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)

DISCLOSEABLE TRANSACTION
CONSTRUCTION OF NEW VESSELS

On 22 December 2010, the Group entered into the following agreements with the Vendors for the construction of several new tankers:

(1) the First Agreements, whereby CS Development Hong Kong entered into two agreements with the Vendors for the construction of two VLCCs of 320,000 dead weight tons each. The total consideration for the construction of the two VLCCs is approximately US$191,360,000 (equivalent to approximately HK$1,483,040,000); and

(2) the Second Agreements, whereby the Company entered into three agreements with the Vendors for the construction of three tankers each of 110,000 dead weight tons. The total consideration for the construction of the three tankers is approximately US$159,840,000 (equivalent to approximately HK$1,238,760,000).

The entering into of the First Agreements and the Second Agreements (which, for the purpose of the Listing Rules, will be aggregated with the Previous Agreements for the construction of four bulk vessels of 45,000 dead weight tons each between Tianjin Zhonghai Huarun, CSOC and Bohai Heavy Industry signed on 18 August 2010) constitutes a discloseable transaction of the Company under the Listing Rules.

The Agreements

On 22 December 2010, CS Development Hong Kong entered into the First Agreements with the Vendors for the construction of two VLCCs each of 320,000 dead weight tons. The total consideration for the construction of the two VLCCs is approximately US$191,360,000 (equivalent to approximately HK$1,483,040,000). The consideration is determined by reference to the market price of tankers ranging in sizes from 280,000 to 320,000 dead weight tons during the past 6 months.

On 22 December 2010, the Company entered into the Second Agreements with the Vendors for the construction of three tankers each of 110,000 dead weight tons. The total consideration for the construction of the three tankers is approximately US$159,840,000 (equivalent to approximately HK$1,238,760,000). The consideration is determined by reference to the market price of tankers ranging in sizes from 80,000 to 110,000 dead weight tons during the past 6 months.

On 18 August 2010, the Company's subsidiary, Tianjin Zhonghai Huarun entered into the Previous Agreements with CSOC and Bohai Heavy Industry for the construction of four bulk vessels each of 45,000 dead weight tons. The total consideration for the construction of the four bulk vessels was approximately RMB716,800,000 (equivalent to approximately HK$833,490,000). The consideration was determined by reference to the market price of bulk vessels ranging in sizes from 40,000 to 50,000 dead weight tons during the 6 months immediately preceding signing of the Previous Agreements. For the purpose of the Listing Rules, these transactions will be aggregated with the transactions contemplated by the First Agreements and the Second Agreements. Accordingly, the entering into of the First Agreements and the Second Agreements constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. There are no other transactions in the past 12 months which require aggregation under the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors and their ultimate beneficial owners are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules).

The Directors consider that the terms of the Agreements are determined on an arm's length basis, on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Terms of the First Agreements, the Second Agreements and the Previous Agreements

1. **the First Agreements dated 22 December 2010**

   The prices of the First Tankers will be payable in USD. Relevant payments under each of the First Agreements will be payable in 5 instalments at various stages of the construction of the relevant Tankers:

   (i) for the first instalment, to pay 20% of the price within 5 business days after the Agreements are signed;

   (ii) for each of the second, third and fourth instalments, to pay 20% of the price within 5 business days of the receipt of the relevant invoice issued by the Vendors; and

   (iii) for the final instalment, to pay 20% of the price (and relevant adjustments applicable pursuant to the Agreements) within 5 business days of the receipt of all documentation in relation to completion of the relevant vessel by the Vendors.

   The expected delivery date for each of the First Tankers is on or before 30 June 2013 and 30 September 2013, respectively.

   Each of the First Agreements provides that there will be no adjustment in the price of the relevant Tankers if the delivery is delayed for a period not exceeding 40 days. If the delay exceeds such period of time but does not exceed 100 days, 160 days and 220 days respectively, there will be a reduction in the price of the relevant Tankers determined on the basis of the extent of the delay. Such reductions in the price will be calculated based on a daily reduction of US$19,100, US$23,700 and US$28,900 (equivalent to approximately HK$148,025, HK$183,675 and HK$223,975) per day, respectively. Under the First Agreements, delay will be permitted on account of force majeure events.

   If the delay exceeds 220 days, unless the parties agree otherwise, CS Development Hong Kong has the right to refuse to accept delivery of the relevant Tanker in which case all payments paid under the relevant Agreement together with interests will be refunded to CS Development Hong Kong.

   There will be other downward adjustments in price of the relevant Tanker if its performance (such as speed, fuel consumption rate, tonnage) exceeds or falls below certain agreed criteria (as the case may be). However should the relevant performance exceeds or falls below certain agreed benchmark, CS Development Hong Kong has the right to refuse delivery of the relevant Tanker and accept a refund with interest from the Vendors, or negotiate a new price for the relevant Tanker.

2. **the Second Agreements dated 22 December 2010**

The prices of the Second Tankers will be payable in RMB. Relevant payments under each of the Second Agreements will be payable in 5 instalments at various stages of the construction of the relevant Tankers:

(i) for the first instalment, to pay 20% of the price within 5 business days after the Agreements are signed;

(ii) for each of the second, third and fourth instalments, to pay 20% of the price within 5 business days of the receipt of the relevant invoice issued by the Vendors; and

(iii) for the final instalment, to pay 20% of the price (and relevant adjustments applicable pursuant to the Agreements) within 5 business days of the receipt of all documentation in relation to completion of the relevant vessel by the Vendors.

The expected delivery date for each of the Second Tankers is on or before 31 August 2012, 31 October 2012 and 31 December 2012, respectively.

Each of the Second Agreements provides that there will be no adjustment in the price of the relevant Tankers if the delivery is delayed for a period not exceeding 35 days. If the delay exceeds such period of time but does not exceed 95 days, 155 days and 215 days respectively, there will be a reduction in the price of the relevant Tankers determined on the basis of the extent of the delay. Such reductions in the price will be calculated based on a daily reduction of US$8,000, US$10,000 and US$12,000 (equivalent to approximately HK$62,000, HK$77,500 and HK$93,000) per day, respectively. Under the Second Agreements, delay will be permitted on account of force majeure events.

If the delay exceeds 215 days, unless the parties agree otherwise, the Company has the right to refuse to accept delivery of the relevant Tanker in which case all payments paid under the relevant Agreement together with interests will be refunded to the Company.

There will be other downward adjustments in price of the relevant Tanker if its performance (such as speed, fuel consumption rate, tonnage) exceeds or falls below certain agreed criteria (as the case may be). However should the relevant performance exceeds or falls below certain agreed benchmark, the Company has the right to refuse delivery of the relevant Tanker and accept a refund with interest from the Vendors, or negotiate a new price for the relevant Tanker.

3. **the Previous Agreements dated 18 August 2010**

The prices of the Bulk Vessels will be payable in RMB. Relevant payments under each of the Previous Agreements will be payable in 5 instalments at various stages of the construction of the relevant Bulk Vessels:

(i) for the first instalment, to pay 20% of the price within 15 business days after the Agreements are signed;

(ii) for each of the second, third and fourth instalments, to pay 20% of the price within 5 business days of the receipt of the relevant invoice and the related construction documents issued by CSOC and Bohai Heavy Industry; and

(iii) for the final instalment, to pay 20% of the price (and relevant adjustments applicable pursuant to the Agreements) within 7 business days of the receipt of all documentation in relation to completion of the relevant vessel by CSOC and Bohai Heavy Industry.

The expected delivery date for each of the Bulk Vessels is on or before 30 April 2012, 31 August 2012, 31 October 2012 and 31 December 2012, respectively.

Each of the Previous Agreements provides that there will be no adjustment in the price of the relevant Bulk Vessel if the delivery is delayed for a period not exceeding 45 days. If the delay exceeds 45 days, there will be a reduction in the price of the relevant Bulk Vessels determined on the basis of the extent of the delay. Such reduction in the price will be calculated based on a daily reduction of RMB 30,000 (equivalent to approximately HK$34,884). If the relevant Bulk Vessel is delivered earlier than the expected delivery date, Tianjin Zhonghai Huarun will pay CSOC and Bohai Heavy Industry an incentive of RMB15,000 per day.Under the Previous Agreements, delay will be permitted on account of force majeure events.

There will be other downward adjustments in price of the relevant Bulk Vessel if its performance (such as speed, fuel consumption rate, tonnage) exceeds or falls below certain agreed criteria (as the case may be). However should the relevant performance exceeds or falls below certain agreed benchmark, Tianjin Zhonghai Huarun has the right to refuse delivery of the relevant Bulk Vessel and accept a refund with interest from CSOC and Bohai Heavy Industry, or negotiate a new price for the relevant Bulk Vessel.

Financing Terms

The construction of the Tankers under the First Agreements and the Second Agreements, as well as the Bulk Vessels under the Previous Agreements will be funded by the Group as to approximately 80% of the price by bank borrowings and approximately 20% of the price by internal financial resources.

The financing by way of bank borrowings is expected to increase the Group's level of borrowings. Taking into account the Group's capital and Shareholders' base, the Group considers that bank borrowing is the best means of financing for the construction of the Tankers and the Bulk Vessels. The Directors believe that in light of the Group's fleet expansion plan, it is fair and reasonable and in the interest of the Company and the Shareholders as a whole to finance the transaction with such bank borrowings.

Information about the Group

The business scope of the Group includes: coastal, ocean and Yangtze River cargo transportation, chartering, cargo agency and cargo transportation agency.

Reasons for entering into the Agreements

The Directors are optimistic of the demand in the import crude oil, international refined oil transportation and domestic coal transportation market and its persistent growth in the coming years. The Directors are of the view that the construction and ownership of the Tankers and the Bulk Vessels will enable the Group to take advantage of the business opportunities in the shipping market, enjoy economies of scale, optimize its overall route arrangements and improve its operating efficiency and profitability.

Definitions

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:-

"Bohai Heavy Industry"	Bohai Shipbuilding Heavy Industry Company Limited* (渤海船舶重工有限責任公司), a Chinese Shipbuilder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Bohai Heavy Industry and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules)
"Bulk Vessels"	bulk vessels of 45,000 dead weight tons each

"Company"	China Shipping Development Company Limited* (中海發展股份有限公司), a joint stock limited company established in the PRC, the H shares of which are listed on The Stock Exchange of Hong Kong Limited
"CS Development Hong Kong"	China Shipping Development (Hong Kong) Marine Co., Limited* (中海發展(香港)航運有限公司), a wholly-owned subsidiary of the Company
"CSOC"	China Shipbuilding & Offshore International Company Limited* (中國船舶重工國際貿易有限公司), a Chinese company engaging in the trading, import, export and agency in respect of ships and shipping related technology and services. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CSOC and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules)
"Dalian Shipbuilding"	Dalian Shipbuilding Industry Company Limited* (大連船舶重工集團有限公司), a Chinese Shipbuilder. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Dalian Shipbuilding and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules)
"Directors"	directors of the Company
"First Agreements"	two agreements all dated 22 December 2010, each of which is entered into between the Vendors and CS Development Hong Kong for the construction of the First Tankers
"First Tanker(s)"	tanker(s) of 320,000 dead weight tons each
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"PRC"	The People's Republic of China
"Previous Agreements"	the four agreements all dated 18 August 2010, each of which was entered into between Tianjin Zhonghai Huarun, CSOC and Bohai Heavy Industry for the construction of four bulk vessels
"Second Agreements"	three agreements all dated 22 December 2010, each of which is entered into between the Vendors and the Company for the construction of the Second Tankers
"Second Tanker(s)"	tanker(s) of 110,000 dead weight tons each which can be used for transportation of both crude oil and refined oil
"Shareholder(s)"	holders of share(s) of the Company
"Tanker(s)"	tanker(s) to be constructed pursuant to the First Agreements and the Second Agreements
"Tianjin Zhonghai Huarun"	Tianjin Zhonghai Huarun Marine Co., Limited* 天津中海華潤航運有限公司), a non-wholly-owned subsidiary of the Company
"Vendors"	CSOC and Dalian Shipbuilding
"US$"	United States dollars, the lawful currency of the United States of America
"VLCC(s)"	Very large crude oil tankers(s)

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

Shanghai, the People's Republic of China
22 December 2010

As at the date of this announcement, the Board of Directors of the Company comprises of Mr. Li Shaode, Mr. Ma Zehua, Mr. Lin Jianqing, Mr. Wang Daxiong, Mr. Zhang Guofa, Mr. Mao Shijia and Mr. Qiu Guoxuan as executive Directors, Mr. Zhu Yongguang, Mr.Gu Gongyun, Mr. Zhang Jun and Mr. Lu Wenbin as independent non-executive Directors.

The exchange rate adopted in this announcement for illustration purpose only is US$1.00 = HK$7.75 and HKS1.00=RMB0.86.

* *For identification purpose only*