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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)

2017 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", together with its subsidiaries, the "Group") are listed), the quarterly report (the "Quarterly Report") of the Company for the first quarter of 2017 (the "Reporting Period") will be published on the Shanghai Stock Exchange on 28 April 2017. 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 the 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	123,680,248,518.85	125,441,424,777.63	-1.40
Net assets attributable to equity holders of the listed company	13,655,634,849.21	13,250,047,158.17	3.06
	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 the previous year	Increase/decrease as compared with the corresponding period of last year (%)
Net cash flow from operating activities	945,782,228.94	696,225,792.30	35.84
	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 the previous year	Increase/decrease as compared with the corresponding period of last year (%)
Revenue	3,731,170,255.34	5,317,247,541.86	-29.83
Net profit attributable to equity holders of the listed company	347,518,063.66	-859,475,165.12	140.43
Net profit attributable to equity holders of the listed company, excluding extraordinary gains or losses	342,288,826.84	-1,019,431,503.38	133.58
Weighted average return on net assets (%)	2.58	-4.60	Increased 7.18 percentage points
Basic earnings per share (Yuan/share)	0.0297	-0.0736	140.35
Diluted earnings per share (Yuan/ share)	0.0297	-0.0736	140.35

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	-638,583.21
Tax refund or exemption from unauthorized approval or non-official approval document or contingency	
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)	8,587,749.00
Other non-operating income/expenses excluding the items above	631,821.03
Impact of gains or losses of minority shareholders (after tax)	-1,716,750.00
Impact of income tax	-1,635,000.00
	<hr/>
Total	<u><u>5,229,236.82</u></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) 418,710

Name of shareholders (Full name)	Top 10 shareholders			Number of shares pledged or frozen		Nature of shareholders
	Number of shares held at the end of the Reporting Period	Shareholding (%)	Number of shares subject to selling restrictions	Status	Number	
China Shipping (Group) Company	4,410,624,386	37.75%	0	Nil	0	State-owned corporation
HKSCC NOMINEES LIMITED	3,733,057,025	31.95%	0	Nil	0	Foreign corporation
Guoxin Investment Co., Ltd.	467,325,000	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
National Social Security Fund 105#	22,651,269	0.19%	0	Nil	0	Other
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#	12,796,100	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	3,733,057,025	Overseas listed foreign shares	3,733,057,025
Guoxin Investment Co., Ltd.	467,325,000	RMB ordinary shares	467,325,000
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
National Social Security Fund 105#	22,651,269	RMB ordinary shares	22,651,269
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#	12,796,100	RMB ordinary shares	12,796,100
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.	
Preferred shareholders with restored voting rights and their shareholding	No		

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 decrease in financial assets at fair value through profit and loss by 72.1% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to redemption of monetary fund during the Reporting Period;
2. The decrease in bills receivable by 100% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to maturity of bank's bills during the Reporting Period;
3. The increase in reinsurance premium receivable by 82.4% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to increase in the business scale of the insurance agency business during the Reporting Period;
4. The increase in interest receivable by 203% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the increase of term deposits during the Reporting Period;
5. The decrease in other non-current assets by 57.5% at the end of the Reporting Period was mainly due to decrease in assets invested but not leased during the Reporting Period;
6. The increase in bills payable by 143.3% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to increase in maturity of bank bills during the Reporting Period;
7. The increase in reinsurance premium payable by 55.9% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to increase in the business scale of the insurance agency business during the Reporting Period;
8. The increase in the interests of minority shareholders by 72.7% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the capital increase of minority shareholders during the Reporting Period;
9. The increase in interest income by 41.9% at the end of the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in interest income from deposits with industry peers of the finance company during the Reporting Period;

10. The decrease in handling charges and commission income by 45.6% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in gross profit of insurance agency business during the Reporting Period;
11. The decrease in total operating cost by 38.4% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in cost for container transportation business during the Reporting Period;
12. The decrease in operating cost by 46.8% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in cost for container transportation business during the Reporting Period;
13. The increase in interest expenses by 68.1% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in interest expenses from deposits during the Reporting Period;
14. The increase in handling charges and commission expenses by 134.4% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in payment of interbank handling charges during the Reporting Period as compared with the corresponding period of last year;
15. The increase in sales expenses by 124.7% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in amount of containers sold which resulted in the increase in transportation fees during the Reporting period;
16. The decrease in management expenses by 57.6% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in number of staff which resulted in the decrease in remuneration of staff during the Reporting Period;
17. The increase in finance costs by 106.2% during the Reporting Period as compared with the corresponding period of last year was mainly due to increase in borrowings from banks and in turn, increase in interest expenses during the Reporting Period as compared with the corresponding period of last year;
18. The increase in gains from changes in fair value by 297% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in gains from changes in fair value of financial assets held during the Reporting Period as compared with the corresponding period of last year;
19. The increase in investment income by 418.7% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in gains from investment during the Reporting Period as compared with the corresponding period of last year;
20. The increase in gains in investment from associates and joint ventures by 783.2% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in profits of associates during the Reporting Period as compared with the corresponding period of last year;

21. The increase in operating profit by 153% during the Reporting Period as compared with the corresponding period of last year was mainly due to the exit of liner operations and the increase in investment operating profit of the Company during the Reporting Period as compared with the corresponding period of last year;
22. The decrease in non-operating income by 54.4% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in gain from disposal of non-current assets during the Reporting Period;
23. The decrease in gain from disposal of non-current assets by 85.5% during the year as compared with the corresponding period of last year was mainly due to the decrease in gain from disposal of old containers for the year as compared with the corresponding period of last year;
24. The decrease in non-operating expenses by 83.1% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in loss from disposal of non-current assets during the Reporting Period as compared with the corresponding period of last year;
25. The decrease in loss from disposal of non-current assets during the Reporting Period by 87% as compared with the corresponding period of last year was mainly due to the decrease in loss from disposal of old containers as compared with the corresponding period of last year;
26. The increase in gross profit by 154.8% 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;
27. The increase in income tax expenses by 90.6% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase of income tax payable during the Reporting Period;
28. The increase in net profit by 143.2% 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;
29. The increase in net profit attributable to equity holders of the parent company by 140.4% 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;
30. The increase in other comprehensive income (net of tax) by 138.2% during the Reporting Period as compared with the corresponding period of last year was mainly due to change in differences in foreign currency translation and fair value of available-for-sale financial assets during the Reporting Period;
31. The increase in other comprehensive income (net of tax) attributable to equity holders of the parent company by 138.3% during the Reporting Period as compared with the corresponding period of last year was mainly due to change in differences in foreign currency translation and fair value of available-for-sale financial assets during the Reporting Period;

32. The increase in other comprehensive income which may be subsequently reclassified to profit or loss by 138.3% during the Reporting Period as compared with the corresponding period of last year was mainly due to change in differences in foreign currency translation and fair value of available-for-sale financial assets during the Reporting Period;
33. The decrease in shares of other comprehensive income of investees that may be reclassified to profit or loss under the equity method by 247.3% during the Reporting Period was mainly due to the decrease in other comprehensive income of associates during the Reporting Period;
34. The increase in gains or losses in fair value of available-for-sale financial assets by 115.3% during the Reporting Period as compared with the corresponding period of last year was mainly due to change in fair value of available-for-sale financial assets during the Reporting Period;
35. The increase in the effective portion of cash flow adjusted for hedging gains or losses by 112.9% during the Reporting Period was mainly due to the increase in gains from cash flow adjusted for hedging during the Reporting Period;
36. The increase in differences on foreign currency translation by 210.5% 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 currency translation as compared with the corresponding period of last year;
37. The increase in other comprehensive income (net of tax) attributable to minority interests by 134.4% during the Reporting Period as compared with the corresponding period of last year was mainly due to change in fair value of available-for-sale financial assets entitled by minority shareholder during the Reporting Period;
38. The increase in total comprehensive income by 142.5% 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;
39. The increase in total comprehensive income attributable to shareholders of the parent by 140.1% 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;
40. The decrease in cash received from sales of goods and provision of services by 61.9% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in cash received from container transportation business during the Reporting Period as compared with the corresponding period of last year;
41. The decrease in net increase in deposits from clients and placements from industry peers of financial institutions by 398.3% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in net deposits from members of the Group accepted by the finance company during the Reporting Period as compared with the corresponding period of last year;
42. The decrease in net cash received from reinsurance business by 206.3% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in net cash received from insurance agency business during the Reporting Period;

43. The increase in cash received from interest, handling charges and commissions by 88% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in interests and handling charges the finance company received from members of the Group during the Reporting Period;
44. The increase in tax rebates by 262.3% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in value-added tax rebates received during the Reporting Period;
45. The decrease in other cash received from activities related to operation by 39.4% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in other cash received from operating activities during the Reporting Period;
46. The decrease in cash received from goods purchased and service rendered by 62.4% during the Reporting Period was mainly due to the decrease in cash payment for container transportation business as compared with the corresponding period of last year during the Reporting Period;
47. The decrease in net increase in loans and advances to clients by 120% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in net increase of loans advanced by the finance company to members of the Group during the Reporting Period as compared with the corresponding period of last year;
48. The decrease in net increase in placements with central bank and other industry peers by 260.9% 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;
49. The decrease in cash paid to and on behalf of employees by 45.4% during the Reporting Period as compared with the corresponding period of last year was mainly due to the inclusion of restructured and subsidiaries disposed upon restructuring during the corresponding period of last year;
50. The decrease in taxes paid by 63.2% during the Reporting Period as compared with the corresponding period of last year was mainly due to the inclusion of subsidiaries disposed upon restructuring during the corresponding period of last year.
51. The decrease of other cash paid for activities relating to operation activities by 78.8% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in cash paid for other cash paid for operating activities during the Reporting Period;
52. The increase in net cash flow from operating activities by 35.8% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in net cash inflow from the leasing of vessels and containers and sales of containers during the Reporting Period;

53. The decrease in cash received from disposal of investments by 36.3% during the Reporting Period as compared with the corresponding period of last year was mainly due to the significant amount of cash received from the disposal of equity method companies as compared with the corresponding period of last year as a result of the restructuring of the Company during the Reporting Period;
54. The increase in cash received from gains in investment by 860.4% 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 cash from disposal of financial assets during the Reporting Period as compared with the corresponding period of last year;
55. The increase in net cash received from disposal of fixed assets, intangible assets and other long-term assets by 344% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in disposal of fixed assets during the Reporting Period as compared with the corresponding period of last year;
56. The increase in net cash received from disposal of subsidiaries and other operating entities by 100% during the Reporting Period as compared with the corresponding period of last year was mainly due to cash payment as a result of the disposal of subsidiaries upon restructuring during the corresponding period of last year;
57. The increase 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 recovery of investment guarantee payment during the Reporting Period;
58. The decrease in cash paid for investment by 90.5% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in cash payment for investments in financial wealth management products during the Reporting Period as compared with the corresponding period of last year;
59. The increase in net cash flow from investment activities by 91.5% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in cash payment for investments in financial wealth management products during the Reporting Period as compared with the corresponding period of last year;
60. The increase 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 cash received by subsidiaries from investments of minority shareholders during the Reporting Period;
61. The decrease in cash received from borrowings by 91.4% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in bank borrowings during the Reporting Period;
62. The decrease in cash paid for repayment of debts by 82.5% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in repayment of bank borrowings during the Reporting Period;
63. The decrease in dividend and profit paid by subsidiaries to minority shareholders by 100% during the Reporting Period was mainly due to that no cash payment for dividend and profit paid by subsidiaries to minority shareholders occurred during the Reporting Period;

64. The decrease in net cash flow derived from fund raising activities by 106.1% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in cash received from borrowings during the Reporting Period;
65. The increase in effect on cash due to changes in currency exchange rates by 73.1% 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.

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

Applicable Not Applicable

The twenty-third meeting of the fifth session of the board of directors of the Company was held on 20 April 2017, during which the Resolutions regarding the Revised Proposed Non-public Issuance of A Shares of the Company, among others, were considered and approved. (Information on the above material matters have been published on the website of Shanghai Stock Exchange on 21 April 2017.)

3.3 Undertakings that has 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 2017

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Closing balance	Opening balance
Current assets:		
Cash and bank balances	13,259,101,694.10	16,656,678,574.61
Deposit Reservation for Balance		
Placements with banks and other financial institutions		
Financial assets at fair value through profit and loss	20,241,880.28	72,465,984.14
Derivative financial assets		
Bills receivable		5,100,000.00
Accounts receivable	1,633,143,554.39	1,635,497,416.85
Funds paid in advance	437,033,321.58	599,823,045.93
Premiums receivable		
Reinsurance accounts receivable	27,469,769.61	15,058,468.91
Deposits receivable from reinsurance contracts		
Interests receivable	30,280,494.58	9,992,776.92
Dividends receivable		
Other receivables	188,950,657.63	174,268,394.77
Purchases of resold financial assets		
Inventories	849,769,824.52	859,414,858.62
Assets classified as held-for-sale		
Non-current assets due within one year	3,894,652,249.47	3,615,180,718.63
Other current assets	71,028,173.60	83,727,170.11
Total current assets	20,411,671,619.76	23,727,207,409.49

Item	Closing balance	Opening balance
Non-current assets:		
Loans and advances granted	2,968,391,801.37	3,331,026,465.00
Available-for-sale financial assets	6,079,409,040.99	6,114,081,640.59
Held-to-maturity investments		
Long-term receivables	17,726,268,991.15	15,010,396,748.47
Long-term equity investment	18,812,944,007.45	18,381,729,276.37
Investment property	8,172,355.25	8,217,011.97
Fixed assets	55,987,370,380.48	57,075,286,796.72
Construction in progress	1,262,729,254.41	1,276,724,888.86
Construction materials		
Disposals of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	238,961,624.19	242,616,289.38
Development expenditure		
Goodwill		
Long-term deferred expenses	34,258,897.10	40,426,877.20
Deferred income tax assets	88,740,946.70	89,481,955.32
Other non-current assets	61,329,600.00	144,229,418.26
Total non-current assets	103,268,576,899.09	101,714,217,368.14
Total assets	123,680,248,518.85	125,441,424,777.63
Current liabilities:		
Short term borrowings	18,411,066,697.79	18,788,111,597.79
Borrowings from central bank		
Deposit taking and deposit in inter-bank market	7,479,753,709.34	8,551,516,565.85
Placements funds		
Financial liabilities at fair value through profit and loss		
Derivative financial liabilities		
Bills payable	221,393,180.00	91,000,000.00
Accounts payable	1,687,493,246.15	1,621,267,788.61
Funds received in advance	96,360,412.72	101,448,737.74
Funds from disposal of repurchased financial assets		
Handling charges and commissions payable		
Staff remuneration payable	110,954,430.18	113,035,343.58
Taxes payable	145,826,413.70	156,316,045.52
Interests payable	363,897,101.62	326,692,073.68
Dividends payable		
Other payables	1,473,314,926.64	1,586,866,532.10
Reinsurance accounts payable	41,275,690.21	26,474,591.38
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	13,276,895,303.23	13,249,066,055.68
Other current liabilities		
Total current liabilities	43,308,231,111.58	44,611,795,331.93

Item	Closing balance	Opening balance
Non-current liabilities:		
Long term borrowings	62,898,629,351.59	64,102,360,781.20
Bonds payable	1,343,114,327.16	1,426,941,695.60
Including: Preferred shares		
Perpetual bonds		
Long term payables	1,666,235,317.13	1,468,422,073.20
Long-term staff remuneration payable		
Specific payables		
Projected liabilities		
Deferred income	4,631,251.00	4,750,000.00
Deferred income tax liabilities	262,977,528.68	264,041,182.47
Other non-current liabilities		
Total non-current liabilities	66,175,587,775.56	67,266,515,732.47
Total liabilities	109,483,818,887.14	111,878,311,064.40
Owners' equity		
Share capital	11,683,125,000.00	11,683,125,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	-277,716,028.27	-277,716,028.27
Less: treasury shares		
Other comprehensive income	-2,702,729,324.96	-2,760,798,952.34
Special reserve		
Surplus reserve	1,362,073,031.79	1,362,073,031.79
General risk provision	79,290,971.16	79,290,971.16
Retained earnings	3,511,591,199.49	3,164,073,135.83
Total equity attributable to the owner of the parent company	13,655,634,849.21	13,250,047,158.17
Minority interests	540,794,782.50	313,066,555.06
Total owners' equity	14,196,429,631.71	13,563,113,713.23
Total liabilities and owners' equity	123,680,248,518.85	125,441,424,777.63

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 2017

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Closing balance	Opening balance
Current assets:		
Cash and bank balances	1,679,256,974.38	1,283,344,359.10
Financial assets at fair value through profit and loss		
Derivative financial assets		
Bills receivable		5,100,000.00
Accounts receivable	2,976,716,989.31	2,110,410,098.82
Funds paid in advance	66,171,227.84	106,218,158.83
Interests receivable	8,496,088.50	6,648,427.52
Dividends receivable	269.07	270.54
Other receivables	154,131,156.14	146,086,298.87
Inventories	290,787,387.82	291,014,782.03
Assets classified as held-for-sale		
Non-current assets due within one year		
Other current assets	3,201,692,585.11	903,858,120.30
Total current assets	8,377,252,678.17	4,852,680,516.01

Item	Closing balance	Opening balance
Non-current assets:		
Available-for-sale financial assets	2,571,056,887.96	1,071,056,890.31
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	34,491,389,954.84	34,101,389,954.84
Investment property		
Fixed assets	14,052,523,502.04	14,264,810,826.52
Construction in progress		
Construction materials		
Disposals of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	851,888.27	926,244.36
Development expenditure		
Goodwill		
Long-term deferred expenses	25,865,174.82	28,624,838.82
Deferred income tax assets		
Other non-current assets	3,069,790,000.00	3,081,100,000.00
Total non-current assets	54,211,477,407.93	52,547,908,754.85
Total assets	62,588,730,086.10	57,400,589,270.86
Current liabilities:		
Short term borrowings	8,434,836,197.79	3,634,836,197.79
Financial liabilities at fair value through profit and loss		
Derivative financial liabilities		
Bills payable		
Accounts payable	884,760,272.67	277,697,008.31
Funds received in advance	2,498,050.78	
Staff remuneration payable	37,727,176.54	54,931,745.39
Taxes payable	644,608.84	798,011.19
Interests payable	121,369,581.64	86,616,719.65
Dividends payable		
Other payables	7,833,159,554.24	6,895,278,796.41
Liabilities classified as held-for-sale		
Non-current liabilities due within one year	2,726,383,328.56	2,803,883,328.56
Other current liabilities		
Total current liabilities	20,041,378,771.06	13,754,041,807.30

Item	Closing balance	Opening balance
Non-current liabilities:		
Long-term borrowings	14,577,600,000.00	15,577,600,000.00
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	14,577,600,000.00	15,577,600,000.00
Total liabilities	34,618,978,771.06	29,331,641,807.30
Owners' equity		
Share capital	11,683,125,000.00	11,683,125,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserve	16,352,436,411.22	16,352,436,411.22
Less: Treasury shares		
Other comprehensive income	121,071,989.15	121,071,989.15
Special reserve		
Surplus reserve	1,355,762,889.20	1,355,762,889.20
Retained earnings	-1,542,644,974.53	-1,443,448,826.01
Total owners' equity	27,969,751,315.04	28,068,947,463.56
Total liabilities and owners' equity	62,588,730,086.10	57,400,589,270.86

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 2017

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Amount for the Reporting Period	Amount for the same period last year
I. Total operating revenue	3,824,238,520.95	5,391,286,892.75
Including: Revenue from operations	3,731,170,255.34	5,317,247,541.86
Interest income	85,597,542.86	60,304,220.08
Premiums earned		
Handling charges and commission income	7,470,722.75	13,735,130.81
II. Total cost of sales	3,879,391,407.17	6,297,827,490.64
Including: Operating cost	3,003,136,366.31	5,642,450,460.92
Interest expenses	20,809,892.96	12,379,613.17
Handling charges and commission expenses	5,714.62	-16,620.76
Surrender payment		
Net expenditure for compensation payments		
Net provision for insurance deposits		
Policyholder dividend expenses		
Reinsurance costs		
Business tax and surcharges	7,354,052.94	6,905,765.98
Selling expenses	15,633,719.13	-63,358,293.01
Administrative expenses	147,471,054.97	347,855,753.45
Finance costs	664,301,274.68	322,227,498.27
Asset impairments loss	20,679,331.56	29,383,312.62
Add: Gains from changes in fair value		
(loss is represented by “-”)	184,864.47	-93,854.73
Investment income (loss is represented by “-”)	485,616,611.87	93,617,849.88
Including: Gains from investment in associates and joint ventures	457,753,019.99	-67,005,113.84
Gains from foreign currency exchange (loss is represented by “-”)		398,470.43
III. Profit from operations (loss is represented by “-”)	430,648,590.12	-812,618,132.31
Add: Non-operating income	10,816,169.88	23,716,627.32
Including: Gain from disposal of non-current assets	910,348.34	6,263,716.65
Less: Non-operating expense	2,235,183.06	13,224,730.32
Including: Loss from disposal of non-current assets	1,548,931.55	11,888,656.87
IV. Total profit (total loss is represented by “-”)	439,229,576.94	-802,126,235.31
Less: Income tax expenses	75,255,817.71	39,482,955.85

Item	Amount for the Reporting Period	Amount for the same period last year
V. Net profit (net loss is represented by “-”)	363,973,759.23	-841,609,191.16
Net profit attributable to the owner of the parent company	347,518,063.66	-859,475,165.12
Minority interests	16,455,695.57	17,865,973.96
VI. Net other comprehensive income after taxes	59,342,159.26	-155,413,635.25
Net other comprehensive income attributable to owners of the parent company after taxes	58,069,627.38	-151,711,656.69
(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	58,069,627.38	-151,711,656.69
1. Shares of other comprehensive income of investees that may be reclassified to profit or loss under the equity method subsequently	-22,468,377.59	15,257,261.76
2. Gains or losses from changes in fair value of available-for-sale financial assets	12,564,467.50	-82,373,329.45
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	3,371,141.26	-26,138,218.08
5. Exchange differences from translation of financial statements	64,602,396.21	-58,457,370.92
6. Others		
Net other comprehensive income attributable to minority interests after taxes	1,272,531.88	-3,701,978.56
VII. Total comprehensive income	423,315,918.48	-997,022,826.41
Total comprehensive income attributable to owners of the parent company	405,587,691.03	-1,011,186,821.81
Total comprehensive income attributable to minority shareholders	17,728,227.45	14,163,995.40
VIII. Earnings per share:		
(1) Basic earnings per share (RMB per share)	0.0297	-0.0736
(2) Diluted earnings per share (RMB per share)	0.0297	-0.0736

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 RMB221,843,608.69.

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 2017

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Amount for the Reporting Period	Amount for the same period last year
I. Revenue from operations	583,352,871.53	1,959,549,755.14
Less: Operating cost	422,224,690.23	2,442,807,564.69
Business tax and surcharges	482,604.20	1,054,881.38
Selling expenses		
Administrative expenses	35,641,655.75	148,343,528.21
Finance costs	228,990,661.74	63,455,009.05
Asset impairments loss	-4,191,151.61	
Add: Gains from changes in fair value (loss is represented by “-”)		
Investment income (loss is represented by “-”)		47,608,931.96
Including: Gains from investment in associates and joint ventures		-22,245,830.60
II. Profit from operations (loss is represented by “-”)	-99,795,588.78	-648,502,296.23
Add: Non-operating income	1,025,575.63	2,720,747.33
Including: Gain from disposal of non-current assets		143,521.37
Less: Non-operating expense	426,135.37	469,322.79
Including: Loss from disposal of non-current assets	6,618.26	25,948.42
III. Total profit (total loss is represented by “-”)	-99,196,148.52	-646,250,871.69
Less: Income tax expenses		
IV. Net profit (net loss is represented by “-”)	-99,196,148.52	-646,250,871.69
V. Net other comprehensive income after taxes		-2,839,212.08
(I) Items that may not be reclassified subsequently to profit or loss		
1. Changes in net liabilities or net assets arising from the remeasurement 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		

Item	Amount for the Reporting Period	Amount for the same period last year
(II) Items that may be subsequently reclassified to profit or loss		-2,839,212.08
1. Shares of other comprehensive income of investees that may be reclassified to profit or loss under the equity method subsequently		-2,839,212.08
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	-99,196,148.52	-649,090,083.77
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 2017

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Amount for the Reporting Period	Amount for the same period last year
I. Cash flow from operating activities:		
Cash received from sales of goods and provision of services	4,221,847,100.03	11,087,497,765.28
Net increase in deposits from customers and placements from banks and other financial institutions	-3,146,854,445.87	1,054,787,670.46
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	-19,424,708.63	18,281,906.65
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	9,228,182.56	4,909,784.59
Net increase in capital due to banks and other financial institutions		
Net increase in repurchases business fund		
Tax rebates	68,170,033.88	18,814,596.51
Other cash received from activities related to operation	107,168,367.88	176,979,517.36
Sub-total of cash inflows from operating activities	1,240,134,529.85	12,361,271,240.85
Cash paid for goods purchased and service rendered	2,655,556,655.66	7,068,853,633.57
Net increase in loans and advances to customers	-380,000,000.00	1,900,415,680.00
Net increase in placements with central bank and other financial institutions	-2,432,324,095.69	1,511,909,989.86
Cash paid for claims on original insurance contracts		
Cash payment for interest, handling charges and commissions	1,866,254.29	2,104,750.22
Cash payment for policyholder dividend		
Cash paid to and on behalf of employees	275,487,352.78	504,795,625.53
Taxes paid	71,046,516.73	192,824,202.43
Other cash paid for activities relating to operation activities	102,719,617.14	484,141,566.94
Sub-total of cash outflow from operating activities	294,352,300.91	11,665,045,448.55
Net cash flows from operating activities	945,782,228.94	696,225,792.30

Item	Amount for the Reporting Period	Amount for the same period last year
II. Cash flow from investment activities:		
Cash received from disposal of investments	3,035,071,282.97	4,762,702,076.61
Cash received from gains in investments	25,613,668.98	2,666,950.38
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,383,176,996.23	311,545,435.18
Net cash received from disposal of subsidiaries and other operating entities		-1,111,641,921.58
Other cash received relating to investment activities	75,000,000.00	
Sub-total of cash inflow from investment activities	4,518,861,948.18	3,965,272,540.59
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	4,153,944,188.32	3,394,398,910.14
Cash paid for investment	2,999,291,412.70	31,569,228,674.21
Net increase in pledged loans		
Net cash paid for acquiring subsidiaries and other operating entities		
Other cash paid related to investment activities		
Sub-total of cash outflow from investment activities	7,153,235,601.02	34,963,627,584.35
Net cash flow from investment activities	-2,634,373,652.84	-30,998,355,043.76
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	6,053,582,480.00	70,484,754,368.00
Cash received from issue of bonds		
Cash received relating to other financing activities		
Sub-total of cash inflow from financing activities	6,263,582,480.00	70,484,754,368.00
Cash paid for repayment of debts	7,240,434,740.47	41,349,215,703.44
Cash payments for dividend and profit distribution or interest repayment	705,951,766.00	628,098,970.43
Including: Dividend and profit paid by subsidiary to minority shareholders	0.00	276,987,579.91
Other cash paid relating to financing activities	48,679,801.42	44,525,114.84
Sub-total of cash outflow from financing activities	7,995,066,307.89	42,021,839,788.71
Net cash flow from financing activities	-1,731,483,827.89	28,462,914,579.29
IV. Effect on cash and cash equivalents due to changes in foreign exchange rates	-27,737,196.04	-103,129,530.77
V. Net increase in cash and cash equivalents	-3,447,812,447.83	-1,942,344,202.94
Add: Balance of cash and cash equivalents at the beginning of the period	12,989,554,847.89	15,338,783,901.87
VI. Balance of cash and cash equivalents at the end of the period	9,541,742,400.06	13,396,439,698.93

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 2017

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Amount for the Reporting Period	Amount for the same period last year
I. Cash flow from operating activities:		
Cash received from sales of goods and provision of services	238,027,578.63	1,900,780,182.92
Tax rebates	10,336,555.92	16,609,683.32
Other cash received from activities related to operation	1,262,363,436.45	187,392,802.86
Sub-total of cash inflow from operating activities	1,510,727,571.00	2,104,782,669.10
Cash paid for goods purchased and service rendered	182,220,250.60	4,061,173,479.89
Cash paid to and on behalf of employees	153,013,170.93	208,283,046.03
Taxes paid	479,154.20	65,961,744.85
Other cash paid for activities related to operation	163,619,173.21	155,560,026.60
Sub-total of cash outflow from operating activities	499,331,748.94	4,490,978,297.37
Net cash flow from operating activities	1,011,395,822.06	-2,386,195,628.27
II. Cash flow from investment activities:		
Cash received from disposal of investments		3,850,493,313.45
Cash received from gains in investments		239,366,215.53
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	108,693.79	143,521.37
Net cash received from disposal of subsidiaries and other operating entities		664,759,799.94
Other cash received relating to investment activities	75,000,000.00	
Sub-total of cash inflow from investment activities	75,108,693.79	4,754,762,850.29
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	538,524.03	1,112,132.50
Cash paid for investment	4,189,999,997.65	1,965,480,000.00
Net cash paid for acquiring subsidiaries and other operating entities		7,757,686,403.92
Other cash paid relating to investment activities		
Sub-total of cash outflow from investment activities	4,190,538,521.68	9,724,278,536.42
Net cash flow from investment activities	-4,115,429,827.89	-4,969,515,686.13

Item	Amount for the Reporting Period	Amount for the same period last year
III. Cash flow from financing activities:		
Proceeds received from investments		
Cash received from borrowings	4,800,000,000.00	5,060,100,000.00
Cash received relating to other financing activities		
Sub-total of cash inflow from financing activities	4,800,000,000.00	5,060,100,000.00
Cash paid for repayment of debts	1,077,500,000.00	
Cash payments for dividend and profit distribution or interest repayment	188,289,390.65	4,764,837.42
Other cash paid relating to financing activities	31,810,038.07	18,253,561.28
Sub-total of cash outflow from financing activities	1,297,599,428.72	23,018,398.70
Net cash flow from financing activities	3,502,400,571.28	5,037,081,601.30
IV. Effect on cash and cash equivalents due to changes in foreign exchange rates	-2,453,950.17	-63,293,273.83
V. Net increase in cash and cash equivalents	395,912,615.28	-2,381,922,986.93
Add: Balance of cash and cash equivalents at the beginning of the Reporting Period	1,283,244,359.10	5,611,005,082.75
VI. Balance of cash and cash equivalents at the end of the Reporting Period	1,679,156,974.38	3,229,082,095.82

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 PRC
28 April 2017

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. Chen Dong, being non-executive Directors, and Mr. Cai Hongping, Mr. Tsang Hing Lun, Ms. Hai Chi Yuet and Mr. Graeme Jack, 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."*

For identification purpose only