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 2006

IMPORTANT NOTICE

This first quarterly report 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 and Hong Kong of the People's Republic of China (the "**PRC**"). All financial information set out in the first quarterly report is unaudited and prepared in accordance with the PRC Accounting Standards.

The board (the "**Board**") of directors (the "**Directors**") of China Shipping Development Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") confirms that there is no false representation or misleading statements which are contained in or material omissions from this announcement. The Directors jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the contents of this announcement.

Mr. Li Shaode, chairman, Mr. Wang Kangtian, chief financial officer, and Mr. Ding Zhaojun, deputy manager of the financial department of the Company have declared that they guarantee the truthfulness, accuracy and completeness of the financial statements contained in this announcement.

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 Financial information

1.1.1 Principal financial data and statistics highlights

Items	As at 31 March 2006 *(RMB)*	As at 31 December 2005 *(RMB)*	Increase/ Decrease *(%)*
Total assets	13,957,783,854.50	13,251,652,985.21	5.33
Shareholders' Equity (excluding minority interests)	11,442,371,183.73	10,711,224,374.28	6.83
Net assets per share	3.44	3.22	6.83
Adjusted net assets per share	3.44	3.22	6.83

	For the three months ended 31 March 2006 *(RMB)*	Increase/ Decrease as compared with the same period of 2005 *(%)*
Net cash flow from operating activities	870,252,634.37	16.06
Earnings per share	0.2198	-11.87
Rate of returns on net assets (%)	6.39	-2.48 points
Rate of returns on net assets after exceptional items (%)	6.29	-2.00 points

Exceptional items	*(RMB)*
Profit and Loss on disposal of long-term equity investment, fixed assets, construction in progress, intangible assets, and other long-term assets	13,639,600.83
Short-term investment income	20,478.37
Net non-operating income and expenses of the Company after provision for value impairment of assets made in accordance with the Accounting Rules and Regulations for Enterprises	-99,998.31
Income Tax effect	-2,034,012.13
Total	11,526,068.76

1.1.2 Profit and loss account

Items	Group		Company	
	For the three months ended 31 March 2006 *(RMB)*	For the three months ended 31 March 2005 *(RMB)*	For the three months ended 31 March 2006 *(RMB)*	For the three months ended 31 March 2005 *(RMB)*
1. Revenue from major operating activities	2,396,450,760.29	2,120,022,930.64	2,231,667,186.95	1,988,739,417.22
Less: major operating costs	1,441,711,547.63	1,112,669,724.84	1,326,516,444.62	1,047,690,902.33
Add: Tax and levies on major operating activities	49,065,538.56	44,317,556.90	44,672,967.62	42,226,980.12
2. Profit from major operating activities	905,673,674.10	963,035,648.90	860,487,774.71	898,821,534.77
Add: Other operating profits	10,221,360.10	9,524,867.18	8,675,862.36	5,171,504.02
Non-monetary transaction	-	-	-	-
Less: Operating expenses	-	-	-	-
Less: Administration expenses	57,433,446.32	54,319,674.65	52,587,512.88	51,607,265.41
Less: Financial expenses	16,194,663.18	22,919,709.23	20,066,572.49	21,874,333.79
3. Operating profit	842,266,924.70	895,321,132.20	796,509,551.70	830,511,439.59
Add: Income from investment	69,988.48	6,858,780.68	42,675,860.36	68.751,053.75
Add: Subsidy income	-	-	-	-
Add: Non-operating income	13,670,058.45	66,501,870.17	13,669,058.45-	66,501,870.17
Less: Non-operating expenses	130,445.93	2,866,241.69	130,455.93	2,866,241.69
4. Total profit	855,876,515.70	965,815,541.36	852,724,014.58	962,898,121.82
Less: Income tax	123,864,052.62	135,519,959.67	121,507,223.13	133,251,169.12
Less: Minority shareholders' interests	795,671.63	648,628.99	-	-
Add: unrecognised loss from investment	-	-		-
5. Net profit	731,216,791.45	829,646,952.70	731,216,791.45	829,646,952.70

1.2 As at 31 March 2006, the Company had a total of 86,339 shareholders.

The top 10 shareholders of circulation shares of the Company (unit: share)

Name of shareholders	Number of shares held at 31 March 2006	Type of shareholders (state or foreign shareholders)
HKSCC Nominees Limited	1,280,638,897	H shares
The Industrial and Commercial Bank of China –China 50 Exchange Traded Open-End Index Securities Investment Fund	7,522,340	A shares
National Social Security Fund – Group 109	6,291,227	A shares
Bank of Communications Limited – E Fund 50 Index Securities Investment Fund	4,580,707	A shares
China Construction Bank Limited – Fortune SGAM Multi-Strategy Growth Fund	3,640,000	A shares

National Social Security Fund – Group 002	2,664,003	A shares
The Industrial and Commercial Bank of China – BOC International China Opportunities Fund	2,558,700	A Shares
Citic Securities Company Limited – the Industrial and Commercial Bank of China – CREDIT SUISSE (HONG KONG) LIMITED	1,918,843	A Shares
China Construction Bank Limited - BOSHI YUFU Securities Investment Fund	1,804,783	A shares
China International Capital Corporation Limited – Standard Chartered Bank – CITIGROUP GLOBAL MARKETS LIMITED	1,487,460	A shares

2. Management discussion and analysis

2.1 Brief analysis of overall operating activities during the three months ended 31 March 2006 (the "Reporting Period") of the Group

During the Reporting Period, the shipping volume of cargo carried by the Group was 44.97 billion tonne nautical miles, and the total revenue derived from the operating activities was RMB2.396 billion, representing an increase of 21 percent and 13 percent, respectively, as compared with the same period of 2005. The net profit was RMB 731 million, of which the net profit after extraordinary profit and loss was RMB 720 million, decreasing by 11.9 per cent and 7.2 per cent, respectively, as compared with the same period of 2005.

During the Reporting Period, the shipping volume of oil carried by the Group was 22 billion tonne nautical miles, and the revenue derived from such oil transportation was RMB1.394 billion, representing an increase of 18.4 percent and 19.1 percent, respectively, as compared with the same period of 2005. For coastal oil shipment in the PRC, the Group achieved a shipping volume of 5.32 billion tonne nautical miles, and also achieved a revenue of RMB572 million derived from such oil shipping business, both remaining the same level as compared with 2005. On the other hand, for the international oil shipment business, the Group achieved a shipping volume of 16.68 billion tonne nautical miles, and also achieved a revenue of RMB822 million derived from such oil shipping business, representing an increase of 26.2 per cent and 38 per cent, respectively, as compared with 2005.

During the Reporting Period, the shipping volume of coal carried by the Group was 14.28 billion tonne nautical miles and the revenue derived from coal transportation was RMB785 million, representing an increase of 8.5 per cent and 11.3 per cent, respectively, as compared with the same period of 2005

During the Reporting Period, the shipping volume of other dry bulk cargoes carried by the Group was 8.69 billion tonne nautical miles, increasing by 60.1 per cent as compared with the same period of 2005, and the revenue derived from such shipment business was RMB218 million, decreasing by 11 per cent as compared with the same period of 2005.

2.2 Major operating activities or product contributing over 10 per cent of revenue or profit from major operating activities of the Company.

Items	Revenue from major operating activities (RMB) (unaudited)	Major operating costs (RMB) (unaudited)	Gross profit margin (%) (unaudited)
Ocean Transportation	2,396,450,760.29	1,441,711,547.63	37.79
Particulars of shipment businesses			
Oil Shipment	1,393,596,812.80	808,013,706.75	40.47
Coal Shipment	784,808,368.20	521,812,811.41	30.41
Other Dry Bulk Cargoes Shipment	218,045,579.29	111,885,029.47	47.29

2.3 Material Charges in the Composition of profit during the Reporting Period.

During the Reporting Period, the net non-operating income of the Group was RMB13,539,600, accounting for 1.6% of the total profit of the Group for the first quarter of 2006. Such non-operating income arose from the gain on disposal of an oil tanker named “Daqing 85” by the Company. During the same period of 2005, the net non-operating income of the Group was RMB63,635,600, accounting for 6.6% of the total profit of the Group for the first quarter of 2005..

2.4 The commitments made by China Shipping (Group) Company (the “CSC”）, the controlling shareholder of the Company, to the Company and the A shareholders during the State Share Reform

Name of shareholders	Special commitments	The implementation of such commitments
CSC	1.the State-owned Shares held by CSC will not be listed or traded on the Shanghai Stock Exchange (the “SSE”), nor transferred, immediately following the coming into effect of the State Share Reform Proposal and within 12 months from the Listing Date.	CSC has implemented such commitments up to present.
	2. the State-owned Shares held by CSC will not be traded on the SSE, immediately following the coming into effect of the State Share Reform Proposal and within 36 months from the Listing Date.	
	3. Within 24 months upon expiry of the above commitment period, if the State-owned Shares held by CSC following the implementation of the State Share Reform Proposal are sold by way of trading on the SSE, the selling price will not be less than 150% of the closing price of the A shares on the trading day immediately before the announcement of the State Share Reform Proposal, i.e. not less than RMB9.38. If there are cases of share price ex-rights and ex-dividend caused by dividend payment, give-outs and capital reserve fund conversion from the day of the implementation of the State Share Reform Proposal to those periods, the commitment price will be subject to ex-right and ex-dividend correspondingly.	
	4.CSC will be responsible for all the costs and expenses arising from the implementation of the State Share Reform Proposal	

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

Shanghai, the PRC
21 April 2006

* *As at the date of this announcement, the Board of Directors of the Company is comprised of Mr. Li Shaode, Mr. Wang Daxiong, Mr. Mao Shijia, Mr. Wang Kunhe and Mr. Yao Zuozhi as executive directors, Mr. Xie Rong, Mr. Hu Honggao and Mr. Zhou Zhanqun as independent non-executive directors.*