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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 THIRD 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 third quarter of 2018 (the "Reporting Period") will be published on the Shanghai Stock Exchange on 30 October 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, Lin Feng, 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 Quarterly Report of the Company has not been audited.

2. COMPANY PROFILE

2.1 Principal financial data

	<i>Unit: Yuan Currency: RMB</i>		
	30 September 2018	31 December 2017	Increase/ decrease at the end of the Reporting Period as compared with the end of the previous year (%)
Total assets	134,583,638,120.59	139,037,660,370.61	-3.20
Net assets attributable to equity holders of the listed company	16,603,704,316.86	16,276,161,992.76	2.01
	From the beginning of the year to the end of the Reporting Period (January to September)	From the beginning of the previous year to the end of the reporting period of previous year (January to September)	Increase/ decrease as compared with the corresponding period of last year (%)
Net cash flow from operating activities	3,933,943,036.85	4,404,596,779.95	-10.69
	From the beginning of the year to the end of the Reporting Period (January to September)	From the beginning of the previous year to the end of the reporting period of previous year (January to September)	Increase/ decrease as compared with the corresponding period of last year (%)
Revenue	13,115,638,618.45	11,894,720,024.63	10.26
Net profit attributable to equity holders of the listed company	805,545,449.26	1,139,474,627.84	-29.31
Net profit attributable to equity holders of the listed company, excluding extraordinary gains or losses	725,275,792.34	1,103,433,668.61	-34.27
Weighted average return on net assets (%)	4.95	8.26	Decreased by 3.31 percentage points
Basic earnings per share (<i>RMB per share</i>)	0.0689	0.0975	-29.33
Diluted earnings per share (<i>RMB per share</i>)	0.0689	0.0975	-29.33

Items and amounts of extraordinary gains or losses

✓ Applicable □ Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the Reporting Period (July to September)	Amount from the beginning of the year to the end of the Reporting Period (January to September)
Gain/loss from disposal of non-current assets	-32,248,727.14	-9,555,048.90
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)	16,296,433.40	118,920,860.97
Other non-operating income/expenses excluding the items above	2,558,178.09	4,356,794.20
Impact of minority interests (after taxes)	-1,732,081.17	-1,960,962.57
Impact of income tax	-1,732,081.17	-31,491,986.78
Total	-15,126,196.82	80,269,656.92

2.2 Total number of shareholders, shareholding of the top 10 shareholders and the top 10 tradable shareholders (or shareholders who are not subject to selling restrictions) as at the end of the Reporting Period

Unit: Shares

Total number of shareholders (household) 360,350

Name of shareholders (Full name)	Shareholding of the 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 Limited	4,410,624,386	37.75%	0	Nil	0	State-owned corporation
HKSCC NOMINEES LIMITED	3,731,714,175	31.94%	0	Unknown	-	Foreign corporation
Guoxin Investment Co., Ltd.	458,002,343	3.92%	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	210,853,717	1.80%	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
Hong Kong Securities Clearing Company Ltd.	22,479,976	0.19%	0	Nil	0	Other
Guo Lei	17,655,777	0.15%	0	Nil	0	Domestic natural person
Chen Gang	11,933,200	0.10%	0	Nil	0	Domestic natural person

Shareholding of the top 10 shareholders who are not subject to selling restrictions

Name of shareholders	Number of shares not subject to selling restrictions held	Type	Type and number of shares held Number of shares
China Shipping Group Company Limited	4,410,624,386	RMB ordinary shares	4,410,624,386
HKSCC NOMINEES LIMITED	3,731,714,175	Overseas listed foreign shares	3,731,714,175
Guoxin Investment Co., Ltd.	458,002,343	RMB ordinary shares	458,002,343
State Development & Investment Group Co., Ltd.	388,674,125	RMB ordinary shares	388,674,125
China Securities Finance Corporation Limited	210,853,717	RMB ordinary shares	210,853,717
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
Hong Kong Securities Clearing Company Ltd.	22,479,976	RMB ordinary shares	22,479,976
Guo Lei	17,655,777	RMB ordinary shares	17,655,777
Chen Gang	11,933,200	RMB ordinary shares	11,933,200

- Explanation of the connected relationship or acting in concert relationship among the above shareholders
- (1) The shares held by China Shipping Group Company Limited 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 Limited 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 held 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 Limited held 100,944,000 H shares in COSCO SHIPPING Development, representing approximately 0.86% of the entire share capital.
 - (5) The Company was not notified of any connected relationship or acting-in-concert relationship among the above shareholders.

2.3 Total number of holders of preference shares, shareholding of the 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 cash and bank balances by 48.26% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the disposal of the subsidiary finance company during the Reporting Period;
2. The decrease in trading financial assets held for trading by 100% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the disposal of the subsidiary finance company during the Reporting Period;
3. The increase in bills and accounts receivable by 113.87% 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;
4. The decrease in funds paid in advance by 89.67% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the decrease in funds paid in advance for steel used in container manufacturing during the Reporting Period;
5. The increase in non-current assets due within one year by 35.46% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the continuous expansion of the finance lease business during the Reporting Period;
6. The decrease in loans and advances granted by 100% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the disposal of the subsidiary finance company during the Reporting Period;
7. The decrease in available-for-sale financial assets by 100% during the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the adoption of new accounting standards for financial instruments during the Reporting Period;
8. The increase in other non-current financial assets at the end of the Reporting Period was mainly due to the adoption of new accounting standards for financial instruments during the Reporting Period;
9. The increase in deferred income tax assets by 49.49% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the recognition of deferred income tax of the impairment provision for assets during the Reporting Period;
10. 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 Reporting Period from external investments to investment in long-term equity;

11. The decrease in deposit taking and deposit in inter-bank market by 100% during the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the disposal of the subsidiary finance company during the Reporting Period;
12. The increase in bills and accounts payable by 39.37% 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 during the Reporting Period;
13. The increase in funds received in advance by 104.92% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the increase in funds received in advance for the projects during the Reporting Period;
14. The increase in contract liabilities at the end of the Reporting Period was mainly due to the adoption of new accounting standards for revenue during the Reporting Period;
15. The increase in staff remuneration payable by 33.01% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the increase in headcounts of the Company which led to the increase in wages payable during the Reporting Period;
16. The decrease in reinsurance accounts payables by 33.83% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the decrease in payables of insurance brokerage business during the Reporting Period;
17. The increase in non-current liabilities due within one year by 32.35% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the reclassification of long-term borrowing due next year to non-current liabilities due within one year;
18. The increase in long term payables by 53.81% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the continuous expansion of the finance lease business during the Reporting Period;
19. The decrease in capital reserve by 333.39% 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;
20. The decrease in special reserve by 61.52% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the special reserve used during the Reporting Period;
21. The decrease in general risk provision by 100% at the end of the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the disposal of the subsidiary finance company during the Reporting Period;
22. The decrease in minority interests by 100% during the Reporting Period as compared with the beginning of the Reporting Period was mainly due to the disposal of the subsidiary finance company during the Reporting Period;
23. The increase in interest expenses by 63.91% 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;

24. The increase in selling expenses by 309.16% during the Reporting Period as compared with the corresponding period of last year was mainly due to expansion of the container manufacturing business which led to the increase in warehousing expenses during the Reporting Period;
25. The decrease in asset impairments loss by 100% during the Reporting Period as compared with the corresponding period of last year was mainly due to the adoption of the new accounting standards for financial instruments during the Reporting Period;
26. The increase in credit impairment loss during the Reporting Period was mainly due to the adoption of the new accounting standards for financial instruments during the Reporting Period;
27. The increase in other gains by 298.25% 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;
28. The decrease in gains from changes in fair value by 205,227.49% 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 adoption of new accounting standards for financial instruments;
29. The increase in gain from disposal of assets by 419.07% 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;
30. The increase in other comprehensive income that may be reclassified to profit or loss under the equity method by 209.99% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in other comprehensive income of associates during the Reporting Period;
31. The increase 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 adoption of new accounting standards for financial instruments during the Reporting Period;
32. The increase in reserve for cash flow hedging by 580.09% 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;
33. The decrease in exchange differences from translation of financial statements by 222.26% 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;
34. The increase in net increase of deposits from clients and placements from industry peers of financial institutions by 326.08% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in deposit taking and deposit in inter-bank market during the Reporting Period;

35. The decrease in net cash received from reinsurance business by 100% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in reinsurance business during the Reporting Period;
36. The increase in cash received from interest, handling charges and commissions by 30.66% 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;
37. The decrease in tax rebates by 43.21% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease of tax rebates received during the Reporting Period;
38. The increase in net increase in loans and advances to customers by 151.96% 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 100% during the Reporting Period as compared with the corresponding period of last year was mainly due to the net increase in placements with central banks and other financial institutions by the finance company which remain unchanged during the Reporting Period;
40. The increase in cash payment for interest, handling charges and commissions by 34.26% 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 as compared with the corresponding period of last year;
41. The increase in taxes paid by 36.08% 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;
42. The decrease in net cash received from disposal of fixed assets, intangible assets and other long-term assets by 86.46% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in cash received from disposal of assets during the Reporting Period as compared with the corresponding period of last year;
43. The decrease 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 no cash has been received for the disposal of subsidiaries during the Reporting Period;

44. 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;
45. The increase in cash paid for purchase of fixed assets, intangible assets and other long-term assets by 33.56% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in cash paid for purchase of assets during the Reporting Period as compared with the corresponding period of last year;
46. The increase in other cash paid related to investment activities by 10,164.63% during the Reporting Period as compared with the corresponding period of last year was mainly due to the decrease in cash as a result of the disposal of the subsidiary finance company during the Reporting Period;
47. The increase in sub-total of cash outflow from investment activities by 63.68% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in cash paid for the purchase of fixed assets, intangible assets and other long-term assets as well as other cash paid related to investment activities during the Reporting Period as compared with the corresponding period of last year;
48. The decrease in net cash flow from investment activities by 297.48% during the Reporting Period as compared with the corresponding period of last year was mainly due to the increase in cash paid for the purchase of fixed assets, intangible assets and other long-term assets as well as other cash paid related to investment activities during the Reporting Period as compared with the corresponding period of last year;
49. 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;
50. The increase in cash received from issue of bonds during the Reporting Period was mainly due to the completion of the issuance of asset-backed securities during the Reporting Period;
51. The increase in other cash paid relating to financing activities by 82.83% 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;
52. The increase in net cash flow from financing activities by 107.03% during the Reporting Period as compared with the corresponding period of last year was mainly due to the completion of the issuance of asset-backed securities and the decrease in cash paid for repayment of debts during the Reporting Period;
53. The increase in effect on cash and cash equivalents due to changes in currency exchange rates by 231.70% 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;
54. The increase in balance of cash and cash equivalents at the beginning of the period by 49.37% 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. At the end of September 2018, the Company received the "Notice regarding China Securities Regulatory Commission's Second Feedback on the Review of Administrative Permission Items" from the China Securities Regulatory Commission.

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 30 September 2018

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	30 September 2018	31 December 2017
Current assets:		
Cash and bank balances	12,905,644,452.40	24,941,812,545.71
Deposit reservation for balance		
Placements with banks and other financial institutions		
Trading financial assets		547,427,550.20
Derivative financial assets		
Bills and accounts receivable	2,940,859,461.08	1,375,071,701.55
Including: Bills receivable	450,000.00	
Accounts receivable	2,940,409,461.08	1,375,071,701.55
Funds paid in advance	66,547,143.43	643,932,615.84
Premiums receivable		
Reinsurance accounts receivable	14,993,756.16	13,904,037.92
Deposits receivable from reinsurance contracts		
Other receivables	134,490,554.88	137,386,333.33
Including: Interests receivable	18,312,152.26	32,837,869.87
Dividends receivable		
Purchases of resold financial assets		
Inventories	1,192,044,496.78	1,155,667,694.71
Contract assets		
Assets held for sale		
Non-current assets due within one year	9,933,642,060.58	7,333,145,223.43
Other current assets	129,068,466.24	131,020,536.57
Total current assets	27,317,290,391.55	36,279,368,239.26

Item	30 September 2018	31 December 2017
Non-current assets:		
Loans and advances granted		3,917,917,077.31
Available-for-sale financial assets		4,013,699,113.94
Debt investments		
Other debt investments		
Long-term receivables	23,343,148,444.91	20,087,975,972.67
Long-term equity investment	23,523,345,662.42	20,454,747,062.11
Other equity instrument investments		
Other non-current financial assets	3,031,202,504.80	
Investment property	104,883,352.97	100,012,187.43
Fixed assets	56,906,318,566.72	53,783,296,365.78
Construction in progress	29,463,639.60	27,032,575.12
Biological assets for production		
Fuel assets		
Intangible assets	134,335,537.28	136,609,575.79
Development expenditure		
Goodwill		
Long-term deferred expenses	24,503,779.75	33,855,285.03
Deferred income tax assets	169,146,240.59	113,146,916.17
Other non-current assets		90,000,000.00
Total non-current assets	107,266,347,729.04	102,758,292,131.35
Total assets	134,583,638,120.59	139,037,660,370.61
Current liabilities:		
Short-term borrowings	18,199,196,660.48	14,990,260,000.00
Borrowings from central bank		
Deposit taking and deposit in inter-bank market		14,772,764,370.39
Placements funds		
Trading financial liabilities		
Derivative financial liabilities		
Bills and accounts payable	4,381,874,297.04	3,144,128,038.32
Funds received in advance	280,235,352.13	136,753,380.12
Contract liabilities	19,751,296.32	
Funds from disposal of repurchased financial assets		
Handling charges and commissions payable		
Staff remuneration payable	233,143,113.87	175,278,182.65
Taxes payable	248,537,093.92	302,935,186.96
Other payables	811,206,421.19	769,401,299.23
Including: Interests payable	396,914,576.44	290,193,821.76
Dividends payable		
Reinsurance accounts payable	37,392,507.58	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	24,232,631,414.29	18,309,902,607.06
Other current liabilities	1,393,503.38	
Total current liabilities	48,445,361,660.20	52,657,931,950.46

Item	30 September 2018	31 December 2017
Non-current liabilities:		
Long term borrowings	62,620,565,745.16	63,849,439,342.80
Bonds payable	2,682,141,057.59	2,803,324,643.89
Including: Preferred shares		
Perpetual bonds		
Long term payables	3,871,049,668.40	2,516,725,426.09
Long-term staff remuneration payable		
Projected liabilities		
Deferred income	13,422,435.90	14,585,371.89
Deferred income tax liabilities	347,393,236.48	321,866,954.32
Other non-current liabilities		
Total non-current liabilities	69,534,572,143.53	69,505,941,738.99
Total liabilities	117,979,933,803.73	122,163,873,689.45
Owners' equity (or shareholders' equity)		
Paid-up capital (or 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	-20,013,466.18	8,575,249.41
Less: Treasury shares		
Other comprehensive income	-2,609,508,214.03	-2,484,778,614.44
Special reserve	735,940.44	1,912,757.75
Surplus reserve	1,362,073,031.79	1,362,073,031.79
General risk provision		142,932,153.50
Retained earnings	5,187,292,024.84	4,562,322,414.75
Total equity attributable to the owner of the parent company	16,603,704,316.86	16,276,161,992.76
Minority interests		597,624,688.40
Total owners' equity (or shareholders' equity)	16,603,704,316.86	16,873,786,681.16
Total liabilities and owners' equity (or shareholders' equity)	134,583,638,120.59	139,037,660,370.61

Legal
representative:
Sun Yueying

Person-in-charge of
accounting affairs:
Lin Feng

Head of the accounting
department:
Li Rong

Balance Sheet of the Parent Company

30 September 2018

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	30 September 2018	31 December 2017
Current assets:		
Cash and bank balances	2,852,875,385.79	3,516,505,994.86
Trading financial assets		
Derivative financial assets		
Bills and accounts receivable	446,995,365.68	156,769,505.52
Including: Bills receivable		
Accounts receivable	446,995,365.68	156,769,505.52
Funds paid in advance	3,980,708.85	56,886,421.27
Other receivables	820,497,141.54	663,144,824.66
Including: Interests receivable	16,385,763.37	
Dividends receivable	600,000,268.29	
Inventories	338,713,721.91	256,845,337.90
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	3,420,000,000.00	3,700,000,000.00
Total current assets	7,883,062,323.77	8,350,152,084.21

Item	30 September 2018	31 December 2017
Non-current assets:		
Available-for-sale financial assets		2,400,167,841.87
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investment	35,883,381,712.05	35,490,702,901.02
Other equity instrument investments		
Other non-current financial assets	1,896,735,854.97	
Investment property		
Fixed assets	12,793,807,243.12	13,406,920,214.89
Construction in progress	1,477,364.15	1,121,467.92
Biological assets for production		
Fuel assets		
Intangible assets	500,788.68	628,820.00
Development expenditure		
Goodwill		
Long-term deferred expenses	9,430,434.09	17,733,025.86
Deferred income tax assets		
Other non-current assets	2,363,760,000.00	2,350,260,000.00
Total non-current assets	52,949,093,397.06	53,667,534,271.56
Total assets	60,832,155,720.83	62,017,686,355.77
Current liabilities:		
Short term borrowings	8,900,000,000.00	9,560,000,000.00
Trading financial liabilities		
Derivative financial liabilities		
Bills and accounts payable	477,720,546.49	281,325,032.19
Funds received in advance	1,558,053.50	1,556,265.65
Contract liabilities		
Staff remuneration payable	56,649,859.93	64,883,144.86
Taxes payable	13,872,449.37	23,767,916.05
Other payables	5,477,076,025.44	5,795,696,809.46
Including: Interests payable	30,526,958.78	
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	3,522,000,000.00	2,718,500,000.00
Other current liabilities		
Total current liabilities	18,448,876,934.75	18,445,729,168.21

Item	30 September 2018	31 December 2017
Non-current liabilities:		
Long term borrowings	14,366,500,000.00	14,559,100,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long term payables		
Long-term staff remuneration payable		
Projected liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	14,366,500,000.00	14,559,100,000.00
Total liabilities	32,815,376,934.73	33,004,829,168.21
Owners' equity (or shareholders' equity)		
Paid-up capital (or 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	-57,317,056.94	-57,317,056.94
Special reserve		
Surplus reserve	1,355,762,889.20	1,355,762,889.20
Retained earnings	-2,317,228,457.38	-1,321,150,055.92
Total owners' equity (or shareholders' equity)	28,016,778,786.10	29,012,857,187.56
Total liabilities and owners' equity		
(or shareholders' equity)	60,832,155,720.83	62,017,686,355.77

Legal
representative:
Sun Yueying

Person-in-charge of
accounting affairs:
Lin Feng

Head of the accounting
department:
Li Rong

Consolidated Income Statement
January to September 2018

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Amount for the Reporting Period (July to September)	Amount for the same period last year (July to September)	Amount for the period from the beginning of the year to the end of the Reporting Period (January to September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
I. Total operating revenue	4,892,245,876.65	4,287,659,112.90	13,456,675,305.67	12,183,117,261.02
Including: Revenue from operations	4,875,415,726.16	4,178,554,693.33	13,115,638,618.45	11,894,720,024.63
Interest income		93,675,345.35	305,439,280.83	250,895,092.23
Premiums earned				
Handling charges and commission income	16,830,150.49	15,429,074.22	35,597,406.39	37,502,144.16
II. Total cost of sales	4,924,471,665.74	4,501,830,662.29	13,701,917,913.28	12,405,826,611.88
Including: Operating cost	3,850,451,589.78	3,325,279,746.83	10,396,377,923.18	9,444,016,722.75
Interest expenses	2,132,791.35	26,698,485.24	112,623,886.60	68,711,484.24
Handling charges and commission expenses		164,452.81	489,264.13	491,012.00
Surrender payment				
Net expenditure for compensation payments				
Net provision for insurance deposits				
Policyholder dividend expenses				
Reinsurance costs				
Taxes and surcharges	13,474,155.88	14,279,773.55	31,630,811.90	43,261,312.30
Selling expenses	4,591,751.32	2,262,934.83	33,797,499.32	8,260,157.32
Administrative expenses	162,302,727.95	320,942,906.18	578,202,764.11	622,416,700.57
Research expenses	95,017.57		647,518.92	
Finance costs	802,128,263.12	774,238,180.27	2,276,644,853.72	2,161,024,792.09
Including: Interest expenses	909,678,365.07	799,416,688.96	2,372,220,019.24	2,082,727,586.79
Interest income	22,793,967.11	56,416,164.93	73,775,507.26	107,834,554.46
Asset impairments loss		37,964,182.58		57,644,430.61
Credit impairment loss	89,295,368.77		271,503,391.40	
Add: Other gains	16,296,433.40	18,219,262.54	118,920,860.97	29,860,960.54
Investment income (loss is represented by "-")	545,736,145.56	358,335,551.76	1,851,999,304.30	1,646,414,562.62
Including: Gains from investment in associates and joint ventures	566,863,323.02	291,342,931.04	1,796,368,977.76	1,459,886,743.45
Gain from net exposure to hedging (loss is represented by "-")				
Gains from changes in fair value (loss is represented by "-")	-67,995,456.71	-162,073.84	-609,103,593.86	296,939.03
Gains from disposal of assets (loss is represented by "-")	37,290,743.87	5,927,423.40	59,984,422.11	11,556,042.48
Gains from foreign currency exchange (loss is represented by "-")				

Item	Amount for the			
	Reporting Period (July to September)	the same period last year (July to September)	beginning of the year to the end of the Reporting Period (January to September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
III. Profit from operations (loss is represented by "-")	499,102,077.03	168,148,614.47	1,176,558,385.91	1,465,419,153.81
Add: Non-operating income	2,562,270.70	916,413.98	4,377,781.51	4,080,190.31
Less: Non-operating expenses	4,092.61	223,820.56	20,987.31	840,554.96
IV. Total profit (total loss is represented by "-")	501,660,255.12	168,841,207.89	1,180,915,180.11	1,468,658,789.16
Less: Income tax expenses	23,112,287.03	65,602,926.42	323,351,948.77	277,908,055.50
V. Net profit (net loss is represented by "-")	478,547,968.09	103,238,281.47	857,563,231.34	1,190,750,733.66
(I) Classified by continuity of operation	478,547,968.09	103,238,281.47	857,563,231.34	1,190,750,733.66
1. Net profit from continuing operations (net loss expressed with "-")	478,547,968.09	49,290,270.97	710,596,157.75	1,046,580,705.57
2. Net profit from discontinued operations (net loss expressed with "-")		53,948,010.50	146,967,073.59	144,170,028.09
(II) Classified by ownership of equity				
1. Net profit attributable to owners of the parent company	478,547,968.09	84,785,188.74	805,545,449.26	1,139,474,627.84
2. Minority interests		18,453,092.73	52,017,782.08	51,276,105.82
VI. Net other comprehensive income after taxes	-163,751,650.94	67,376,923.46	-275,920,273.26	-136,264,029.97
Net other comprehensive income attributable to owners of the parent company after taxes	-163,751,650.94	67,661,816.85	-275,920,273.26	-139,626,371.46
(I) Items that may not be reclassified to profit or loss				
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				
3. Changes in fair value of investments in other equity instruments				
4. Changes in fair value of enterprise's own credit risk				
(II) Items that may be reclassified to profit or loss	-163,751,650.94	67,661,816.85	-275,920,273.26	-139,626,371.46
1. Other comprehensive income that may be reclassified to profit or loss under the equity method	144,551,912.20	-13,360,954.09	151,099,423.74	-137,371,315.08
2. Gains or losses from changes in fair value of available-for-sale financial assets		10,985,605.13		-357,836,672.98
3. Changes in fair value of other debt investments				
4. Financial assets reclassified into other comprehensive income				
5. Credit impairment provision for other debt investments				
6. Reserve for cash flow hedging	805,255.66	-440,794.55	10,332,703.96	-2,152,227.62
7. Exchange differences from translation of financial statements	-309,108,818.80	70,477,960.36	-437,352,400.96	357,733,844.22

Item	Amount for the Reporting Period (July to September)	Amount for the same period last year (July to September)	Amount for the period from the beginning of the year to the end of the Reporting Period (January to September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
Net other comprehensive income attributable to minority interests after taxes		-284,893.39		3,362,341.49
VII. Total comprehensive income	314,796,317.15	170,615,204.93	581,642,958.08	1,054,486,703.69
Total comprehensive income attributable to owners of the parent company	314,796,317.15	152,447,005.59	529,625,176.00	999,848,256.38
Total comprehensive income attributable to minority shareholders		18,168,199.34	52,017,782.08	54,638,447.31
VIII. Earnings per share:				
(1) Basic earnings per share (RMB per share)	0.0409	0.0073	0.0689	0.0975
(2) Diluted earnings per share (RMB per share)	0.0409	0.0073	0.0689	0.0975

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:
Lin Feng

Head of the accounting
department:
Li Rong

Income Statement of the Parent Company
January to September 2018

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Amount for the Reporting Period (July to September)	Amount for the same period last year (July to September)	Amount for the period from the beginning of the year to the end of the Reporting Period (January to September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
I. Revenue from operations	530,693,728.58	555,113,272.03	1,444,478,118.14	1,782,581,623.66
Less: Operating cost	417,150,205.87	421,442,839.50	1,261,582,042.11	1,228,622,464.47
Taxes and surcharges	1,854,289.34	4,279,048.57	6,230,868.72	10,035,525.67
Selling expenses				
Administrative expenses	37,292,773.15	68,469,754.15	130,920,226.34	140,632,069.62
Research expenses				
Finance costs	264,596,086.37	275,166,104.93	838,540,918.68	805,185,933.07
Including: Interest expenses	281,227,106.06		857,578,322.83	
Interest income	17,964,613.89		54,612,046.76	
Asset impairments loss		3,396,598.07		-1,500,000.00
Credit impairment loss	-694,035.87		1,034,791.28	
Add: Other gains			1,362,162.00	
Investment income (loss is represented by "-")	368,720,180.51	-683,471.13	446,970,441.15	-3,015,732.60
Including: Gains from investment in associates and joint ventures	42,520,349.55	-760,183.47	40,901,024.43	-3,092,444.94
Gain from net exposure to hedging (loss is represented by "-")				
Gains from changes in fair value (loss is represented by "-")	-45,817,539.87		-608,531,986.90	
Gains from disposal of assets (loss is represented by "-")	1,158,769.19		1,176,612.14	
II. Profit from operations (loss is represented by "-")	134,555,819.55	-218,324,544.32	-952,853,500.60	-403,410,101.77
Add: Non-operating income	-111,184.80	610,589.20	919,543.58	1,790,150.83
Less: Non-operating expenses		-87,266.80		953,741.32
III. Total profit (total loss is represented by "-")	134,444,634.75	-217,626,688.32	-951,933,957.02	-402,573,692.26
Less: Income tax expenses				

Item	Amount for the Reporting Period (July to September)	Amount for the same period last year (July to September)	Amount for the period from the beginning of the year to the end of the Reporting Period (January to September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
IV. Net profit (net loss is represented by "-")	134,444,634.75	-217,626,688.32	-951,933,957.02	-402,573,692.26
(1) Net profit from continuing operations (net loss expressed with "-")	134,444,634.75	-217,626,688.32	-951,933,957.02	-402,573,692.26
(2) Net profit from discontinued operations (net loss expressed with "-")				
V. Net other comprehensive income after taxes				-372,340,823.71
(I) Items that may not be reclassified to profit or loss				
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				
3. Changes in fair value of investments in other equity instruments				
4. Changes in fair value of enterprise's own credit risk				
(II) Items that may be reclassified to profit or loss				-372,340,823.71
1. Other comprehensive income that may be reclassified to profit or loss under the equity method				
2. Gains or losses from changes in fair value of available-for-sale financial assets				-372,340,823.71
3. Changes in fair value of other debt investments				
4. Financial assets reclassified into other comprehensive income				
5. Credit impairment provision for other debt investments				
6. Reserve for cash flow hedging				
7. Exchange differences from translation of financial statements				
VI. Total comprehensive income	134,444,634.75	-217,626,688.32	-951,933,957.02	-774,914,515.97
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:
Lin Feng

Head of the accounting
department:
Li Rong

Consolidated Cash Flow Statement

January to September 2018

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Amount for the period from the beginning of the year to the end of the Reporting Period (January to September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
I. Cash flow from operating activities:		
Cash received from sales of goods and provision of services	11,843,428,545.45	11,933,602,109.87
Net increase in deposits from customers and placements from banks and other financial institutions	448,986,279.42	-198,599,496.56
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		6,790,181.76
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	324,825,375.72	248,607,884.28
Net increase in capital due to banks and other financial institutions		
Net increase in repurchases business fund		
Tax rebates	149,829,771.83	263,838,510.81
Other cash received from activities related to operation	437,102,949.09	684,556,312.71
Sub-total of cash inflow from operating activities	13,204,172,921.51	12,938,795,502.87
Cash paid for goods purchased and service rendered	5,940,268,073.82	6,410,320,013.90
Net increase in loans and advances to customers	904,223,287.76	358,882,639.05
Net increase in placements with central bank and other financial Institutions		-10,664,367.31
Cash paid for claims on original insurance contracts		
Cash payment for interest, handling charges and commissions	99,551,161.00	74,150,741.82
Cash payment for policyholder dividend		
Cash paid to and on behalf of employees	1,061,730,944.68	937,757,811.52
Taxes paid	469,072,452.16	344,711,267.59
Other cash paid for activities relating to operation activities	795,383,965.24	419,040,616.35
Sub-total of cash outflow from operating activities	9,270,229,884.66	8,534,198,722.92
Net cash flows from operating activities	3,933,943,036.85	4,404,596,779.95

Item	Amount for the period from the beginning of the year to the end of the Reporting Period (January to September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
II. Cash flow from investment activities:		
Cash received from disposal of investments	15,042,562,206.21	13,344,954,526.58
Cash received from gains in investments	378,364,470.23	347,480,988.55
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	180,750,021.49	1,335,151,361.19
Net cash received from disposal of subsidiaries and other operating entities		2,284,208.77
Other cash received relating to investment activities		75,000,000.00
Sub-total of cash inflow from investment activities	15,601,676,697.93	15,104,871,085.09
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	15,584,060,171.33	11,667,980,935.02
Cash paid for investment	7,615,253,759.94	7,261,817,329.55
Net increase in pledged loans		
Net cash paid for acquiring subsidiaries and other operating entities		
Other cash paid related to investment activities	7,912,061,215.77	77,080,854.40
Sub-total of cash outflow from investment activities	31,111,375,147.04	19,006,879,118.97
Net cash flow from investment activities	-15,509,698,449.11	-3,902,008,033.88
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	28,621,186,685.05	28,904,422,522.65
Cash received from issue of bonds	1,860,000,000.00	
Other cash received relating to financing activities		1,999,598.65
Sub-total of cash inflow from financing activities	30,481,186,685.05	29,116,422,121.30
Cash paid for repayment of debts	26,848,137,947.08	30,826,608,440.11
Cash payments for dividend and profit distribution or interest repayment	2,913,240,893.40	2,571,463,349.32
Including: Dividend and profit paid by subsidiary to minority shareholders		
Other cash paid relating to financing activities	403,288,672.59	220,576,659.98
Sub-total of cash outflow from financing activities	30,164,667,513.07	33,618,648,449.41
Net cash flow from financing activities	316,519,171.98	-4,502,226,328.11
IV. Effect on cash and cash equivalents due to changes in foreign exchange rates	236,763,347.61	-179,777,867.99
V. Net increase in cash and cash equivalents	-11,022,472,892.67	-4,179,415,450.03
Add: Balance of cash and cash equivalents at the beginning of the period	23,193,300,179.15	15,527,253,854.70
VI. Balance of cash and cash equivalents at the end of the period	12,170,827,286.48	11,347,838,404.67

Legal
representative:
Sun Yueying

Person-in-charge of
accounting affairs:
Lin Feng

Head of the accounting
department:
Li Rong

Cash Flow Statement of the Parent Company
January to September 2018

Prepared by: COSCO SHIPPING Development Co., Ltd.

Unit: Yuan Currency: RMB Audit type: Unaudited

Item	Amount for the period from the beginning of the year to the end of the Reporting Period (January to September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
I. Cash flow from operating activities:		
Cash received from sales of goods and provision of services	1,303,500,780.93	162,648,593.93
Tax rebates	47,274,123.40	15,087,494.29
Other cash received from activities related to operation	4,105,677,174.28	1,797,837,655.00
Sub-total of cash inflow from operating activities	5,456,452,078.61	1,975,573,743.22
Cash paid for goods purchased and services rendered	263,423,774.14	134,186,878.04
Cash paid to and on behalf of employees	386,392,977.92	457,180,138.01
Taxes paid	108,847,594.36	37,546,634.82
Other cash paid for activities relating to operation	4,775,299,560.92	1,450,882,353.82
Sub-total of cash outflow from operating activities	5,533,963,907.34	2,079,796,004.69
Net cash flows from operating activities	-77,511,828.73	-104,222,261.47
II. Cash flow from investment activities:		
Cash received from disposal of investments	670,000,000.00	1,100,000,000.00
Cash received from gains in investments	154,421,232.65	76,712.34
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	526,160.34	760,918.47
Net cash received from disposal of subsidiaries and other operating entities		8,349,017.53
Other cash received relating to investment activities		75,000,000.00
Sub-total of cash inflow from investment activities	824,947,392.99	1,184,186,648.34
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	437,971.70	4,530,631.14
Cash paid for investment	723,100,000.00	6,089,999,997.65
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	723,537,971.70	6,094,530,628.79
Net cash flow from investment activities	101,409,421.29	-4,910,343,980.45

Item	Amount for the period from the beginning of the year to the end of the Reporting Period (January to September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January to September)
III. Cash flow from financing activities:		
Proceeds received from investments		
Cash received from borrowings	12,480,000,000.00	14,050,000,000.00
Cash received from issue of bonds		
Other cash received relating to financing activities	280,000,000.00	1,019,072.75
Sub-total of cash inflow from financing activities	12,760,000,000.00	14,051,019,072.75
Cash paid for repayment of debts	12,529,100,000.00	7,864,836,197.79
Cash payments for dividend and profit distribution or interest repayment	903,133,491.55	813,704,735.73
Other cash paid relating to financing activities	40,106,656.70	51,426,760.92
Sub-total of cash outflow from financing activities	13,472,340,148.25	8,729,967,694.44
Net cash flow from financing activities	-712,340,148.25	5,321,051,378.31
IV. Effect on cash and cash equivalents due to changes in foreign exchange rates	24,711,946.62	-19,300,211.12
V. Net increase in cash and cash equivalents	-663,730,609.07	287,184,925.27
Add: Balance of cash and cash equivalents at the beginning of the period	3,516,505,994.86	1,283,244,359.10
VI. Balance of cash and cash equivalents at the end of the period	2,852,775,385.79	1,570,429,284.37

Legal
representative:
Sun Yueying

Person-in-charge of
accounting affairs:
Lin Feng

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
30 October 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 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."*