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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 2012

Summary

This Report for the three months ended 30 September 2012 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 third quarterly report (the "Report") for the three months ended 30 September 2012 (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 set out below 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 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 30 September 2012	As at 31 December 2011	Increase/ Decrease (%)
Total assets (RMB)	64,364,968,846.37	51,588,814,094.48	24.77
Shareholders' Equity (excluding minority interests) (RMB)	22,918,592,421.07	23,638,816,830.95	-3.05
Net assets per share attributable to shareholders of the Company (RMB)	6.7317	6.9433	-3.05
	January - September 2012		Increase/ Decrease as compared with the same period of 2011
Net cash flow from operating activities (RMB)		-8,798,762.37	-100.59
Net cash flow from operating activities per share (RMB)		-0.0026	-100.59
	July- September 2012	January - September 2012	Increase/ Decrease during the Reporting Period as compared with the same period of 2011
Net profit attributable to shareholders of the Company (RMB)	89,209,309.12	-406,167,375.90	-31.81
Basic earnings per share (RMB)	0.0262	-0.1193	-31.81
Basic earnings per share after exceptional items (RMB)	0.0086	-0.1477	-78.19
Diluted earnings per share (RMB)	0.0262	-0.1193	-16.98
Rate of returns on net assets (%) (weighted)	0.38	-3.44	Down 0.19 percentage points
Rate of returns on net assets after exceptional items (%) (weighted)	0.13	-4.25	Down 0.46 percentage points

Exceptional items and amount	
Items	Amount (RMB) For the nine months ended 30 September 2012
Profit and loss on disposal of non-current assets	31,990,477.80
Government subsidies credited to current profit or loss (other than those closely related to the normal business operations of the Company in accordance with the requirements of the State's policy and pursuant to a standardized and fixed amount or quantity enjoyed on a continuous basis)	77,632,764.94
Profit and loss from entrusted loans	2,067,160.28
Other net non-operating income except for the aforesaid items	-13,493,831.91
Income tax effect	-626,700.36
Minority interests effect (after tax)	-921,249.52
Total	96,648,621.23

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 106,290 shareholders, of which 105,857 and 433 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 <i>(unit: share)</i>	Type of shares
China Shipping (Group) Company	1,578,500,000	A shares
HKSCC NOMINEES LIMITED	1,287,768,896	H shares
Bank of China - Hua Bao Growing Industry Dynamic Portfolio Securities Investment Fund	6,917,053	A shares
Zhonghai Trust Company Limited - New Shares Purchase Fund Trust Project Phase I (A)	4,633,300	A shares
Bank of China — China Merchants Pioneer Securities Investment Fund	4,281,091	A shares
Peng Jianhui	3,293,429	A shares
CRCTrust Company Limited - Maple Ridge I Securities Investment Fund Trust	3,164,587	A shares
Industrial and Commercial Bank of China -Lion Equity Value Growth Securities Investment Fund	3,073,030	A shares
Fan Hanyu	2,124,430	A shares
CITIC Securities (Zhejiang) Company Limited Customer Credit Trading Guaranteed Securities Account	2,015,371	A shares

3. SIGNIFICANT EVENTS

3.1 Material changes in the principal items and highlights in the financial statements of the Company and the reasons

	Items (Balance Sheet)	As at 30 September 2012 RMB	As at 31 December 2011 RMB	Increase / Decrease %	Reasons for such material changes
1	Notes receivables	101,511,319.10	189,619,482.98	-46.47%	As a result of the maturity of the notes receivables at the end of the Reporting Period
2	Accounts receivables	1,864,774,645.54	938,325,840.05	98.73%	The turnover efficiency of the accounts receivables decreased as a result of the sluggish shipping market from the beginning of the year to the end of the Reporting Period
3	Prepayments	539,750,149.16	329,603,488.98	63.76%	As a result of the increase in the prepaid reserve at the end of the Reporting Period
4	Interests receivables	54,444.44	94,474.72	-42.37%	As a result of the recovery of the due interests at the end of the Reporting Period
5	Other receivables	322,415,310.80	153,632,316.60	109.86%	As a result of the increases in both the receivables and the advance payment at the end of the Reporting Period
6	Non-current assets to be mature in less than one year	—	254,356.97	-100.00%	As a result of the amortization of long-term deferred expenses to be mature within one year from the beginning of the year to the end of the Reporting Period
7	Long-term receivables	111,080,193.07	49,747,156.97	123.29%	As a result of the increases in the long-term borrowings to the joint ventures of the subsidiaries of the Company at the end of the Reporting Period
8	Long-term equity investment	2,265,602,889.44	3,566,818,665.18	-36.48%	As a result of the consolidation of the 4 investees whose 50% interests are held by the Company respectively at the end of the Reporting Period

	Items (Balance Sheet)	As at 30 September 2012 RMB	As at 31 December 2011 RMB	Increase / Decrease %	Reasons for such material changes
9	Fixed assets	45,615,230,490.76	33,310,301,493.75	36.94%	As a result of the consolidation of the 4 invested companies whose 50% interests are held by the Company respectively at the end of the Reporting Period
10	Long-term deferred expenses	118,971,910.74	86,236,694.21	37.96%	As a result of the consolidation of the 4 invested companies whose 50% interests are held by the Company respectively at the end of the Reporting Period
11	Short-term loans	2,792,420,596.72	1,452,992,683.56	92.18%	As a result of the consolidation of the 4 invested companies whose 50% interests are held by the Company respectively at the end of the Reporting Period
12	Notes payable	87,954,950.00	304,200,000.00	-71.09%	As a result of the payment for the notes payable at the end of the Reporting Period
13	Accounts payable	1,518,513,020.82	768,961,493.47	97.48%	As a result of the increase in the operating costs from the beginning of the year to the end of the Reporting Period as compared with the same period in 2011
14	Salaries and wages payable	94,505,652.29	46,442,911.73	103.49%	As a result of the payment of the salaries and wages payable to the employees from the beginning of the year to the end of the Reporting Period
15	Taxes payable	-264,792,534.77	52,047,523.27	-608.75%	As a result of the change of business tax to value-added tax from the beginning of the year to the end of the Reporting Period that led to the large amount of input tax not yet credited for the ship building of the Company

	Items (Balance Sheet)	As at 30 September 2012 RMB	As at 31 December 2011 RMB	Increase / Decrease %	Reasons for such material changes
16	Interests payable	203,345,304.00	82,488,131.65	146.51%	As a result of the increases in loans at the end of the Reporting Period
17	Other payables	841,840,994.94	524,365,147.48	60.54%	Payment for construction of vessels increased at the end of the Reporting Period
18	Long-term loans	20,773,661,133.40	13,758,978,808.35	50.98%	As a result of the increase in the ship building financing from the beginning of the year to the end of the Reporting Period
19	Bonds payable	8,699,196,354.99	6,106,134,156.76	42.47%	As a result of issue of the corporate bonds of RMB2.5 billion during the Reporting Period
20	Deferred income tax liabilities	20,617,042.12	371,382,056.98	-94.45%	As a result of the reversal of deferred income tax liability accumulated by the offshore subsidiaries of the Company in previous years during the Reporting Period
21	Minority interests	2,289,418,126.51	702,791,029.95	225.76%	The net profit from non-wholly owned subsidiaries increased from the beginning of the year to the end of the Reporting Period

	Items (Income Statement)	January- September 2012 RMB	January- September 2011 RMB	Increase / Decrease %	Reasons for such material changes
1	Business taxes and other surcharges	60,231,634.40	92,208,303.16	-34.68%	As a result of the decrease in the income taxes payable from the beginning of the year to the end of the Reporting Period
2	Assets impairment loss		-1,168,335.00	-100.00%	There was no assets impairment loss from the beginning of the year to the end of the Reporting Period

	Items (Income Statement)	January- September 2012 RMB	January- September 2011 RMB	Increase / Decrease %	Reasons for such material changes
3	Non-operating expenditure	29,207,227.24	21,380,047.81	36.61%	The loss arising from disposal of non-current assets increased from the beginning of the year to the end of the Reporting Period
4	Income tax	-347,210,909.22	120,120,113.06	-389.05%	As a results of the reversal of deferred income tax liability accumulated by the offshore subsidiaries of the Company in previous years at the end of the Reporting Period
5	Net profit attributable to minority shareholders	42,578,284.50	21,028,165.43	102.48%	The net profit arising from the non-wholly owned subsidiaries increased from the beginning of the year to the end of the Reporting Period

	Items (Cash Flow Statement)	January- September 2012 RMB	January- September 2011 RMB	Increase / Decrease %	Reasons for such material changes
1	Net cash flow from operating activities	-8,798,762.37	1,494,136,652.28	-100.59%	Accounts receivables increased due to the sluggish shipping market from the beginning of the year to the end of the Reporting Period
2	Net cash flow from investment activities	-4,097,701,341.61	-6,011,360,918.27	-31.83%	The cash paid for purchase of fixed assets, intangible assets and other long term assets decreased from the beginning of the year to the end of the Reporting Period
3	Net cash flow from financing activities	4,873,449,248.82	8,861,783,764.28	-45.01%	Cash received from the borrowing and the issue of the corporate bonds decreased from the beginning of the year to the end of the Reporting Period

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

3.2.1 Issuance of corporate bonds

The A-Share corporate bonds (the first phase) with an aggregate nominal value of RMB2.5 billion at nominal value RMB100 each comprising 2 types were issued by the Company on 7 August 2012. The 2 types are RMB1 billion with a term of 3 years and interest bearing at 4.2% per annum, and RMB1.5 billion with a term of 10 years and interest bearing at 5.00% per annum. The corporate bonds have been listed in Shanghai Stock Exchange since 21 August 2012, with the three-year corporate bonds having bond code “122171”, and the ten-year corporate bonds having bond code “122172” respectively.

3.2.2 Reversal of Deferred Income Tax Liability Recognized in Previous Years

Upon approval by the meeting of the Board (the “**Board**”) of directors (“**Directors**”) of the Company on 12 October 2012, pursuant to the relevant requirements of the PRC Enterprise Accounting Standards, the Company ceased to recognize the deferred income tax liability commencing from 30 September 2012, resulting from the distributable profit accumulated in previous years of China Shipping Development (H.K.) Marine Co., Limited which constitutes a taxable temporary difference, so as to write down the income tax expense amounting to approximately RMB350 million for July to September 2012. In terms of the details of the reversal of such deferred income tax liability, please refer to the Company’s announcement dated 12 October 2012.

3.2.3 Change in consolidation scope

On 15th board meeting of 2012 of the Company, it was approved that since 30 September 2012, the four 50% owned jointly controlled companies of the Company, namely Shanghai Time Shipping Co., Limited (上海時代航運有限公司), Shanghai Friendship Marine Co., Limited (上海友好航運有限公司), Guangzhou Development Shipping Co., Limited (廣州發展航運有限公司) and Huahai Petrol Transportation & Trading Co., Limited (華海石油運銷有限公司), will be included in the consolidated financial statements to improve the quality of financial statements information.

In 2012, the Company carried out a specialized restructuring for its dry bulk business. In the third quarter, the Company included the equity interests of the major jointly controlled companies for dry bulk operation under a unified management platform of China Shipping Bulk Carrier Co., Ltd., and strengthened control over the business policies and financial policies of the jointly controlled companies so as to

comply with the requirements of accounting standards on consolidated financial statements. For details please refer to “Announcement on Resolutions of 15th Board Meeting in 2012 of China Shipping Development Company Limited” contained in the Company’s announcement dated 12 October 2012.

3.3 Status of performance of undertaking given by the Company, shareholders and the controller

Not applicable

3.4 Warning in respect of forecast of possible accumulated net loss for the period from the beginning of the financial year of 2012 to the end of 2012 or warning in respect of forecast of possible significant changes in accumulated net profit as compared with that of the 2011 and reasons therefore

Since both domestic and international shipping market remained at low level in 2012, it is estimated that the net profit attributable to owners of parent company for 2012 will decrease by approximately 100 percent as compared with 2011.

3.5 Implementation of the profit distribution plan during the Reporting Period

The 2011 profit distribution plan of the Company has been finalized in June 2012.

4. APPENDIX

4.1 Consolidated Balance Sheet

Items	30 September 2012 <i>RMB</i>	31 December 2011 <i>RMB</i>
Current assets		
Cash	4,111,187,328.43	3,376,692,007.19
Notes receivables	101,511,319.10	189,619,482.98
Accounts receivables	1,864,774,645.54	938,325,840.05
Prepayments	539,750,149.16	329,603,488.98
Interests receivables	54,444.44	94,474.72
Other receivables	322,415,310.80	153,632,316.60
Inventories	972,439,173.29	823,960,604.66
Non-current assets to be mature in less than one year		254,356.97
Other current assets	49,205,538.64	49,000,000.00
Total current assets	7,961,337,909.40	5,861,182,572.15
Non-current assets		
Held-to-maturity investment		
Long-term receivables	111,080,193.07	49,747,156.97
Long-term equity investment	2,265,602,889.44	3,566,818,665.18
Investment properties	234,706,023.98	236,198,079.98
Fixed assets	45,615,230,490.76	33,310,301,493.75
Construction in progress	7,931,581,218.68	8,455,857,380.14
Liquidation of fixed assets	104,715,764.56	
Intangible assets	19,609,613.46	22,472,052.10
Long-term deferred expenses	118,971,910.74	86,236,694.21
Deferred income tax	2,132,832.28	
Total non-current assets	56,403,630,936.97	45,727,631,522.33
Total assets	64,364,968,846.37	51,588,814,094.48

Items	30 September 2012 RMB	31 December 2011 RMB
Current liabilities		
Short-term loans	2,792,420,596.72	1,452,992,683.56
Notes payable	87,954,950.00	304,200,000.00
Accounts payable	1,518,513,020.82	768,961,493.47
Advance receipts	160,288,138.22	127,504,009.11
Salaries and wages payable	94,505,652.29	46,442,911.73
Taxes payable	-264,792,534.77	52,047,523.27
Interests payable	203,345,304.00	82,488,131.65
Dividend payable	78,727,415.79	
Other payables	841,840,994.94	524,365,147.48
Non-current liabilities to be mature in less than one year	3,546,725,053.17	3,120,461,602.28
Other current liabilities	27,901,261.25	
Total current liabilities	9,087,429,852.43	6,479,463,502.55
Non-current liabilities		
Long-term loans	20,773,661,133.40	13,758,978,808.35
Bonds payable	8,699,196,354.99	6,106,134,156.76
Long-term payables	552,636,050.47	515,602,633.93
Deferred income	8,918,047.95	
Anticipated liabilities		
Deferred income tax liabilities	20,617,042.12	371,382,056.98
Other non-current liabilities	14,499,817.43	15,645,075.01
Total non-current liabilities	30,069,528,446.36	20,767,742,731.03
Total liabilities	39,156,958,298.79	27,247,206,233.58
Shareholders' equity		
Share capital	3,404,552,613.00	3,404,552,270.00
Capital reserve	4,979,712,436.13	4,984,562,175.80
Special reserve	-11,820,747.21	
Surplus reserve	2,860,007,347.49	2,860,007,347.49
Undistributed profit	12,540,223,632.49	13,312,084,889.22
Exchange difference on translation of foreign currency	-854,082,860.83	-922,389,851.56
Total equity attributable to owners of the parent company	22,918,592,421.07	23,638,816,830.95
Minority interests	2,289,418,126.51	702,791,029.95
Total shareholders' equity	25,208,010,547.58	24,341,607,860.90
Total liabilities and shareholders' equity	64,364,968,846.37	51,588,814,094.48

Balance Sheet of Parent Company

Items	30 September 2012 RMB	31 December 2011 RMB
Current assets		
Cash	1,425,952,455.35	1,795,816,557.48
Notes receivables	34,540,331.60	159,835,982.98
Accounts receivables	579,134,004.51	688,821,034.82
Prepayments	254,661,955.76	155,927,268.25
Interests receivables	8,689,296.10	
Dividend receivables	50,000,000.00	
Other receivables	6,325,602,535.65	4,066,311,178.01
Inventories	296,982,244.28	566,701,820.90
Non-current assets to be mature in less than one year		
Other current assets		
Total current assets	8,975,562,823.25	7,433,413,842.44
Non-current assets		
Held-to-maturity investment	6,018,700,000.00	
Long-term accounts receivables		424,176,588.00
Long-term equity investment	11,637,692,926.91	4,977,494,728.92
Investment properties	234,706,023.98	236,198,079.98
Fixed assets	12,725,496,273.55	22,153,522,467.31
Construction in progress	1,579,924,781.67	3,325,126,371.55
Intangible assets	15,485,614.53	21,482,869.29
Long-term deferred expenses	17,040,000.00	83,526,308.98
Total non-current assets	32,229,045,620.64	31,221,527,414.03
Total assets	41,204,608,443.89	38,654,941,256.47
Current liabilities		
Short-term loans	685,100,000.00	741,000,000.00
Notes payable		304,200,000.00
Accounts payable	560,285,965.83	506,010,661.00
Advance receipts	22,084,647.96	68,145,026.95
Salaries and wages payable	67,032,850.49	41,158,351.54
Taxes payable	-2,217,382.29	45,794,502.22
Interests payable	166,256,828.66	67,905,670.09
Other payables	195,933,910.26	212,580,684.44
Non-current liabilities to be mature in less than one year	2,233,651,955.74	2,233,651,955.74
Total current liabilities	3,928,128,776.65	4,220,446,851.98

Items	30 September 2012 <i>RMB</i>	31 December 2011 <i>RMB</i>
Non-current liabilities		
Long-term loans	6,596,607,329.80	5,625,710,925.80
Bonds payable	8,700,266,561.19	6,106,134,156.76
Other non-current liabilities	631.84	
Total non-current liabilities	15,296,874,522.83	11,731,845,082.56
Total liabilities	19,225,003,299.48	15,952,291,934.54
Shareholders' equity		
Share capital	3,404,552,613.00	3,404,552,270.00
Capital reserve	5,000,420,662.43	5,000,418,690.78
Special reserve	-11,820,747.21	
Surplus reserve	2,860,007,347.49	2,860,007,347.49
Undistributed profit	10,726,445,268.70	11,437,671,013.66
Total shareholders' equity	21,979,605,144.41	22,702,649,321.93
Total liabilities and shareholders' equity	41,204,608,443.89	38,654,941,256.47

4.2 Consolidated Income Statement

Items	July- September 2012 RMB	July- September 2011 RMB	January- September 2012 RMB	January- September 2011 RMB
1. Gross revenue from operations	2,814,498,884.48	3,099,755,790.65	8,485,799,523.51	9,305,254,149.78
Including: revenue from operation	2,814,498,884.48	3,099,755,790.65	8,485,799,523.51	9,305,254,149.78
2. Gross cost from operations	3,126,915,743.00	3,070,266,746.22	9,491,370,544.69	8,742,008,713.85
Including: cost from operation	2,855,918,731.39	2,774,684,616.15	8,716,731,957.47	8,037,115,957.32
Business taxes and other surcharges	18,021,331.86	31,785,682.55	60,231,634.40	92,208,303.16
Sales expenses	14,973,299.11	15,670,962.12	41,704,572.51	38,853,590.65
Administrative expenses	111,395,465.08	88,901,921.59	278,051,026.13	223,864,074.76
Financial expenses	126,606,915.56	160,691,898.81	394,651,354.18	351,135,122.96
Assets impairment loss		-1,468,335.00		-1,168,335.00
Add: Income from fair value change				
Investment income	42,713,545.39	100,931,929.86	198,641,609.73	265,155,802.89
Including: investment income from associates and joint ventures	38,552,865.65	98,672,596.28	190,678,185.27	262,896,469.31
Gains form exchanges				
3. Operating profit	-269,703,313.13	130,420,974.29	-806,929,411.45	828,401,238.82
Add: Non-operating revenue	30,724,778.33	8,262,545.63	125,336,638.07	149,366,905.83
Less: Non-operating expenditure	10,835,159.43	12,979,957.21	29,207,227.24	21,380,047.81
Including: Loss arising from disposal of non-current assets	4,389,675.30	81,846.58	15,130,493.72	218,571.71
4. Gross profit	-249,813,694.23	125,703,562.71	-710,800,000.62	956,388,096.84
Less: Income tax	-347,379,875.89	-9,362,408.71	-347,210,909.22	120,120,113.06
5. Net profit	97,566,181.66	135,065,971.42	-363,589,091.40	836,267,983.78
Net profit attributable to owners of parent company	89,209,309.12	130,833,852.89	-406,167,375.90	815,239,818.35
Net profit attributable to minority shareholders	8,356,872.54	4,232,118.53	42,578,284.50	21,028,165.43
6. Earnings per share				
(1) Basic	0.0262	0.0385	-0.1193	0.2395
(2) Diluted	0.0262	0.0316	-0.1193	0.2326
7. Other comprehensive income	-456,221.66	-57,845,919.10	65,734,998.54	-197,855,261.27
8. Total comprehensive income	97,109,960.00	77,220,052.32	-297,854,092.86	638,412,722.51
Total comprehensive income attributable to owners of parent company	92,922,183.57	73,788,702.43	-336,617,453.45	618,661,773.75
Total comprehensive income attributable to minority shareholders	4,187,776.43	3,431,349.89	38,763,360.59	19,750,948.76

Income Statement of Parent Company

Items	July-September 2012 RMB	July-September 2011 RMB	January- September 2012 RMB	January- September 2011 RMB
1. Revenue from operations	1,156,623,662.62	2,355,629,220.41	4,778,470,793.21	7,230,337,784.97
Less: cost from operation	1,132,006,252.51	1,955,523,864.57	4,986,910,030.30	5,871,287,600.03
Business taxes and other surcharges	5,405,574.79	29,573,478.36	44,432,349.96	85,907,720.53
Sales expenses	6,550,337.41	15,512,388.88	33,281,610.81	38,479,157.47
Administrative expenses	55,687,403.42	73,327,538.56	190,711,585.76	181,187,186.91
Financial expenses	43,370,305.45	173,258,700.31	238,645,987.96	414,205,711.89
Assets impairment loss				
Add: Income from fair value change				
Investment income	67,593,451.72	100,184,720.69	236,223,378.59	264,408,593.72
Including: investment income from associates and joint ventures	38,552,865.65	98,672,596.28	190,678,162.55	262,896,469.31
2. Operating profit	-18,802,759.24	208,617,970.42	-479,287,392.99	903,679,001.86
Add: Non-operating revenue	23,352,911.20	8,221,545.63	124,895,626.93	149,112,227.83
Less: Non-operating expenditure	7,640,749.74	14,633,058.45	15,272,802.70	21,375,365.86
Including: Loss arising from disposal of non-current assets	4,309,737.00	81,846.58	4,310,552.74	218,571.71
3. Gross profit	-3,090,597.78	202,206,457.60	-369,664,568.76	1,031,415,863.83
Less: Income tax		35,199,438.94	1,105,914.90	180,815,870.84
4. Net profit	-3,090,597.78	167,007,018.66	-370,770,483.66	850,599,992.99
5. Earnings per share				
(1) Basic	-0.0009	0.0490	-0.1089	0.2498
(2) Diluted	-0.0009	0.0419	-0.1089	0.2427
6. Other comprehensive income				
7. Total comprehensive income	-3,090,597.78	167,007,018.66	-370,770,483.66	850,599,992.99

4.3 Consolidated Cash Flow Statement

Items	January - September 2012 <i>RMB</i>	January - September 2011 <i>RMB</i>
1. Cash flows from operating activities		
Cash received from sales of goods and provision of services	8,077,454,351.31	9,215,673,612.14
Refunds of taxes	35,387,962.98	
Cash received from other related operating activities	190,089,685.17	447,451,357.33
Subtotal of cash inflow from operating activities	8,302,931,999.46	9,663,124,969.47
Cash paid for goods and services	6,443,724,055.87	6,299,384,662.06
Cash paid to or on behalf of employees	1,193,440,210.17	1,277,507,550.66
Taxes paid	190,737,337.79	331,880,051.76
Other cash paid relating to operating activities	483,829,158.00	260,216,052.71
Subtotal of cash outflow from operating activities	8,311,730,761.83	8,168,988,317.19
Net cash flows from operating activities	-8,798,762.37	1,494,136,652.28
2. Cash flows from investing activities		
Cash inflow from return on investment		
Cash inflow from investment	284,954,870.93	9,982,387.71
Net cash inflow from disposal of fixed, intangible and other long-term assets	136,808,969.23	145,403,360.39
Net cash inflow from disposal of subsidiaries and other operating entities		
Other cash received relating to investing activities	204,132,077.56	
Subtotal of cash inflow from investing activities	625,895,917.72	155,385,748.10
Cash paid for purchase of fixed, intangible and other long-term assets	4,207,225,483.37	5,503,746,666.37
Cash paid for investment	516,371,775.96	
Net cash paid for acquisition of subsidiaries and other operating entities		663,000,000.00
Other cash paid relating to investing activities		
Subtotal of cash outflow from investing activities	4,723,597,259.33	6,166,746,666.37
Net cash flows from investing activities	-4,097,701,341.61	-6,011,360,918.27

Items	January - September 2012 <i>RMB</i>	January - September 2011 <i>RMB</i>
3. Cash flows from financing activities		
Cash inflow from raising capital		159,995,000.00
Including: cash inflow from investment by minority shareholders for subsidiaries		159,995,000.00
Cash received from borrowings	6,344,878,444.80	10,440,819,223.05
Cash received from bond issue	2,500,000,000.00	3,916,000,000.00
Other cash received relating to financing activities		
Subtotal of cash inflow from financing activities	8,844,878,444.80	14,516,814,223.05
Cash paid for payment of debts	3,147,161,252.81	4,655,570,853.29
Cash paid for distribution of dividends or profits and for interest expenses	822,789,189.17	982,651,255.23
Including: Dividends and profits paid to minority shareholders by subsidiaries		
Other cash paid relating to financing activities	1,478,754.00	16,808,350.25
Subtotal of cash outflow from financing activities	3,971,429,195.98	5,655,030,458.77
Net cash flows from financing activities	4,873,449,248.82	8,861,783,764.28
4. Effect on cash and cash equivalent from change of exchange rates	-32,453,823.60	-25,426,414.19
5. Net increase in cash and cash equivalents	734,495,321.24	4,319,133,084.10
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	3,376,692,007.19	1,061,734,716.74
6. Balance of cash and cash equivalents at the end of the Reporting Period	4,111,187,328.43	5,380,867,800.84

Cash Flow Statement of Parent Company

Items	January - September 2012 <i>RMB</i>	January - September 2011 <i>RMB</i>
1. Cash flows from operating activities		
Cash received from sales of goods and provision of services	3,301,632,761.44	5,976,478,988.12
Tax refund received	35,097,962.98	
Cash received from other related operating activities	372,523,265.14	176,046,290.49
Subtotal of cash inflow from operating activities	3,709,253,989.56	6,152,525,278.61
Cash paid for goods and services	3,019,785,632.77	3,261,544,035.50
Cash paid to or on behalf of employees	1,036,657,964.64	1,098,472,073.13
Taxes paid	172,230,940.36	318,785,077.10
Other cash paid relating to operating activities	480,523,115.11	183,526,344.76
Subtotal of cash outflow from operating activities	4,709,197,652.88	4,862,327,530.49
Net cash flows from operating activities	-999,943,663.32	1,290,197,748.12
2. Cash flows from investing activities		
Cash inflow from return on investment		
Cash inflow from investment	292,465,718.58	9,982,387.71
Net cash inflow from disposal of fixed, intangible and other long-term assets	91,565,641.72	143,492,722.22
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	384,031,360.30	153,475,109.93
Cash paid for purchase of fixed, intangible and other long-term assets	1,726,181,446.93	1,996,470,881.88
Cash paid for investment	2,038,240,200.00	
Net cash paid for acquisition of subsidiaries and other operating entities		1,501,287,850.00
Other cash paid relating to investing activities		
Subtotal of cash outflow from investing activities	3,764,421,646.93	3,497,758,731.88
Net cash flows from investing activities	-3,380,390,286.63	-3,344,283,621.95

Items	January - September 2012 <i>RMB</i>	January - September 2011 <i>RMB</i>
3. Cash flows from financing activities		
Cash inflow from raising capital		
Cash received from borrowings	3,791,995,463.50	5,701,000,000.00
Cash received from bond issue	2,500,000,000.00	3,916,000,000.00
Other cash received relating to financing activities		
Subtotal of cash inflow from financing activities	6,291,995,463.50	9,617,000,000.00
Cash paid for payment of debts	1,549,103,596.00	3,530,132,000.00
Cash paid for distribution of dividends or profits and for interest expenses	615,773,528.72	926,153,683.15
Other cash paid relating to financing activities		909,000.00
Subtotal of cash outflow from financing activities	2,164,877,124.72	4,457,194,683.15
Net cash flows from financing activities	4,127,118,338.78	5,159,805,316.85
4. Effect on cash and cash equivalent from change of exchange rates	-116,648,490.96	-3,826,783.60
5. Net increase in cash and cash equivalents	-369,864,102.13	3,101,892,659.42
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	1,795,816,557.48	402,136,982.66
6. Balance of cash and cash equivalents at the end of the Reporting Period	1,425,952,455.35	3,504,029,642.08

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
30 October 2012

As at the date of this announcement, the board of directors of the Company comprises Mr. Li Shaode, Mr. Xu Lirong, Mr. Zhang Guofa, Mr. Wang Daxiong, Mr. Yan Zhichong and Mr. Qiu Guoxuan as executive directors, Mr. Zhu Yongguang, Mr. Zhang Jun, Mr. Lu Wenbin and Mr. Wang Wusheng as independent non-executive directors.