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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)

OVERSEAS REGULATORY ANNOUNCEMENT

ANNOUNCEMENT

BY CHINA SHIPPING DEVELOPMENT COMPANY LIMITED IN RELATION TO PROFIT/LOSS DURING THE TRANSITION PERIOD UNDER THE MAJOR ASSET RESTRUCTURING

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

At the meetings of the board of directors (the “**Board**”) of China Shipping Development Company Limited (the “**Company**”) held on 11 December 2015 and 29 March 2016, respectively, and the 2015 annual general meeting of the Company held on 20 May 2016, the relevant resolutions with respect to the major asset restructuring were considered and approved. Please refer to the Report on Major Asset Disposal and Major Asset Acquisition of China Shipping Development Company Limited and the Connected Transactions published by the Company on 11 May 2016 on the website of Shanghai Stock Exchange (www.sse.com.cn) for details.

According to the assets purchase and disposal agreement entered into among the Company, China Ocean Shipping (Group) Company (“COSCO”) and China COSCO Bulk Shipping (Group) Co., Ltd. (“COSCO Bulk”) on 29 March 2016 (the “**Assets Purchase and Disposal Agreement**”), the parties agreed and confirmed that: (1) an auditor shall be engaged to conduct closing audit of the target assets within 60 working days after the closing date in order to determine the amount of profit or loss, entitled to or borne by, in respect of the relevant period; (2) the increase in equity of Dalian Ocean Shipping Co., Ltd. (“**Dalian Ocean**”) arising from profits or any other reasons during the transition period commencing from the reference date to the closing audit date shall be enjoyed by the Company; and the decrease in equity of Dalian Ocean arising from loss or any other reasons shall be borne by COSCO Company which shall compensate the Company in equivalent cash; and (3) the increase in equity of China Shipping Bulk Carrier Co., Limited (“**CS Bulk**”) arising from profits or any other reasons during the transition period commencing from the reference date to the closing audit date shall be enjoyed by the Company and COSCO Bulk shall pay the Company in equivalent cash; and the decrease in equity of CS Bulk arising from loss or any other reasons shall be borne by the Company which shall compensate COSCO Bulk in equivalent cash.

The reference date and the closing date of the target assets under the major asset restructuring are 31 December 2015 and 15 July 2016, respectively. According to the Assets Purchase and Disposal Agreement, the closing audit date falls on the end of the previous month of the closing date if the closing date is prior to 15th of the month (inclusive of 15th); or the closing audit date falls on the end of the month of the closing date if the closing date is after 15th of the month (exclusive of 15th). As such, the closing audit date of the major asset restructuring is 30 June 2016, and the transition period is from 1 January 2016 to 30 June 2016.

Ruihua Certified Public Accountants has audited the profit/loss during the transition period of the 100% equity interests in Dalian Ocean, and issued the “Audit Report on Dalian Ocean Shipping Company Limited” (Ruihua Zhuan Shen Zi [2016] No. 01640105) on 26 August 2016. According to the audit results, the amount of the change of equity of the 100% equity interests in Dalian Ocean attributable to the owners of the parent company during the transition period is RMB660,380,037.16. Pursuant to the Assets Purchase and Disposal Agreement, these changes of equity shall be enjoyed by the Company.

Baker Tilly China Certified Public Accountants has audited the profit/loss during the transition period of the 100% equity interests in CS Bulk, and issued the “Audit Report on China Shipping Bulk Carrier Co., Limited” (Tian Zhi Ye Zi [2016] No. 14188) on 29 August 2016. According to the audit results, the amount of the change of equity of the 100% equity interests in CS Bulk attributable to the owners of the parent company during the transition period is RMB-339,142,810.63. Pursuant to the Assets Purchase and Disposal Agreement, these changes of equity shall be borne by the Company which shall compensate COSCO Bulk in cash for such amount equivalent to the decrease in equity.

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

Shanghai, the PRC
29 August 2016

As at the date of this announcement, the Board comprises Mr. Sun Jiakang, Mr. Huang Xiaowen, Mr. Ding Nong and Mr. Yu Zenggang as executive Directors, and Mr. Wang Wusheng, Mr. Ruan Yongping, Mr. Ip Sing Chi, Mr. Rui Meng and Mr. Teo Siong Seng as independent non-executive Directors.