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中遠海運發展股份有限公司

COSCO SHIPPING Development Co., Ltd.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 02866)

2018 FIRST QUARTERLY REPORT

In accordance with the applicable rules of the Shanghai Stock Exchange of the People's Republic of China (the "PRC") (the "Shanghai Stock Exchange") (being the stock exchange on which the A shares of COSCO SHIPPING Development Co., Ltd. (the "Company" or "COSCO SHIPPING Development", together with its subsidiaries, the "Group") are listed), the quarterly report (the "Quarterly Report") of the Company for the first quarter of 2018 (the "Reporting Period") will be published on the Shanghai Stock Exchange on 28 April 2018. The financial information set out in the Quarterly Report was prepared in accordance with the Generally Accepted Accounting Principles of the PRC.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

1. IMPORTANT NOTICES

- 1.1 The board of directors, the supervisory committee, the directors, the supervisors and the senior management of the Company confirm the truthfulness, accuracy and completeness of this Quarterly Report and that there are no false information, misleading statements, or material omissions contained therein; and severally and jointly accept legal responsibility thereof.
- 1.2 All members of the board of directors of the Company attended the meeting of the board of directors for the review and approval of this Quarterly Report.
- 1.3 Sun Yueying, the person-in-charge of the Company, Zhang Mingwen, the person-in-charge of accounting affairs, and Li Rong, the head of the accounting department (officer in charge of accounting) have confirmed the truthfulness, accuracy and completeness of the financial statements contained in this Quarterly Report.
- 1.4 The financial statements contained in this Quarterly Report have not been audited.

2. COMPANY PROFILE

2.1 Principal financial data

Unit: Yuan Currency: RMB

	As at the end of the Reporting Period	As at the end of the previous year	Increase/ decrease at the end of the Reporting Period as compared with the end of the previous year (%)
Total assets	135,245,600,118.44	139,037,660,370.61	-2.73
Net assets attributable to equity holders of the listed company	16,841,652,513.47	16,276,161,992.76	3.47
	From the beginning of the year to the end of the Reporting Period	From the beginning of the previous year to the end of the reporting period of previous year	Increase/ decrease as compared with the corresponding period of last year (%)
Net cash flow from operating activities	-1,210,957,252.50	945,782,228.94	-228.04
	From the beginning of the year to the end of the Reporting Period	From the beginning of the previous year to the end of the reporting period of previous year	Increase/ decrease as compared with the corresponding period of last year (%)
Revenue	3,640,639,909.59	3,731,170,255.34	-2.43
Net profit attributable to equity holders of the listed company	280,678,557.31	347,518,063.66	-19.23
Net profit attributable to equity holders of the listed company, excluding extraordinary gains or losses	229,709,011.86	342,288,826.84	-32.89
Weighted average return on net assets (%)	1.70	2.58	Decreased by 0.88 percentage points
Basic earnings per share (RMB per share)	0.0240	0.0297	-19.19
Diluted earnings per share (RMB per share)	0.0240	0.0297	-19.19

Items and amounts of extraordinary gains or losses

✓ Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the Reporting Period
Gain/loss from disposal of non-current assets	4,901,031.32
Government grants recognized in the income statement for the period (exclusive of those that are closely related to the normal operation of the Company and received in a certain amount or fixed quantity according to the requirements of state policy and state standards)	58,584,274.38
Other non-operating income/expenses excluding the items above	604,058.88
Impact of income tax	-13,119,819.13
	<hr/>
Total	<u>50,969,545.45</u>

2.2 Shareholding of the total number of shareholders, the top 10 shareholders and the top 10 shareholders who are not subject to selling restrictions as at the end of the Reporting Period

Unit: Shares

Total number of shareholders (household) 372,579

Top 10 shareholders

Name of shareholders (Full name)	Number of shares held at the end of the Reporting Period	Shareholding (%)	Number of shares subject to selling restrictions	Number of shares pledged or frozen		Nature of shareholders
				Status	Number	
China Shipping (Group) Company	4,410,624,386	37.75%	0	Nil	0	State-owned corporation
HKSCC NOMINEES LIMITED	3,731,686,025	31.94%	0	Unknown	0	Foreign corporation
Guoxin Investment Co., Ltd.	466,805,000	4.00%	0	Nil	0	State-owned corporation
State Development & Investment Corporation	388,674,125	3.33%	0	Nil	0	State-owned corporation
China Securities Finance Corporation Limited	195,314,795	1.67%	0	Nil	0	State-owned corporation
Central Huijin Asset Management Ltd.	65,454,300	0.56%	0	Nil	0	State-owned corporation
Aegon Industrial Fund – Bank of Shanghai – China Shipping (Group) Company	33,399,288	0.29%	0	Nil	0	Other
Guo Lei	17,655,777	0.15%	0	Nil	0	Domestic natural person
Bank of China Limited – ChinaAMC New Economy Flexible Configured Hybrid Securities Investment Fund	15,538,922	0.13%	0	Nil	0	Other
Agricultural Bank of China Limited – Fullgoal CSI State-owned Enterprises Reform Index Classified Fund	12,502,868	0.11%	0	Nil	0	Other

Top 10 shareholders who are not subject to selling restrictions

Name of shareholders	Number of shares not subject to selling restrictions held	Type and number of shares held	
		Type	Number of shares
China Shipping (Group) Company	4,410,624,386	RMB ordinary shares	4,410,624,386
HKSCC NOMINEES LIMITED	3,731,686,025	Overseas listed foreign shares	3,731,686,025
Guoxin Investment Co., Ltd.	466,805,000	RMB ordinary shares	466,805,000
State Development & Investment Corporation	388,674,125	RMB ordinary shares	388,674,125
China Securities Finance Corporation Limited	195,314,795	RMB ordinary shares	195,314,795
Central Huijin Asset Management Ltd.	65,454,300	RMB ordinary shares	65,454,300
Aegon Industrial Fund – Bank of Shanghai – China Shipping (Group) Company	33,399,288	RMB ordinary shares	33,399,288
Guo Lei	17,655,777	RMB ordinary shares	17,655,777
Bank of China Limited – ChinaAMC New Economy Flexible Configured Hybrid Securities Investment Fund	15,538,922	RMB ordinary shares	15,538,922
Agricultural Bank of China Limited – Fullgoal CSI State-owned Enterprises Reform Index Classified Fund	12,502,868	RMB ordinary shares	12,502,868

- Explanation of the connected relationship or acting in concert relationship among the above shareholders
- (1) The shares held by China Shipping (Group) Company were not, among other things, pledged, frozen or under custody during the Reporting Period.
 - (2) HKSCC NOMINEES LIMITED is a private company, the principal business of which is holding shares for other companies or individuals.
 - (3) At the end of the Reporting Period, China Shipping (Group) Company held 4,410,624,386 A shares in COSCO SHIPPING Development directly, representing 37.75% of its entire share capital; 47,570,789 A shares in COSCO SHIPPING Development through collective scheme, representing 0.41% of its entire share capital; thus an aggregate of 4,458,195,175 A shares in COSCO SHIPPING Development, representing 38.16% of its entire share capital.
 - (4) At the end of the Reporting Period, China Shipping (Group) Company held 100,944,000 H shares in COSCO SHIPPING Development, representing approximately 0.86% of the entire share capital of the Company.
 - (5) The Company was not notified of any connected relationship or acting-in-concert relationship among the above shareholders.

2.3 Shareholding of the total number of holders of preference shares, top 10 holders of preference shares and top 10 holders of preference shares who are not subject to selling restrictions as at the end of the Reporting Period

Applicable Not Applicable

3. SIGNIFICANT EVENTS

3.1 Particulars of material changes in major accounting items and financial indicators of the Company and reasons

✓ Applicable Not Applicable

1. The increase in placements with banks and other financial institutions by 100% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to an increase in placements by the finance company during the Reporting Period;
2. The increase in accounts receivable by 42.38% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the increase in accounts receivable of the container manufacturing business and vessel leasing business during the Reporting Period;
3. The increase in reinsurance premium receivable by 128.68% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the increase in accounts receivable of the insurance agency business during the Reporting Period;
4. The increase in interests receivable by 63.83% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the increase of unexpired term deposits at the end of the Reporting Period;
5. The increase in construction in progress by 34.37% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to an increase in construction projects of container manufacturing business during the Reporting Period;
6. The decrease in other non-current assets by 100% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to a change in use of investment fund at the beginning of the period from external investments to investment in long-term equity;
7. The increase in bills payable by 67.26% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to increase in acceptance of bank bills for investment in finance lease projects during the Reporting Period;
8. The decrease in capital reserve by 269.28% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the decrease in other interests in associates during the Reporting Period;
9. The increase in special reserve by 1077.22% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the special reserve provided as required but not used during the Reporting Period;

10. The increase in interest income by 74.57% during the Reporting Period as compared with the corresponding period of last year was mainly due to an increase in interest income as a result of an increase in loans and advances to clients by the finance company during the Reporting Period as compared with the corresponding period of last year;
11. The increase in interest expenses by 139.55% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in interest expenses from deposits taken by the finance company during the Reporting Period;
12. The increase in handling charges and commission expenses by 3,765.60% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in bank handling charges during the Reporting Period as compared with the corresponding period of last year;
13. The increase in business taxes and surcharges by 55.78% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in taxable accounts during the Reporting Period as compared with the corresponding period of last year;
14. The increase in administrative expenses by 53.62% during the Reporting Period as compared with the corresponding period of last year was mainly due to increase in staff remuneration and fees for engaging intermediaries during the Reporting Period;
15. The increase in asset impairments loss by 167.48% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in provision for long-term receivables in finance lease projects during the Reporting Period;
16. The decrease in gains from changes in fair value by 99,237.51% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in losses from changes in fair value of financial assets held during the Reporting Period in the implementation of new standards for financial instruments as compared with the corresponding period of last year;
17. The increase in gain from disposal of assets by 867.49% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in gain from disposal of containers during the Reporting Period;
18. The increase in other gains by 689.27% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in government grants that are related to the normal operation of the Company during the Reporting Period;
19. The increase in non-operating income by 555.52% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in government grants that are not related to the normal operation of the Company during the Reporting Period;
20. The decrease in non-operating expense by 100% during the Reporting Period as compared with the corresponding period of last year was mainly due to the fact that non-operating expense had not been incurred during the Reporting Period;

21. The increase in income tax expenses by 40.50% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase of income tax payable of the Company during the Reporting Period;
22. The increase in gains or losses of minority shareholders by 39.88% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in operating profit of the Company during the Reporting Period as compared with the corresponding period of last year;
23. The increase in net other comprehensive income after taxes by 555.17% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in change of differences in foreign currency translation during the Reporting Period;
24. The increase in net other comprehensive income attributable to owner of the parent company after taxes by 569.52% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in change of differences in foreign currency translation during the Reporting Period;
25. The increase in other comprehensive income which may be subsequently reclassified to profit or loss by 569.52% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in change of differences in foreign currency translation during the Reporting Period;
26. The decrease in shares of other comprehensive income of investees that may be subsequently reclassified to profit or loss under the equity method by 66.15% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in other comprehensive income of associates during the Reporting Period;
27. The decrease in gains or losses from changes in fair value of available-for-sale financial assets by 100% during the Reporting Period as compared with the corresponding period of last year was mainly due to the adjustment of gain or loss from changes in fair value of financial assets held to the gain from changes in fair value in the implementation of new standards for financial instruments during the Reporting Period;
28. The increase in the effective portion of cash flow adjusted for hedging gains or losses by 212.47% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in fair value of hedging instruments during the Reporting Period;
29. The increase in differences on foreign currency translation by 543.30% during the Reporting Period as compared with the corresponding period of last year was mainly due to changes in exchange rates during the Reporting Period which led to an increase in differences in foreign currency translation as compared with the corresponding period of last year;
30. The decrease in net other comprehensive income attributable to minority interests after taxes by 100% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in other comprehensive income of the Company during the Reporting Period as compared with the corresponding period of last year;
31. The increase in total comprehensive income by 63.59% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in other comprehensive income during the Reporting Period;

32. The increase in total comprehensive income attributable to the owner of the parent company by 65.06% during the Reporting Period was mainly due to the increase in other comprehensive income attributable to the owner of the parent company during the Reporting Period;
33. The decrease in net increase of deposits from clients and placements from industry peers of financial institutions by 69.08% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in net decrease of deposit taking and deposit in inter-bank market during the Reporting Period as compared with the corresponding period of last year;
34. The increase in cash payment for interest, handling charges and commissions by 1,459.85% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in interest income, handling charges and commissions of the finance company during the Reporting Period;
35. The decrease in net increase in capital due to banks and other financial institutions by 100% during the Reporting Period was mainly due to the increase in payment by finance company for borrowing from banks and other financial institutions during the Reporting Period;
36. The increase in tax rebates by 324.18% during the Reporting Period was mainly due to the receipt of tax rebates for finance lease during the Reporting Period;
37. The increase in sub-total of cash inflow from operating activities by 136.96% during the Reporting Period as compared with the corresponding period of last year was mainly due to the significant change in net increase of deposits from clients and placements from industry peers during the Reporting Period;
38. The increase in net increase in loans and advances to clients by 303.90% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in loans advanced by the finance company during the Reporting Period;
39. The increase in net increase in placements with central bank and other financial institutions by 97.43% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in net increase in placements with central banks by the finance company during the Reporting Period as compared with the corresponding period of last year;
40. The increase in cash payment for interest, handling charges and commissions by 1,409.88% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in interest expense, handling charges and commissions during the Reporting Period;
41. The increase in cash paid to and on behalf of employees by 55.64% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in staff remuneration paid during the Reporting period;
42. The increase in taxes paid by 175.11% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in payment of relevant taxes during the Reporting Period;

43. The increase in sub-total of cash outflow from operating activities by 1,322.37% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in net increase of placement with central bank and other industry peers during the Reporting Period;
44. The decrease in net cash flows from operating activities by 228.04% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in net increase of placement with central bank and other industry peers during the Reporting Period;
45. The increase in cash received from disposal of investments by 36.11% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in recovery of financial lease principal during the Reporting Period as compared with the corresponding period of last year;
46. The increase in cash received from gains in investments by 118.84% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in the Company's receipt of gains from disposal of investments in financial assets during the Reporting Period as compared with the corresponding period of last year;
47. The increase in net cash received from disposal of fixed assets, intangible assets and other long-term assets by 33.28% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in cash received from disposal of assets during the Reporting Period;
48. The decrease in other cash received relating to investment activities by 100% during the Reporting Period as compared with the corresponding period of last year was mainly due to the fact that no other cash related to investment activities has been received during the Reporting Period;
49. The increase in sub-total of cash inflow from investment activities by 34.30% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in cash received from disposal of investments during the Reporting Period;
50. The increase in other cash paid relating to investment activities by 100% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in payment of surety for bills during the Reporting Period;
51. The decrease in proceeds received from investments by 100% during the Reporting Period as compared with the corresponding period of last year was mainly due to the capital increase of minority shareholders of the finance company during the corresponding period of last year;
52. The increase in cash received from borrowings by 58.69% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in new bank borrowings during the Reporting Period;
53. The increase in sub-total of cash inflow from financing activities by 53.37% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in borrowings during the Reporting Period;

54. The increase in cash paid for repayment of debts by 62.19% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in repayment of bank borrowings during the Reporting Period;
55. The increase in other cash paid relating to financing activities by 400.10% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in restricted funds pledged to secure the collateral loans during the Reporting Period as compared with the corresponding period of last year;
56. The increase in sub-total of cash outflow from financing activities by 61.38% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in repayment of bank borrowings during the Reporting Period;
57. The increase in net cash outflow from financing activities by 90.35% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in repayment of bank borrowings during the Reporting Period;
58. The decrease in effect on cash due to changes in currency exchange rates by 654.04% during the Reporting Period as compared with the corresponding period of last year was mainly due to changes in foreign currency exchange rates during the Reporting Period;
59. The decrease in net increase in cash and cash equivalents by 101.82% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in net cash from operating activities, investing activities and financing activities during the Reporting Period as compared with the corresponding period last year;
60. The increase in balance of cash and cash equivalents at the beginning of the period by 78.55% during the Reporting Period as compared with the corresponding period of last year was mainly due to the abundant funds at the beginning of the Reporting Period;
61. The increase in balance of cash and cash equivalents at the end of the period by 70.15% during the Reporting Period as compared with the corresponding period of last year was mainly due to the abundant funds at the beginning of the Reporting Period.

3.2 Analysis of the development of material events and their impacts and solutions

Applicable Not Applicable

The proposed non-public issuance of A shares by COSCO SHIPPING Development has been proceeding in an orderly manner. On 12 July 2017, the Company submitted to the China Securities Regulatory Commission the application materials regarding the Company's proposed non-public issuance of A shares. On 19 July 2017, the Company received the acceptance notice. On 12 September 2017, the Company received the notice regarding the first feedback issued by the China Securities Regulatory Commission. On 31 October 2017, the Company submitted the reply materials on the first feedback to the China Securities Regulatory Commission. The application is being considered by the China Securities Regulatory Commission and pending its approval.

3.3 Undertakings that have not yet been duly fulfilled during the Reporting Period

Applicable Not Applicable

3.4 Profit warning and explanation of expected accumulated net loss from the beginning of the year to the end of the next reporting period or material changes over the corresponding period of the previous year

Applicable Not Applicable

4 APPENDIX

4.1 Financial Statements

Consolidated Balance Sheet 31 March 2018

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	31 March 2018	31 December 2017
Current assets:		
Cash and bank balances	18,199,308,393.04	24,941,812,545.71
Deposit reservation for balance	–	–
Placements with banks and other financial institutions	300,000,000.00	–
Financial assets at fair value through profit and loss	4,536,654,578.19	4,561,126,664.14
Derivative financial assets	–	–
Bills receivable	–	–
Accounts receivable	1,957,847,601.70	1,375,071,701.55
Funds paid in advance	734,169,208.75	643,932,615.84
Premiums receivable	–	–
Reinsurance accounts receivable	31,796,140.12	13,904,037.92
Deposits receivable from reinsurance contracts	–	–
Interests receivable	53,799,289.57	32,837,869.87
Dividends receivable	–	–
Other receivables	127,143,133.33	104,548,463.46
Purchases of resold financial assets	–	–
Inventories	1,298,974,078.84	1,155,667,694.71
Assets held for sale	–	–
Non-current assets due within one year	8,250,936,705.69	7,333,145,223.43
Other current assets	140,105,320.51	131,020,536.57
Total current assets	35,630,734,449.74	40,293,067,353.20

Item	31 March 2018	31 December 2017
Non-current assets:		
Loans and advances granted	4,673,356,625.15	3,917,917,077.31
Available-for-sale financial assets	–	–
Held-to-maturity investments	–	–
Long-term receivables	20,652,065,455.51	20,087,975,972.67
Long-term equity investment	21,047,126,005.19	20,454,747,062.11
Investment property	96,120,653.73	100,012,187.43
Fixed assets	52,813,713,198.27	53,783,296,365.78
Construction in progress	36,324,120.93	27,032,575.12
Construction materials	–	–
Disposals of fixed assets	–	–
Biological assets for production	–	–
Fuel assets	–	–
Intangible assets	133,770,629.26	136,609,575.79
Development expenditure	–	–
Goodwill	–	–
Long-term deferred expenses	28,696,130.49	33,855,285.03
Deferred income tax assets	133,692,850.17	113,146,916.17
Other non-current assets	–	90,000,000.00
Total non-current assets	99,614,865,668.70	98,744,593,017.41
Total assets	135,245,600,118.44	139,037,660,370.61
Current liabilities:		
Short term borrowings	15,044,217,000.00	14,990,260,000.00
Borrowings from central bank	–	–
Deposit taking and deposit in inter-bank market	13,799,641,639.40	14,772,764,370.39
Placements funds	–	–
Financial liabilities at fair value through profit and loss	–	–
Derivative financial liabilities	–	–
Bills payable	1,458,446,213.20	871,964,500.00
Accounts payable	2,290,851,940.89	2,272,163,538.32
Funds received in advance	140,164,198.60	136,753,380.12
Funds from disposal of repurchased financial assets	–	–
Handling charges and commissions payable	–	–
Staff remuneration payable	205,349,489.96	175,278,182.65
Taxes payable	250,928,730.15	302,935,186.96
Interests payable	326,188,509.44	290,193,821.76
Dividends payable	–	–
Other payables	541,495,073.72	479,207,477.47
Reinsurance accounts payable	54,895,216.87	56,508,885.73
Deposits for insurance contracts	–	–
Customer deposits for trading in securities	–	–
Customer deposits for securities underwriting	–	–
Liabilities classified as held-for-sale	–	–
Non-current liabilities due within one year	21,788,468,041.38	18,309,902,607.06
Other current liabilities	–	–
Total current liabilities	55,900,646,053.61	52,657,931,950.46

Item	31 March 2018	31 December 2017
Non-current liabilities:		
Long term borrowings	56,482,218,761.49	63,849,439,342.80
Bonds payable	2,429,546,311.68	2,803,324,643.89
Including: Preferred shares	–	–
Perpetual bonds	–	–
Long term payables	2,634,143,052.61	2,516,725,426.09
Long-term staff remuneration payable	–	–
Specific payables	–	–
Projected liabilities	–	–
Deferred income	14,197,726.56	14,585,371.89
Deferred income tax liabilities	322,552,642.59	321,866,954.32
Other non-current liabilities	–	–
Total non-current liabilities	61,882,658,494.93	69,505,941,738.99
Total liabilities	117,783,304,548.54	122,163,873,689.45
Owners' equity:		
Share capital	11,683,125,000.00	11,683,125,000.00
Other equity instruments	1,000,000,000.00	1,000,000,000.00
Including: Preferred shares	–	–
Perpetual bonds	1,000,000,000.00	1,000,000,000.00
Capital reserve	-14,516,128.88	8,575,249.41
Less: treasury shares	–	–
Other comprehensive income	-1,932,961,928.02	-2,447,848,544.41
Special reserve	22,517,445.96	1,912,757.75
Surplus reserve	1,362,073,031.79	1,362,073,031.79
General risk provision	142,932,153.50	142,932,153.50
Retained earnings	4,578,482,939.12	4,525,392,344.72
Total equity attributable to the owner of the parent company	16,841,652,513.47	16,276,161,992.76
Minority interests	620,643,056.43	597,624,688.40
Total owners' equity	17,462,295,569.90	16,873,786,681.16
Total liabilities and owners' equity	135,245,600,118.44	139,037,660,370.61

Legal representative:
Sun Yueying

Person-in-charge of
accounting affairs:
Zhang Mingwen

Head of the
accounting department:
Li Rong

Balance Sheet of the Parent Company

31 March 2018

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	31 March 2018	31 December 2017
Current assets:		
Cash and bank balances	1,732,521,138.11	3,516,505,994.86
Financial assets at fair value through profit and loss	2,221,215,660.71	2,400,167,841.87
Derivative financial assets	—	—
Bills receivable	—	—
Accounts receivable	328,527,337.80	156,769,505.52
Funds paid in advance	831,099.47	56,886,421.27
Interests receivable	14,418,210.52	18,239,050.87
Dividends receivable	600,000,245.24	600,000,254.83
Other receivables	1,482,016,027.12	44,905,518.96
Inventories	304,480,810.31	256,845,337.90
Assets held for sale	—	—
Non-current assets due within one year	—	—
Other current assets	3,420,057,890.82	3,700,000,000.00
Total current assets	10,104,068,420.10	10,750,319,926.08

Item	31 March 2018	31 December 2017
Non-current assets:		
Available-for-sale financial assets	–	–
Held-to-maturity investments	–	–
Long-term receivables	–	–
Long-term equity investment	35,579,838,977.21	35,490,702,901.02
Investment property	–	–
Fixed assets	13,202,543,280.57	13,406,920,214.89
Construction in progress	1,121,467.92	1,121,467.92
Construction materials	–	–
Disposals of fixed assets	–	–
Biological assets for production	–	–
Fuel assets	–	–
Intangible assets	554,463.91	628,820.00
Development expenditure	–	–
Goodwill	–	–
Long-term deferred expenses	14,965,495.27	17,733,025.86
Deferred income tax assets	–	–
Other non-current assets	2,186,430,000.00	2,350,260,000.00
Total non-current assets	50,985,453,684.88	51,267,366,429.69
Total assets	61,089,522,104.98	62,017,686,355.77
Current liabilities:		
Short term borrowings	7,850,000,000.00	9,560,000,000.00
Financial liabilities at fair value through profit and loss	–	–
Derivative financial liabilities	–	–
Bills payable	–	–
Accounts payable	491,769,101.31	281,325,032.19
Funds received in advance	1,555,207.35	1,556,265.65
Staff remuneration payable	47,436,620.80	64,883,144.86
Taxes payable	807,802.84	23,767,916.05
Interests payable	33,585,298.88	31,937,683.06
Dividends payable	–	–
Other payables	5,279,553,923.69	5,763,759,126.40
Liabilities held for sale	–	–
Non-current liabilities due within one year	2,397,000,000.00	2,718,500,000.00
Other current liabilities	–	–
Total current liabilities	16,101,707,954.87	18,445,729,168.21

Item	31 March 2018	31 December 2017
Non-current liabilities:		
Long term borrowings	16,400,000,000.00	14,559,100,000.00
Bonds payable	-	-
Including: Preferred shares	-	-
Perpetual bonds	-	-
Long term payables	-	-
Long-term staff remuneration payable	-	-
Specific payables	-	-
Projected liabilities	-	-
Deferred income	-	-
Deferred income tax liabilities	-	-
Other non-current liabilities	-	-
Total non-current liabilities	16,400,000,000.00	14,559,100,000.00
Total liabilities	32,501,707,954.87	33,004,829,168.21
Owners' equity:		
Share capital	11,683,125,000.00	11,683,125,000.00
Other equity instruments	1,000,000,000.00	1,000,000,000.00
Including: Preferred shares	-	-
Perpetual bonds	1,000,000,000.00	1,000,000,000.00
Capital reserve	16,352,436,411.22	16,352,436,411.22
Less: treasury shares	-	-
Other comprehensive income	-	-
Special reserve	21,304,602.87	-
Surplus reserve	1,355,762,889.20	1,355,762,889.20
Retained earnings	-1,824,814,753.18	-1,378,467,112.86
Total owners' equity	28,587,814,150.11	29,012,857,187.56
Total liabilities and owners' equity	61,089,522,104.98	62,017,686,355.77

Legal representative:
Sun Yueying

Person-in-charge of
accounting affairs:
Zhang Mingwen

Head of the
accounting department:
Li Rong

Consolidated Income Statement

January to March 2018

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	January to March 2018	January to March 2017
I. Total operating revenue	3,798,960,408.98	3,824,238,520.95
Including: Revenue from operations	3,640,639,909.59	3,731,170,255.34
Interest income	149,425,665.44	85,597,542.86
Premiums earned		
Handling charges and commission income	8,894,833.95	7,470,722.75
II. Total cost of sales	3,900,179,909.83	3,879,391,407.17
Including: Operating cost	2,705,230,602.60	3,003,136,366.31
Interest expenses	49,849,874.02	20,809,892.96
Handling charges and commission expenses	220,904.17	5,714.62
Surrender payment	-	-
Net expenditure for compensation payments	-	-
Net provision for insurance deposits	-	-
Policyholder dividend expenses	-	-
Reinsurance costs	-	-
Taxes and surcharges	11,455,810.29	7,354,052.94
Selling expenses	8,190,967.51	6,650,393.41
Administrative expenses	240,349,979.40	156,454,380.69
Finance costs	829,567,684.55	664,301,274.68
Asset impairments loss	55,314,087.29	20,679,331.56
Add: Gains from changes in fair value (loss is represented by "-")	-183,270,036.27	184,864.47
Investment income (loss is represented by "-")	612,600,339.24	485,616,611.87
Including: Gains from investment in associates and joint ventures	574,617,147.93	457,753,019.99
Gains from disposal of assets (loss is represented by "-")	4,901,031.32	-638,583.21
Gains from foreign currency exchange (loss is represented by "-")		
Other gains	67,780,326.92	8,587,749.00
III. Profit from operations (loss is represented by "-")	400,744,021.95	438,597,755.91
Add: Non-operating income	8,640,282.80	1,318,072.54
Less: Non-operating expense	-	686,251.51
IV. Total profit (total loss is represented by "-")	409,432,443.16	439,229,576.94
Less: Income tax expenses	105,735,517.82	75,255,817.71

Item	January to March 2018	January to March 2017
V. Net profit (net loss is represented by “-”)	303,696,925.34	363,973,759.23
(I) Classified by continuity of operation		
1. Net profit from continuing operations (net loss expressed with “-”)	303,696,925.34	363,973,759.23
2. Net profit from discontinued operations (net loss expressed with “-”)	–	–
(II) Classified by ownership of equity		
1. Minority interests	23,018,368.03	16,455,695.57
2. Net profit attributable to shareholders of the parent	280,678,557.31	347,518,063.66
VI. Net other comprehensive income after taxes	388,789,788.44	59,342,159.26
Net other comprehensive income attributable to owners of the parent company after taxes	388,789,788.44	58,069,627.38
(I) Items that may not be reclassified subsequently to profit or loss		
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans	–	–
2. Shares of other comprehensive income of investees that may not be reclassified to profit or loss under the equity method	–	–
(II) Items that may be subsequently reclassified to profit or loss	388,789,788.44	58,069,627.38
1. Shares of other comprehensive income of investees that may be reclassified to profit or loss under the equity method subsequently	-37,331,851.32	-22,468,377.59
2. Gains or losses from changes in fair value of available-for-sale financial assets	–	12,564,467.50
3. Gains or losses from reclassifying held-to-maturity investments to available-for-sale financial assets	–	–
4. Effective portion of cash flow adjusted for hedging gains or losses	10,533,834.15	3,371,141.26
5. Exchange differences from translation of financial statements	415,587,805.61	64,602,396.21
6. Others	–	–
Net other comprehensive income attributable to minority interests after taxes	–	1,272,531.88
VII. Total comprehensive income	692,486,713.78	423,315,918.49
Total comprehensive income attributable to owners of the parent company	669,468,345.75	405,587,691.04
Total comprehensive income attributable to minority shareholders	23,018,368.03	17,728,227.45
VIII. Earnings per share:		
(1) Basic earnings per share (RMB per share)	0.0240	0.0297
(2) Diluted earnings per share (RMB per share)	0.0240	0.0297

For the business combination under common control effected in the Reporting Period, the net profit recognized by the consolidated party before the consolidation was nil, and the net profit recognized by the consolidated party in the previous period was nil.

Legal representative:
Sun Yueying

Person-in-charge of
accounting affairs:
Zhang Mingwen

Head of the
accounting department:
Li Rong

Income Statement of the Parent Company

January to March 2018

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	January to March 2018	January to March 2017
I. Revenue from operations	509,294,019.30	583,352,871.53
Less: Operating cost	413,524,743.29	422,224,690.23
Taxes and surcharges	2,398,900.18	482,604.20
Selling expenses	-	-
Administrative expenses	48,441,790.46	35,641,655.75
Finance costs	308,941,969.06	228,990,661.74
Asset impairments loss	-	-4,191,151.61
Add: Gains from changes in fair value (loss is represented by "-")	-178,952,181.16	-
Investment income (loss is represented by "-")	5,489,112.91	-1,188,740.85
Including: Gains from investment in associates and joint ventures	-863,923.81	-1,188,740.85
Gains from disposal of assets (loss is represented by "-")	-	-6,618.26
Other gains	259,160.00	-
II. Profit from operations (loss is represented by "-")	-437,217,291.94	-99,802,207.04
Add: Non-operating income	5,369,651.62	1,025,575.63
Less: Non-operating expense	-	419,517.11
III. Total profit (total loss is represented by "-")	-431,847,640.32	-99,196,148.52
Less: Income tax expenses	-	-
IV. Net profit (net loss is represented by "-")	-431,847,640.32	-99,196,148.52
(1) Net profit from continuing operations (net loss expressed with "-")	-431,847,640.32	-99,196,148.52
(2) Net profit from discontinued operations (net loss expressed with "-")	-	-

Item	January to March 2018	January to March 2017
V. Net other comprehensive income after Taxes		
(I) Items that may not be reclassified subsequently to profit or loss		
1. Changes in net liabilities or net assets arising from the re-measurement of defined benefit plans	—	—
2. Shares of other comprehensive income of investees that may not be reclassified to profit or loss under the equity method	—	—
((II) Items that may be subsequently reclassified to profit or loss		
1. Shares of other comprehensive income of investees that may be reclassified to profit or loss under the equity method subsequently	—	—
2. Gains or losses from changes in fair value of available-for-sale financial assets	—	—
3. Gains or losses from reclassifying held-to-maturity investments to available-for-sale financial assets	—	—
4. Effective portion of cash flow adjusted for hedging gains or losses	—	—
5. Exchange differences from translation of financial statements	—	—
6. Others	—	—
VI. Total comprehensive income	-431,847,640.32	-99,196,148.52
VII. Earnings per share:		
(1) Basic earnings per share (RMB per share)	—	—
(2) Diluted earnings per share (RMB per share)	—	—

Legal representative:
Sun Yueying

Person-in-charge of
accounting affairs:
Zhang Mingwen

Head of the
accounting department:
Li Rong

Consolidated Cash Flow Statement

January to March 2018

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	January to March 2018	January to March 2017
I. Cash flow from operating activities:		
Cash received from sales of goods and provision of services	3,712,621,926.96	4,202,422,391.40
Net increase in deposits from customers and placements from banks and other financial institutions	-973,122,730.99	-3,146,854,445.87
Net increase in borrowings from central bank	-	-
Net increase in placements from other financial institutions	-	-
Cash received from premiums of original insurance contracts	-	-
Net cash received from reinsurance business	-	-
Net increase in deposits from policyholders and investments	-	-
Net increase in disposal of financial assets at fair value through profit and loss	-	-
Cash received from interest, handling charges and commissions	143,946,093.72	9,228,182.56
Net increase in capital due to banks and other financial institutions	-300,000,000.00	-
Net increase in repurchases business fund	-	-
Tax rebates	289,164,621.26	68,170,033.88
Other cash received from activities related to operation	103,212,737.56	107,168,367.88
Sub-total of cash inflow from operating activities	2,975,822,648.51	1,240,134,529.85
Cash paid for goods purchased and service rendered	2,719,881,708.75	2,655,556,655.66
Net increase in loans and advances to customers	774,809,792.66	-380,000,000.00
Net increase in placements with central bank and other financial Institutions	-62,425,469.45	-2,432,324,095.69
Cash paid for claims on original insurance contracts	-	-
Cash payment for interest, handling charges and commissions	28,178,236.19	1,866,254.29
Cash payment for policyholder dividend	-	-
Cash paid to and on behalf of employees	428,769,244.34	275,487,352.78
Taxes paid	195,457,607.89	71,046,516.73
Other cash paid for activities relating to operation activities	102,108,780.63	102,719,617.14
Sub-total of cash outflow from operating activities	4,186,779,901.01	294,352,300.91
Net cash flows from operating activities	-1,210,957,252.50	945,782,228.94

Item	January to March 2018	January to March 2017
II. Cash flow from investment activities:		
Cash received from disposal of investments	5,979,010,650.16	4,392,796,204.25
Cash received from gains in investments	56,052,195.11	25,613,668.98
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	33,923,200.74	25,452,074.95
Net cash received from disposal of subsidiaries and other operating entities	-	-
Other cash received relating to investment activities	-	75,000,000.00
Sub-total of cash inflow from investment activities	6,068,986,046.01	4,518,861,948.18
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	4,692,831,199.76	4,153,944,188.32
Cash paid for investment	3,524,895,156.43	2,999,291,412.70
Net increase in pledged loans	-	-
Net cash paid for acquiring subsidiaries and other operating entities	-	-
Other cash paid related to investment activities	93,594,084.54	26,078,636.00
Sub-total of cash outflow from investment activities	8,311,320,440.73	7,153,235,601.02
Net cash flow from investment activities	-2,242,334,394.72	-2,634,373,652.84
III. Cash flow from financing activities:		
Proceeds received from investments	-	210,000,000.00
Including: Proceeds received by subsidiaries from minority shareholder's investment	-	210,000,000.00
Cash received from borrowings	9,606,510,000.00	6,053,582,480.00
Cash received from issue of bonds	-	-
Other cash received relating to financing activities	-	-
Sub-total of cash inflow from financing activities	9,606,510,000.00	6,263,582,480.00
Cash paid for repayment of debts	11,743,184,406.53	7,240,434,740.47
Cash payments for dividend and profit distribution or interest repayment	915,701,756.67	705,951,766.00
Including: Dividend and profit paid by subsidiary to minority shareholders	-	-
Other cash paid relating to financing activities	243,445,421.94	48,679,801.42
Sub-total of cash outflow from financing activities	12,902,331,585.14	7,995,066,307.89
Net cash flow from financing activities	-3,295,821,585.14	-1,731,483,827.89
IV. Effect on cash and cash equivalents due to changes in foreign exchange rates	-209,148,306.71	-27,737,196.04
V. Net increase in cash and cash equivalents	-6,958,261,539.07	-3,447,812,447.83
Add: Balance of cash and cash equivalents at the beginning of the period	23,193,300,179.15	12,989,554,847.89
VI. Balance of cash and cash equivalents at the end of the period	16,235,038,640.08	9,541,742,400.06

Legal representative:
Sun Yueying

Person-in-charge of
accounting affairs:
Zhang Mingwen

Head of the
accounting department:
Li Rong

Cash Flow Statement of the Parent Company
January to March 2018

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	January to March 2018	January to March 2017
I. Cash flow from operating activities:		
Cash received from sales of goods and provision of services	405,472,506.75	238,027,578.63
Tax rebates	5,152,851.62	10,336,555.92
Other cash received from activities related to operation	575,720,822.40	1,262,363,436.45
Sub-total of cash inflow from operating activities	986,346,180.77	1,510,727,571.00
Cash paid for goods purchased and service rendered	93,302,851.10	182,220,250.60
Cash paid to and on behalf of employees	188,255,946.88	153,013,170.93
Taxes paid	54,760,012.01	479,154.20
Other cash paid for activities relating to operation	475,952,814.73	163,619,173.21
Sub-total of cash outflow from operating activities	812,271,624.72	499,331,748.94
Net cash flows from operating activities	174,074,556.05	1,011,395,822.06
II. Cash flow from investment activities:		
Cash received from disposal of investments	670,000,000.00	–
Cash received from gains in investments	6,353,036.72	–
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	–	108,693.79
Net cash received from disposal of subsidiaries and other operating entities	–	–
Other cash received relating to investment activities	810,000,000.00	75,000,000.00
Sub-total of cash inflow from investment activities	1,486,353,036.72	75,108,693.79
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	–	538,524.03
Cash paid for investment	670,000,000.00	4,189,999,997.65
Net cash paid for acquiring subsidiaries and other operating entities	–	–
Other cash paid related to investment activities	1,178,000,000.00	–
Sub-total of cash outflow from investment activities	1,848,000,000.00	4,190,538,521.68
Net cash flow from investment activities	-361,646,963.28	-4,115,429,827.89

Item	January to March 2018	January to March 2017
III. Cash flow from financing activities:		
Proceeds received from investments	–	–
Cash received from borrowings	8,690,000,000.00	4,800,000,000.00
Other cash received relating to financing activities	–	–
Sub-total of cash inflow from financing activities	8,690,000,000.00	4,800,000,000.00
Cash paid for repayment of debts	8,880,600,000.00	1,077,500,000.00
Cash payments for dividend and profit distribution or interest repayment	306,097,286.53	188,289,390.65
Other cash paid relating to financing activities	1,084,365,730.40	31,810,038.07
Sub-total of cash outflow from financing activities	10,271,063,016.93	1,297,599,428.72
Net cash flow from financing activities	-1,581,063,016.93	3,502,400,571.28
IV. Effect on cash and cash equivalents due to changes in foreign exchange rates	-15,349,432.59	-2,453,950.17
V. Net increase in cash and cash equivalents	-1,783,984,856.75	395,912,615.28
Add: Balance of cash and cash equivalents at the beginning of the period	3,516,405,994.86	1,283,244,359.10
VI. Balance of cash and cash equivalents at the end of the period	1,732,421,138.11	1,679,156,974.38

Legal representative:
Sun Yueying

Person-in-charge of
accounting affairs:
Zhang Mingwen

Head of the
accounting department:
Li Rong

4.2 AUDIT REPORT

Applicable Not Applicable

CAUTION STATEMENT

The board of directors hereby reminds the investors that the above extracts from the Quarterly Report are prepared on the basis of the Group's internal information and management accounts and have not been reviewed or audited by the auditors. **Investors should be aware of market risks and should not rely unduly on the extracts from the Quarterly Report above. In addition, investors should exercise caution when dealing in the shares of the Company.**

By order of the Board
COSCO SHIPPING Development Co., Ltd.
Yu Zhen
Company Secretary

Shanghai, the People's Republic of China
27 April 2018

As at the date of this announcement, the Board comprises Ms. Sun Yueying, Mr. Wang Daxiong, Mr. Liu Chong and Mr. Xu Hui, being executive directors, Mr. Feng Boming, Mr. Huang Jian and Mr. Liang Yanfeng, being non-executive directors, and Mr. Cai Hongping, Ms. Hai Chi Yuet, Mr. Graeme Jack, Mr. Lu Jianzhong, Mr. Gu Xu and Ms. Zhang Weihua, being independent non-executive directors.

* *The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd."*