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)

OVERSEAS REGULATORY ANNOUNCEMENT

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

The "Review report of COSCO SHIPPING Development Co., Ltd. (January to June 2020 and Year 2019)" as published by COSCO SHIPPING Development Co., Ltd. in Chinese on the website of the Shanghai Stock Exchange (www.sse.com.cn) on 12 October 2020 and its English translation extract is enclosed hereto as overseas regulatory announcement for your reference only. In case of any inconsistencies between the Chinese version and the English translation extract, the Chinese version shall prevail.

By order of the Board
COSCO SHIPPING Development Co., Ltd.
Cai Lei
Joint Company Secretary

12 October 2020

As at the date of this announcement, the Board comprises 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 and Ms. Zhang Weihua, being independent non-executive Directors.

* *The Company is a registered non-Hong Kong company as defined under 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.".*

Review Report

XYZH/2020BJA131138

To all the shareholders of COSCO SHIPPING Development Co., Ltd.:

We have reviewed the attached pro forma consolidated financial statements of COSCO SHIPPING Development Co., Ltd. (hereinafter referred to as "COSCO SHIPPING Development"), which comprise the pro forma consolidated balance sheet as at 30 June 2020 and 31 December 2019, the pro forma consolidated income statement for January to June 2020 and for 2019, and limited notes to the pro forma consolidated financial statements (collectively, the "Pro Forma Consolidated Financial Statements").

It is the responsibility of the management of COSCO SHIPPING Development to prepare the Pro Forma Consolidated Financial Statements according to the basis and methodology of preparation set out in Note 2 to the attached Pro Forma Consolidated Financial Statements. Our responsibility is to deliver a review report on the Pro Forma Consolidated Financial Statements based on our review.

We conducted our review in accordance with the China Certified Public Accountant Review Standard No.2101 - Review of Financial Statements. The Standard requires us to plan and perform the review to obtain limited assurance about whether the Pro Forma Consolidated Financial Statements are free from material misstatements. A review is limited primarily to the enquiry of relevant personnel of the company and the analytical procedures applied to the financial information, thus providing less assurance than an audit. As we have not performed an audit, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Pro Forma Consolidated Financial Statements of COSCO SHIPPING Development are not prepared in accordance with the basis and methodology of preparation set out in Note 2 therein.

We draw your attention to Note 2 to the Pro Forma Consolidated Financial Statements, which explains the basis and methodology of preparation. As stated in Note 2 to the attached Pro Forma Consolidated Financial Statements, these financial statements are used only for the purpose of review by the Shanghai Stock Exchange of the proposed material asset restructuring of COSCO SHIPPING Development and are not applicable for other uses.

Correspondingly, this report is used only for the purpose of review by the Shanghai Stock Exchange for the proposed material asset restructuring of COSCO SHIPPING Development, and shall not be used for any other purpose. This paragraph would not affect our review conclusions.

ShineWing Certified Public Accountants (Special General Partnership)	Chinese Certified Public Accountant:
	Chinese Certified Public Accountant:
Beijing, China	12 October 2020

Pro Forma Consolidated Balance Sheet

Prepared by: COSCO SHIPPING Development Co., Ltd. **Unit: RMB**

Item	Notes	30 June 2020	31 December 2019
CURRENT ASSETS:			
Cash	VI. 1	12,538,141,714.30	10,156,318,265.16
Deposit reservation for balance			
Placements with banks and other financial institutions			
Financial assets held for trading	VI. 2	28,102,971.79	490,966,828.33
Derivative financial assets			
Bills receivable	VI. 3	173,137,040.00	16,700,690.01
Accounts receivable	VI. 4	1,460,010,052.85	1,086,846,110.75
Receivables financing			
Funds paid in advance	VI. 5	127,412,051.14	229,632,984.01
Premiums receivable			
Reinsurance accounts receivable	VI. 6	34,111,546.59	7,453,139.84
Deposits receivable from reinsurance contracts			
Other receivables	VI. 7	6,618,561,431.93	6,675,619,514.14
Including: Interests receivable	VI. 7	7,804,692.18	3,620,822.08
Dividends receivable	VI. 7	97,634,019.46	1,520,350.06
Purchases of resold financial assets			
Inventories	VI. 8	1,365,830,185.42	881,129,437.17
Contract assets			
Assets held for sale			
Non-current assets due within one year	VI. 9	17,612,154,888.67	16,553,534,222.73
Other current assets	VI. 10	57,440,469.50	42,037,894.30
Total current assets		40,014,902,352.19	36,140,239,086.44
Non-current assets:			

Loans and advances granted			
Debt investments			
Other debt investments			
Long-term receivables	VI. 11	28,322,941,454.05	27,051,677,344.51
Long-term equity investment	VI. 12	20,625,334,940.87	19,086,047,126.52
Other equity instrument investments			
Other non-current financial assets	VI. 13	4,492,315,002.20	4,266,307,368.85
Investment property	VI. 14	106,798,000.36	105,547,216.40
Fixed assets	VI. 15	57,237,177,794.25	56,951,367,412.65
Construction in progress	VI. 16	59,602,709.37	52,433,795.02
Biological assets for production			
Fuel assets			
Right-of-use assets	VI. 17	143,439,562.28	163,824,621.16
Intangible assets	VI. 18	140,295,097.53	137,968,923.80
Development expenditure			
Goodwill			
Long-term deferred expenses	VI. 19	80,186,787.49	65,850,332.59
Deferred income tax assets	VI. 20	277,249,824.93	243,651,234.65
Other non-current assets	VI. 21	15,132,818.88	2,964,421.34
Total non-current assets		111,500,473,992.21	108,127,639,797.49
Total assets		151,515,376,344.40	144,267,878,883.93

Legal representative: **Person-in-charge of accounting affairs:** **Head of the accounting department:**

Pro Forma Consolidated Balance Sheet (Continued)

Prepared by: COSCO SHIPPING Development Co., Ltd. **Unit: RMB**

Item	Notes	30 June 2020	31 December 2019
Current liabilities:			
Short-term borrowings	VI. 22	14,732,247,416.00	16,313,598,897.60
Borrowings from central bank			
Placement funds			
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable	VI. 23	1,226,842,200.00	926,240,520.00
Accounts payable	VI. 24	3,174,157,206.38	2,531,179,876.31
Funds received in advance	VI. 25	184,940,938.42	169,957,081.65
Contract liabilities	VI. 26	147,954,933.92	150,194,312.37
Funds from disposal of repurchased financial assets			
Deposit-taking and deposits in inter-bank market			
Customer deposits for trading in securities			
Customer deposits for securities underwriting			
Staff remuneration payable	VI. 27	188,964,079.15	226,579,228.11
Taxes payable	VI. 28	216,857,145.86	209,093,839.61
Other payables	VI. 29	2,093,075,448.98	1,390,270,809.25
Including: Interests payable	VI. 29	467,303,822.16	408,710,217.19
Dividends payable	VI. 29	806,764,632.09	231,443,333.33
Handling charges and commissions payable			
Reinsurance accounts payable	VI. 30	56,289,082.55	22,520,027.50
Liabilities classified as held-for-sale			
Non-current liabilities due within one year	VI. 31	29,386,265,390.85	32,328,476,114.65
Other current liabilities	VI. 32	6,000,000,000.00	
Total current liabilities		57,407,593,842.11	54,268,110,707.05

Non-current liabilities:			
Deposits for insurance contracts			
Long-term borrowings	VI. 33	57,936,957,873.56	54,853,208,883.56
Bonds payable	VI. 34	9,122,956,128.42	8,271,399,591.01
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	VI. 35	79,400,796.70	148,648,326.45
Long-term payables	VI. 36	2,621,021,155.54	2,352,044,869.48
Long-term staff remuneration payable	VI. 37	17,329,154.50	18,491,589.50
Projected liabilities			
Deferred income	VI. 38	10,793,718.59	11,484,209.25
Deferred income tax liabilities	VI. 21	76,817,150.23	80,286,206.56
Other non-current liabilities	VI. 39	29,401,406.54	12,035,920.87
Total non-current liabilities		69,894,677,384.08	65,747,599,596.68
Total liabilities		127,302,271,226.19	120,015,710,303.73
Shareholders' equity:			
Share capital		11,608,125,000.00	11,608,125,000.00
Other equity		12,604,980,118.21	12,644,043,580.20
Total equity attributable to shareholders of the parent company		24,213,105,118.21	24,252,168,580.20
Minority interests			
Total shareholders' equity		24,213,105,118.21	24,252,168,580.20
Total liabilities and shareholders' equity		151,515,376,344.40	144,267,878,883.93

Legal representative: **Person-in-charge of accounting affairs:** **Head of the accounting department:**

Pro Forma Consolidated Income Statement

Prepared by: COSCO SHIPPING Development Co., Ltd. **Unit: RMB**

Item	Notes	January to June 2020	2019
I. Total operating revenue	VI. 40	7,841,154,910.99	14,229,112,510.13
Including: Revenue from operations	VI. 40	7,816,731,015.57	14,189,172,789.86
Interest income			
Premiums earned			
Handling charges and commission income	VI. 41	24,423,895.42	39,939,720.27
II. Total cost of sales		7,494,193,279.00	14,920,177,583.87
Including: Operating cost	VI. 40	5,865,020,181.57	10,597,318,933.20
Interest expenses			
Handling charges and commission expenses	VI. 41		
Surrender payment			
Net expenditure for compensation payments			
Net provision for insurance liability			
Policyholder dividend expenses			
Reinsurance costs			
Taxes and surcharges	VI. 42	26,371,299.73	68,630,220.12
Selling expenses	VI. 43	3,400,984.54	14,114,427.84
Administrative expenses	VI. 44	452,685,927.97	935,572,405.62
Research and development expenses	VI. 45		9,490,210.75
Finance costs	VI. 46	1,146,714,885.19	3,295,051,386.34
Including: Interest expenses	VI. 46	1,202,406,991.64	3,432,357,526.57
Interest income	VI. 46	78,068,999.37	191,009,893.76
Add: Other gains	VI. 47	24,929,960.64	92,387,516.99
Investment income (loss is represented by “-”)	VI. 48	1,130,119,064.26	2,214,859,588.30
Including: Gains from investment in associates and joint ventures	VI. 48	1,092,481,837.04	2,083,579,605.29
Derecognition gains on financial assets measured at amortized cost	VI. 48	17,456,465.20	36,064,190.44
Gains from foreign currency exchange (loss is represented by “-”)			
Gain from net exposure to hedging (loss is represented by “-”)			
Gains from changes in fair value (loss is represented by “-”)	VI. 49	-187,792,071.02	651,815,816.38
Credit impairment loss (loss is represented by “-”)	VI. 50	-326,636,913.71	-417,562,679.36
Asset impairments loss (loss is represented by “-”)	VI. 51	11,419,393.99	-195,888,433.65

Gains from disposal of assets (loss is represented by "-")	VI. 52	20,265,596.69	82,629,851.84
III. Profit from operations (loss is represented by "-")		1,019,266,662.84	1,737,176,586.76
Add: Non-operating income	VI. 53	1,186,440.46	2,998,940.29
Less: Non-operating expenses	VI. 54	10,115,682.77	27,039,306.31
IV. Total profit (total loss is represented by "-")		1,010,337,420.53	1,713,136,220.74
Less: Income tax expenses	VI. 55	116,254,866.10	215,741,873.18
V. Net profit (net loss is represented by "-")		894,082,554.43	1,497,394,347.56
(I) Classified by continuity of operation			
1. Net profit from continuing operations (net loss is expressed with "-")		894,082,554.43	1,497,394,347.56
2. Net profit from discontinued operations (net loss is expressed with "-")			
(II) Classified by ownership of equity			
1. Net profit attributable to shareholders of the parent company (net loss is expressed with "-")		894,082,554.43	1,497,394,347.56
2. Minority shareholders' profit or loss (net loss is expressed with "-")			
VI. Net other comprehensive income after taxes		-188,066,581.10	19,770,475.16
(I) Net other comprehensive income attributable to shareholders of the parent company after taxes		-188,066,581.10	19,770,475.16
1. Items that may not be reclassified to profit or loss		-8,213,607.77	10,629,744.65
(1) Changes from the re-measurement of defined benefit plans			
(2) Other comprehensive income that may not be reclassified to profit or loss under the equity method		-8,213,607.77	10,629,744.65
(3) Changes in fair value of investments in other equity instruments			
(4) Changes in fair value of enterprise's own credit risk			
2. Items that will be reclassified to profit or loss		-179,852,973.33	9,140,730.51
(1) Other comprehensive income that may be reclassified to profit or loss under the equity method		-4,060,503.86	218,631,006.28
(2) Changes in fair value of other debt investments			
(3) Financial assets reclassified into other comprehensive income			
(4) Credit impairment provision for other debt investments			
(5) Reserve for cash flow hedging (effective portion of gains or losses of cash flow hedging)		-18,492,775.00	-30,083,950.48
(6) Exchange differences from translation of financial statements		-157,299,694.47	-179,406,325.29
(7) Others			
(II) Net other comprehensive income attributable to minority shareholders after taxes			
VII. Total comprehensive income		706,015,973.33	1,517,164,822.72
(I) Total comprehensive income attributable to shareholders of the parent company		706,015,973.33	1,517,164,822.72
(II) Total comprehensive income attributable to minority shareholders			

Legal representative: **Person-in-charge of accounting affairs:** **Head of the accounting department:**