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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 2011**

Summary

This Report for the three months ended 31 March 2011 of 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, the PRC and Hong Kong. All financial information set out in this Report is unaudited and prepared in accordance with the PRC GAAP.

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. IMPORTANT**

- 1.1 This first quarterly report (the “Report”) for the three months ended 31 March 2011 (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. The 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 accounting principles generally accepted in the PRC (the “PRC GAAP”).

## 2. PARTICULARS OF THE COMPANY

### 2.1 Principal financial data and statistics highlights

	As at 31 March 2011	As at 31 December 2010	Increase/ Decrease (%)
Total assets (RMB)	43,345,194,214.40	40,710,176,243.62	6.47
Equity attributable to shareholders of the Company (RMB)	22,897,279,340.67	22,578,545,669.88	1.41
Net assets per share attributable to shareholders of the Company (RMB)	6.7255	6.6319	1.41
	For the three months ended 31 March 2011		Increase/ Decrease as compared with the same period of 2010
Net cash flow from operating activities (RMB)		474,436,532.52	- 32.78
Net cash flow from operating activities per share (RMB)		0.1394	- 32.78
	For the three months ended 31 March 2011		Increase/ Decrease as compared with the same period of 2010
Net profit attributable to shareholders of the Company (RMB)		382,040,218.27	- 16.66
Basic earnings per share (RMB)		0.1122	- 16.66
Basic earnings per share after exceptional items (RMB)		0.0908	- 20.19
Diluted Earnings per share (RMB)		0.1122	- 16.66
Rate of returns on net assets (%) (weighted)		1.68	Down 0.44 percentage points
Rate of returns on net assets after exceptional items (%) (weighted)		1.36	Down 0.43 percentage points

### Exceptional items and amount

Items	Amount (RMB)
Profit and Loss on disposal of non-current assets	99,246,629.84
Other net non-operating income except for the aforesaid items	- 3,491,012.85
Income tax effect	- 22,981,348.08
Total	72,774,268.91

## 2.2 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 121,306 shareholders, of which 120,981 and 325 were holders of A shares and H shares respectively.

### 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 (unit: share)	Type of shares
China Shipping (Group) Company	1,578,500,000	A shares
HKSCC NOMINEES LIMITED	1,289,780,897	H shares
China Construction Bank - the Great Wall Brand Preferred Equity Securities Investment Fund	9,233,660	A shares
Industrial and Commercial Bank of China -Lion Equity Value Growth Securities Investment Fund	4,153,849	A shares
Ashmore Investment Management Limited — Ashmore Great China Fund	3,742,719	A shares
Bank of China — Harvest SHSE-SZSE 300 Index Securities Investment Fund	3,412,821	A shares
Galaxy Securities — China Merchants Bank — Galaxy Gold Star No.1 Asset Management Plan	3,124,002	A shares
Industrial and Commercial Bank of China -Bao Yin China Coastal Area Growth Securities Investment Fund	2,999,907	A shares
Industrial and Commercial Bank of China Limited-Hua Xia SHSE-SZSE 300 Index Securities Investment Fund	2,460,000	A shares
The Communication Bank — Wan Jia Public Utilities Sectors Securities Investment Fund	1,999,858	A shares

### 3. SIGNIFICANT EVENTS

#### 3.1 Material changes in the principal items and highlights in the financial statements of the Company during the Reporting Period and the reasons

Items (Balance Sheet)		As at 31 March 2011	As at 31 December 2010	Increase / Decrease	Reasons for such material changes
		RMB	RMB	%	
1	Cash	1,538,831,955.63	1,061,734,716.74	44.94%	As a result of the increase in the cash flow from financing activities
2	Accounts receivables	1,081,479,605.98	781,100,552.66	38.46%	Turnover days of the accounts receivables increased
3	Prepayments	262,672,804.45	157,614,095.59	66.66%	With the expansion of the shipping capacity, prepayments to shipping agencies increased
4	Short-term borrowings	3,237,565,192.98	1,662,809,871.00	94.70%	As a result of the increase in the short-term borrowings scale
5	Interest payable	124,214,283.29	72,111,706.41	72.25%	As a result of the increases in both the short-term borrowings of the Group and the interest rate of the bank borrowings

Items (Income Statement)		For the three months ended 31 March 2011	For the three months ended 31 March 2010	Increase / Decrease	Reasons for such material changes
		RMB	RMB	%	
6	Financial costs	97,345,629.25	35,326,118.34	175.56%	With the delivery of new vessels, the interest expenses from related bank borrowings has been conducted as cost
7	Investment income	69,422,000.29	46,422,952.25	49.54%	The net profit of Shenhua Zhonghai Marine Co., Limited, a joint venture company with China Shenhua Energy Co., Limited increased during the Reporting Period

Items (Cash Flow Statement)		For the three months ended 31 March 2011	For the three months ended 31 March 2010	Increase / Decrease	Reasons for such material changes
	RMB	RMB	%		
8	Net cash flow from operating activities	474,436,532.52	705,847,320.63	-32.78%	Cash paid for purchase of goods and services increased during the Reporting Period
9	Net cash flow from financing activities	1,709,508,734.06	615,315,908.61	177.83%	Cash received from borrowings increased and cash paid for borrowings decreased during the Reporting Period

### 3.2 Analysis and discussion on the progress of significant events and their impact and resolutions

The Company proposed to issue convertible bonds in principal amount equal to or not more than RMB3.95 billion convertible into new A shares of the Company (the “Convertible Bonds”) , the proposal of which has been approved by the shareholders at the extraordinary general meeting held on 6 April 2011. The issuance of the Convertible Bonds is conditional upon the approval of China Securities and Regulatory Commission. For details, please refer to the Company’s announcements dated 31 January 2011 and 6 April 2011 and circulars dated 16 February 2011 and 21 March 2011 as well.

### 3.3 Implementation of the profit distribution plan

At the fifth board meeting of the Company of 2011 held on 16 March 2011, the Company passed the resolution regarding the 2010 profit distribution plan, that is, the Company proposed to pay a final dividend for the year 2010 of RMB0.17 (before tax) per share based on the number of shares issued as at 31 December 2010, with a total amount of RMB578,773,885.90. The resolution proposing the final dividend is pending approving at the annual general meeting of the Company to be held on 27 May 2011.

## 4 Appendix

### Consolidated Balance Sheet

31 March 2011

Items	31 March 2011	1 January 2011
<b>Current assets</b>	<b>RMB</b>	<b>RMB</b>
Cash	1,538,831,955.63	1,061,734,716.74
Notes receivables	124,674,801.72	109,962,901.23
Accounts receivables	1,081,479,605.98	781,100,552.66
Prepayments	262,672,804.45	157,614,095.59
Other receivables	209,049,338.82	186,005,054.59
Inventories	535,703,328.30	449,284,608.15
Non-current assets to be mature in less than one year		1,707,473.52
Other current assets		
<b>Total current assets</b>	<b>3,752,411,834.90</b>	<b>2,747,409,402.48</b>
<b>Non-current assets</b>		
Long-term equity investment	2,922,527,857.07	2,578,517,456.78
Fixed assets	29,345,324,711.31	27,144,264,765.07
Construction in progress	7,224,065,667.92	8,136,826,353.36
Intangible assets	27,480,496.13	29,417,273.66
Long-term deferred expenses	73,383,647.07	73,740,992.27
Deferred tax assets		
Other non-current assets		
<b>Total non-current assets</b>	<b>39,592,782,379.50</b>	<b>37,962,766,841.14</b>
<b>Total assets</b>	<b>43,345,194,214.40</b>	<b>40,710,176,243.62</b>
<b>Current liabilities</b>		
Short-term loans	3,237,565,192.98	1,662,809,871.00
Notes payable	200,000,000.00	272,850,000.00
Accounts payable	882,898,234.26	640,870,701.44
Advance receipts	197,919,829.73	59,019,786.78
Salaries and wages payable	54,744,514.39	123,119,739.92
Taxes payable	124,656,546.99	112,455,915.77
Interests payable	124,214,283.29	72,111,706.41

## Consolidated Balance Sheet (continued)

Dividends payable		
Other payables	1,162,586,528.44	858,104,689.51
Non-current liabilities to be mature in less than one year	761,040,283.21	761,040,283.21
Other current liabilities		
<b>Total current liabilities</b>	<b>6,745,625,413.29</b>	<b>4,562,382,694.04</b>
<b>Non-current liabilities</b>		
Long-term loans	7,191,281,712.05	7,132,346,943.13
Bonds payable	4,990,782,369.37	4,989,872,473.87
Long-term payables	506,193,606.32	429,934,028.43
Specific payables		
Anticipated liabilities	85,500,000.00	85,500,000.00
Deferred tax liabilities	394,803,208.47	405,460,119.65
Other non-current liabilities	10,944,054.64	13,218,329.36
<b>Total non-current liabilities</b>	<b>13,179,504,950.85</b>	<b>13,056,331,894.44</b>
<b>Total liabilities</b>	<b>19,925,130,364.14</b>	<b>17,618,714,588.48</b>
<b>Shareholders' equity</b>		
Share capital	3,404,552,270.00	3,404,552,270.00
Capital reserve	4,116,815,165.42	4,114,669,115.46
Less: Treasury shares		
Specific reserve		
Surplus reserve	2,755,909,941.97	2,755,909,941.97
Undistributed profit	13,329,680,918.70	12,947,640,700.43
Exchange difference on translation of foreign currency	- 709,678,955.42	- 644,226,357.98
Total equity attributable to owners of the parent company	22,897,279,340.67	22,578,545,669.88
Minority interests	522,784,509.59	512,915,985.26
<b>Total shareholders' equity</b>	<b>23,420,063,850.26</b>	<b>23,091,461,655.14</b>
<b>Total liabilities and shareholders' equity</b>	<b>43,345,194,214.40</b>	<b>40,710,176,243.62</b>

## Balance Sheet of Parent Company

31 March 2011

Items	31 March 2011	1 January 2011
<b>Current assets</b>	<b>RMB</b>	<b>RMB</b>
Cash	660,179,877.48	402,136,982.66
Notes receivables	95,454,801.72	73,342,901.23
Accounts receivables	878,663,947.13	599,197,179.39
Prepayments	218,210,511.76	91,608,959.03
Other receivables	4,024,775,437.87	3,993,690,767.38
Inventories	396,954,239.98	331,541,258.93
Non-current assets to be mature in less than one year	1,707,473.52	
Other current assets		
<b>Total current assets</b>	<b>6,274,238,815.94</b>	<b>5,493,225,522.14</b>
<b>Non-current assets</b>		
Long-term accounts receivables	441,376,848.00	445,840,164.00
Long-term equity investment	3,494,916,070.81	3,150,905,670.52
Fixed assets	20,245,105,960.98	18,478,544,372.54
Construction in progress	3,421,023,318.58	4,506,714,801.44
Intangible assets	26,262,852.63	28,121,893.85
Long-term deferred expenses	68,309,525.73	67,943,490.29
Deferred tax assets		
Other non-current assets		
<b>Total non-current assets</b>	<b>27,696,994,576.73</b>	<b>26,678,070,392.64</b>
<b>Total assets</b>	<b>33,971,233,392.67</b>	<b>32,171,295,914.78</b>
<b>Current liabilities</b>		
Short-term loans	2,300,000,000.00	1,231,794,500.00
Notes payable	200,000,000.00	272,850,000.00
Accounts payable	683,943,728.42	434,807,268.75
Advance receipts	53,824,282.51	35,085,334.18
Salaries and wages payable	51,051,020.67	117,495,575.18
Taxes payable	118,933,806.98	106,317,717.17
Interests payable	113,558,468.72	62,122,222.08



## Balance Sheet of Parent Company (continued)

Dividends payable		
Other payables	527,198,704.97	371,105,000.72
Non-current liabilities to be mature in less than one year	235,538,759.60	235,538,759.60
Other current liabilities		
<b>Total current liabilities</b>	<b>4,284,048,771.87</b>	<b>2,867,116,377.68</b>
<b>Non-current liabilities</b>		
Long-term loans	2,861,400,166.20	2,861,400,166.20
Bonds payable	4,990,782,369.37	4,989,872,473.87
Long-term payables		
Specific payables		
Anticipated liabilities	85,500,000.00	85,500,000.00
Deferred tax liabilities		
Other non-current liabilities		
<b>Total non-current liabilities</b>	<b>7,937,682,535.57</b>	<b>7,936,772,640.07</b>
<b>Total liabilities</b>	<b>12,221,731,307.44</b>	<b>10,803,889,017.75</b>
<b>Shareholders' equity</b>		
Share capital	3,404,552,270.00	3,404,552,270.00
Capital reserve	4,127,376,435.19	4,127,376,435.19
Less: Treasury shares		
Specific reserve		
Surplus reserve	2,755,909,941.97	2,755,909,941.97
Undistributed profit	11,461,663,438.07	11,079,568,249.87
<b>Total shareholders' equity</b>	<b>21,749,502,085.23</b>	<b>21,367,406,897.03</b>
<b>Total liabilities and shareholders' equity</b>	<b>33,971,233,392.67</b>	<b>32,171,295,914.78</b>

## Consolidated Income Statement

Items	January - March 2011	January - March 2010
	RMB	RMB
1. Gross revenue from operations	2,983,891,487.06	2,718,797,629.77
Including: revenue from operation	2,983,891,487.06	2,718,797,629.77
2. Gross cost from operations	2,669,859,169.19	2,279,208,742.05
Including: cost from operation	2,466,017,786.00	2,134,061,749.97
Business taxes and other surcharges	27,790,741.85	33,243,072.48
Sales expenses	13,899,475.99	10,331,407.92
Administrative expenses	64,805,536.10	66,452,655.00
Financial expenses	97,345,629.25	35,326,118.34
Assets depreciation loss	- 206,261.66	
Add: Income from fair value change		
Investment income	69,422,000.29	46,422,952.25
Including: investment income from associates and joint ventures	69,422,000.29	46,422,952.25
3. Operating profit	383,454,318.16	486,011,839.97
Add: Non-operating revenue	99,880,888.26	92,523,890.33
Less: Non-operating expenditure	4,125,271.27	1,515,409.29
Including: Loss arising from disposal of non-current assets	12,439.30	18,097.26
4. Gross profit	479,209,935.15	577,020,321.01
Less: Income tax	87,139,019.30	121,133,722.20
5. Net profit	392,070,915.85	455,886,598.81
Net profit attributable to owners of parent company	382,040,218.27	458,399,663.32
Net profit attributable to minority shareholders	10,030,697.58	- 2,513,064.51
6. Earnings per share		
(1) Basic	0.1122	0.1346
(2) Diluted	0.1122	0.1346
7. Other comprehensive income	- 63,468,720.73	- 15,878,441.30
8. Total comprehensive income	328,602,195.12	440,008,157.51
Total comprehensive income attributable to owners of parent company	318,733,670.79	442,533,896.91
Total comprehensive income attributable to minority shareholders	9,868,524.33	-2,525,739.40

## Income Statement of Parent Company

Items	January - March 2011	January - March 2010
	RMB	RMB
1. Revenue from operations	2,404,311,742.09	2,187,789,712.72
Less: cost from operation	1,886,797,064.29	1,699,576,454.17
Business taxes and other surcharges	25,886,901.62	32,387,162.60
Sales expenses	13,875,545.88	10,327,771.70
Administrative expenses	51,392,269.27	58,917,578.12
Financial expenses	111,934,081.86	15,000,985.61
Assets depreciation loss		
Add: Income from fair value change		
Investment income	69,422,000.29	46,422,952.25
Including: investment income from associates and joint ventures	69,422,000.29	46,422,952.25
2. Operating profit	383,847,879.46	418,002,712.77
Add: Non-operating revenue	99,880,888.26	95,254,142.67
Less: Non-operating expenditure	4,124,172.48	1,514,409.29
Including: Loss arising from disposal of non-current assets	12,439.30	18,097.26
3. Gross profit	479,604,595.24	511,742,446.15
Less: Income tax	97,509,407.04	102,562,491.81
4. Net profit	382,095,188.20	409,179,954.34
5. Earnings per share		
(1) Basic	0.1122	0.1202
(2) Diluted	0.1122	0.1202
6. Other comprehensive income		
7. Total comprehensive income	382,095,188.20	409,179,954.34

## Consolidated Cash Flow Statement

Items	January - March 2011	January - March 2010
	RMB	RMB
<b>1. Cash flows from operating activities</b>		
Cash received from sales of goods and provision of services	2,786,479,087.94	2,654,786,479.77
Cash received from other related operating activities	112,028,735.91	176,095,698.51
Subtotal of cash inflow from operating activities	2,898,507,823.85	2,830,882,178.28
Cash paid for goods and services	1,815,101,331.30	1,581,555,040.51
Cash paid to or on behalf of employees	429,818,125.30	401,379,225.35
Taxes paid	107,702,737.89	84,510,560.03
Other cash paid relating to operating activities	71,449,096.84	57,590,031.76
Subtotal of cash outflow from operating activities	2,424,071,291.33	2,125,034,857.65
Net cash flows from operating activities	474,436,532.52	705,847,320.63
<b>2. Cash flows from investing activities</b>		
Cash inflow from investment		
Cash inflow from return on investment		
Net cash inflow from disposal of fixed, intangible and other long-term assets	83,292,646.96	111,231,937.32
Net cash inflow from disposal of subsidiaries and other operating entities		
Other cash received relating to investing activities		
Subtotal of cash inflow from investing activities	83,292,646.96	111,231,937.32
Cash paid for purchase of fixed, intangible and other long-term assets	1,511,542,963.69	1,671,326,010.79
Cash paid for investment		
Net cash paid for acquisition of subsidiaries and other operating entities	274,588,400.00	244,679,460.00
Other cash paid relating to investing activities		
Subtotal of cash outflow from investing activities	1,786,131,363.69	1,916,005,470.79
Net cash flows from investing activities	- 1,702,838,716.73	- 1,804,773,533.47
<b>3. Cash flows from financing activities</b>		
Cash inflow from raising capital	117,600,000.00	
Including: cash inflow from investment by minority shareholders for subsidiaries	117,600,000.00	
Cash received from borrowings	2,176,288,362.50	1,596,398,049.22

## Consolidated Cash Flow Statement (continued)

<b>Cash received from bond issue</b>		
<b>Other cash received relating to financing activities</b>		
Subtotal of cash inflow from financing activities	2,176,288,362.50	1,713,998,049.22
Cash paid for payment of debts	391,637,185.63	1,085,657,098.47
Cash paid for distribution of dividends or profits and for interest expenses	72,695,630.76	9,875,080.12
Including: Dividends and profits paid to minority shareholders by subsidiaries		
Other cash paid relating to financing activities	2,446,812.05	3,149,962.02
Subtotal of cash outflow from financing activities	466,779,628.44	1,098,682,140.61
Net cash flows from financing activities	1,709,508,734.06	615,315,908.61
<b>4. Effect on cash flow from change of exchange rates</b>	-4,009,310.96	-29,667,946.89
<b>5. Net increase in cash and cash equivalents</b>	477,097,238.89	-513,278,251.12
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	1,061,734,716.74	2,222,147,128.18
<b>6. Balance of cash and cash equivalents at the end of the Reporting Period</b>	1,538,831,955.63	1,708,868,877.06

## Cash Flow Statement of Parent Company

Items	January - March 2011	January - March 2010
	RMB	RMB
<b>1. Cash flows from operating activities</b>		
Cash received from sales of goods and provision of services	1,769,252,494.70	1,665,148,566.02
Tax refund received		
Cash received from other related operating activities	106,477,643.96	144,219,723.60
Subtotal of cash inflow from operating activities	1,875,730,138.66	1,809,368,289.62
Cash paid for goods and services	1,005,728,769.99	820,352,538.42
Cash paid to or on behalf of employees	375,658,556.34	360,318,869.83
Taxes paid	104,741,803.27	83,455,361.80
Other cash paid relating to operating activities	30,784,490.39	72,766,949.56
Subtotal of cash outflow from operating activities	1,516,913,619.99	1,336,893,719.61
Net cash flows from operating activities	358,816,518.67	472,474,570.01
<b>2. Cash flows from investing activities</b>		
Cash inflow from investment		
Cash inflow from return on investment		
Net cash inflow from disposal of fixed, intangible and other long-term assets	83,283,429.90	17,787,448.00
Net cash inflow from disposal of subsidiaries and other operating entities		
Other cash received relating to investing activities		
Subtotal of cash inflow from investing activities	83,283,429.90	17,787,448.00
Cash paid for purchase of fixed, intangible and other long-term assets	922,412,625.91	817,410,159.84
Cash paid for investment		
Net cash paid for acquisition of subsidiaries and other operating entities	274,588,400.00	367,079,460.00
Other cash paid relating to investing activities		
Subtotal of cash outflow from investing activities	1,197,001,025.91	1,184,489,619.84
Net cash flows from investing activities	- 1,113,717,596.01	- 1,166,702,171.84

## Cash Flow Statement of Parent Company (continued)

<b>3. Cash flows from financing activities</b>		
Cash inflow from raising capital		
Cash received from borrowings	1,300,000,000.00	572,489,682.00
Cash received from bond issue		
Other cash received relating to financing activities		
Subtotal of cash inflow from financing activities	1,300,000,000.00	572,489,682.00
Cash paid for payment of debts	230,132,000.00	541,449,000.00
Cash paid for distribution of dividends or profits and for interest expenses	55,127,354.04	1,982,124.24
Other cash paid relating to financing activities		909,000.00
Subtotal of cash outflow from financing activities	286,168,354.04	543,431,124.24
Net cash flows from financing activities	1,013,831,645.96	29,058,557.76
<b>4. Effect on cash flow from change of exchange rates</b>	- 887,673.80	- 20,883.18
<b>5. Net increase in cash and cash equivalents</b>	258,042,894.82	- 665,189,927.25
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	402,136,982.66	1,534,421,090.44
<b>6. Balance of cash and cash equivalents at the end of the Reporting Period</b>	660,179,877.48	869,231,163.19

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 Shanghai Stock Exchange has required the Company to make an announcement similar to this announcement in Shanghai.

By order of the Board  
**China Shipping Development Company Limited**  
**Yao Qiaohong**  
*Company Secretary*

Shanghai, the PRC  
26 April 2011

*As at the date of this announcement, the board of directors of the Company comprises Mr. Li Shaode, Mr. Ma Zehua, Mr. Lin Jianqing, Mr. Wang Daxiong, Mr. Zhang Guofa, Mr. Yan Zhichong 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.*