of RMB1,720 million and shipment profits of RMB540 million from completed voyages, creating an important stabilizing effect on the Group's economic returns.

In 2013, the Group achieved a shipping volume of approximately 217.2 billion tonne-nautical miles of dry bulk cargo, representing an increase of approximately 13.6% year-on-year; operating revenue derived from dry bulk cargo transportation was approximately RMB5.955 billion, representing an increase of 9.0% year-on-year. An analysis of the transportation volume and revenue in terms of product types is as follows:

Transportation volume by types

	In 2013 <i>(billion tonne- nautical miles)</i>	In 2012 <i>(billion tonne-nautical miles)</i>	Increase/ Decrease <i>(%)</i>
Domestic	66.62	63.46	5.0%
Coal	54.03	51.68	4.5%
Iron ore	6.70	6.35	5.5%
Others	5.89	5.43	8.5%
International	150.56	127.67	17.9%
Coal	17.80	19.08	-6.7%
Iron ore	113.07	86.48	30.7%
Others	19.69	22.11	-11.0%
Total	<u>217.18</u>	<u>191.13</u>	13.6%

Revenue by shipments types

	In 2013 <i>(RMB million)</i>	In 2012 <i>(RMB million)</i>	Increase/ Decrease <i>(%)</i>
Domestic	2,841	2,719	4.5%
Coal	2,093	2,138	-2.1%
Iron ore	336	265	26.8%
Others	412	316	30.4%
International	3,114	2,742	13.6%
Coal	605	561	7.8%
Iron ore	2,120	1,890	12.2%
Others	389	291	33.7%
Total	<u>5,955</u>	<u>5,461</u>	9.0%

Note: Other dry bulk cargoes include metal ore, non-metallic ore, steel, cement, timber, grain, fertilizer and so on except for coal and iron ore.

(3) Progress made in LNG shipments

In 2013, the Group continued to promote the LNG shipments. While making steady progress in the establishment of the Mobil DES project, its joint project with Mitsui OSK Lines (MOL), it had also entered into a basket agreement in relation to 6 LNG vessels for phase 1 of the Sinopec APLNG Shipment Project successfully in April 2013.

3. COSTS AND EXPENSES ANALYSIS

While achieving well in transportation operations, the Company has seriously and consistently implemented the various requirements of the Board on further enhancing management, cost reduction and efficiency improvement. Starting on operational management and overall budget management, cost management and control was further strengthened and all types of various costs and expenses were effectively under control. In 2013, transportation cost of RMB11,524 million was incurred, representing an increase of 2.4% year-on-year, while ensuring notable increase in the operating profit. The composition of the main operating costs is as follows:

Item	In 2013 (RMB'000)	In 2012 (RMB'000)	Increase/ Decrease (%)	Composition ratio in 2013
Fuel cost	4,818,839	5,303,973	-9.1%	41.8%
Port cost	1,302,820	1,106,553	17.7%	11.3%
Labor cost	1,657,039	1,545,480	7.2%	14.4%
Lubricants expenses	223,615	244,858	-8.7%	2.0%
Depreciation	1,641,748	1,448,173	13.4%	14.2%
Insurance expenses	251,978	260,733	-3.4%	2.2%
Repair expenses	289,137	386,791	-25.2%	2.5%
Charter cost	612,076	623,567	-1.8%	5.3%
Provision for onerous contracts	349,694	—	—	3.0%
Others	<u>377,893</u>	<u>332,123</u>	<u>13.78%</u>	<u>3.3%</u>
Total	<u>11,524,839</u>	<u>11,252,251</u>	2.4%	<u>100.0%</u>

Fuel cost was the most important item among all under cost control. International oil prices presented a fluctuating trend in 2013, the WTI prices averaged daily at USD98 per barrel. The Company achieved significant cost reduction by adopting measures including locking oil purchases, operating at shipping speed with the best economic effect, participating in the establishment of an offshore centralized fuel purchasing platform through shareholding acquisition and implementing a cross-department comprehensive energy saving new mechanism. In 2013, while the turnover volume increased by 5.6% year-on-year, the fuel consumption volume was 1,184,500 tonnes, representing a minor increase of 0.6% year-on-year; and fuel costs was approximately RMB4,819 million, accounting for 41.8% of the transportation costs; average fuel consumption was 2.88 kg/1,000 nautical miles, decreased by 4.6% year-on-year; and the average prices of fuel consumed by the Group is RMB4,068 per tonne, decreasing by 9.8% year-on-year. In 2013, the Company has achieved a gain of nearly RMB313 million under its dedicated efforts through locking oil purchases and operating at economic shipping speed.

4. Operating results of the joint ventures

In 2013, the Group has recognised its profits in its joint ventures of approximately RMB111 million, representing a decrease of 62.2% as compared with that of the same period in 2012. In 2013, the 5 joint ventures achieved a shipping volume of 171.89 billion tonne-nautical miles, representing an increase of 34.6% as compared with the same period in 2012. The operating revenue achieved by the 5 joint ventures in 2013 was approximately RMB9,329 million, representing an increase of 32.6% as compared to that of the same period in 2012, and the net profit realized by the 5 joint ventures in 2013 was approximately RMB163 million, representing a decrease of 70.1% as compared to that of the same period in 2012.

As at 31 December 2013, the 5 joint ventures owned 80 bulk vessels with a total capacity of 4,160,000 deadweight tonnes and 22 vessels under construction with the capacity of 1,185,000 deadweight tonnes.

The operating results achieved by the 5 joint ventures in 2013 are as follows:

Company name	Interest held by the Group	2013 Shipping volume <i>(billion tonne nautical miles)</i>	2013 Operating revenue <i>(RMB'000)</i>	2013 Net profit /loss <i>(RMB'000)</i>
Shenhua Zhonghai Marine Co., Limited	49%	1,148.8	5,086,740	273,380
Shanghai Times Shipping Co., Limited	50%	454.0	3,638,341	-118,453
Shanghai Friendship Marine Co., Limited	50%	20.0	130,396	-15,470
Huahai Petrol Transportation & Trading Co., Limited	50%	21.1	156,753	8,642
Guangzhou Development Shipping Co., Limited	50%	75.0	317,146	14,545

In 2013, the net profit achieved by China Shipping Finance Co., Limited (“CS Finance”), a non-shipping joint ventures, with 25% interest held by the Company, was approximately RMB165 million.

5. Financial analysis

(1) PROVISION FOR ONEROUS CONTRACTS

	Group 2013 RMB'000	Company 2013 RMB'000
As at 1 January	—	—
Provision for the year	<u>349,694</u>	<u>33,436</u>
As at 31 December	349,694	33,436
Less: current portion of provision for onerous contracts	<u>(175,287)</u>	<u>(17,158)</u>
Non-current portion of provision for onerous contracts	<u>174,407</u>	<u>16,278</u>

As at 31 December 2013, the Group has a provision of RMB349,694,000 for onerous contracts relating to the non-cancellable chartered-in oil tankers and dry bulk vessel contracts.

As at 31 December 2013, the committed charterhire expenses of non-cancellable chartered-in oil tankers and dry bulk vessel contracts with lease term expiring over 24 months from the end of the reporting period and with period not being covered by chartered-out oil tankers and dry bulk vessels contracts of which management cannot reliably assess their onerous contracts, amounted to approximately RMB3,031,793,000.

(2) Net cash inflow

The net cash inflow from operating activities of the Group decreased from approximately RMB891,308,000 for the year ended 31 December 2012 to approximately RMB1,429,279,000 for the year ended 31 December 2013, representing a increase of approximately 60.4%.

(3) Capital commitments

	Group		Company	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Authorised and contracted for:				
Construction and purchases of vessels (Note 1)	9,586,595	6,742,053	—	2,245,880
Equity Investments (Note 2)	<u>592,868</u>	<u>1,029,703</u>	<u>592,868</u>	<u>1,029,703</u>
	<u>10,179,463</u>	<u>7,771,756</u>	<u>592,868</u>	<u>3,275,583</u>

The Group and the Company had capital commitments as at 31 December 2013, of which RMB5,980,812,000 (2012: RMB6,742,053,000) from the Group and RMB592,868,000 (2012: RMB2,245,880,000) from the Company will be due within one year.

Notes:

- (1) According to the construction or purchase agreements entered into by the Group from January 2007 to December 2013, these capital commitments will fall due in 2014 to 2017.
- (2) Included capital commitments in respect of equity investments is commitment to invest in joint ventures, Shenhua Zhonghai Marine Co., Limited of RMB592,868,000 (2012: RMB1,029,668,000) and a subsidiary, China Energy Shipping Investment Co., Limited (“China Energy”) of RMBNil (2012 : RMB35,000) respectively.

In addition to the above, the Group’s share of the capital commitments of its associates which are contracted for but not provided amounted to RMB895,929,000 (2012: RMB1,561,350,000). The Group’s share of the capital commitments of its joint ventures, which are contracted for but not provided amounted to RMB1,296,397,000 (2012: RMB2,353,458,000); which are authorised but not contracted for amounted to RMB4,900,000 (2012: RMB1,286,211,000).

(4) Capital structure

The Group's and Company's net debt-to-equity ratio at 31 December 2013 and 2012 was as follows:

	Group		Company	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total borrowings	33,603,578	31,158,949	17,878,629	18,154,979
Less: Cash and cash equivalents	<u>(1,919,204)</u>	<u>(3,285,745)</u>	<u>(487,558)</u>	<u>(1,278,982)</u>
Net debt	31,684,374	27,873,204	17,391,071	16,875,997
Total equity	22,211,877	24,385,563	20,975,375	21,728,801
Debt to equity ratio	<u>143%</u>	<u>114%</u>	<u>83%</u>	<u>78%</u>

(5) Cash and cash equivalents

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 approximate their fair values.

Included in cash and cash equivalents is an amount of RMB792,008,000 (2012: RMB1,437,942,000) of bank balance deposited with CS Finance, a joint venture of the Group.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
RMB	871,540	2,377,782	406,746	1,174,135
USD	1,043,235	899,247	79,898	103,979
SGD	1,866	4,731	—	—
HKD	1,722	3,154	73	37
Others	<u>841</u>	<u>831</u>	<u>841</u>	<u>831</u>
	<u>1,919,204</u>	<u>3,285,745</u>	<u>487,558</u>	<u>1,278,982</u>

(6) 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	
				2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Current liabilities							
(i)	Bank loans						
	Secured	Libor + 0.4% to 1.70%, 6.46%	2014	1,627,229	1,069,328	—	—
	Unsecured	Libor + 0.6% to 4%, 3 months Libor, 3 months Libor +1.3%, 6.55%	2014	<u>1,575,940</u>	<u>1,678,164</u>	<u>487,752</u>	<u>628,550</u>
				<u>3,203,169</u>	<u>2,747,492</u>	<u>487,752</u>	<u>628,550</u>
(ii)	Notes						
	Unsecured	3.90%	2014	<u>2,998,949</u>	<u>—</u>	<u>2,998,949</u>	<u>—</u>
(iii)	Other borrowings						
	Secured	6.46%	2014	6,630	18,657	—	—
	Unsecured	10% discount to the People's Bank of China ("PBC") Benchmark interest rate, 4.86% to 6.51%, Libor +1.6%	2014	<u>2,356,307</u>	<u>1,428,740</u>	<u>1,000,000</u>	<u>1,300,000</u>
				<u>2,362,937</u>	<u>1,447,397</u>	<u>1,000,000</u>	<u>1,300,000</u>
Notes, interest-bearing bank and other borrowings							
- current portion				<u>8,565,055</u>	<u>4,194,889</u>	<u>4,486,701</u>	<u>1,928,550</u>

		Group			Company		
	Annual effective interest (%)	Maturity	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	
Non-current liabilities							
(i)	Bank loans						
	Secured	3 months Libor +2.2%, Libor +0.4% to 1.7%, 6.46%	2016-2037	8,109,880	8,327,379	—	—
	Unsecured	Libor +1.55% to 1.85%, 6.55%	2019-2024	<u>2,092,182</u>	<u>1,257,236</u>	<u>—</u>	<u>—</u>
				<u>10,202,062</u>	<u>9,584,615</u>	<u>—</u>	<u>—</u>
(ii)	Notes						
	Unsecured	3.90%	2014	<u>—</u>	<u>2,997,211</u>	<u>—</u>	<u>2,997,211</u>
(iii)	Other borrowings						
	Secured	6.46%	2023	137,700	188,663	—	—
	Unsecured	10% discount to the PBC Benchmark interest rate, 4.12% to 6.51%	2015-2018	<u>5,072,790</u>	<u>5,436,590</u>	<u>5,000,000</u>	<u>5,000,000</u>
				<u>5,210,490</u>	<u>5,625,253</u>	<u>5,000,000</u>	<u>5,000,000</u>
Notes, interest-bearing bank and other borrowings							
	- non-current portion			15,412,552	18,207,079	5,000,000	7,997,211

The Group's bank loans are secured by pledges or mortgages of the Group's 34 vessels (2012: 31 vessels) and another 4 vessels under construction (2012: 6 vessels under construction) with total net carrying value of RMB16,299,120,000 (2012: RMB16,073,385,000) as at 31 December 2013. Collateralised borrowings are secured by trade receivables of RMB504,705,000 (2012: RMBNil).

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

Except for secured bank loans of RMB9,598,438,000 (2012: RMB8,924,947,000), unsecured bank loans of RMB2,947,739,000 (2012: RMB1,964,098,000) and unsecured other borrowings of RMB426,767,000 (2012: RMB628,550,000) which are denominated in USD, all borrowings are denominated in RMB.

(b) At 31 December 2013, the Group's notes, interest-bearing bank and other borrowings were repayable as follows:

	Group		Company	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Analysed into:				
(i) Bank loans:				
Within one year or on demand	3,203,169	2,747,492	487,752	628,550
In the second year	1,675,888	1,254,148	—	—
In the third to fifth year, inclusive	3,886,845	3,595,355	—	—
Over five years	<u>4,639,329</u>	<u>4,735,112</u>	<u>—</u>	<u>—</u>
	<u>13,405,231</u>	<u>12,332,107</u>	<u>487,752</u>	<u>628,550</u>
(ii) Notes:				
Within one year or on demand	2,998,949	—	2,998,949	—
In the second year	<u>—</u>	<u>2,997,211</u>	<u>—</u>	<u>2,997,211</u>
	<u>2,998,949</u>	<u>2,997,211</u>	<u>2,998,949</u>	<u>2,997,211</u>
(iii) Other borrowings:				
Within one year or on demand	2,362,937	1,447,397	1,000,000	1,300,000
In the second year	2,079,420	86,554	2,000,000	—
In the third to fifth year, inclusive	3,026,010	2,407,994	3,000,000	2,000,000
Over five years	<u>105,060</u>	<u>3,130,705</u>	<u>—</u>	<u>3,000,000</u>
	<u>7,573,427</u>	<u>7,072,650</u>	<u>6,000,000</u>	<u>6,300,000</u>
	<u>23,977,607</u>	<u>22,401,968</u>	<u>9,486,701</u>	<u>9,925,761</u>

Included in other borrowings represent an amount of RMB1,658,930,000 (2012: RMB562,930,000) were borrowed from CS Finance, a joint venture of the Group. As at 31 December 2013, the current and non-current portion of this borrowing amounted to RMB1,532,140,000 (2012: RMB59,200,000) and RMB126,790,000 (2012: RMB503,730,000) respectively.

Included in other borrowings represent an amount of RMB5,400,000,000 (2012: RMB6,300,000,000) were borrowed from the Company's ultimate holding company. As at 31 December 2013, the current and non-current portion of this borrowing amounted to RMB400,000,000 (2012: RMB1,300,000,000) and RMB5,000,000,000 (2012: RMB5,000,000,000) respectively.

Included in other borrowings represent an amount of RMB426,767,000 (2012: RMBNil) were borrowed from China Shipping (Hong Kong) Holdings Co., Limited ("CSHK"), a fellow subsidiary of the Company. As at 31 December 2013, the current portion of this borrowing amounted to RMB426,767,000 (2012: RMBNil).

(c) Details of the notes at 31 December 2013 are as follows:

	Group and Company	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Principal amount	3,000,000	3,000,000
Notes issuance cost	<u>(8,245)</u>	<u>(8,245)</u>
Proceeds received	2,991,755	2,991,755
Accumulated amortisation	<u>7,194</u>	<u>5,456</u>
	<u><u>2,998,949</u></u>	<u><u>2,997,211</u></u>

Notes with principal amount of RMB3,000,000,000 was issued by the Group to investors on 3 August 2009. The notes carried a fixed interest yield of 3.90% per annum and were issued at a price of 100 per cent of its principal amount, resulting in no discount on the issue. The notes become interest bearing since 4 August 2009, payable annually in arrears on 4 August of each year. The notes will mature on 3 August 2014.

(7) **Other loans**

	Group	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Baosteel Resources International Company Limited ("Baosteel Resources International")	424,206	437,318
Kantons International Investment Limited ("Kantons International")	142,453	12,574
Shanghai Puyuan Shipping Co., Limited ("Shanghai Puyuan")	104,297	76,993
Mitsui O.S.K. Lines, Limited ("MOL")	63,132	—
Petrochina International Co., Limited	<u>10,020</u>	<u>878</u>
	744,108	527,763
Less: current portion of other loans	<u>(29,874)</u>	<u>—</u>
Non-current portion of other loans	<u>714,234</u>	<u>527,763</u>

Included in loan from Baosteel Resources International represents an amount of USD69,580,000 (2012: USD69,580,000) was provided to Hong Kong Hai Bao Shipping Co., Limited to finance the construction of vessels and daily operation. The loan is unsecured, bears interest at 3.5% (2012: 3%) per annum and repayable in 2014 and 2018.

According to the contract signed between East China LNG Shipping Investment Co., Limited ("ELNG") and its non-controlling shareholder, Kantons International, USD3,069,517 was provided to ELNG to finance the vessels construction projects being carried out by the associates held by ELNG. The loan is unsecured, bearing interest at approximately 3.3% over 3 months Libor and have to repay within 20 years after such vessels construction projects completed.

According to the contract signed between China Energy and its non-controlling shareholder, Kantons International, USD20,295,349 were provided to China Energy to finance the vessels construction projects being carried out by the subsidiaries of China Energy. The loans are unsecured, bearing interest at approximately 2.2% over 3 months Libor and have to repay within 20 years after such vessels construction projects completed.

According to the contract signed between CS Puyuan Marine Co., Limited (“CS Puyuan”) and its non-controlling shareholder, Shanghai Puyuan, USD17,107,200 was provided to CS Puyuan to finance the daily operation. The loans are unsecured, non-interest bearing and repayable in 2015 and 2016.

According to the contracts signed between China Energy and its non-controlling shareholder of subsidiaries, MOL, USD10,354,792 were provided to China Energy to finance the vessels construction projects being carried out by the subsidiaries of China Energy. The loans are unsecured, bearing interest at approximately 2.2% over 3 months Libor and have to repay within 15 years after such vessels construction projects completed.

According to the contract signed between North China LNG Shipping Investment Co., Limited (“NLNG”) and its non-controlling shareholder, Petrochina International Co., Limited, USD1,643,393 was provided to NLNG to finance the vessels construction projects being carried out by the associates held by NLNG. The loan is unsecured, bearing interest at approximately 4.9% over 3 months Libor and have to repay within 20 years after such vessels construction projects completed.

(8) BONDS PAYABLE

	Group and Company	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Convertible bonds	3,424,692	3,267,823
Corporate bonds	<u>4,967,236</u>	<u>4,961,395</u>
	<u>8,391,928</u>	<u>8,229,218</u>

(a) Convertible bonds

The Company’s A-share convertible bonds amounting to RMB3,950,000,000 were issued on 1 August 2011, with a term of 6 years, by issuing 39,500,000 number of bonds at a nominal value of RMB100 each. The convertible bonds are convertible into A-shares of the Company at anytime between six months after the date of issue of the convertible bonds and the maturity date of the convertible bonds, being 2 February 2012 to 1 August 2017, at initial conversion price of RMB8.7 per share.

On 17 May 2012, the Company declared a 2011 final dividend of RMB0.1 per share (before tax). According to the terms of issuance of the convertible bonds and relevant regulations by China Securities Regulatory Commission, the Company changed the conversion price from RMB8.7 per share to RMB8.6 per share effective from 1 June 2012.

If the convertible bonds have not been converted, they will be redeemed at 105% of par value within five trading days after the maturity of the convertible bonds. The convertible bonds bear interest at 0.5% for the first year, 0.7% for the second year, 0.9% for the third year, 1.3% for the fourth year, 1.6% for the fifth year and 2% for the sixth year. The interests are payable annually in arrears on 1 August of each year starting from 2012.

Within the last two years of the convertible bonds, if the closing price of A-share is traded at lower of 70% of the initial conversion price for thirty consecutive trading days, the convertible bonds holders are entitled a one-off right to request the Company to redeem the convertible bonds wholly or partially at par, with interest accrued on that day.

The Company is entitled to redeem the convertible bonds wholly at par plus accrued interest if: (i) the closing price of the Company's shares is at or higher than 130% of the initial conversion price for any fifteen trading days in thirty consecutive trading days from issuance of the Bonds; or (ii) the aggregate par value of the outstanding convertible bonds is less than RMB30,000,000 at any time from issuance of the convertible bonds.

The convertible bond was split into liability (including the value of closely-related early redemption option and callable option) and equity components of RMB3,039,329,000 and RMB873,043,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing the residual amount to the equity component. The liability component is subsequently carried at amortised cost and equity component is recognised in the convertible bonds equity reserve. The effective interest of the liability component is 5.6% per annum.

The movement of the liability component of the convertible bonds for the year is set out below:

	<i>RMB'000</i>
Carrying amount at 1 January 2012	3,110,598
Interest charge	176,978
Interest paid	(19,750)
Conversion during the year	<u>(3)</u>
Carrying amount at 31 December 2012	3,267,823
Interest charge	184,541
Interest paid	(27,650)
Conversion during the year	<u>(22)</u>
Carrying amount at 31 December 2013	<u><u>3,424,692</u></u>

The fair value and effective interest rate of the liability component of the convertible bonds at 31 December 2013 is RMB3,424,692,000 (2012: RMB3,267,823,000) and 5.6% (2012: 5.6%) per annum respectively.

Interest expense of RMB184,541,000 (2012: RMB176,978,000) has been recognised in profit or loss in respect of the convertible bonds for the year ended 31 December 2013.

(a) Corporate bonds

i) The movement of the corporate bonds for the year is set out below:

	2013 <i>RMB'000</i>
Carrying amount at initial recognition	4,959,500
Interest charge	<u>1,895</u>
Balance as at 31 December 2012	4,961,395
Interest charge	<u>5,841</u>
Balance as at 31 December 2013	<u><u>4,967,236</u></u>

As at 31 December 2013, the balances of bonds payable are as follows:

Issue date	Term of the bond	Total principal value <i>RMB'000</i>	Book value of bond <i>RMB'000</i>	At 31 December 2012 <i>RMB'000</i>	Interest charge <i>RMB'000</i>	At 31 December 2013 <i>RMB'000</i>
3 August 2012	3 years	1,000,000	991,400	992,527	2,792	995,319
3 August 2012	10 years	1,500,000	1,487,100	1,487,519	1,042	1,488,561
29 October 2012	7 years	1,500,000	1,488,600	1,488,844	1,405	1,490,249
29 October 2012	10 years	<u>1,000,000</u>	<u>992,400</u>	<u>992,505</u>	<u>602</u>	<u>993,107</u>
		<u>5,000,000</u>	<u>4,959,500</u>	<u>4,961,395</u>	<u>5,841</u>	<u>4,967,236</u>

The Company issued 2 batches of corporate bonds on 3 August 2012. The first batch is three-year corporate bonds with a principal value of RMB1 billion, carrying an annual interest rate of 4.20% and matures on 3 August 2015. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually.

The second batch is ten-year corporate bonds with a principal value of RMB1.5 billion, carrying an annual interest rate of 5.00% and matures on 3 August 2022. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually.

The Company issued 2 batches of corporate bonds on 29 October 2012. The first batch is seven-year corporate bonds with a principal value of RMB1.5 billion, carrying an annual interest rate of 5.05% and matures on 29 October 2019. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually.

The second batch is ten-year corporate bonds with a principal value of RMB1 billion, carrying an annual interest rate of 5.18% and matures on 29 October 2022. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually.

(9) **Obligations under finance leases**

It is the Group's policy to lease certain of its vessels under finance leases, with lease terms of 10 years. Interest rates underlying all such finance leases are fixed at 5.90% per annum.

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2013	2012	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts payable under finance leases				
- Within one year	68,977	—	41,479	—
- In more than one year but not more than two years	68,977	—	43,979	—
- In more than two years but not more than five years	206,931	—	149,543	—
- More than five years	<u>288,886</u>	<u>—</u>	<u>254,934</u>	<u>—</u>
	633,771	—	489,935	—
Less: future finance charges	<u>(143,836)</u>	<u>—</u>		
Present value of lease obligations	<u><u>489,935</u></u>	<u><u>—</u></u>		
Less: Amount due within one year shown under current liabilities			<u>(41,479)</u>	<u>—</u>
Amount due after one year			<u><u>448,456</u></u>	<u><u>—</u></u>

The Group's obligations under finance leases are secured by charges over the leased assets.

(10) Contingent Liabilities

- (i) In August 2011, one of the Group's dry bulk cargo vessels "Bihuashan" collided with "Li Peng 1", which caused "Li Peng 1" sunk afterwards. The Group is in a progress of setting up a Limitation of Liability for Maritime Claims amounting to a total sum of RMB23,120,000. Since the Group had been insured, all compensations will be borne by the insurance company. As at 31 December 2013, the Group was still in the process of settling all the issues concerned.
- (ii) In January 2012, fuel leakage occurred in one of the Group's oil tanker "Daiqing 75" during its voyage in Bohai Sea of the PRC. As at 31 December 2013, claims on damage caused by the fuel leakage amounted to an aggregate of RMB11,000,000. Since the Company had been insured with PICC Property and Casualty Company Limited and West of England Insurance Services (Luxembourg) S.A., all compensations will be borne by the insurance companies. As at 31 December 2013, the Group was still in the process of settling all the issues concerned.
- (iii) ELNG, a non wholly-owned subsidiary of the Company, holds 30% equity interests in each of Aquarius LNG Shipping Limited ("Aquarius LNG") and Gemini LNG Shipping Limited ("Gemini LNG"), and NLNG, a non wholly-owned subsidiary of the Company, holds 30% equity interests in each of Capricorn LNG Shipping Limited ("Capricorn LNG") and Aries LNG Shipping Limited ("Aries LNG"). Each of these four companies above entered into Ship Building Contracts for the construction of one LNG vessel each. After the completion of the LNG vessels, four companies would, in accordance with time charters to be signed, lease the LNG vessels to the following Charterers:

Company name	Charterer
Aquarius LNG	Papua New Guinea Liquefied Natural Gas Global Company LDC
Gemini LNG	Papua New Guinea Liquefied Natural Gas Global Company LDC
Aries LNG	Mobil Australia Resources Company Pty Ltd.
Capricorn LNG	Mobil Australia Resources Company Pty Ltd.

On 15 July 2011, the Company entered into four guaranteed leases (“the lease guarantees”). According to the lease guarantees, the Company irrevocably and unconditionally provided the charterers, successors and transferees of the four companies listed above with guarantee (1) for the four companies to fulfil their respective obligations under the lease term, and (2) to secure 30% of amounts payable by the four companies to charterers under lease term.

According to the term of lease guarantees and taking into account of the possible increase in the value of the lease commitments and the percentage of shareholdings by the Company in the above four companies, the amount of lease guaranteed by the Company is limited to USD8.2 million (approximately RMB50 million).

The guarantee period is limited to that of the lease period, which is 20 years.

- (iv) On 9 March 2013, one of the Group’s cargo vessels “CSB Talent” had a broken bollard caused by strong wind at the dock and collided with several parked vessels nearby, which resulted in damage of the floating dock and other facilities. As at 10 July 2013, the claims on damage caused by the collision amounted to an aggregate of RMB95,000,000. Since the Company had been insured with PICC Property and Casualty Company Limited (Guangzhou Branch) and The London Steam Ship Owners Mutual Insurance Association Limited, all compensation will be borne by the insurance companies. As at 31 December 2013, the Group was still in the process of setting all the issues concerned.

(11) Foreign exchange risk management

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 RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

At 31 December 2013, if USD and HKD had weakened or strengthened by 1% against RMB with all other variables held constant, post-tax loss for the year 2013 would have been RMB154,289,000 (2012: post-tax profit RMB140,559,000) lower/higher (2012: higher/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.

(12) Cash flow and fair value interest rate risk management

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. 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 2013, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's post-tax loss for the year would have been RMB100,108,000 (2012: post-tax profit RMB163,840,000) higher/lower (2012: lower/higher), the Company's post-tax loss for the year would have been RMB3,658,000 (2012: post-tax profit RMB40,250,000) higher/lower (2012: lower/higher), mainly as a result of higher/lower interest expenses on floating rate borrowings.

7. Others

(1) Fleet expansion projects

In 2013, the Group has achieved further improvement in its fleet expansion.

In 2013, the cash outflow from investment activities of the Group was approximately RMB4.1 billion which has been paid for construction of new vessels, transformation of old vessels and capital increases into joint ventures of the Company, including capital expenditure of approximately RMB3.740 billion paid for the purchase of new vessels by the Group.

In terms of fleet expansion, 6 new oil tankers with a total capacity of approximately 640,000 deadweight tonnes and 18 new bulk vessels with a total capacity of approximately 1,730,000 deadweight tonnes have been delivered for use in 2013.

As at 31 December 2013, the composition of the Group's fleet is as follows:

	Number of vessels	Deadweight tonnes ('000)	Average age (years)
Oil Tankers	74	7,337	7.1
Dry bulk vessels	<u>133</u>	<u>9,739</u>	11.4
Total	<u>207</u>	<u>17,076</u>	9.8

(2) Material asset disposals

In 2013, the Group disposed of 12 vessels of an aggregate of 619,000 deadweight tonnes, including 9 oil tankers of 523,000 deadweight tonnes and 3 bulk vessels of 96,000 deadweight tonnes respectively.

8. Outlook and highlights for 2014

(1) Competitive landscape and development trend in the industry

In 2014, the global economy has been recovering slowly. The international trade is likely to rebound from the sluggish situation, and it is anticipated that low growth rate may become a normal trend in the next few years. The overall economy of China is stable, and it is anticipated that the full year GDP growth rate will be around 7.5%, implying the economy continues to operate within a reasonable range.

For the shipping market, the oversupply condition of shipping capacities has not been resolved fundamentally. The international shipping market as a whole is expected to remain in a sluggish condition, a sustainable recovery may need some more time. The supply and demand conditions in the international dry bulk cargo market tend to improve in a favorable direction, and the BDI may surpass the average level of 2013. The overall freight rate level in the international oil shipment market may be slightly higher than the level in 2013.

(2) Development strategies of the Company

Facing changes in the market, the Company will adhere to the guiding principles of “planning for changes and new developments, developing under a transformed model and in an innovative manner” in 2014. On the basis of increased cooperation with large customers, the Group will adapt to the development trend of large vessels and low carbon operations to make scientific and reasonable

adjustment to the fleet structure so as to improve core competitiveness. The Company currently has 40 old vessels of over 20 years of age with capacity of approximately 1,306,000 deadweight tonnes. The Company will further optimize its fleet structure step-by-step by timely disposing old vessels with high fuel consumption, small tonnage and low market competitiveness.

(3) Operational plans

In 2014, the Group expects to add 20 new vessels with a total tonnage of 1,920,000 deadweight tonnes of shipping capacity, including 2 oil tankers of 430,000 deadweight tonnes, 18 bulk vessels of 1,490,000 deadweight tonnes. It is anticipated that the total shipping capacity in effective use throughout the whole year will be 18.06 million deadweight tonnes, representing an increase of 5.7% year-on-year.

Based on the market conditions of the domestic and overseas shipping industry in 2014, and taking into account of the delivery of new vessels, the Group's major operating plans in 2014 are as follows: completion of shipment turnover volume of 519.2 billion tonne-nautical miles, representing an increase of 26.2% year-on-year; revenue of RMB14.336 billion is expected to realize, representing an increase of 26.4% year-on-year; operating costs of RMB12.695 billion, representing an increase of 10.2% year-on-year.

(4) Work initiatives of the Company

To cope with the current market situation, the Group will implement the following initiatives in 2014:

(A) Enhance marketing efforts, deepen the cooperation with major customers and strengthen customer management and customer services. Facing tough market conditions, the Company will continue to adhere to the strategy of “major clients, great co-operation and comprehensive services”, increase service awareness continuously and strive to satisfy customer needs and provide value-added services actively, in order to enhance the executive capability on management of major clients and increase development efforts to expand the market customer base.

In 2014, for oil shipment operations, cooperation with the top three domestic petroleum companies will be strengthened continuously, with the focus on protecting the market shares on coastal crude oil and domestic offshore oil and fully utilizing the joint advantages of domestic and offshore trading markets to increase revenue. For bulk cargo shipment operations, the Company will focus on improving the pricing mechanism and contract

performance mechanism for COA contracts, improve customer management, consolidate benefits from associated companies, maintain good cooperation results with associated companies, while make good use of the unified platform for bulk cargo operations to allocate shipping capacities reasonably between long-term chartering and spot market contracts, increase the market share of offshore shipment operations and improve the structure of cargo sources. For LNG shipment operations, the Company will leverage on the opportunities arising from the APLNG and Mobil projects to enhance comprehensively the integrated capabilities on LNG project development, vessel construction management, business management, bank financing, crew and vessel management, in order to safeguard the LNG market for the two major groups, Sinopec and PetroChina, and actively develop cooperation with other LNG importers.

- (B) Accelerate fleet structure adjustment and proceed with fleet structure optimization at a steady pace. The Company will capture the favorable opportunity provided by the planning of the State government to boost the shipping industry to dispose of old and obsolete vessels with high fuel consumption, small tonnage and weak market competitiveness in a timely manner. At the same time, research and judgment on the markets will be strengthened, closely monitor new technological innovations on vessel building, expand the fleet size as appropriate, continue to pursue energy saving and cost reduction through technologies, further develop the fleet towards the direction of large-size, technology-oriented and low-carbon operations, optimize the structure of shipping capacities continuously and enhance the overall competitiveness of the fleet.
- (C) Further implementation of overall budget management and drive cost reduction and efficiency improvement at full force. In 2014, the Group will use overall budget management as an important means to enhance the management level of the enterprise. The comprehensive energy saving mechanism will be further strengthened and improved. While fuel saving measures such as locking oil purchases and implementing economic shipping speed will be implemented continuously, such concepts and models will gradually cover the management and control of various cost items such as crew expenses, vessel repair charges, port charges, to create an advantage of low costing.

- (D) Expand financing channels to secure development funds. According to the new vessel delivery plans, the capital expenditure of the Company from 2014 to 2015 is approximately RMB6.887 billion and RMB2.537 billion respectively. Meanwhile, the associated and joint venture companies of the Group have strong demands for capital increases. In this connection, the Company will further strengthen cooperation with banks to secure the required capital funds by scientific and reasonable use of financial instruments, reduce finance costs, enhance operating benefits and efficiency of capital operations continuously, maintain a relatively sound financial structure, and prevent financial risk and capital risk practicably.
- (E) Further advance the strategy of “developing an enterprise on the basis of talents” to ensure the availability of talents for the sustainable development of the Company. The Company will strive to develop itself as a learning-based and innovative enterprise, accelerate the paradigm shift, knowledge update and structural optimization of the shipping crew and onshore teams, so as to provide a strong support for transformation and development of the Company.
- (F) Continue to strengthen safety development and ensure safety development of the enterprise. The Group will further strengthen the appraisals on safe production responsibilities, with focus on collision avoidance, pirate prevention and pollution prevention, and further improve the safety management system to establish the safety standards.

9. OTHER SIGNIFICANT EVENTS

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

The Directors do not recommend the payment of a final dividend for 2013 as the Company recorded loss in 2013.

The H share register of members of the Company will be closed from Wednesday, 7 May 2014, to Friday, 6 June 2014, both days inclusive, during which period no transfer of H shares will be effected and registered. Shareholders whose names appear on the H share register of members of the Company on Friday, 6 June 2014 will be eligible to attend and vote at the annual general meeting of the Company. In order to be entitled to attend and vote at the 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 shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 5 May 2014.

(2) Medical insurance scheme

As required by the regulations of the PRC local 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 basic salaries of the employees. 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.

Since 1 July 2010, the Company has developed a defined medical insurance scheme according to the spirit of the State to advocate the establishment of a multi-level enterprise medical security system and of the “Notice on Enterprise Income Tax Policies Relating to Defined Contribution Retirement Insurance and Defined Medical Insurance (Cai Shui [2009] No. 27). Under the scheme, the Company shall make a provision of 5% of the total salary of employees, which shall be deposited into a special account for defined medical insurance fund.

(3) Pension and Enterprise annuity schemes

i) 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% (2012: 18%-22%) of the basic salaries of the Group’s employees. Contributions by the Group to the Scheme for the year ended 31 December 2013 amounted to RMB153,675,000 (2012: RMB117,261,000).

Enterprise annuity scheme

In the year 2008, after the resolution held between the representatives of the Group’s Labour Union and the Board, 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 2013 amounted to RMB50,779,000 (2012: RMB39,317,000).

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

ii) Hong Kong

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed in Hong Kong. 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 HKD25,000 (2012: HKD20,000 from 1 January 2012 to 31 May 2012 and HKD25,000 effective as on 1 June 2012). Contributions to the MPF Scheme vest immediately. Contributions by the Group to the Scheme for the year ended 31 December 2013 amounted to RMB15,002,000 (2012: RMB14,245,000).

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

As at 31 December 2013, 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 otherwise required to be notified 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 (the "Model Code").

(5) 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.

(6) Compliance with the Corporate Governance Code

The Board is committed to the principles of corporate governance for a value-driven management that is focused on enhancing shareholders' value. In order to enhance independence, accountability and responsibility, the posts of Chairman of the Board and the CEO are assumed by different individuals so as to maintain independence and balanced judgment views.

In the opinion of the Directors, save as disclosed below, the Company has complied with the code provisions set out in the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2013.

Under the revised code provision E.1.2, the chairman of the Board should attend the annual general meeting and invite the chairmen of the Audit Committee, Remuneration Committee, Nomination Committee and any other committees (as appropriate) to attend. However, in the annual general meeting held on 29 May 2013 ("2013 AGM"), Chairman Mr. Li Shaode was unable to attend the 2013 AGM as he had a scheduling conflict with his other prior commitments. Mr. Zhang Guofa, Vice Chairman of the Company, chaired the 2013 AGM on the behalf of the chairman. Further, Mr. Lu Wenbin, chairman of the Audit Committee, Mr. Wang Wusheng, chairman of the Nomination Committee, and Mr. Zhong Yongguang, both being independent non-executive Directors, were invited to attend the 2013 AGM to answer any question from the shareholders concerning the Company's corporate governance. As provided for in the code provision A.6.7, independent non-executive directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Zhang Jun, an independent non-executive Director, was unable to attend the 2013 AGM due to prior commitments.

Looking ahead, the Company will keep its corporate governance practices under continuous review to ensure its consistent compliance and will continue to improve its practices having regard to the latest developments including any new amendments to the Code.

The Company has established four professional committees under the Board, including the Audit Committee, Remuneration and Appraisal Committee, Strategy Committee and the Nomination Committee with defined terms of reference.

(7) Audit Committee

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.

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

(8) Remuneration and Appraisal Committee

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

(9) Compliance with 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 confirms that each of them has complied with the Model Code during the Reporting Period.

(10) 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. 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 2013, the Company had 7,536 employees. During the Reporting Period, the total staff cost was approximately RMB1,901,438,000 (In 2012: RMB1,816,541,000).

(11) Events after Reporting Period

The following are the significant events after Reporting Period.

1. The PRC's Ministry of Transport, Ministry of Finance, National Development and Reform Commission and Ministry of Industry and Information Technology issued the Renewed Implementation Plan on Early Disposal of Aged Shipping Vessels and Single-hull Oil Tankers (《老舊運輸船舶和單殼油輪提前報廢更新實施方案》) in order to execute the State Council's Notice on the Implementation Plan on Accelerating Structural Adjustment and Promoting Transformation and Upgrading of the Ship-building Industry (2013-2015) (《船舶工業加快結構調整促進轉型升級實施方案(2013-2015年)》), and issued the "Administrative Measures on Disposal of Aged Shipping Vessels and Single-hull Oil Tankers and Renewal of Centralised Government Special Subsidy" (《老舊運輸船舶和單殼油輪報廢更新中央財政補助專項資金管理辦法》) on 28 February 2014 (the "New Scheme"). Such implementation is to encourage early retirement of aged shipping vessels and single-hull oil tankers with ocean and coastal operations. According to the New Scheme, the central government has offered a special subsidy based on a standard rate of RMB1,500 per ton on the disposed vessels with new replacement, which will also take into account of the vessel type and their early retirement ages and 50% of the subsidy will be given upon the destruction of vessel and the remaining 50% will be given after the vessel's construction. Under the principle of voluntariness, shipping enterprises may choose to calculate the total tonnage by weighting separately or in aggregate tons of the dissembled and newly constructed vessels. The New Scheme might have an impact to the Group's income relating to subsidies.
2. Pursuant to the resolution passed at the second meeting of the Board on 19 January 2014, the Board agreed that the Company, will issue guarantee letters for the benefit of China Shipping Development (Hong Kong) Marine Co., Limited, a wholly-owned subsidiary of the Company, to guarantee its loans made from domestic commercial loans to repayment obligations for offshore bank loans in the aggregate amount of USD500,000,000, subject to the approval by the shareholders of the Company in an extraordinary general meeting and shall be valid for one year. For further details, please refer to the Company's announcement titled "Provision of Guarantee to a Subsidiary" dated 29 January 2014.

3. Pursuant to the resolution passed at the third meeting of the Board on 18 March 2014, the Board passed the “Resolution on Changes in Accounting Estimates” to change the estimation of the residual value of the vessels. The net residual value of vessels is changed from USD470/LDT to USD420/LDT, which were adopted with effect from 1 January 2014.

(12) Publication of annual results on the website of The Stock Exchange of Hong Kong Limited

An annual report of the Company containing all the financial and relevant information as required under 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 2012 and 2013, 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 2013, which will contain an unqualified auditors’ report, will be delivered to the Companies Registry, and delivered to shareholders as well as made available on the Company’s website at <http://www.cnshippingdev.com>.

By order of the Board
China Shipping Development Company Limited
Xu Lirong
Chairman

18 March 2014
Shanghai, the PRC

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Xu Lirong, Mr. Zhang Guofa, Ms. Su Min, Mr. Huang Xiaowen, Mr. Ding Nong, Mr. Han Jun and Mr. Qiu Guoxuan as executive Directors, Mr. Zhang Jun, Mr. Lu Wenbin, Mr. Wang Wusheng and Mr. Lin Junlai as independent non-executive Directors.