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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)**

**Third Quarterly Report of 2010**

**IMPORTANT NOTICE**

This third quarterly report for the three months ended 30 September 2010 (the "Reporting Period") of China Shipping Development Company Limited (the "Company", together with its subsidiaries, the "Group") has been prepared in accordance with the regulations on Disclosure of Information in Quarterly Reports for Listed Companies issued by the China Securities Regulatory Commission. This report is published simultaneously in Shanghai of the People's Republic of China (the "PRC") and Hong Kong. All financial information set out in this third quarterly report is unaudited and prepared in accordance with the PRC accounting standards.

The board of directors (the "Board") of the Company and all directors hereby confirm that the information set out in this report does not contain any false information, misleading statement or material omission, and accept joint and several responsibilities for the truthfulness, accuracy and completeness of the contents of this report.

This announcement is made pursuant to Rule 13.09(2) of The Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited.

# 1. PARTICULARS OF THE COMPANY

## 1.1 Principal financial data and statistics highlights

Items	As at	As at	Increase/ Decrease (%)
	30 September 2010	31 December 2009	
Total assets (RMB)	38,275,180,879.79	33,929,548,233.73	12.81
Shareholders' Equity (excluding minority interests) (RMB)	22,380,984,846.67	21,394,573,216.19	4.61
Net assets per share attributable to shareholders of the Company (RMB)	6.5738	6.2841	4.61
		<b>For the nine months ended 30 September 2010</b>	<b>Increase/ Decrease as compared with the same period of 2009 (%)</b>
Net cash flow from operating activities (RMB)		1,922,279,821.78	34.12
Net cash flow from operating activities per share (RMB)		0.5646	34.12
	<b>During the Reporting period</b>	<b>For the nine months ended 30 September 2010</b>	<b>Increase/ Decrease as compared with the same period of 2009</b>
Net profit attributable to shareholders of the Company (RMB)	478,315,094.82	1,457,081,742.22	63.79
Basic earnings per share (RMB)	0.1405	0.4280	63.79
Basic earnings per share after exceptional items (RMB)	0.1334	0.3908	72.59
Diluted Earnings per share (RMB)	0.1405	0.4280	63.79
Rate of returns on net assets (%) (weighted)	2.16	6.66	Up 0.80 percentage points
Rate of returns on net assets after exceptional items (%) (weighted)	2.05	6.08	Up 0.82 percentage points

<b>Exceptional items</b>	<b>For the nine months ended 30 September 2010 (RMB)</b>
Profit and Loss on disposal of non-current assets	135,976,533.74
Government subsidies credited to the current profit and loss, save for the government subsidies granted pursuant to the national uniform standard quota or amount which are closely related to the business of the Company	28,855,300.00
Reversal of impairment provision for accounts receivable under individual impairment tests	206,552.54
Other net non-operating income except for the aforesaid items	27,287,319.43
Income tax effect	-63,488,175.51
Minority interest effect (after tax)	-2,133,383.03
<b>Total</b>	<b>126,704,147.17</b>

**1.2 Total number of shareholders as at the end of the Reporting Period and the shareholding of the top 10 shareholders of unrestricted shares of the Company**

As at the end of the Reporting Period, the Company had a total of 113,097 shareholders, of which 112,777 were holders of A shares and 320 were holders of H shares.

**Shareholding details of the top 10 shareholders of unrestricted shares of the Company**

<b>Name of shareholders (Full Name)</b>	<b>Number of shares held as at the end of the Reporting Period</b> <i>(unit: share)</i>	<b>Type of shares</b>
China Shipping (Group) Company	1,578,500,000	A shares
HKSCC NOMINEES LIMITED	1,289,738,897	H shares
CITIC Securities Co., Ltd. — Industrial and Commercial Bank of China — CREDIT SUISSE (HONG KONG) LIMITED	11,225,059	A shares
Donghai Securities — China Construction Bank — Dong Feng No.3 Asset Management Plan	10,655,804	A shares
China Construction Bank — the Great Wall Brand Preferred Equity Securities Investment Fund	9,233,660	A shares
China construction bank — JPMF — SITICO Growth Pioneer Equity Securities Investment Fund	7,499,894	A shares
Donghai Securities — Bank of Communications — Dong Feng No.5 Asset Management Plan	5,478,230	A shares
China Bank — the Harvest Shanghai & Shenzhen 300 Index Securities Investment Fund	4,004,721	A shares
Donghai Securities — Everbright Bank — Dong Feng No.6 Asset Management Plan	3,869,997	A shares
China Merchants Bank Co. Limited — SSE Dividend Transactional Open Index Equity Securities Investment Fund	3,094,838	A shares

## 2. Significant Events

### 2.1 Material Changes in the principal items and highlights in the financial statements of the Company and the reasons

- (1) During the nine months ended 30 September 2010, the Group achieved a shipping volume of approximately 198.78 billion tonne-nautical miles and achieved an operating revenue of approximately RMB8,480,330,000, representing an increase of approximately 23.85% and 29.03% respectively as compared with the same period of 2009. The major reasons include that, the shipping market began to gradually pick up due to the global macroeconomic recovery, and the total capacity of the Group increased due to the delivery of new vessels.
- (2) During the nine months ended 30 September 2010, the operating cost of the Group was approximately RMB6,505,930,000, representing an increase of approximately 25.00% as compared with the same period of 2009. The major reason is that the major operating costs such as fuel cost, depreciation of vessels and labor cost increased significantly as compared with the same period of 2009, among which, the fuel cost incurred was approximately RMB2,824,940,000, representing an increase of approximately 50.71% as compared with the same period of 2009.
- (3) During the nine months ended 30 September 2010, the Group achieved an investment income of approximately RMB172,680,000, representing an increase of approximately 502.66% as compared with the same period of 2009. The major reason is that, due to the rapid expansion of the business scale of Shenhua Zhonghai Marine Co., Limited (“Shenhua Zhonghai”), a joint venture company with China Shenhua Energy Co., Limited, Shenhua Zhonghai’s operating results increased significantly as compared with the same period of 2009.
- (4) During the nine months ended 30 September 2010, the net non-operating income less expenses of the Group was approximately RMB192,330,000, representing an increase of approximately 101.58% as compared with the same period of 2009, mainly arising from disposal of 12 old vessels. During the same period of 2009, the net non-operating income less expenses of the Group was approximately RMB95,410,000, mainly arising from disposal of 8 old vessels.

- (5) During the nine months ended 30 September 2010, the Enterprise Income Tax (“EIT”) of the Group was approximately RMB405,700,000, representing an increase of approximately 66.19% as compared with the same period of 2009. The major reason is that the operating results of the Group during the nine months ended 30 September 2010 has increased. During the nine months ended 30 September 2010, the Company’s EIT rate was calculated at 22% temporarily.
- (6) During the nine months ended 30 September 2010, the financial fee of the Group was approximately RMB139,330,000, representing an increase of approximately 459.02% as compared with the same period of 2009. The major reason is that, with the delivery of new vessels, the interest expenses from related bank borrowings has been conducted as cost.

## 2.2 Expected 2010 annual results

It is estimated that the international and domestic shipping market will remain stable for the fourth quarter of 2010. The Group expects that the annual results of the year ending 31 December 2010 shall increase over 50% as compared with 2009.

This announcement is made in compliance with Rule 13.09(2) of the Listing Rules. The Company’s A Shares are listed on the Shanghai Stock Exchange, and the Company has made an announcement similar to this announcement at the Shanghai Stock Exchange.

By order of the Board  
**China Shipping Development Company Limited**  
**Li Shaode**  
*Chairman*

Shanghai, the PRC  
25 October 2010

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