

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONTINUING CONNECTED TRANSACTIONS

On 29 April 2015, CS Bulk, a wholly-owned subsidiary of the Company, entered into (i) the Framework Agreement with CS Haisheng, whereby CS Bulk will lease the First Bulk Vessels from CS Haisheng for a term of 8 months commencing from 1 May 2015; and (ii) the Bareboat Charters with CS Industry, whereby CS Bulk will lease the Second Bulk Vessels from CS Industry for a term of 8 months commencing from 1 May 2015. The aggregate charter payment under the Agreements for the 8 months shall be no more than RMB85,000,000 (equivalent to approximately HK\$106,250,000).

As at the date of this announcement, China Shipping holds approximately 38.54% of the total issued share capital of the Company and is the controlling shareholder of the Company as defined under the Listing Rules. CS Haisheng and CS Industry are, respectively, non wholly-owned and wholly-owned subsidiaries of China Shipping and are therefore connected persons of the Company. Accordingly, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Agreements are more than 0.1% but less than 5%, the Agreements are subject to the reporting, announcement and annual review requirements but are exempted from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 29 April 2015, CS Bulk, a wholly-owned subsidiary of the Company, entered into (i) the Framework Agreement with CS Haisheng, whereby CS Bulk will lease the First Bulk Vessels from CS Haisheng for a term of 8 months commencing from 1 May 2015; and (ii) the Bareboat Charters with CS Industry, whereby CS Bulk will lease the Second Bulk Vessels from CS Industry for a term of 8 months commencing from 1 May 2015. The particulars of the respective Agreements are summarised below.

FRAMEWORK AGREEMENT

Date

29 April 2015

Parties

CS Bulk	(as charterer)
CS Haisheng	(as owner)

Leasing of the First Bulk Vessels

Pursuant to the Framework Agreement, CS Haisheng has agreed to lease to CS Bulk the First Bulk Vessels, and CS Bulk has agreed to operate the First Bulk Vessels. Pursuant to the Framework Agreement, CS Bulk and CS Haisheng will enter into CS Bulk's standard form time charters (as modified according to the Framework Agreement) in respect of each of the First Bulk Vessels.

After the charter period commences, CS Haisheng will add CS Bulk as an additional insured to the relevant insurance policies taken out on the First Bulk Vessels. During the charter period, CS Haisheng will be responsible for the safety of the First Bulk Vessels and will coordinate with CS Bulk in advance of any repairs to be carried out during the charter period.

Charter payment and payment terms

Pursuant to the Framework Agreement, CS Bulk will pay CS Haisheng an aggregate charter payment of up to RMB70,000,000 (equivalent to approximately HK\$87,500,000), which is also the annual cap for the Framework Agreement for the financial year ending 31 December 2015. Such payment is to be made in RMB.

The charter payment will be determined on a quarterly basis with reference to the average efficiency of similar bulk vessels operated by CS Bulk in the immediate previous quarter. The charter payment during the charter period will be settled in cash before the tenth and twentieth day of each month by CS Bulk in instalments covering the first 15 days of the month and the remainder of the month, respectively.

Charter period

The Framework Agreement will be effective from 1 May 2015 and will expire on 31 December 2015 (both dates inclusive).

BAREBOAT CHARTERS**Date**

29 April 2015

Parties

CS Bulk	(as charterer)
CS Industry	(as owner)

Leasing of the Second Bulk Vessels

Pursuant to the Bareboat Charters, CS Industry will lease to CS Bulk the Second Bulk Vessels. During the charter period, the Second Bulk Vessels will be managed, operated and maintained under the full control of CS Bulk. During the charter period, CS Bulk will be responsible for all necessary repairs of the Second Bulk Vessels and for taking out relevant insurance policies on the Second Bulk Vessels.

Charter payment and payment terms

Pursuant to the Bareboat Charters, CS Bulk will pay CS Industry an aggregate charter payment of up to RMB15,000,000 (equivalent to approximately HK\$18,750,000), which is also the annual cap for the Bareboat Charters for the financial year ending 31 December 2015. Such payment is to be made in RMB.

The charter payment is payable quarterly in cash and in arrears, before the twentieth day of the first month of each three-month quarter beginning 1 May 2015, and is calculated by deducting from the profits generated by the Second Bulk Vessels (i) the transportation costs; (ii) the RMB120,000 quarterly management fee for each of the Second Bulk Vessels; and (iii) operational losses from the previous quarter (if any).

Charter period

The Bareboat Charters will be effective from 1 May 2015 and will expire on 31 December 2015 (both dates inclusive).

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The Agreements are entered into with a view to further reducing intra-group competition within the Group's bulk transportation business, expanding the Group's dry bulk shipping capacity and increasing the competitiveness of the Group in the international and domestic bulk shipping market. Compared to expanding the Group's transportation capacity by way of acquiring bulk vessels, the Agreements offer an opportunity for the Group to expand its dry bulk cargo fleet without incurring material financing costs such as deposit payments, thereby easing the Group's capital needs in its expansion. The relatively short charter period gives the Group more flexibility given the general market conditions in the shipping industry.

In arriving at the annual caps, the Directors have considered comparisons of the charter rates under the Agreements to the international rates for similar types of charters (as published in market reports by BRS Futures Limited, an independent ship brokerage company) on similar terms and for similar vessels at or about the time at which the Agreements were entered into. The Company had also compared against the Group's current charter rates for similar vessels which are under time or bareboat charters. Taking into account the aforesaid comparisons, the Directors considered the charter rates under the Agreements would be comparable or better than the market rates.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China Shipping holds approximately 38.54% of the total issued share capital of the Company and is the controlling shareholder of the Company as defined under the Listing Rules. CS Haisheng and CS Industry are, respectively, non wholly-owned and wholly-owned subsidiaries of China Shipping and are therefore connected persons of the Company. Accordingly, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Agreements are more than 0.1% but less than 5%, the Agreements are subject to the reporting, announcement and annual review requirements but are exempted from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The terms and conditions of the Agreements have been negotiated on an arm's length basis and are on normal commercial terms. The Board (including the independent non-executive Directors) considers the terms of the Agreements (including the annual caps thereunder) to be on normal commercial terms, fair and reasonable and in the

ordinary and usual course of the Group's business, and are in the interests of the Company and the Shareholders as a whole. The following Directors, Mr. Xu Lirong, Mr. Zhang Guofa, Ms. Su Min, Mr. Huang Xiaowen, Mr. Ding Nong, Mr. Liu Xihan and Mr. Yu Zenggang, being the senior management of China Shipping, have a material interest in the transactions, and have abstained from voting on the relevant Board resolution.

GENERAL

The business of the Group mainly involves coastal, ocean and Yangtze River cargo transportation, oil transportation, chartering, cargo agency and cargo transportation agency.

CS Bulk is principally engaged in the operation and management of both domestic and international bulk transportation.

CS Haisheng is principally engaged in domestic coastal and near-sea route cargo transportation and cargo (containing liquid dangerous goods) transportation between ports in the middle and lower reaches of the Yangtze River.

The principal business of CS Industry is ship repair, ship construction, purchase of second hand ships, ship dismantling and ship leasing.

DEFINITIONS

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

“Agreements”	the Framework Agreement and the Bareboat Charters
“Bareboat Charters”	the three bareboat charters and supplemental agreements dated 29 April 2015 entered into between CS Industry as owner and CS Bulk as charterer in respect of the leasing of each of the Second Bulk Vessels
“Board”	the board of Directors
“China Shipping”	China Shipping (Group) Company (中國海運(集團)總公司), a PRC state-owned enterprise and the controlling shareholder of the 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
“connected person”	has the meaning as defined in the Listing Rules
“CS Bulk”	China Shipping Bulk Co., Limited (中海散貨運輸有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
“CS Haisheng”	China Shipping (Hainan) Haisheng Shipping and Enterprise Co., Ltd. (中海(海南)海盛船務股份有限公司), a joint stock limited company established in the PRC, whose A shares are listed on the Shanghai Stock Exchange, and a non wholly-owned subsidiary of China Shipping
“CS Industry”	China Shipping Industry Co., Ltd.* (中海工業有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of China Shipping
“Directors”	directors of the Company
“First Bulk Vessels”	six bulk vessels used for international or domestic dry bulk transportation, each with a deadweight tonnage of approximately 57,000 tonnes
“Framework Agreement”	the Framework Agreement dated 29 April 2015 entered into between CS Haisheng as owner and CS Bulk as charterer in respect of the leasing of each of the First Bulk Vessels
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Second Bulk Vessels”	three bulk vessels used for domestic dry bulk transportation, each with a deadweight tonnage of approximately 55,000 tonnes
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Shanghai, the People’s Republic of China
29 April 2015

** for identification purposes only*

The exchange rate adopted in this announcement for illustration purpose only is HK\$1.25 = RMB1.00. Such conversion should not be construed as a representation that the currency could actually be converted into HK\$ at that rate or at all.

As at the date of this announcement, the Board comprises Mr. Xu Lirong, Mr. Zhang Guofa, Ms. Su Min, Mr. Huang Xiaowen, Mr. Ding Nong, Mr. Liu Xihan, Mr. Yu Zenggang, Mr. Han Jun and Mr. Qiu Guoxuan as executive Directors, Mr. Zhang Jun, Mr. Wang Wusheng, Mr. Ruan Yongping, Mr. Ip Sing Chi and Mr. Wang Guoliang as independent non-executive Directors.