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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)

First Quarterly Report of 2010

IMPORTANT NOTICE

This first quarterly report for the three months ended 31 March 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 first 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 on The Stock Exchange of Hong Kong Limited.

1. PARTICULARS OF THE COMPANY

1.1 Principal financial data and statistics highlights

Items	As at 31 March 2010	As at 31 December 2009	Increase/ Decrease (%)
Total assets (RMB)	34,811,123,472.48	33,929,548,233.73	2.60
Shareholders' Equity (excluding minority interests) (RMB)	21,837,107,113.10	21,394,573,216.19	2.07
Net assets per share attributable to shareholders of the Company (RMB)	6.4141	6.2841	2.07
			Increase/ Decrease as compared with the same period of 2009 (%)
		For the three months ended 31 March 2010	
Net cash flow from operating activities (RMB)		705,847,320.63	0.95
Net cash flow from operating activities per share (RMB)		0.2073	0.95

	For the three months ended 31 March 2010	Increase/ Decrease as compared with the same period of 2009
Net profit attributable to shareholders of the Company (RMB)	458,399,663.32	44.77
Basic earnings per share (RMB)	0.1346	44.77
Basic earnings per share after exceptional items (RMB)	0.1138	30.54
Diluted Earnings per share (RMB)	0.1346	44.77
Rate of returns on net assets (%) (weighted)	2.12	Up 0.65 percentage points
Rate of returns on net assets after exceptional items (%) (weighted)	1.79	Up 0.42 percentage points

Exceptional items

**For the three
months ended
31 March 2010
(RMB)**

Profit and Loss on disposal of non-current assets	92,319,657.62
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	169,100.00
Other net non-operating income except for the aforesaid items	-1,480,276.58
Income tax effect	-20,021,865.83
Minority interest effect (after tax)	-82,491.50
Total	70,904,123.71

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 109,606 shareholders, of which 305 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	1,289,864,897	H shares
Industrial and Commercial Bank of China-Lion Equity Securities Investment Fund	11,639,507	A shares
China Construction Bank - the Great Wall Brand Preferred Equity Securities Investment Fund	8,123,660	A shares
China Minsheng Banking Corporation - Eastern Selected Mixed Open Securities Investment Fund	7,239,900	A shares
China Merchants Bank Co., Ltd. - China Everbright Prudential Advantage Equity Securities Investment Fund allocation	6,708,029	A shares
National Social Security Fund 109 Portfolio	6,434,750	A shares
CITIC Securities Co., Ltd.	6,405,400	A shares
Citic Industrial Bank - Investment Quality Growth Stock Securities Investment Fund	5,861,583	A shares
Dacheng Value Growth Securities Investment Fund	5,675,018	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 Reporting Period, the Group achieved a shipping volume of approximately 62.19 billion tonne-nautical miles and achieved an operating revenue of approximately RMB2,718,800,000, representing an increase of 28.64% and 27.85% 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 Reporting Period, the operating cost of the Group was approximately RMB2,134,060,000, representing an increase of 28.51% 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 during the Reporting Period was approximately RMB903,630,000, representing an increase of 56.17% as compared with the same period of 2009.
- (3) During the Reporting Period, the Group achieved an investment income of approximately RMB46,420,000, representing an increase of 298.26% 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, a joint venture company with China Shenhua Energy Co., Limited (“China Shenhua”), its operating results increased significantly as compared with the same period of 2009.
- (4) During the Reporting Period, the net non-operating income less expenses of the Group was approximately RMB91,010,000, representing an increase of 267.78% as compared with the same period of 2009, mainly arising from the gain of approximately RMB93,310,000 from disposal of 5 old vessels. During the same period of 2009, the net non-operating income less expenses of the Group was approximately RMB24,740,000, mainly arising from the government subsidies of RMB25,000,000.

- (5) During the Reporting Period, the Enterprise Income Tax (“EIT”) of the Group was approximately RMB121,130,000, representing an increase of 43.26% as compared with the same period of 2009. The major reason is that the operating results of the Group during the Reporting Period has increased significantly. During the Reporting Period, the Company’s EIT rate was calculated at 22% temporarily.
- (6) During the Reporting Period, the administration fee of the Group was approximately RMB66,450,000, representing an increase of 61.45% as compared with the same period of 2009. The major reason is that, with the expansion of business scale and upgrading of economic benefits of the Group, staff salary increased as compared with the same period of 2009.
- (7) During the Reporting Period, the financial fee of the Group was RMB35,330,000, representing an increase of 453.9% 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 Progress of significant events and their impact

- (1) At the first Board meeting of 2010 held on 29 January 2010, the Company passed the resolution regarding the capital contribution agreement signed by the Company and China Shenhua in relation to the increase in registered capital in Zhuhai New Century Shipping Co., Limited. The name of Zhuhai New Century Shipping Co., Limited will be changed to Shenhua Zhonghai Marine Co., Limited (“Shenhua Zhonghai”). The Company agreed to contribute RMB2,250,000,000 during the period from 2010 to 2013, representing 49% of the registered capital. The registered capital will become RMB4,600,000,000 after contributions by both parties. As at 31 March 2010, the Company has contributed RMB149,000,000 to Shenhua Zhonghai for the first installment.
- (2) Shanghai Golden Harvest Shipping Co., Limited (a joint venture with Shenergy Co., Limited) was established in March 2010, with 51% of the registered capital held by the Company.

2.3 Implementation of the profit distribution plan

At the second Board meeting of 2010 held on 26 March 2010, the Company passed the resolution regarding the 2009 profit distribution plan, that is, the Company proposed to pay a final dividend for the year 2009 of RMB0.10 per share based on the number of shares issued as at 31 December 2009, with a total amount of RMB340,455,227. The resolution proposing the final dividend is pending approving at the 2009 Annual General Meeting to be held on 8 June 2010.

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 21 April 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.