

Interim Report 2007

IV. Significant events

(1) Anticipated profit increase

Pursuant to the Shanghai Stock Exchange Listing Rules, the Board of directors of the Company hereby announces that the net profit of the Group for the nine months ended 30 September 2007 (to be prepared in accordance with PRC accounting standards) is expected to increase by more than 50% as compared with the same period in 2006. The main reason is as follows:

In 2006, the Group acquired 42 bulk carriers from its parent company China Shipping (Group) Company and its subsidiaries. The 42 bulk carriers have been delivered to the Group and commenced operations at the beginning of 2007. As a result, the total shipping capacity of the bulk fleet of the Group increased by 1.4 million dead weight tones.

(2) Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during Reporting Period.

(3) Compliance with the code of Corporate Governance Practice

The Company has complied throughout the six months ended 30 June 2007 with the Code Provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

(4) Audit Committee

In compliance with Rule 3.21 of the Listing Rules, the Company has established an audit committee to review the financial reporting procedures and internal control and to provide guidance thereto. The audit committee of the Company comprises 3 independent non-executive directors of the Company.

The audit committee has reviewed the interim results of the Company for the Reporting Period.

(5) Remuneration Committee

The remuneration committee is headed by Mr. Wang Daxiong, an executive director of the Company. The other two members of the remuneration committee are Mr. Xie Rong and Mr. Hu Honggao, both being independent non-executive directors of the Company. The remuneration committee of the Company has adopted terms of reference which are in line with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

(6) Compliance with the model code for securities transactions by Directors and Staff (the "Model Code") as set out in appendix 10 to the Listing Rules

Following specific enquiry made with the directors, supervisors and chief executive of the Company, the Company has confirmed that each of the them has complied with the Model Code during the six months ended 30 June 2007.

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(7) Employees

Adjustment of employee remuneration are calculated in accordance with the Company's turnover and profitability and is determined by assessing the correlation between the total salary paid and the economic efficiency of the enterprise. Under this mechanism, management of employees remuneration will be more efficient while employees will be motivated to work hard to bring encouraging results of the Company. Save from the remuneration policy disclosed above, the Company does not maintain any share option scheme for its employees and the employees do not enjoy any bonus. The Company regularly provides for its administrative personnel training on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws. These training may be in different forms, such as seminars, site visits and study tours.

(8) Employee housing

According to the relevant local laws and regulations, the Group and its employees are required to contribute their respective contributions to an accommodation fund according to a certain percentage of the salaries and wages of the employees. There are no other significant obligations beyond the contributions to the said fund. The Company provided staff quarters to selective employees and according to a housing reform scheme in Shanghai, arrangements were made to transfer the staff quarters to employees who agreed to remain in service for a period of 10 years. As at the end of 2002, nearly all of the staff quarters have been transferred to employees on the above basis. The net book value of staff quarters has been reclassified as deferred staff expenditure and is amortised on a straight-line basis over 10 years, which approximates the expected service period of the relevant employees.

(9) Post Balance Sheet Event

On 2 July 2007, the Company issued convertible bonds in the principle amount of RMB 2 billion with face value in integral principal amounts of RMB100 each with 10 convertible bonds forming one board lot.

(10) Supplementary information to be published on the website of the Stock Exchange

All details on the financial and related information of the Company containing all information as required by paragraph 46(1) to 46(9) of Appendix 16 to the Listing Rules is published on the website of the Stock Exchange (www.hkex.com.hk).

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



Shanghai, the PRC
14 August 2007