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 ON CONNECTED TRANSACTIONS

On 8 August 2011, the Company entered into the following Entrusted Loan Agreements:

(i) the First Entrusted Loan Agreement with China Shipping and CS Finance Company whereby China Shipping entrusted CS Finance Company to provide a loan in the amount of RMB3,000,000,000 (equivalent to approximately HK$3,489,000,000) to the Company and;

(ii) the Second Entrusted Loan Agreement with Guangzhou Maritime Transport and CS Finance Company whereby Guangzhou Maritime Transport entrusted CS Finance Company to provide a loan in the amount of RMB400,000,000 (equivalent to approximately HK$465,200,000) to the Company.

As China Shipping, Guangzhou Maritime Transport and CS Finance Company are connected persons of the Company, the Entrusted Loan Agreements constitute connected transactions of the Company. As the Entrusted Loan Agreements are for the benefit of the Company on normal commercial terms (or better to the Company) and no security over the assets of the Company is granted in respect of each entrusted loan, the entrusted loans are exempted from the reporting, announcement and independent shareholders' requirements under the Listing Rules. Nevertheless the Company is required by the applicable PRC rules and regulations to issue an announcement to disclose the Entrusted Loan Agreements and as such, the Company sets out below details of the Entrusted Loan Agreements for the information of potential investors and Shareholders.

INTRODUCTION

On 8 August 2011, the Company entered into following Entrusted Loan Agreements:

(i) the First Entrusted Loan Agreement with China Shipping and CS Finance Company whereby the Company obtained an entrusted loan from China Shipping. The loan was made by way of China Shipping entrusting CS Finance Company to provide a loan in the amount of RMB3,000,000,000 (equivalent to approximately HK$3,489,000,000) to the Company; and

(ii) the Second Entrusted Loan Agreement with Guangzhou Maritime Transport and CS Finance Company whereby the Company obtained an entrusted loan from Guangzhou Maritime Transport and the loan was made by way of Guangzhou Maritime Transport entrusting CS Finance Company to provide a loan in the amount of RMB400,000,000 (equivalent to approximately HK$465,200,000) to the Company.

FIRST ENTRUSTED LOAN AGREEMENT

Parties

Lender:	China Shipping, the controlling shareholder of the Company holding approximately 46.36% of the issued share capital of the Company as at the date of this announcement
Borrower:	the Company
Entrusted Party:	CS Finance Company

Loan amount

Pursuant to the First Entrusted Loan Agreement, China Shipping entrusted CS Finance Company to provide a loan in the amount of RMB3,000,000,000 (equivalent to approximately HK$3,489,000,000) to the Company.

Main contents and payment terms

The First Entrusted Loan has a term of seven years commencing from 9 August 2011 and ending on 8 August 2018 at 6.51% per annum. Interest payments are to be settled every quarter of the year on 20 March, 20 June, 20 September and 20 December respectively, with the last interest payment date being the maturity date of the First Entrusted Loan when the outstanding principal amount will also be repaid unless such loan is extended by the parties with five days written notice in advance prior to the date of maturity. Interest payments shall be automatically deducted by CS Finance Company from the Company's account held in CS Finance Company for payment to China Shipping. The above interest rate is a preferential rate determined by applying a discount to the commercial bank interest rate as published by the People's Bank of China on the date of the parties entering into the First Entrusted Loan Agreement, 7.05% per annum. CS Finance Company will also charge an administrative fee of RMB300,000 (equivalent to approximately HK$348,900) per annum which will be deducted from the account of the Company held in CS Finance Company periodically. Terms of the First Entrusted Loan Agreement has been arrived at after arm's length negotiations and are based on normal commercial terms.

SECOND ENTRUSTED LOAN AGREEMENT

Parties

Lender:	Guangzhou Maritime Transport, a wholly-owned subsidiary of China Shipping
Borrower:	the Company
Entrusted Party:	CS Finance Company

Loan amount

Pursuant to the Second Entrusted Loan Agreement, Guangzhou Maritime Transport entrusted CS Finance Company to provide a loan in the amount of RMB400,000,000 (equivalent to approximately HK$465,200,000) to the Company.

Main contents and payment terms

The Second Entrusted Loan has a term of one year commencing from 9 August 2011 and ending on 8 August 2012. Interest payments are to be settled every quarter of the year on 20 March, 20 June, 20 September and 20 December respectively, with the last interest payment date being the maturity date of the Second Entrusted Loan when the outstanding principal amount will also be repaid unless such loan is extended by the parties with five days written notice in advance prior to the date of maturity. Interest payments shall be automatically deducted by CS Finance Company from the Company's account held in CS Finance Company for payment to Guangzhou Maritime Transport. The above interest rate is based on the commercial bank interest rate as published by the People's Bank of China on the date of the parties entering into the Second Entrusted Loan Agreement, 6.56% per annum. CS Finance Company will also charge a one-off administrative fee of RMB40,000 (equivalent to approximately HK$46,520) which will be deducted from the account of the Guangzhou Maritime Transport held in CS Finance Company. Terms of the Second Entrusted Loan Agreement has been arrived at after arm's length negotiations and are based on normal commercial terms.

PURPOSE OF THE TRANSACTION AND IMPLICATIONS ON THE COMPANY

In view of recent changes in the PRC policies on bank liquidity and capital requirements, the banks will be more stringent in releasing loans, meaning that it will be more difficult for the Company to apply for new loans from banks. As the Company's capital requirements can be significant, the availability of the entrusted loan will mitigate the pressure on capital availability of the Company, and at the same time enabling the Company to seize business opportunities with an abundant amount of capital available to the Company at commercially reasonable rates, which will in turn enhance the long term development of the Company. As such, the Directors (including the independent non-executive Directors) believe that the terms of the Entrusted Loan Agreements are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON THE PARTIES AND LISTING RULE IMPLICATIONS

The Group is mainly involved in coastal, ocean and Yangtze River cargo transportation, oil transportation, chartering, cargo agency and cargo transportation agency.

China Shipping, a PRC state-owned enterprise and the controlling shareholder of the Company, is a large shipping conglomerate involved in import and export business, trading, coastal and ocean cargo transportation, dry bulk cargo transportation, supply of food for vessels, management of docks and other services in relation to the above, and operates in different regions of the PRC and across the world.

As at the date of this announcement, China Shipping is beneficially interested in 1,578,500,000 Domestic shares, representing approximately 46.36% of the existing issued share capital of the Company and is therefore its controlling shareholder. As such, China Shipping is a connected person of the Company within the meaning of the Listing Rules.

Guangzhou Maritime Transport, a company established in Guangzhou, the PRC, is principally engaged in non-container vessel leases, hotel services, auxiliary shipping services, health care, property management, project supervision and logistic businesses. As Guangzhou Maritime Transport is a wholly-owned subsidiary of China Shipping, Guangzhou Maritime Transport is a connected person of the Company within the meaning of the Listing Rules.

CS Finance Company is a company established in Shanghai, the PRC pursuant to an investment agreement that the Company entered into with China Shipping and its subsidiaries. According to such investment agreement, CS Finance Company will provide the Group with a range of financial services including (i) deposit services; (ii) loan services; (iii) settlement services and (iv) other financial services as approved by CBRC. As CS Finance Company is a subsidiary of China Shipping, CS Finance Company is also a connected person of the Company.

As China Shipping, Guangzhou Maritime Transport and CS Finance Company are connected persons of the Company, the Entrusted Loan Agreements constitute connected transactions of the Company. As the entrusted loans under the Entrusted Loan Agreements are provided by connected persons of the Company for the benefit of the Company on normal commercial terms (or better to the Company) and no security over the assets of the Company is granted in respect of each entrusted loan, the entrusted loans are exempted from the reporting, announcement and independent shareholders' requirements under the Listing Rules. Nevertheless, the Company is required by the applicable PRC rules and regulations to issue an announcement to disclose the Entrusted Loan Agreements and as such, the Company sets out in the above details of the Entrusted Loan Agreements for the information of potential investors and Shareholders.

Definitions

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

"Board"	The board of Directors
"CBRC"	China Banking Regulatory Commission
"China Shipping"	中國海運(集團)總公司 (China Shipping (Group) Company*)

"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, and the A Shares of which are listed in Shanghai Stock Exchange
"CS Finance Company"	China Shipping Finance Company Limited (中海集團財務有限責任公司), a limited liability company established in Shanghai, the PRC
"Directors"	directors of the Company
"Entrusted Loan Agreements"	the First Entrusted Loan Agreement and the Second Entrusted Loan Agreement
"First Entrusted Loan"	the entrusted loan pursuant to the First Entrusted Loan Agreement
"First Entrusted Loan Agreement"	the agreement dated 8 August 2011 entered into between China Shipping, the Company and CS Finance Company in relation to China Shipping entrusting CS Finance Company to make a RMB3,000,000,000 (equivalent to approximately HK$3,489,000,000) loan to the Company
"Group"	the Company and its subsidiaries
"Guangzhou Maritime Transport"	廣州海運(集團)有限公司 (Guangzhou Maritime Transport (Group) Co., Ltd.*) a limited liability company established in Guangzhou, the PRC
"HK$"	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
"PRC"	The People's Republic of China
"Second Entrusted Loan"	the entrusted loan pursuant to the Second Entrusted Loan Agreement

"Second Entrusted Loan Agreement"	the agreement dated 8 August 2011 entered into between Guangzhou Maritime Transport, the Company and CS Finance Company in relation to Guangzhou Maritime Transport entrusting CS Finance Company to make a RMB400,000,000 (equivalent to approximately HK$465,200,000) loan to the Company
"Shareholder(s)"	holders of share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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

Shanghai, the PRC
8 August 2011

As at the date of this announcement, the board of directors of the Company comprises Mr. Li Shaode, Mr. Ma Zehua, Mr. Lin Jianqing, Mr. Wang Daxiong, Mr. Zhang Guofa, Mr. Yan Zhichong 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 purposes only is RMB1.00=HK$1.163.

**For identification purpose only*