



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)

Announcement

The Board of Directors of China Shipping Development Company Limited (the “Company” or “China Shipping Development”) considered and approved the resolution regarding the proposed formation of a joint venture shipping company with Baosteel Trading Co., Ltd. by way of a written resolution in lieu of a physical meeting on 21 February 2008. For details of the resolution, please refer to the announcement dated 21 February 2008 of the Company. The relevant subsequent progress achieved in the project is announced as follows:

1. Change in the name of Baosteel Trading Co., Ltd.

In order to further clarify its strategic position and emphasize its principal operations, the joint venture party Baosteel Trading Co., Ltd. with the approval of the State Administration for Industry and Commerce changed its name to Baosteel Resources Co., Ltd. (寶鋼資源有限公司) (“Baosteel Resources”) on 8 April 2008. Baosteel Resources will continue to enjoy and bear all rights and obligations arising from past business operations. The Company’s scope of business activities, economic nature, bank accounts, tax file number and business address will remain unchanged. Such change will not have any material impact on the implementation of the joint venture project.

2. Subsequent progress achieved in the negotiation of the joint venture project

Following several rounds of negotiation, the joint venture parties have currently reached a consensus on all material aspects of the joint venture project. The parties officially signed the “Joint Venture Contract” and its “Supplemental Agreement” on 10 June 2008 and the main contents are summarized as follows:

1. The name of the joint venture company is Hong Kong Hai Bao Shipping Co. Limited (香港海寶航運有限公司). The place of registration is Hong Kong Special Administrative Region. It is a private limited company.

2. The total investment amount of the joint venture company is approximately US\$703,660,000. The registered capital is US\$8,000,000, with 51% and 49% contributed by China Shipping Development and Baosteel Resources respectively.
3. Upon the establishment of the joint venture company, China Shipping Development will transfer construction contracts in relation to two 300,000-tonne very large iron ore carriers (“VLOCs”) and four 230,000-tonne VLOCs to the joint venture company or the single-vessel company designated by it.
4. Upon the establishment of the joint venture company, the joint venture parties will provide a loan to the joint venture company on equivalent terms in proportion to their shareholdings in the joint venture company. The total loan amount is approximately US\$132,000,000, which will be used to settle payment other than banking facilities in respect of the above construction contracts.
5. China Shipping Development will transfer five contracts of affreightment contracts entered into with Baoshan Iron & Steel Co., Ltd. on 26 January 2007 and 21 February 2008 to the joint venture company or the single-vessel company designated by the joint venture company.
6. Under equivalent conditions, the joint venture company will give priority to entering into a vessel management agreement with the vessel management company recommended by China Shipping Development and hand over the management of engineering, marine, maintenance and crew affairs to the vessel management company.
7. Under equivalent conditions, the joint venture company will give priority to entering into a crew hire agreement with the crew management company recommended by China Shipping Development.

Once the internal audit and approval procedures of the joint venture parties are completed, the joint venture parties will report the project to the relevant government authorities. Upon completion of all approval procedures, the joint venture company will complete the relevant matters such as the establishment of the company according to law.

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 Company 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 10 June 2008

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, Mr. Zhu Yongguang and Mr. Zhou Zhanqun as independent non-executive directors.