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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 2009

IMPORTANT NOTICE

This third quarterly report for the three months ended 30 September 2009 (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.

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

1. PARTICULARS OF THE COMPANY

1.1 Principal financial data and statistics highlights

Items	As at 30 September 2009	As at 31 December 2008	Increase/ Decrease (%)
Total assets (RMB)	31,789,516,000.45	30,028,594,665.13	5.86
Shareholders' Equity (excluding minority interests) (RMB)	21,251,415,562.85	21,454,020,871.74	-0.94
Net assets per share attributable to shareholders of the Company (RMB)	6.2421	6.3016	-0.94
			Increase/Decrease as compared with the same period of 2008 (%)
		For the nine months ended 30 September 2009	
Net cash flow from operating activities (RMB)		1,433,219,282.74	-72.12
Net cash flow from operating activities per share (RMB)		0.4210	-72.12

	During the Reporting period	For the nine months ended 30 September 2009	Increase/ Decrease as compared with the same period of 2008
Net profit attributable to shareholders of the Company (RMB)	292,025,257.00	905,663,973.96	-81.05
Basic earnings per share (RMB)	0.0858	0.2660	-81.05
Basic earnings per share after exceptional items (RMB)	—	0.2436	—
Diluted Earnings per share (RMB)	0.0858	0.2660	-81.05
Rate of returns on net assets (%) (fully diluted)	1.37	4.26	Down 6.06 percentage points
Rate of returns on net assets after exceptional items (%) (fully diluted)	1.24	3.90	Down 6.05 percentage points

**For the nine
months ended
30 September 2009
(RMB)**

Exceptional items

Profit and Loss on disposal of non-current assets	62,826,350.59
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	32,450,500.00
Other net non-operating income except for the aforesaid items	131,024.50
Income tax of the above three items	-19,081,575.02
Total	76,326,300.07

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 98,560 shareholders, of which 98,257 were holders of A shares and 303 were holders of H shares.

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

Name of shareholders (Full Name)	Number of shares held as at the end of the Reporting Period <i>(unit: share)</i>	Type of shares
China Shipping (Group) Company	1,578,500,000	A shares
HKSCC NOMINEES LIMITED	1,290,076,897	H shares
Industrial and Commercial Bank of China-Southern Ingredients Selection Stock Securities Investment Fund	14,250,655	A shares
Industrial and Commercial Bank of China-Lion Equity Securities Investment Fund	10,626,876	A shares
China Construction Bank - the Great Wall brand preferred Equity Securities Investment Fund	10,113,660	A shares
Agricultural Bank of China - INVESCO Great Wall of resource monopolies and Equity Securities Investment Fund	9,917,529	A shares
China Industrial and Commercial Bank of China - INVESCO Great Wall of selected blue-chips Securities Investment Funds	8,373,793	A shares
CITIC Securities Co., Ltd.	8,280,075	A shares
Industrial and Commercial Bank of China-GF Strategy Selective Mixed Securities Investment Fund	6,995,370	A shares
Bank of Communications - the Great Wall Hisatomi Core Growth Stock Securities Investment Fund (LOF)	6,929,488	A shares

2. SIGNIFICANT EVENTS

2.1 Material Changes in the principal items and highlights in the financial statements of the Company during the Reporting Period and the reasons

- (1) During the nine months ended 30 September 2009, the Group achieved a shipping volume of approximately 160.5 billion tonne-nautical miles and achieved an operating revenue of approximately RMB6,572,290,000, representing a decrease of 8.5% and 54.1% respectively as compared with the same period of 2008. The major reason is that, due to the impact of the international financial crisis, the international and domestic shipping market was faced with sluggish demand and over supply of shipping capacity.
- (2) During the nine months ended 30 September 2009, the operating cost of the Group was approximately RMB5,204,580,000, representing a decrease of 38.18% as compared with the same period of 2008. The major reason is that the major operating costs such as fuel cost, vessel leasing cost and other shipping costs have decreased significantly as compared with the same period of 2008, among which, as a result of the decrease of the international crude oil price, the fuel cost was approximately RMB1,874,470,000, representing a decrease of 40.30% as compared with the same period of 2008.
- (3) During the nine months ended 30 September 2009, the Group achieved an investment income of approximately RMB28,650,000, representing a decrease of 93.56% as compared with the same period of 2008. The major reason is that, due to the decrease of the average freight rates in domestic coastal bulk shipping market, the operating results of the joint ventures of the Company have decreased significantly.
- (4) During the nine months ended 30 September 2009, the net non-operating income less expenses of the Group was approximately RMB95,410,000, representing a decrease of 75.81% as compared with the same period of 2008, including the government subsidies of RMB32,450,000 and the gain of approximately RMB62,860,000 from disposal of 8 old vessels. During the same period of 2008, the net non-operating income less expenses of the Group was approximately RMB394,350,000, mainly arising from the net gain on disposal of 16 old vessels.
- (5) During the nine months ended 30 September 2009, the Enterprise Income Tax (“EIT”) of the Group was approximately RMB244,120,000, representing a decrease of 81.75% as compared with the same period of 2008. The major reason is that the operating results of the Group has decreased significantly. During the nine months ended 30 September 2009, the Company’s EIT rate was calculated at 20% temporarily.

2.2 Progress of significant events and their impact

At the first extraordinary general meeting of the Company held on 2 April 2009, the shareholders approved the resolution of the proposed issue of the medium-term notes (the “Medium-Term notes”) with a principal amount of not more than RMB5 billion to inter-bank bond market institutional investors in the PRC. Part of the Medium-Term notes, RMB3 billion were issued on 3 August 2009 with a maturity of 5 years. Cash was received for the related allotment on 4 August 2009. It is expected that the remaining RMB2 billion Medium-Term notes will be issued in the fourth quarter of 2009.

2.3 Expected 2009 annual results

It is estimated that the international and domestic shipping market will remain at low level for the fourth quarter of 2009. The Group expects that the annual results of 2009 shall decline by over 50% as compared with 2008.

This announcement is made in compliance with Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. 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 22 October 2009

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.