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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 30 June 2015, CS Development Singapore entered into the Agreements with the Vendors for the construction of the Tankers. The total consideration for the construction of the Tankers is approximately US\$199,920,000 (equivalent to approximately HK\$1,549,380,000).

The entering into of the Agreements constitutes a discloseable transaction of the Company under the Listing Rules as certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions exceed 5% but are less than 25%.

The Agreements

On 30 June 2015, CS Development Singapore entered into the Agreements with the Vendors for the construction of the Tankers. The total consideration for the construction of the Tankers is approximately US\$199,920,000 (equivalent to approximately HK\$1,549,380,000). The consideration is determined by reference to the market price of product/crude oil tankers ranging in sizes from 100,000 to 120,000 dead weight tons during the past 6 months.

As certain applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction exceed 5% but are less than 25%, the entering into of the Agreements constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors and their respective 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, and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Terms of the Agreements

The Agreements

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

- (i) for the first instalment, to pay US\$7,497,000 (equivalent to approximately HK\$58,101,750) (being 15% of the price) within 7 Banking Days after the date on which each Agreement is signed;
- (ii) for the second instalment, to pay US\$7,497,000 (equivalent to approximately HK\$58,101,750) (being 15% of the price) after commencement of construction of the Tanker and within 7 Banking Days of the receipt of the relevant invoice issued by the Vendor;
- (iii) for each of the third and fourth instalments, to pay US\$4,998,000 (equivalent to approximately HK\$38,734,500) (being 10% of the price) each within 7 Banking Days of the receipt of the relevant invoice issued by the Vendor; and
- (iv) for the final instalment, to pay US\$24,990,000 (equivalent to approximately HK\$193,672,500) (being 50% of the price) within 10 Banking Days of the receipt of all documentation in relation to completion of delivery of the relevant Tanker by the Vendor.

The expected delivery dates for each of the Tankers are on or before 31 March 2017, 30 June 2017, 30 September 2017 and 31 December 2017, respectively.

Each of the Agreements provides that there will be no adjustment in the price of the relevant Tanker if the delivery is delayed for a period not exceeding either 30 or 40 days (in respect of the relevant Agreements). If the delay exceeds such period of time but does not exceed 100 days, 160 days and either 210 or 220 days (in respect of the relevant Agreements), respectively, there will be a reduction in the price of the relevant Tanker determined on the basis of the extent of the delay. In respect of each

of the above periods of delay, such reductions in the price will be calculated based on daily reduction rates of US\$12,000, US\$15,000 and US\$18,000 (equivalent to approximately HK\$93,000, HK\$116,250 and HK\$139,500) per day, respectively. Under the Agreements, delay will be permitted on account of force majeure events.

If the delay exceeds either 210 or 220 days (in respect of the relevant Agreements), unless the parties agree otherwise, CS Development Singapore 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 Singapore.

There will be other downward adjustments in the 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 exceed or fall below certain agreed benchmark, CS Development Singapore 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.

Financing Terms

The construction of the Tanker under the Agreements are expected to be funded by the Group as to approximately 70% of the price by bank borrowings and approximately 30% 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, as well as the Group's fleet renewal and expansion plans, the Group considers that the above combination of bank borrowing and internal financial resources is the best means of financing for the construction of the Tankers.

General information

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

CS Development Singapore is principally engaged in international oil and bulk cargo transportation and the management of the Company's assets in Singapore.

CSTC is principally engaged in the trading, import, export and agency in respect of vessels and shipping related technology and services.

Guangzhou Shipyard is principally engaged in the provision of shipbuilding services.

Reasons for entering into the Agreements

The Directors are optimistic of the demand in both the import crude oil transportation market and international product oil transportation market and their expected persistent growth in the coming years. The Directors are of the view that the construction and ownership of the Tankers 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:-

“Agreements”	four agreements all dated 30 June 2015, each of which is entered into between the Vendors and CS Development Singapore, for the construction of the Tankers
“Banking Day(s)”	days on which banks are open both in Beijing PRC and Hong Kong
“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, and the A shares of which are listed on the Shanghai Stock Exchange
“CS Development Singapore”	China Shipping Development (Singapore) Marine PTE. LTD.* (中海發展(新加坡)航運有限公司), a wholly-owned subsidiary of the Company
“CSTC”	China Shipbuilding Trading Company Limited* (中國船舶工業貿易公司), a company incorporated in the PRC. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, CSTC 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

“Group”	the Company and its subsidiaries
“Guangzhou Shipyard”	Guangzhou Shipyard International Company Limited* (廣船國際有限公司), a company incorporated in the PRC. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Guangzhou Shipyard and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules)
“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
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“Shareholder(s)”	holders of share(s) of the Company
“Vendors”	CSTC and Guangzhou Shipyard
“Tankers”	four crude /product oil carriers of 114,000 dead weight tons each
“US\$”	United States dollars, the lawful currency of the United States of America

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

Shanghai, the People’s Republic of China

30 June 2015

The exchange rate adopted in this announcement for illustration purpose only is US\$1.00 = HK\$7.75. 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 of directors of the Company comprises Mr. Xu Lirong, Mr. Zhang Guofa, Ms. Su Min, Mr. Huang Xiaowen, Mr. Ding Nong, Mr. Yu Zenggang, Mr. Han Jun and Mr. Qiu Guoxuan as executive Directors, Mr. Wang Wusheng, Mr. Ruan Yongping, Mr. Ip Sing Chi and Mr. Rui Meng as independent non-executive Directors.

** For identification purpose only*