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)

Connected Transaction

The Board of Directors of the Company is pleased to announce that the Company and Digang Dili entered into the Sale and Purchase Agreement on 24 February 2009 whereby the Company agreed to sell and Digang Dili agreed to purchase the Bulk Carrier weighing 7579 long tonne. The consideration for the sale of the Bulk Carrier is RMB11,310,000 (approximately HK$12,852,272.73).

The Group Company holds approximately 46.36 percent of the issued share capital of the Company, being the controlling shareholder of the Company as defined under the Listing Rules. Digang Dili is a wholly-owned subsidiary of China Shipping Industry Co. Ltd. which in turn is a wholly-owned subsidiary of the Group Company. Therefore, Digang Dili is a connected person (as defined under the Listing Rules) of the Company. Hence, the Transaction constitutes a connected transaction of the Company for the purposes of the Listing Rules. As the applicable percentage ratios in respect of the Transaction is more than 0.1% but less than 2.5%, the Transaction is only subject to the reporting and announcement requirements under Rule 14A.45 to 14A.47 of the Listing Rules but does not require the approval of the Independent Shareholders.

The terms and conditions of the Transaction have been negotiated on an arm's length basis and are conducted on normal commercial terms. The Transaction is in the ordinary and usual course of business of the Company. The Board (including the Independent Directors) considers the terms of the Transaction to be fair and reasonable, and is in the interests of the Company and the Shareholders, taken as a whole. Particulars of the Sale and Purchase Agreement are set forth below, and will also be disclosed in the Company's 2009 annual report.

The board (the "Board") of directors (the "Directors") of China Shipping Development Company Limited (the "Company", and together with its subsidiaries, the "Group") is pleased to announce that the Company and Digang Dili Material Recovery Company (上海海運(集團)公司荻港荻利物資回收公司) ("Digang Dili") entered into a sale and purchase agreement (the "Sale and Purchase Agreement") on 24 February 2009 whereby the Company agreed to sell and Digang Dili agreed to purchase the bulk carrier named "Daqing 63" (the "Bulk Carrier") weighing 7579 long tonne.

1. **Sale and Purchase Agreement dated 24 February 2009**

1.1 *Parties*

Vendor: The Company

Purchaser: Digang Dili

1.2 *Bulk Carrier*

The Bulk Carrier was constructed by an independent third party shipyard in Dalian, China and was commissioned into service on 15 March 1976. The Bulk Carrier weighs 7579 long tonne.

1.3 *Sale of the Bulk Carrier*

Pursuant to the Sale and Purchase Agreement, the Company has agreed to sell the Bulk Carrier as scrap metal and Digang Dili has agreed to purchase the Bulk Carrier, and thereafter to dismantle it.

1.4 *Purchase price and payment terms*

Pursuant to the Sale and Purchase Agreement, Digang Dili will pay to the Company in cash a sum of RMB11,310,000 (approximately HK$12,852,272.73) as consideration for the sale of the Bulk Carrier. The purchase price was determined based on the average import scrapped vessel price of US$213.11 (approximately RMB1455.54) per long tonne for December 2008 as published by the China National Shiprecycling Association (中國拆船協會) and the prevalent market price. No valuation has been performed. The net book value of the Bulk Carrier as at 31 December 2008 was RMB10,523,348.45 (approximately HK$11,958,350.51). The net profit expected to arise from the sale of the Bulk Carrier, being the difference between the consideration for such sale and the net book value of the Bulk Carrier, is RMB786,651.55 (approximately HK$893,922.22). The Company intends to use the net proceeds arising from the sale of the Bulk Carrier as its working capital. The net profits/losses before and after taxation and extraordinary items attributable to the Bulk Carrier for the financial years ended 31 December 2006 and 31 December 2007 were as follows:-

	Financial year ended 31 December 2006	**Financial year ended 31 December 2007**
Net profits/losses before taxation and extraordinary items attributable to the Bulk Carrier	RMB(423,561.97) (approximately HK$(481,320.42))	RMB11,161,327.83 (approximately HK$12,683,327.08)
Net profits/losses after taxation and extraordinary items attributable to the Bulk Carrier	RMB(1,578,739.81) (approximately HK$(1,794,022.51))	RMB9,884,543.32 (approximately HK$11,232,435.59)

The above financial information of the Bulk Carrier was prepared under PRC GAAP.

Pursuant to the Sale and Purchase Agreement, Digang Dili shall pay the entire consideration to the Company by way of bank draft or remittance to the Company's designated bank account within 2 bank working days after the signing of the Sale and Purchase Agreement by both parties.

1.5 *Delivery*

The Bulk Carrier will be delivered to Digang Dili at Digang Dili Dismantling Shipyard in the PRC on or before 15 March 2009.

1.6 *Other material terms*

All responsibilities, liabilities and risks relating to the delivery of the Bulk Carrier shall be borne by the Company prior to delivery of the Bulk Carrier, and by Digang Dili immediately after such delivery.

The Sale and Purchase Agreement is subject to the usual force majeure provisions. In the event of occurrence of force majeure events such as earthquake, fire, tsunami and war and, as a result, the Sale and Purchase Agreement cannot be performed by the Company, the Company may terminate the Sale and Purchase Agreement by giving immediate notice to Digang Dili. For other special circumstances such as typhoon which cause the Company unable to deliver the Bulk Carrier pursuant to the Sale and Purchase Agreement, the Company shall give Digang Dili 2 days' advance notice proposing a new delivery date.

If Digang Dili fails to pay the consideration of RMB11,310,000 (approximately HK$12,852,272.73) in accordance with the Sale and Purchase Agreement, the Company may terminate the Sale and Purchase Agreement and claim for any consequential losses and interest.

Should any dispute arise between the Company and Digang Dili in respect of the Sale and Purchase Agreement, which remains unresolved after reasonable discussions, such dispute shall be referred to the China Maritime Arbitration Commission, which was established in accordance with a decision made by the State Council of the People's Republic of China (the "PRC"), for arbitration in the PRC.

2. **Reasons for and benefits of entering into the Sale and Purchase Agreement**

The Bulk Carrier came into operation on 15 March 1976. In accordance with the notice issued by the Ministry of Communication of the PRC (中華人民共和國交通部) on 5 July 2006, the mandatory scrappage age of the Bulk Carrier is 33 years. Therefore, the Bulk Carrier will meet the deadline for mandatory scrappage on 14 March 2009. As a result, the Board decided to sell it as scrap metal. Digang Dili is a special service entity which specializes in ship dismantling business. The Board believes that the disposal of the Bulk Carrier will provide the Company with more working capital. The Board does not have intention on any specific use of the working capital. The Directors believe that such disposal does not have any material adverse impact to the Company and its subsidiaries.

3. **General**

The business of the Company mainly involves coastal, ocean and Yangtze River cargo transportation, oil transportation, chartering, cargo agency and cargo transportation agency. The business of Digang Dili mainly involves ship dismantling and repair.

4. **Listing Rules Requirements**

China Shipping (Group) Company (the "Group Company") holds approximately 46.36 percent of the issued share capital of the Company, being the controlling shareholder of the Company as defined under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Digang Dili is a wholly-owned subsidiary of China Shipping Industry Co. Ltd., which in turn is a wholly-owned subsidiary of the Group Company.

Therefore, Digang Dili is a connected person (as defined under the Listing Rules) of the Company. Hence, the transaction as contemplated under the Sale and Purchase Agreement (the “Transaction”) constitutes a connected transaction of the Company for the purposes of the Listing Rules.

As the applicable percentage ratios in respect of the Transaction is more than 0.1% but less than 2.5%, the Transaction is subject only to the reporting and announcement requirements under Rule 14A.45 to Rule 14A.47 of the Listing Rules and does not require approval by the Shareholders other than the Group Company and its associates (as defined under the Listing Rules) (the “Independent Shareholders”). Particulars of the Sale and Purchase Agreement will also be disclosed in the Company’s 2009 annual report.

The terms and conditions of the Transaction have been negotiated on an arm’s length basis and the Directors (including the independent non-executive Directors) are of the view that the terms and conditions are conducted on normal commercial terms. The Transaction is in the ordinary and usual course of business of the Company. Since the Bulk Carrier would have been scrapped mandatorily on 14 March 2009 as required by the relevant notice issued by the Ministry of Communication of the PRC, the Company is of the view that disposing the Bulk Carrier as scrap metal will give the Group maximum income. The Board (including the independent non-executive Directors, referred to herein as the “Independent Directors”) considers the terms of the Transaction to be fair and reasonable, and is in the interests of the Company and the shareholders of the Company (the “Shareholders”), taken as a whole.

By Order of the Board of Directors
China Shipping Development Company Limited
Yao Qiaohong
Company Secretary

Shanghai, the People’s Republic of China

24 February 2009

Note: Unless otherwise specified, the conversion of HK$ into RMB is based on the exchange rate HK$1.00=RMB0.88 and the conversion of US$ into RMB is based on the exchange rate of US$1.00=RMB6.83.

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. Xie Rong, Mr. Hu Honggao, Mr. Zhu Yongguang and Mr. Zhou Zhanqun as independent non-executive directors.