# CHINA SHIPPING DEVELOPMENT COMPANY LIMITED

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 1138)

## RESOLUTIONS PASSED AT THE 21ST BOARD MEETING OF 2007

The Board is pleased to announce that the 21st board meeting of 2007 has been duly convened on 13 December 2007. The resolutions set out below were duly passed.

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce that the 21st board meeting (the "**Meeting**") of 2007 was held on 13 December 2007 at 700 Dong Da Ming Road, Shanghai, the People's Republic of China (the "**PRC**").

A quorum of Directors was present at the Meeting. The Meeting was chaired by Mr. Li Shaode, Chairman of the Company. The Meeting was duly convened in accordance with the relevant provisions of the PRC Company Law and the articles of association of the Company. The resolutions approving the following matters were duly passed at the Meeting, inter alia:

1. **Resolution regarding the continued construction of four 300,000-DWT VLOCs**

   According to the Company's "11th Five-year Plan" development plan, the Company will enhance strategic partnership with major cargo owners to continue its domination of coal transportation along the coast. The Company will develop large dry bulk cargo fleet through entering into long-term transportation contracts with a focus on developing 230,000-tonne and 300,000-tonne very large iron ores carriers ("**VLOC**") and actively participate in the transportation of ores imported into China. The Company intends to order four 300,000-DWT VLOCs from domestic shipyards in the near term. The total price is expected to be approximately US$470 million. It is intended that the payment required for the ships is to be settled through internal financial resources and bank loans.

   The Company will issue a detailed announcement after the agreement is entered into and relevant resolutions will be proposed at the general meeting for consideration.

2. **Resolution regarding the continued construction of ten 57,300-tonne bulk cargo ships**

According to the Company's "11th Five-year Plan" development plan, in response to the demand for coal transportation along the coast in the PRC and to expedite the construction of bulk cargo ships, the Company will, on the basis of ordering twelve 57,300-tonne bulk cargo ships in the first half year, continue to construct 10 bulk cargo ships of the same type at China Shipping Industry (Jiangsu) Co., Ltd. (中海工業(江蘇)有限公司), a wholly owned subsidiary of our controlling shareholder China Shipping (Group) Company ("**China Shipping**"). It is expected that the ships will be delivered between 2011 and 2012. The total price for the 10 ships is restricted within RMB2.85 billion. It is intended that payment for the ships will be settled through internal financial resources and bank loans.

The transactions contemplated under this resolution, if implemented, will constitute connected transactions of the Company. To this end, the Company will issue a detailed announcement on connected transactions after the shipbuilding contract is duly entered into and relevant resolutions will be proposed for consideration at the general meeting.

3. **Resolution regarding the change of domestic and international accountants**

It has been agreed that the Company will no longer appoint Shanghai Zhonghua Huyin Certified Public Accountant (上海眾華滬銀會計師事務所) as the Company's domestic auditor for its 2007 financial report. Instead, the Company will appoint Vocation International Certified Public Accountant Co., Ltd. as the Company's domestic auditor for its 2007 financial report. It has been agreed that the Company will no longer appoint Ernest & Young as the Company's international auditor for its 2007 financial report. Instead, the Company will appoint Tianzhi (H.K.) C.P.A. 天職(香港)會計師事務所 as the Company's international auditor for its 2007 financial report.

Pursuant to the requirements of "Notice regarding Undertaking Central Enterprise Financial Auditing by Sampling in 2007" (關於開展2007年度中央企業財務抽查審計工作的通知) (hereinafter referred to as the "Notice") (Guo Zi Ting Fa Ping Jia [2007] No.84) issued by the State-owned Assets Supervision and Administration Commission of the State Council ("**SASAC**"), China Shipping belongs to enterprises which are subject to group financial auditing by sampling for 2007 of SASAC. Pursuant to the requirements of the Notice, the Company as a listed company controlled by China Shipping is also subject to such financial auditing.

Recently, China Shipping received the "Notification regarding Financial Auditing by Sampling for 2007" (hereinafter referred to as the "Notification") (Ping Jia Han [2007] No.273) from SASAC. The Notification explicitly provides that pursuant to the spirit of the Guo Zi Ting Fa Ping Jia [2007] No.84 document, mandated by SASAC, Three Gorges International Tendering Company Limited (三峽國際招標有限責任公司) has decided upon evaluation that Vocation International Certified Public Accountant Co., Ltd. to be responsible for the group financial auditing by sampling of China Shipping for 2007 and requires that China Shipping urges the Company to timely complete the relevant procedures and legal formalities for changing the accountant in accordance with the relevant requirements. As such, the Company proposed to change its accountant.

All independent non-executive directors of the Company have unanimously consented to submit the resolution for consideration by the Board. The independent opinions expressed by Mr. Ma Xun, Mr. Hu Honggao and Mr. Zhou Zhanqun are as follows:

It has been agreed that the Company shall appoint Vocation International Certified Public Accountant Co., Ltd. as the Company's domestic auditor and shall appoint Tianzhi (H.K.) C.P.A. 天職(香港)會計師事務所 as the Company's international auditor. All independent non-executive directors of the Company have agreed in advance to submit the resolution for consideration by the Board and the resolution has been considered and passed by voting at the board meeting legally convened. The resolution will also be submitted for consideration and voting at the general meeting in which procedures for consideration and voting shall be legal and compliant with relevant regulations. The change of the accountants by the Company conforms with the requirements of the relevant document issued by SASAC.

Mr. Xie Rong, independent non-executive director and chairman of the audit committee of the Company, abstained from voting on this resolution.

This resolution will be submitted for consideration at the general meeting of the Company.

4. **Resolution regarding the disposal of "Changhui" vessel**

To approve the sale of "Changhui" vessel to Alex Shipping Co., Ltd., an independent third party, at a consideration of US$4,760,000.

The Company's "Changhui" vessel was constructed at Shanghai Jiangnan Shipyard on 24 December 1974 with 18,886 DWT. The net book value of the vessel as at 30 November 2007 was RMB770,000. "Changhui" vessel will reach its mandatory disposal age of 33 years on 24 December 2007 as required under Order 2006 No. 8 "Administration Regulation on aged transportation vessels" of the Ministry of Transportation and Communications. After obtaining quotations from the market, it was resolved that "Changhui"vessel shall be sold to Alex Shipping Co., Ltd., an independent third party, at a consideration of US$4,760,000.

This announcement is made in compliance with the simultaneous dissemination of information requirement under Rule 13.09(2) of the Listing Rules. The Company's A Shares are listed on the Shanghai Stock Exchange, and it 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
13 December 2007

*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. Wang Kunhe as executive directors, Mr. Ma Xun, Mr. Xie Rong, Mr. Hu Honggao and Mr. Zhou Zhanqun as independent non-executive directors.*