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COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.*

中遠海運能源運輸股份有限公司

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

(Stock Code: 1138)

2017 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

Financial Highlights

- Revenue of the continuing operations of the Group decreased by approximately 7.70% to approximately RMB4,906 million
- Profit for the period attributable to owners of the Company was approximately RMB865 million
- Basic and diluted earnings per share for the period was RMB21.46 cents

The board (the “**Board**”) of directors (the “**Directors**”) of COSCO SHIPPING Energy Transportation Co., Ltd. (the “**Company**”) is pleased to announce the interim results of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2017 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2016. The Group’s interim results have not been audited but have been reviewed by the Company’s international auditor, Baker Tilly Hong Kong Limited (天職香港會計師事務所有限公司) (Certified Public Accountants in Hong Kong).

I. MAJOR FINANCIAL DATA

The interim results of the Group for the Reporting Period have been reviewed by Baker Tilly Hong Kong Limited in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and set out as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June 2017	2016
	Note	(Unaudited) RMB'000	(Unaudited and restated) RMB'000
Continuing operations			
Turnover	2	4,905,703	5,314,709
Operating costs		<u>(3,593,594)</u>	<u>(3,490,638)</u>
Gross profit		1,312,109	1,824,071
Other income and net gains	3	202,293	105,924
Marketing expenses		(13,874)	(8,242)
Administrative expenses		(218,110)	(272,909)
Other expenses		(26,615)	(36,270)
Share of profits of associates		125,775	142,092
Share of profits of joint ventures		83,328	93,151
Finance costs	4	<u>(416,638)</u>	<u>(540,589)</u>
Profit before tax		1,048,268	1,307,228
Income tax	5	<u>(126,413)</u>	<u>(194,395)</u>
Profit for the period from continuing operations		921,855	1,112,833
Discontinued operation			
Profit for the period from discontinued operation, net of tax		<u>—</u>	<u>760,501</u>
Profit for the period		<u>921,855</u>	<u>1,873,334</u>

	Six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited and restated) RMB'000
Other comprehensive (expense)/income		
<i>Item that will not be reclassified subsequently to profit or loss, net of nil tax:</i>		
Remeasurement of defined benefit plan payable	—	530
<i>Items that may be reclassified subsequently to profit or loss, net of tax:</i>		
Exchange realignment	(194,046)	148,383
Fair value gain on available-for-sale investments	48,286	—
Net loss on cash flow hedges	(49,939)	(369,071)
Release upon disposal of discontinued operation	—	362,032
Share of other comprehensive expense of associates	(11,563)	(10,703)
Share of other comprehensive (expense)/income of joint ventures	<u>(40,649)</u>	<u>14,440</u>
Other comprehensive (expense)/income for the period	<u>(247,911)</u>	<u>145,611</u>
Total comprehensive income for the period	<u><u>673,944</u></u>	<u><u>2,018,945</u></u>

		Six months ended 30 June 2017	2016
	<i>Note</i>	<i>(Unaudited) RMB'000</i>	<i>(Unaudited and restated) RMB'000</i>
Profit for the period attributable to owners of the Company:			
- Continuing operations		865,410	1,108,141
- Discontinued operation		<u>—</u>	<u>742,523</u>
		<u>865,410</u>	<u>1,850,664</u>
Profit for the period attributable to non-controlling interests:			
- Continuing operations		56,445	4,692
- Discontinued operation		<u>—</u>	<u>17,978</u>
		<u>56,445</u>	<u>22,670</u>
Profit for the period		<u>921,855</u>	<u>1,873,334</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		621,305	2,218,468
Non-controlling interests		<u>52,639</u>	<u>(199,523)</u>
		<u>673,944</u>	<u>2,018,945</u>
Earnings per share	6		
		<i>(Unaudited) RMB cents</i>	<i>(Unaudited and restated) RMB cents</i>
From continuing and discontinued operations			
- Basic and diluted		<u>21.46</u>	<u>45.90</u>
From continuing operations			
- Basic and diluted		<u>21.46</u>	<u>27.48</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		30 June 2017	31 December 2016
	<i>Note</i>	<i>(Unaudited) RMB'000</i>	<i>(Unaudited and restated) RMB'000</i>
NON-CURRENT ASSETS			
Investment properties	8	1,104,907	1,104,907
Property, plant and equipment	8	43,352,631	41,854,872
Prepaid land lease payments		78,410	79,599
Goodwill		58,168	58,168
Investments in associates		2,080,907	1,994,902
Investments in joint ventures		2,073,881	2,169,448
Loan receivables		1,866,313	1,453,585
Available-for-sale investments		344,091	279,761
Deferred tax assets		<u>51,092</u>	<u>52,258</u>
		<u>51,010,400</u>	<u>49,047,500</u>
CURRENT ASSETS			
Current portion of loan receivables		11,385	18,899
Inventories		540,638	451,402
Trade and bills receivables		1,204,819	1,207,049
Prepayments, deposits and other receivables		1,212,561	908,132
Pledged bank deposits		24,136	24,134
Cash and cash equivalents		<u>6,447,387</u>	<u>6,365,791</u>
		<u>9,440,926</u>	<u>8,975,407</u>
CURRENT LIABILITIES			
Trade and bills payables		1,191,873	1,350,345
Other payables and accruals		775,658	1,153,143
Dividends payable	7	535,572	—
Current portion of provision and other liabilities		310,572	302,551
Current portion of interest-bearing bank and other borrowings		5,410,751	4,624,633
Current portion of other loans		1,557	2,251
Current portion of employee benefits payable		12,620	12,620
Tax payable		<u>29,162</u>	<u>120,164</u>
		<u>8,267,765</u>	<u>7,565,707</u>
NET CURRENT ASSETS		<u>1,173,161</u>	<u>1,409,700</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>52,183,561</u></u>	<u><u>50,457,200</u></u>

	30 June 2017	31 December 2016
	<i>(Unaudited)</i>	<i>(Unaudited and restated)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	4,032,033	4,032,033
Reserves	<u>23,235,869</u>	<u>23,381,473</u>
	27,267,902	27,413,506
Non-controlling interests	<u>45,360</u>	<u>10,109</u>
TOTAL EQUITY	<u>27,313,262</u>	<u>27,423,615</u>
NON-CURRENT LIABILITIES		
Provision and other liabilities	207,506	208,068
Derivative financial instruments	521,563	474,988
Interest-bearing bank and other borrowings	18,578,289	16,881,809
Other loans	1,120,171	1,049,820
Bonds payable	3,983,892	3,982,045
Employee benefits payable	136,630	140,890
Deferred tax liabilities	<u>322,248</u>	<u>295,965</u>
	<u>24,870,299</u>	<u>23,033,585</u>
TOTAL EQUITY AND NON-CURRENT LIABILITIES	<u>52,183,561</u>	<u>50,457,200</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited and restated)
	RMB'000	RMB'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>1,918,070</u>	<u>2,606,030</u>
INVESTING ACTIVITIES		
Interest received	57,608	28,575
Payments for construction in progress	(3,339,483)	(1,160,453)
Purchases of property, plant and equipment	(55,177)	(7,376)
Proceeds from disposal of property, plant and equipment	—	24
Disposal of discontinued operation, net of cash disposed of	—	(1,201,073)
Compensation to a fellow subsidiary for the decrease in equity under the transition period in respect of disposal of discontinued operation	(339,143)	—
Loans to associates	—	(22,049)
Loans to joint ventures	(465,561)	(223,930)
Repayment from associates	31,289	1,208,748
Dividends received from associates	—	100,000
Dividends received from joint ventures	29,240	483,438
Investment in an associate	(150,000)	—
Investment in a joint venture	—	(98,938)
Increase in pledged bank deposits	<u>(2)</u>	<u>(2)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,231,229)</u>	<u>(893,036)</u>

	Six months ended 30 June	
	2017	2016
	<i>(Unaudited)</i>	<i>(Unaudited and restated)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
FINANCING ACTIVITIES		
Interest paid	(362,108)	(473,623)
Dividends paid	(230,514)	(120,144)
Dividends paid to non-controlling interests of subsidiaries	(19,636)	(11,850)
Increase in other loans	86,368	76,002
Repayment of other loans	(3,904)	—
Increase in interest-bearing bank and other borrowings	6,143,445	2,552,331
Repayment of interest-bearing bank and other borrowings	(3,170,448)	(4,258,598)
Contribution from non-controlling interests of a subsidiary	1,425	—
Capital element of finance leases rental paid	<u>—</u>	<u>(38,330)</u>
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	<u>2,444,628</u>	<u>(2,274,212)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	131,469	(561,218)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	6,365,791	4,866,247
Effect of foreign exchange rate changes, net	<u>(49,873)</u>	<u>55,986</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u><u>6,447,387</u></u>	<u><u>4,361,015</u></u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2017

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

1.1 Basis of preparation

- (a) The interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the HKICPA.

The interim financial information does not include all the information and disclosures required in an annual report, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016 disclosed in the Company’s 2016 annual report.

The interim financial information is presented in Renminbi (“**RMB**”), which is the functional currency of the Company, and all values are rounded to the nearest thousand except where otherwise indicated.

- (b) In accordance with the asset transfer agreement entered into between the Company and COSCO SHIPPING (North America) Inc. (“**CSNAI**”) on 15 December 2016, the Company acquired 80% equity interest in COSCO SHIPPING Tanker (USA) Inc. (“**USA Tanker**”) by capital contribution of USD320,000 (equivalent to approximately RMB2,195,000). The acquisition of USA Tanker was completed on 22 February 2017 and has been accounted for as combination of businesses under common control since the Directors consider that the Company and USA Tanker are under common control of the State-owned Assets Supervision and Administration Commission of the State Council, the People’s Republic of China (the “**PRC**”) both before and after the above mentioned acquisition.

The aforementioned acquisition of USA Tanker from CSNAI has been accounted for using the principles of merger accounting, as prescribed in Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA. The unaudited financial information of USA Tanker has been incorporated into this interim financial information. As a result, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the prior years have been restated to include the operating results and cash flows of USA Tanker. The condensed consolidated statement of financial position as at 31 December 2016 has been restated to include the assets and liabilities of USA Tanker. Respective notes to the interim financial information have also been restated. All significant intragroup transactions, balances, income and expenses are eliminated on combination. The impact of the restatements is set out below in note 9.

1.2 Significant accounting policies

The interim financial information has been prepared on the historical cost basis, except that investment properties, certain available-for-sale investments and derivative financial instruments are measured at fair values.

A number of revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) are effective for the financial year beginning on 1 January 2017. Except as described below (see note 1.3), the same accounting policies, presentation and methods of computation have been followed in this interim financial information as were applied in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2016.

1.3 Adoption of new and revised HKFRSs and changes in accounting policies

Impact of revised HKFRSs

In the current period, the Group has adopted the following amendments to HKFRSs issued by the HKICPA that are first effective and relevant to the Group’s financial year beginning on 1 January 2017:

Amendments to HKFRSs Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12 “Disclosure of Interests in Other Entities”
Amendments to HKAS 7	Statement of Cash Flows “Disclosure Initiative”
Amendments to HKAS 12	Income Taxes “Recognition of Deferred Tax Assets for Unrealised Losses”

The adoption of the amendments to HKFRSs in the current period has had no material impact on the interim financial information for the current and prior accounting periods and/or on the disclosures set out in the interim financial information.

Impact of new and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued and are relevant to the Group but are not yet effective for the financial year beginning on 1 January 2017:

		Effective for annual periods beginning on or after
Amendments to HKFRSs Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28 “Investments in Associates and Joint Ventures”	1 January 2018
Amendments to HKAS 40	Investment Property “Transfers of Investment Property”	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined

The Group is in the process of making an assessment of what the impact of these new and revised standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the interim financial information. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

HKFRS 16

Currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee. HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group’s accounting as a lessee of leases for property, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As at 30 June 2017, the majority of Group’s future minimum lease payments under non-cancellable operating leases are payable either within one year, between one and five years after the reporting date or in more than five years. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

The Group is considering whether to adopt HKFRS 16 before its effective date of 1 January 2019. However, early adoption of HKFRS 16 is only permitted if this is no earlier than the adoption of HKFRS 15. It is therefore unlikely that HKFRS 16 will be adopted before the effective date of HKFRS 15, being 1 January 2018.

2. REVENUE AND SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's business segments are categorised as follows:

- (i) oil shipment
 - oil shipment
 - vessel chartering
- (ii) others

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments.

The operations of the dry bulk shipment segment was discontinued on 30 June 2016.

Business segments

There is seasonality for the Group's turnover but the effect is small. An analysis of the Group's turnover and contribution to profit from operating activities by principal activity and geographical area of operations for the Reporting Period is set out as follows:

	Six months ended 30 June			
	2017		2016	
	Turnover	Contribution	Turnover	Contribution
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited and restated) RMB'000	(Unaudited and restated) RMB'000
By principal activity:				
Continuing operations				
Oil shipment				
- Oil shipment	3,712,017	853,609	3,941,569	1,486,532
- Vessel chartering	885,269	351,287	1,322,627	372,282
	4,597,286	1,204,896	5,264,196	1,858,814
Others	308,417	107,213	50,513	(34,743)
	<u>4,905,703</u>	<u>1,312,109</u>	<u>5,314,709</u>	<u>1,824,071</u>
Discontinued operation				
Dry bulk shipment				
- Coal shipment	—	—	729,618	(10,058)
- Iron ore shipment	—	—	1,075,647	234,534
- Other dry bulk shipment	—	—	390,046	(64,254)
- Vessel chartering	—	—	666,480	(73,190)
	<u>—</u>	<u>—</u>	<u>2,861,791</u>	<u>87,032</u>
	<u>4,905,703</u>	1,312,109	<u>8,176,500</u>	1,911,103
Other income and net gains		202,293		105,924
Marketing expenses		(13,874)		(8,242)
Administrative expenses		(218,110)		(272,909)
Other expenses		(26,615)		(36,270)
Share of profits of associates		125,775		142,092
Share of profits of joint ventures		83,328		93,151
Finance costs		(416,638)		(540,589)
Elimination of discontinued operation		<u>—</u>		<u>(87,032)</u>
Profit before tax		<u>1,048,268</u>		<u>1,307,228</u>

	30 June 2017	31 December 2016
	<i>(Unaudited)</i>	<i>(Unaudited and restated)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Total segment assets		
Oil shipment	42,469,021	41,871,688
Others	<u>17,982,305</u>	<u>16,151,219</u>
	<u>60,451,326</u>	<u>58,022,907</u>
Total segment liabilities		
Oil shipment	18,421,494	17,702,082
Others	<u>14,716,570</u>	<u>12,897,210</u>
	<u>33,138,064</u>	<u>30,599,292</u>

Segment contribution represents gross profit incurred by each segment without allocation of central administration costs (including emoluments of directors, supervisors and senior managements), marketing expenses, other expenses, share of profits of associates, share of profits of joint ventures, other income and net gains and finance costs. This is the measure reported to the Group's chief operating decision makers for the purposes of resources allocation and performance assessment.

As at 30 June 2017, the net carrying amounts of the Group's oil tankers, liquefied petroleum gas ("LPG") vessels and liquefied natural gas ("LNG") vessels were RMB31,857,632,000 (31 December 2016: RMB30,634,523,000), RMB122,512,000 (31 December 2016: RMB75,724,000) and RMB4,740,826,000 (31 December 2016: RMB1,616,907,000) respectively.

Geographical segments

	Six months ended 30 June			
	2017		2016	
	Turnover	Contribution	Turnover	Contribution
	(Unaudited) RMB'000	(Unaudited) RMB'000	(Unaudited and restated) RMB'000	(Unaudited and restated) RMB'000
By geographical area:				
Continuing operations				
Domestic	1,452,354	568,984	1,292,188	555,166
International	<u>3,453,349</u>	<u>743,125</u>	<u>4,022,521</u>	<u>1,268,905</u>
	<u>4,905,703</u>	<u>1,312,109</u>	<u>5,314,709</u>	<u>1,824,071</u>
Discontinued operation				
Domestic	—	—	1,248,307	61,954
International	<u>—</u>	<u>—</u>	<u>1,613,484</u>	<u>25,078</u>
	<u>—</u>	<u>—</u>	<u>2,861,791</u>	<u>87,032</u>
	<u>4,905,703</u>	1,312,109	<u>8,176,500</u>	1,911,103
Other income and net gains		202,293		105,924
Marketing expenses		(13,874)		(8,242)
Administrative expenses		(218,110)		(272,909)
Other expenses		(26,615)		(36,270)
Share of profits of associates		125,775		142,092
Share of profits of joint ventures		83,328		93,151
Finance costs		(416,638)		(540,589)
Elimination of discontinued operation		<u>—</u>		<u>(87,032)</u>
Profit before tax		<u>1,048,268</u>		<u>1,307,228</u>
Turnover				
Total segment turnover		4,905,703		8,176,500
Less: inter-segment transactions		<u>—</u>		<u>—</u>
Total consolidated turnover		<u>4,905,703</u>		<u>8,176,500</u>

Other information

	Oil shipment <i>RMB'000</i>	Dry bulk shipment (discontinued) <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2017				
(unaudited)				
Additions to non-current assets	2,245,167	—	755,156	3,000,323
Depreciation and amortisation	837,732	—	54,587	892,319
Provision for onerous contracts	104,430	—	80,281	184,711
Loss on disposal of property, plant and equipment, net	(24)	—	—	(24)
Interest income	<u>18,525</u>	<u>—</u>	<u>64,580</u>	<u>83,105</u>
Six months ended 30 June 2016				
(unaudited and restated)				
Additions to non-current assets	537,935	25,299	704,120	1,267,354
Depreciation and amortisation	828,176	552,828	12,269	1,393,273
Provision for onerous contracts	227,028	9,557	—	236,585
Loss on disposal of property, plant and equipment, net	(265)	(2,133)	(3)	(2,401)
Interest income	<u>14,494</u>	<u>2,074</u>	<u>23,470</u>	<u>40,038</u>

The principal assets employed by the Group are located in the PRC and, accordingly, no geographical segment analysis of assets and expenditure has been prepared for the Reporting Period and the six months ended 30 June 2016.

3. OTHER INCOME AND NET GAINS

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited and restated)
	RMB'000	RMB'000
Continuing operations		
Other income		
Interest income from loan receivables	30,679	20,297
Bank interest income	52,426	17,667
Rental income from investment properties	12,128	12,095
Government subsidies (note)	39,349	8,855
Others	<u>52,588</u>	<u>61,417</u>
	<u>187,170</u>	<u>120,331</u>
Other gains/(losses)		
Exchange gains/(losses), net	15,147	(11,819)
Loss on disposal of property, plant and equipment, net	(24)	(268)
Loss on revaluation of investment properties, net	—	(2,941)
Others	<u>—</u>	<u>621</u>
	<u>15,123</u>	<u>(14,407)</u>
	<u>202,293</u>	<u>105,924</u>

Note:

The government subsidies mainly represent the subsidies granted for business development purpose and refund of value-added tax. There were no unfulfilled conditions or contingencies relating to these subsidies.

4. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Continuing operations		
Total finance costs		
Interest expenses on:		
- bank loans and other borrowings	378,213	542,811
- corporate bonds	102,289	102,744
- hedge loan	<u>25,148</u>	<u>277</u>
	505,650	645,832
Less: interest capitalised	<u>(89,012)</u>	<u>(105,243)</u>
	<u><u>416,638</u></u>	<u><u>540,589</u></u>

During the Reporting Period, the capitalisation rate applied to funds borrowed and utilised for the vessels under construction was at a rate of 2% to 3.46% (six months ended 30 June 2016: 2.82% to 2.85%) per annum.

5. INCOME TAX

		Six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited and restated)
		RMB'000	RMB'000
Continuing operations			
Current income tax			
- PRC	(i)	115,045	190,578
- Hong Kong	(ii)	—	—
- Other districts	(iii)	<u>14</u>	<u>34</u>
		115,059	190,612
Deferred tax		<u>11,354</u>	<u>3,783</u>
Total income tax expense		<u><u>126,413</u></u>	<u><u>194,395</u></u>

Note:

(i) PRC Corporate Income Tax

Under the Law of the PRC on Corporate Income Tax Law (the “CIT Law”) and Implementation Regulation of the CIT Law, the tax rate of the Group is 25% (six months ended 30 June 2016: 25%).

(ii) Hong Kong Profits Tax

Hong Kong Profits Tax was not provided for in the interim financial information as the Group did not have any assessable profits arising in Hong Kong during the Reporting Period and the six months ended 30 June 2016.

(iii) Taxes or profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the entities within the Group operate.

6. EARNINGS PER SHARE

(a) From continuing and discontinued operations

The calculation of basic and diluted earnings per share is based on the profit for the period attributable to owners of the Company of RMB865,410,000 (six months ended 30 June 2016: RMB1,850,664,000) and the weighted average number of ordinary shares of 4,032,033,000 (six months ended 30 June 2016: 4,032,033,000) shares in issue during the Reporting Period.

(b) From continuing operations

The calculation of basic and diluted earnings per share from continuing operations attributable to owners of the Company is based on the earnings figures calculated as follows:

	Six months ended 30 June	
	2017	2016
	<i>(Unaudited)</i>	<i>(Unaudited and restated)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period attributable to owners of the Company	865,410	1,850,664
Less: profit for the period from discontinued operation attributable to owners of the Company	<u>—</u>	<u>742,523</u>
Profit for the period from continuing operations attributable to owners of the Company	<u>865,410</u>	<u>1,108,141</u>

The denominators used are the same as those detailed above for basic and diluted earnings per share from continuing and discontinued operations (see note 6(a)).

7. DIVIDENDS

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Dividends recognised as distribution during the Reporting Period:		
Final dividend for 2016 — RMB0.19 (six months ended 30 June 2016: Final dividend for 2015 — RMB0.10) per share	<u>766,086</u>	<u>403,203</u>

Final dividend of RMB0.19 per share in respect of the year ended 31 December 2016 was approved by shareholders on 8 June 2017 and a total amount of RMB230,514,000 was paid during the Reporting Period.

The Directors do not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2016: RMBnil).

8. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2017, the Group's investment properties with fair value of RMB1,104,907,000 (31 December 2016: RMB1,104,907,000) were leased out. There was no significant change in the fair value of investment properties during the Reporting Period. The Group's investment properties comprise certain commercial buildings located in the PRC, held under medium term lease.

During the Reporting Period, additions to construction in progress amounted to RMB2,945,146,000 (six months ended 30 June 2016: RMB1,260,842,000).

During the Reporting Period, 8 vessels (six months ended 30 June 2016: no construction of vessels) at a cost of RMB5,656,959,000 (six months ended 30 June 2016: RMBnil) were completed and were transferred from construction in progress to vessels.

9. BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL

On 22 February 2017, the Company acquired 80% equity interest in USA Tanker from CSNAI by capital contribution of approximately RMB2,195,000. The principal activity of USA Tanker is provision of agency services. The financial statements of USA Tanker are consolidated by the Group as the Group has control over operating and financial policies of this entity.

As mentioned in note 1.1(b) above, the Group has applied merger accounting as prescribed in Accounting Guideline 5 to account for the business combination involving entities under common control. Accordingly, USA Tanker has been combined since 1 January 2016, the earliest financial period presented, as if the acquisition had occurred at that time.

- (a) The reconciliation of the effect arising from the business combination involving entities under common control on the condensed consolidated statements of financial position as at 30 June 2017 and 31 December 2016 is as follow:

	The Group excluding USA Tanker (Unaudited) RMB'000	USA Tanker (Unaudited) RMB'000	Adjustment (Unaudited) RMB'000	Consolidated (Unaudited) RMB'000
At 30 June 2017				
Non-current assets				
Investment in a subsidiary	2,195	—	(2,195)	—
Other non-current assets	<u>51,010,278</u>	<u>122</u>	<u>—</u>	<u>51,010,400</u>
	<u>51,012,473</u>	<u>122</u>	<u>(2,195)</u>	<u>51,010,400</u>
Current assets				
Other current assets	2,994,377	288	(1,126)	2,993,539
Cash and cash equivalents	<u>6,444,002</u>	<u>3,385</u>	<u>—</u>	<u>6,447,387</u>
	<u>9,438,379</u>	<u>3,673</u>	<u>(1,126)</u>	<u>9,440,926</u>
Current liabilities				
Other current liabilities	<u>8,267,829</u>	<u>1,062</u>	<u>(1,126)</u>	<u>8,267,765</u>
Net current assets	<u>1,170,550</u>	<u>2,611</u>	<u>—</u>	<u>1,173,161</u>
Total assets less current liabilities	<u>52,183,023</u>	<u>2,733</u>	<u>(2,195)</u>	<u>52,183,561</u>
Equity				
Equity attributable to owners of the Company				
Issued capital	4,032,033	2,815	(2,815)	4,032,033
Reserves	<u>23,235,795</u>	<u>(82)</u>	<u>156</u>	<u>23,235,869</u>
	27,267,828	2,733	(2,659)	27,267,902
Non-controlling interests	<u>44,949</u>	<u>—</u>	<u>411</u>	<u>45,360</u>
Total equity	<u>27,312,777</u>	<u>2,733</u>	<u>(2,248)</u>	<u>27,313,262</u>
Non-current liabilities				
Other non-current liabilities	<u>24,870,246</u>	<u>—</u>	<u>53</u>	<u>24,870,299</u>
Total equity and non-current liabilities	<u>52,183,023</u>	<u>2,733</u>	<u>(2,195)</u>	<u>52,183,561</u>

	The Group excluding USA Tanker	USA Tanker	Adjustment	Consolidated (Unaudited and restated)
	<i>(Audited) RMB'000</i>	<i>(Unaudited) RMB'000</i>	<i>(Unaudited) RMB'000</i>	<i>RMB'000</i>
At 31 December 2016				
Non-current assets				
Other non-current assets	<u>49,047,361</u>	<u>139</u>	<u>—</u>	<u>49,047,500</u>
Current assets				
Other current assets	2,609,877	596	(857)	2,609,616
Cash and cash equivalents	<u>6,364,583</u>	<u>1,208</u>	<u>—</u>	<u>6,365,791</u>
	<u>8,974,460</u>	<u>1,804</u>	<u>(857)</u>	<u>8,975,407</u>
Current liabilities				
Other current liabilities	<u>7,565,202</u>	<u>1,362</u>	<u>(857)</u>	<u>7,565,707</u>
Net current assets	<u>1,409,258</u>	<u>442</u>	<u>—</u>	<u>1,409,700</u>
Total assets less current liabilities	<u>50,456,619</u>	<u>581</u>	<u>—</u>	<u>50,457,200</u>
Equity				
Equity attributable to owners of the Company				
Issued capital	4,032,033	415	(415)	4,032,033
Reserves	<u>23,381,056</u>	<u>166</u>	<u>251</u>	<u>23,381,473</u>
	27,413,089	581	(164)	27,413,506
Non-controlling interests	<u>9,993</u>	<u>—</u>	<u>116</u>	<u>10,109</u>
Total equity	<u>27,423,082</u>	<u>581</u>	<u>(48)</u>	<u>27,423,615</u>
Non-current liabilities				
Other non-current liabilities	<u>23,033,537</u>	<u>—</u>	<u>48</u>	<u>23,033,585</u>
Total equity and non-current liabilities	<u>50,456,619</u>	<u>581</u>	<u>—</u>	<u>50,457,200</u>

The above adjustments represent adjustments to eliminate the paid-up capital of USA Tanker against the Group's investment cost in USA Tanker and non-controlling interests arising from the acquisition of USA Tanker, current accounts between the Group and USA Tanker as at 30 June 2017 and 31 December 2016 respectively and adjustments to achieve consistency of accounting policies.

- (b) The effect of the business combination involving entities under common control, as described above, on the Group's basic and diluted earnings per share for the six months ended 30 June 2016 is as follows:

	Impact on basic and diluted earnings per share <i>RMB cents</i>
As previously reported	45.90
Restatement arising from business combination involving entities under common control	<u>—</u>
Restated	<u><u>45.90</u></u>

- (c) The effect of business combination involving entities under common control, as described above, on the Group's profit for the period for the six months ended 30 June 2016 is as follows:

	<i>RMB'000</i>
As previously reported	1,873,301
Restatement arising from business combination involving entities under common control	<u>33</u>
Restated	<u><u>1,873,334</u></u>

10. COMPARATIVE FIGURES

Certain comparative figures have been re-presented as a result of the application of merger accounting due to the business combination involving entities under common control.

II. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Analysis of International and Domestic Shipping Markets during the Reporting Period

1. Macro Economics

Benefited from the effects of multiple factors, including rapid growth of investments in “One Belt One Road” regional infrastructure, reduced uncertainties in the policies of developed countries such as the United States of America (the “USA”) and Europe, and the economic growth in the Middle East, Africa and Latin America supported by the rise in commodity prices, the global economy demonstrated a rapid growth in the first half of 2017, gradually stepping out of the sluggish economy during the past six consecutive years.

During the first half of 2017, the Chinese economy is reasonably steady. Due to the suppression of “Capital Flowing from Real to Virtual Economy” within the financial system, exchange rate of RMB is fairly stable. Development of the Chinese economy is apparently boosted due to constant improvement of the economic structure, which in turn leads to the GDP growth ranking of the PRC surpassing other global key economies. The Chinese economy is maintaining a stable, sound and sustainable development trend, and it is expected that the growth of the economy will continue in the future.

The effects of the PRC policies on refined structure and expanded imports are reflected in the stable growth of energy resource product imports. During the first half of the year, imported crude oil in the PRC amounted to approximately 212 million tonnes, representing a year-on-year increase of approximately 13.8%; imported finished oil reached approximately 15.03 million tonnes, representing a year-on-year decrease of approximately 2.8%; imported natural gas reached approximately 31.09 million tonnes, representing a year-on-year increase of approximately 15.9%.

2. Review on International Oil Shipping Market

In terms of oil shipping demand, the overall demand for global crude oil shipping maintains a stable uptrend during the first half of 2017. Asian Pacific countries such as China and India demonstrated a stable growth in crude oil imports. Factors such as reduced production by members of the Organization of Petroleum Exporting Countries (“OPEC”) and increased crude oil exports in USA have both contributed to the increment in global crude oil shipping distance. During the same period, global shipping demand of finished oil also increased with sustained growth, mainly due to the strong import demand in Latin America and Asia, yet the increment is slightly slower than the corresponding period of last year.

In terms of the supply of shipping capacity, according to the latest information released by a research institute, shipping capacities of various types of tankers followed last year's trend and continued to expand during the first half of 2017, except for the Panamax, reflecting the pace of new vessels commencing operation is still ahead of vessel scrapping.

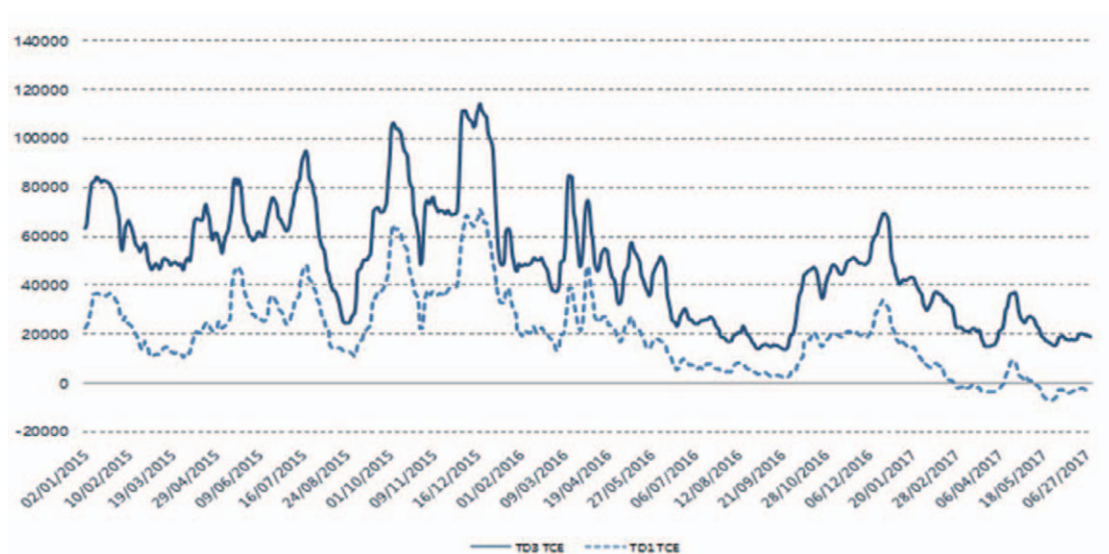
In terms of shipping price, the fast growth of foreign oil trade shipping capacities in the first half of 2017 led to a general decrease in shipping prices of various types of vessels as compared to the corresponding period of last year. According to the market benchmark, World Scale ("WS") average index of very large crude carrier ("VLCC") for the Middle East/ Japan shipping route is 63, representing a decrease of approximately 25% as compared to the corresponding period of last year (after including a basic fee discount, same for the statistics below). Shipping prices of other small to medium crude oil vessels also decreased (at different rates) as compared to the corresponding period of last year. The finished oil market also demonstrated weak performance, WS points of finished oil LR2 and LR1 vessels dropped approximately 20% as compared to the corresponding period of last year. The following table shows the figures in detail:

Main routes of 2017	2017 Basic Fee (USD/ tonne)	2016 Basic Fee (USD/ tonne)	Jan-Jun 2017 WS points	Jan-Jun 2016 WS	Compared to corresponding period of last year (%)
				points (after discount)	
VLCC Middle East- Far East TD3	14.91	19.34	62.78	83.77	-25.05
VLCC Middle East- US Gulf TD1	25.30	33.59	33.82	50.80	-33.42
VLCC West Africa- China TD15	21.82	28.55	65.51	87.69	-25.29
SUEZ West Africa- Europe TD20	14.67	19.06	81.94	103.95	-21.17
Aframax Kuwait- Singapore TD8	14.67	19.06	112.54	146.73	-23.30
Clean petroleum product LR2 Middle East- Japan TC1	13.61	17.43	100.00	128.70	-22.30
Clean petroleum product LR1 Middle East- Japan TC5	10.47	13.63	115.24	141.05	-18.30

In terms of fuel price, Brent crude oil average spot price is USD52.61/barrel during the first half of 2017, representing an increase of approximately 26.74% as compared to the corresponding period of last year. The average price of Singapore fuel 380CST is USD314/barrel, representing an increase of approximately 61.03% as compared to the corresponding period of last year.

Impacted by the drop in shipping price and the rise in fuel price, daily revenue of main foreign oil trade shipping vessels for the first half of the year decreased by approximately 45% to 60% as compared to the corresponding period of last year. The trend of major VLCC Middle East- Far East TD3 and Middle East- US Gulf TD1 is as follows:

2015 - 2017 Daily Revenue of Main Foreign Oil Route of VLCC



3. Review on Coastal Oil Shipping Markets

During the first half of 2017, overall shipping demand for coastal oil shipping markets remained stable. With the benefit of the open policies of domestic imports and crude oil rights of the PRC, demand for coastal crude oil shipping showed a steady increment in the first half of the year, amounting to a total of approximately 43.29 million tonnes, representing an increase of approximately 3.49 million tonnes as compared to the corresponding period of last year, or increased by approximately 8.8%. The total capacity of domestic crude oil shipping amounted to approximately 3.6 million deadweight tonnes, shipping supply was slightly more than shipping demand.

The domestic coastal finished oil shipping is a completely open market with lots of market players, the majority of them are private enterprises. Features of finished oil shipping include small shipping volume and large amount of shipping batches. Majority of the market demand is for small vessels not exceeding 10,000 tonnes, and market competition is fairly intense.

4. Review on LNG Shipping Market

At the end of 2016, there were a total of 478 LNG vessels in operation around the world. During the first half of 2017, the fleet size has expanded to over 500 LNG vessels, creating certain level of pressure on the balance of demand and supply.

LNG shipping market can be divided into two different market segments: project based shipping and spot goods shipping. Project based shipping refers to the signing of long-term vessel chartering contracts with the parties with demand for LNG project shipping (buyers or sellers of LNG trading) and providing services for LNG shipping vessels for such projects. Spot goods vessels refer to LNG vessels which are not linked to fixed LNG projects but seek short-term or voyage-based shipping opportunities on the spot market.

All of the LNG vessels currently invested by the Group are project-based shipping vessels with an average chartering term of around 20 years. Such investments guarantee stable rentals and investment income and would not be affected by the market price of LNG spot goods shipping.

(II) Review of Operating Results during the Reporting Period

During the first half of 2017, the Board decided to continue to strengthen “big cooperation with big customers” strategy in light of the downtrend of international oil shipping market. The Group also strived to analyse the market trend, capture opportunities and ease market fluctuations, and by leveraging on the advantages of business units collaboration within the Group and flexibility of its operating strategies, the Group exerted full efforts to lower costs and boost efficiency and achieved a stable operating profitability.

During the Reporting Period, the Group’s continuing operations carried out approximately 55.968 million tonnes of cargo shipping, representing an increase of approximately 12.8% as compared to the corresponding period of last year. Shipping volume reached approximately 193.01 billion tonnes-nautical miles, representing an increase of approximately 17.5% as compared to the corresponding period of last year. The Group achieved principal operating revenue (after deducting business tax and surcharge, same for the statistics below) of approximately RMB4.906 billion from continuing operations, representing a decrease of approximately 7.7% as compared to the corresponding period of last year. Cost of principal continuing operations amounted to approximately RMB3.594 billion, representing an increase of approximately 2.95% as compared to the corresponding period of last year. The Group achieved a net profit attributable to owners of the Company of approximately RMB865 million.

1. ANALYSIS OF PRINCIPAL OPERATIONS

During the Reporting Period, the general condition of the Group's continuing operations by different types of shipping and operating locations is as follows:

Sub-business or sub-product	Operating revenue (RMB'000)	Increase/ (decrease) in operating revenue as compared with the same period in 2016 (%)	Gross profit margin	
			The first half of 2017 (%)	The first half of 2016 (%)
International oil shipment	3,150,383	-20.91	20.22	32.78
Crude oil shipment	2,057,568	-14.93	15.79	36.10
Refined oil shipment	261,784	-11.64	-8.59	18.96
Charter income	831,031	-34.48	40.29	29.66
Domestic oil shipment	1,446,903	12.95	39.24	43.19
Crude oil shipment	1,306,299	12.39	41.12	46.39
Refined oil shipment	86,366	33.95	16.29	27.97
Charter income	54,238	0.02	30.43	-7.26
Sub-total of oil shipment	4,597,286	-12.67	26.21	35.31
Domestic LPG shipment	5,451	-51.39	22.27	16.90
International LPG shipment	42,342	112.71	44.86	29.57
International LNG shipment	236,541	N/A	66.53	N/A
Other cargoes shipment	24,083	24.18	-292.16	-219.28
Sub-total of non-oil shipment	308,417	510.57	34.76	-68.78
Total	4,905,703	-7.70	26.75	34.32

(1) Shipping business — Oil shipments

In terms of international oil shipment, the Group strived to enhance its market analysis ability and operation ability and at the same time actively captured cargo sources and market opportunities. In light of the downtrend of international oil shipment price as compared to the corresponding period of last year, the Group 1) timely adjusted its time charters, the ratio of pool operation to proprietary operation and eased the impact of decreasing international oil shipment price. During the first half of 2017, income from time charters accounted for approximately 26.38% of the Group's international oil shipment income. The ratio of time charters and pool operations of international fleets of small and medium size was over 45%, creating a key defending factor against the sluggish market condition; 2) leveraged on the business structure of international and domestic trade collaboration and since revenue from domestic shipments was higher than that from international shipments during the first half of the year, a portion of the international shipping capacity was shifted to the domestic shipment sector, and resulted in an increase in the operating revenue of vessels; 3) provided customised shipping services for both domestic and international large-scale oil companies and achieved constructive cooperation results. With all the above measures combined, the Group realised international shipment revenue of approximately RMB3.150 billion for the first half of 2017, representing a decrease of approximately 20.91% as compared to the corresponding period of last year, with a gross profit margin of approximately 20.22%, representing a decrease of approximately 12.56 percentage points as compared to the corresponding period of last year.

In terms of domestic oil shipments, the Group 1) adhered to its “big customer” strategy, by entering into contract of affreightment (“COA”) contracts with each of the key customers and also entering into COA contracts with two new customers, the Group continued to maintain the COA cargo source at the high ratio of above 90%; 2) successfully developed some new land refinery customers, domestic crude oil income increased by approximately 12.39% as compared to the corresponding period of last year. Development of domestic finished oil trade made a breakthrough, income increased by approximately 33.95% as compared to the corresponding period of last year; 3) improved its “fixed vessel fixed route” operating model, strived to enhance vessel turnover efficiency, shorten average operation turnover days for short routes and achieved win-win situation for both the Company and its customers; 4) continuously implemented the cooperation model of “port, vessel and cargo”, concluded and reviewed the coordinating mechanism, constantly improved the efficiency of ports and vessels and shortened the waiting time of the vessels. With all of the above measures combined, the Group realised domestic shipment revenue of

approximately RMB1.447 billion during the first half of 2017, representing an increase of approximately 12.95% as compared to the corresponding period of last year, with a gross profit margin of approximately 39.24%, representing a decrease of approximately 3.95 percentage points as compared to the corresponding period of last year. The main reason for such decrease is a relatively large year-on-year increment in fuel price.

**Table Showing Operating Conditions for Oil Shipment Segment
in the First Half of 2017**

	Transportation volume		Revenue		Gross profit margin	
	Billion					
	tonne-	YOY		YOY	The first	The first
	nautical	Increase/		Increase/	half of	half of
	miles	(decrease)		(decrease)	2017	2016
		(%)	RMB'000	(%)	(%)	(%)
International	182.3	16.94	3,150,383	-20.91	20.22	32.78
Crude oil shipment	172.0	16.18	2,057,568	-14.93	15.79	36.10
Refined oil shipment	10.3	31.30	261,784	-11.64	-8.59	18.96
Charter income	—	—	831,031	-34.48	40.29	29.66
Domestic	10.6	28.01	1,446,903	12.95	39.24	43.19
Crude oil shipment	9.6	19.77	1,306,299	12.39	41.12	46.39
Refined oil shipment	1.0	258.98	86,366	33.95	16.29	27.97
Charter income	—	—	54,238	0.02	30.43	-7.26
Total	<u>192.9</u>	17.50	<u>4,597,286</u>	-12.67	26.21	35.31

(2) Progress made in Liquefied Natural Gas (LNG) shipment

During the first half of 2017, the Group continued to implement LNG projects in a steady manner. Two newly added LNG vessels ensured the smooth operation of the Australia Pacific LNG (“**APLNG**”) project. The Group also strengthened its business management for Mobil project and APLNG project, as well as the financing of the Yamal LNG project, resulting in a boost in economic benefits. Apart from strengthening current projects, the Group also paid visits to large-scale energy resources domestic and oversea enterprises, cooperating with banks and joint venture partners across the nation to establish wider and deeper connections, and strived to gather market information and identify new LNG shipment projects with dedicated efforts.

COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company, has 3 newly added LNG vessels in operation from the end of last year to the first half of this year. Revenue realised for the first half of the year amounted to approximately RMB237 million, gross profit was approximately RMB157 million, net profit was approximately RMB44.87 million, representing an increase of approximately 875% as compared to the net profit of the corresponding period of last year.

China LNG Shipping (Holdings) Limited (“**CLNG**”), a joint venture of the Group, with a current fleet of 6 LNG vessels in operation, realised revenue of approximately RMB545 million during the first half of the year, net profit was approximately RMB126 million, and its share of profit of the joint venture confirmed by the Group was approximately RMB62.98 million.

East China LNG Shipping Investment Co., Ltd. (“**ELNG**”) and North China LNG Shipping Investment Co., Ltd. (“**NLNG**”), two non-wholly owned subsidiaries of the Company, confirmed that their respective attributable share of profits of associates were approximately RMB10.67 million and RMB12.14 million, respectively.

In the first half of 2017, the Group’s LNG shipment sector contributed to a total profit of RMB131 million, an increase of approximately 73% as compared to the corresponding period of last year.

As at the end of the Reporting Period, the Group and its joint ventures had a total of 21 LNG vessels under construction with capacity of 3.63 million cubic metres, all of them will be delivered for operation by the end of 2020.

2. Costs and expenses analysis

During the first half of 2017, while actively capturing cargo sources and seizing market opportunities, the Group implemented the concept of “cost is core competitiveness” actively and further emphasised on the strategic positioning of “cost as the winning factor”. Starting with operational management and overall budget management, the Group further strengthened cost control, and strived to reduce costs under the environment of rising prices of major cost components, the increment of costs was under control in general. During the first half of 2017, the Group incurred costs of principal continuing operations of approximately RMB3.594 billion, representing an increase of approximately 2.95% as compared to the corresponding period of last year. The cost components of the Group’s principal continuing operations were as follows:

Item	In the first half of 2017 (RMB'000)	In the first half of 2016 (RMB'000)	Increase/ (decrease) (%)	Composition ratio in the first half of 2017 (%)
Fuel cost	946,373	630,864	50.01	26.34
Port cost	385,115	377,495	2.02	10.72
Sea crew cost	526,980	460,388	14.46	14.66
Lubricants expenses	93,353	72,571	28.64	2.60
Depreciation	875,343	811,137	7.92	24.36
Insurance expenses	79,724	84,070	-5.17	2.22
Repair expenses	80,073	104,937	-23.69	2.23
Charter cost	223,185	562,170	-60.30	6.20
Others	<u>383,448</u>	<u>387,006</u>	-0.92	<u>10.67</u>
Total	<u>3,593,594</u>	<u>3,490,638</u>	2.95	<u>100.00</u>

Fuel cost was the largest item in shipping cost of the Company, and was the most significant key item in cost management. By leveraging on the advantages of the shipping capacity size, structure, vessel type and shipping routes, the Group further implemented centralised management and focused on utilising the synergy of mass procurement. The Group captured market opportunities in the first half of 2017 and purchased approximately 347,800 tonnes of fuel in several batches by fixed price forward contracts. Meanwhile, by strict implementation of economic cruising speed and reasonable heating, fuel consumption was effectively controlled and fuel consumption efficiency was improved.

During the first half of 2017, fuel cost of the Group was approximately RMB946 million, representing an increase of approximately 50.01% as compared to the corresponding period of last year, accounting for approximately 26.34% of the costs of principal operations, the increment was smaller than the increment in international fuel oil prices for the same period. By adopting measures such as economic cruising speed and various energy-saving initiatives, with an increase in turnover by approximately 17.51% as compared to the corresponding period of last year, the Group's average fuel consumption was 2.21 kg/1,000 tonne-nautical miles, representing a decrease of approximately 3.78% as compared to the corresponding period of last year.

3. Interests in the joint ventures' and associates' results

During the first half of 2017, the Group continued to use the strategy of “big customers, big cooperation and big services” as the means and methods such as business discussion meetings to reinforce its connection with other shareholders of joint ventures and associates and for close exchange of management views and requirements of all parties in order to strengthen the management of shipping joint ventures and associates and to improve the operation level of joint ventures and associates.

During the first half of 2017, the Group recognised share of profits of joint ventures and associates of approximately RMB209 million. During the first half of 2017, the five major joint ventures and associates of the Group completed a total turnover volume equivalent to approximately 17.8 billion tonne-nautical miles; realised operating revenue of approximately RMB1.349 billion; and net profit of approximately RMB368 million.

The operating conditions of the four joint ventures during the first half of 2017 are as follows:

Company name	Interest held by the Group	Shipping volume (billion tonne-nautical miles)	Operating revenue (RMB'000)	Net profit attributable to owners of the Company (RMB'000)
CLNG Sino-Ocean Shipping Co., Ltd.	50%	8.8	544,920	125,953
Huahai Petrol Transportation & Trading Co., Limited	50%	0.8	37,570	10,360
Offshore Oil (Yangpu) Shipping Co., Ltd.	43%	0.9	73,370	7,610
		0.8	<u>88,800</u>	<u>24,870</u>

The operating conditions of the associate during the first half of 2017 are as follows:

Company name	Interest held by the Group	Shipping volume (billion tonne-nautical miles)	Operating revenue (RMB'000)	Net profit attributable to owners of the Company (RMB'000)
Shanghai Beihai Shipping Company Limited	40%	6.5	<u>604,360</u>	<u>198,790</u>

The Company's associate, China Shipping Finance Co., Limited (non-shipping enterprise, 25% equity interest was held by the Company) realised net profit of approximately RMB23.45 million during the first half of 2017.

(III) Financial analysis

1. Net cash inflow

The net cash inflow from operating activities of the Group was approximately RMB1,918 million for the Reporting Period (six months ended 30 June 2016: approximately RMB2,606 million).

2. Capital commitments

		30 June 2017	31 December 2016
	<i>Note</i>	<i>(Unaudited)</i> <i>RMB'000</i>	<i>(Unaudited)</i> <i>RMB'000</i>
Authorised and contracted but not provided for:			
Construction and purchases of vessels	(i)	5,904,736	8,891,396
Project investments	(ii)	<u>606,309</u>	<u>655,930</u>
		<u>6,511,045</u>	<u>9,547,326</u>

Note:

- (i) According to the construction and purchase agreements entered into by the Group, these capital commitments will fall due in 2017 to 2018.
- (ii) Included in capital commitments in respect of project investments are commitments to invest in certain projects held by CLNG.

In addition to the above, the Group's share of the capital commitments of its associate which are contracted but not provided for amounted to RMB52,938,000 (31 December 2016: RMB121,969,000). The Group's share of the capital commitments of its joint ventures, which are contracted but not provided for amounted to RMB1,798,617,000 (31 December 2016: RMB2,267,070,000).

3. Capital structure

The Group's net debt-to-equity ratio as at 30 June 2017 was as follows:

	30 June 2017	31 December 2016
	<i>(Unaudited)</i>	<i>(Unaudited and restated)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Total debts	29,094,660	26,540,558
Less: cash and cash equivalents	<u>(6,447,387)</u>	<u>(6,365,791)</u>
Net debt	22,647,273	20,174,767
Total equity	27,313,262	27,423,615
Net debt-to-equity ratio	<u>83%</u>	<u>74%</u>

4. Trade and bills receivables

An ageing analysis of trade and bills receivables at the end of the Reporting Period, based on the invoice date and net of allowance for doubtful debts, is as follows:

	30 June 2017	31 December 2016
	<i>(Unaudited)</i>	<i>(Unaudited and restated)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	975,581	909,612
4 - 6 months	78,670	104,940
7 - 9 months	43,907	102,566
10 - 12 months	37,181	28,127
1 - 2 years	62,876	60,995
Over 2 years	<u>6,604</u>	<u>809</u>
	<u>1,204,819</u>	<u>1,207,049</u>

The Group normally allows a credit period of 30 to 120 days to its major customers. In view of the fact that the Group's trade and bills receivables are related to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

5. Trade and bills payables

An ageing analysis of trade and bills payables at the end of the Reporting Period, based on the invoice date, is as follows:

	30 June 2017 <i>(Unaudited)</i> <i>RMB'000</i>	31 December 2016 <i>(Unaudited and restated)</i> <i>RMB'000</i>
Within 3 months	639,633	1,039,264
4 - 6 months	152,511	58,469
7 - 9 months	122,747	35,738
10 - 12 months	55,163	3,835
1 - 2 years	12,643	19,530
Over 2 years	<u>209,176</u>	<u>193,509</u>
	<u><u>1,191,873</u></u>	<u><u>1,350,345</u></u>

Trade and bills payables are non-interest-bearing and are normally settled in one to three months.

6. Provision and other liabilities

	30 June 2017 <i>(Unaudited)</i> <i>RMB'000</i>	31 December 2016 <i>(Unaudited)</i> <i>RMB'000</i>
Provision for onerous contracts	502,776	495,338
Others	<u>15,302</u>	<u>15,281</u>
	518,078	510,619
Less: current portion	<u>(310,572)</u>	<u>(302,551)</u>
Non-current portion	<u><u>207,506</u></u>	<u><u>208,068</u></u>

As at 30 June 2017, the Group had a provision of RMB502,776,000 (31 December 2016: RMB495,338,000) for onerous contracts relating to the non-cancellable chartered-in vessel contracts.

As at 30 June 2017, the committed charterhire expenses of non-cancellable chartered-in vessel contracts with lease term expiring over twenty-four months from the end of the Reporting Period and with period not being covered by chartered-out vessel contracts of which management cannot reliably assess their onerous contracts amounted to RMB3,466,254,000 (31 December 2016: RMB3,946,995,000).

7. Derivative financial instruments

Interest rate swap agreements, denominated in United States dollars, have been entered into to achieve an appropriate mix of fixed and floating rate exposure consistent with the Group's policy. As at 30 June 2017, the Group had interest rate swap agreements with total notional principal amount of approximately USD554,364,000 (equivalent to approximately RMB3,755,484,000) (31 December 2016: approximately USD537,040,000 (equivalent to approximately RMB3,725,448,000)) which will be matured in 2031 and 2032 (31 December 2016: 2031 and 2032). These interest rate swap agreements are designated as cash flow hedges in respect of the Group's certain bank borrowings with floating interest rates.

During the Reporting Period, the floating interest rates of the bank borrowings were 3-month London Inter-bank Offered Rate ("**Libor**") plus 2.20% (six months ended 30 June 2016: 3-month Libor plus 0.42%, 0.65% or 2.20%).

Loss on the interest rate swaps during the Reporting Period is as follows:

	Six months ended 30 June	
	2017	2016
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Total fair value loss included in the hedging reserve	(49,939)	(369,071)
Hedge loan interest included in finance costs	<u>(25,148)</u>	<u>(277)</u>
Total loss on cash flow hedges of the interest rate swap agreements	<u><u>(75,087)</u></u>	<u><u>(369,348)</u></u>

8. Interest-bearing bank and other borrowings

	30 June 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Current liabilities		
(i) Bank borrowings		
Secured	1,037,253	1,119,250
Unsecured	<u>3,343,313</u>	<u>3,475,198</u>
	4,380,566	4,594,448
(ii) Other borrowings		
Unsecured	<u>1,030,185</u>	<u>30,185</u>
	<u>5,410,751</u>	<u>4,624,633</u>
Non-current liabilities		
(i) Bank borrowings		
Secured	12,805,682	11,460,562
Unsecured	<u>5,530,942</u>	<u>5,149,582</u>
	18,336,624	16,610,144
(ii) Other borrowings		
Unsecured	<u>241,665</u>	<u>271,665</u>
	<u>18,578,289</u>	<u>16,881,809</u>
Total	<u><u>23,989,040</u></u>	<u><u>21,506,442</u></u>

As at 30 June 2017, the Group's interest-bearing bank and other borrowings were secured by pledges of the Group's 31 (31 December 2016: 24) vessels and 3 (31 December 2016: 5) vessels under construction with total net carrying amount of RMB16,250,877,000 (31 December 2016: RMB11,150,917,000) and RMB3,900,848,000 (31 December 2016: RMB6,568,108,000) respectively and pledged bank deposits.

9. Bonds payable

	<i>RMB'000</i>
At 31 December 2016 (unaudited)	3,982,045
Interest charge	<u>1,847</u>
At 30 June 2017 (unaudited)	<u>3,983,892</u>

10. Contingent liabilities

- (i) ELNG holds 30% equity interest in each of Aquarius LNG Shipping Limited (“**Aquarius LNG**”) and Gemini LNG Shipping Limited (“**Gemini LNG**”), and NLNG holds 30% equity interest in each of Capricorn LNG Shipping Limited (“**Capricorn LNG**”) and Aries LNG Shipping Limited (“**Aries LNG**”). Each of these four companies above entered into ship building contracts for the construction of one LNG vessel. After the completion of the construction of the LNG vessels, the four companies would, in accordance with the time charters agreements to be signed, lease the LNG vessels to the following charterers:

Company name	Charterer
Aquarius LNG	Papua New Guinea Liquefied Natural Gas Global Company LDC
Gemini LNG	Papua New Guinea Liquefied Natural Gas Global Company LDC
Capricorn LNG	Mobil Australia Resources Company Pty Ltd.
Aries LNG	Mobil Australia Resources Company Pty Ltd.

On 15 July 2011, the Company entered into four guaranteed leases (the “**Lease Guarantees**”). According to the Lease Guarantees, the Company irrevocably and unconditionally provided the charterers, successors and transferees of the four companies listed above with guarantee (1) for the four companies to fulfil their respective obligations under the lease, and (2) to secure 30% of such amount payable to the charterers under the lease.

According to the term of the Lease Guarantees and taking into account the possible increase in the value of the lease commitments and the percentage of shareholdings by the Company in the above four companies, the amount of lease guaranteed by the Company is limited to USD8,200,000 (equivalent to approximately RMB55,550,000).

The guarantee period is limited to that of the lease period, which is twenty years.

- (ii) At the 2014 seventh Board meeting held on 30 June 2014, the Company approved the ship building contracts, time charter agreements and supplemental construction contracts signed by three joint ventures of the Group for the Yamal LNG project. To secure the obligation of the ship building contracts, time charter agreements and supplemental construction contracts, the Group provided corporate guarantees to the shipbuilders, Daewoo Shipbuilding & Marine Engineering Co., Ltd. and DY Maritime Limited. The total aggregate liability of the Group under the corporate guarantees is limited to USD490,000,000 (equivalent to approximately RMB3,319,456,000). In addition, the Group provides owner's guarantees to the charterer, YAMAL Trade Pte. Ltd. The total aggregate liability of the Group under the owner's guarantees is limited to USD6,400,000 (equivalent to approximately RMB43,356,000).

11. Risk on foreign currency

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollars (“USD”) and Hong Kong dollars (“HKD”) against RMB. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.

As at 30 June 2017, the Group's foreign exchange liabilities mainly comprised secured bank borrowings of approximately RMB13,672 million (31 December 2016: approximately RMB12,480 million), and unsecured bank borrowings of approximately RMB7,663 million (31 December 2016: approximately RMB7,342 million). In addition, the Company would pay dividend for H shares in HKD.

The Group does not have any significant exposure to foreign exchange risk.

(IV) Others

1. Fleet expansion

During the first half of 2017, the Group has achieved further progress in fleet development.

The net cash outflow from investing activities of the Group was approximately RMB4,231 million during the first half of 2017 which mainly include the payments of construction of vessels, purchase of a vessel, compensation to a fellow subsidiary for the decrease in equity under the transition period in respect of disposal of discontinued operation, loans to joint ventures and investment in an associate, of which capital expenditure for the progress payment for vessels construction paid by the Group was approximately RMB3,339 million.

In terms of fleet expansion, six new tankers with a total capacity of approximately 892,000 deadweight tonnes and two new LNG vessels with capacity of approximately 348,000 cubic metres have been delivered for use during the first half of 2017.

As at 30 June 2017, the composition of the Group's fleet is as follows:

	Numbers	Deadweight tonnes/Cubic metres ('000)	Average age (years)
Oil tankers	106	15,556	7.6
LPG vessels	5	15	4
LNG vessels (note)	<u>3</u>	<u>522</u>	1
Total	<u>114</u>	<u>15,571/522</u>	7.5

Note: The carrying capacity of the LNG vessels are measured in cubic metres.

(V) Outlook and highlights for the second half of 2017

1. Competitive landscape and development trend in the industry

At present, a positive trend has emerged in the world economy, according to estimates of the relevant international organisations, the world economy is expected to grow by 3.5% in 2017. This will be the best economic condition in recent years. Meanwhile, as the deep level problems of the world economy has not yet been resolved, it is still facing plenty of instabilities and uncertainties.

Both challenges and opportunities will exist in the international oil shipment market in future. In the short term, oversupply of shipping capacity in the international oil shipment market will continue, together with the arrival of traditional low season in the third quarter, market shipment prices will continue to be under pressure. In the medium to long term, global demand for oil tanker shipping capacity will continue to grow, particularly under the impact of significant growth in crude oil exports of the USA and strong growth of import demand from Asian countries such as China, the demand for long-haul shipments will continue to increase. Meanwhile, with increasingly strict environmental protection requirements and operating cost pressure from old vessels, many old oil tankers may be scrapped and demolished in the next few years, and the market supply and demand conditions may be changed accordingly by then.

For the coastal oil shipment market in future, with accelerated progress in the domestic construction of pipelines and large-scale terminals, changes have occurred in the logistics structure of oil shipments for land refineries, demand for inland water transshipment for imported crude oil may enter underground channels, however benefiting from the open policies for domestic import and crude oil rights, the original demand for waterborne shipment of crude oil will remain stable with a upward trend. Overall speaking, the future coastal oil shipment market will remain stable.

LNG as a clean energy will have broad development prospects in future. According to the 2017 LNG outlook report released by an international energy group, the global LNG trading volume in 2020 will increase by 50% as compared to 2014; while another international energy group forecast that global LNG demand in 2030 will double from 2012; a research institute forecast that global LNG production capacity will increase by 60% in five years. Hence, a large quantity of new LNG projects will be constructed and will commence operation globally in the future.

2. Development strategies and work initiatives of the Company

Based on the macroeconomic environment, industry environment and development opportunities as mentioned above, the Group will position its direction at “One Belt One Road” and establish its foothold in “national oil national shipment” to further participate in international competition. In the second half of 2017 and in the near future, the Group will focus on the following aspects of work:

- (1) Optimise business structure and layout, enhance operating benefits of shipping routes. Firstly, to create core shipping routes. The Group will explore deeply into the shipping demand of customers, strive to create core shipping routes with high revenue and high stability, and to secure stable and solid basic revenue.

Secondly, to strengthen important shipping routes. The Group will deepen business cooperation with large international oil companies and expand into highly profitable western regional markets; it will leverage on the linkage in domestic and international shipments of the Company to enhance the development of regional oil shipment trading routes.

Thirdly, to seize future shipping routes. The Group will fully leverage and play the key roles in “One Belt One Road” and the “Maritime Silk Road”, by following the immediate business development pace of energy enterprises in the PRC, it will strengthen cooperation and realise win-win benefits to secure transportation safety of national energy resources.

- (2) Increase LNG business development efforts, expand the scale of stable income business. The Group will focus on tracking the development status of domestic and international new LNG projects, and by following closely the pattern of global LNG trade of Chinese energy enterprises, it will strive to seek new investment opportunities of LNG projects. By adhering to the principle of developing project vessels, investment in LNG vessels shall be bundled with long-term projects, investment gains of vessels should be locked-in to further enhance the portion of stable income business in the Group to strengthen the corporate profitability and risk resistance ability.
- (3) Develop shipping capacity by multiple strategies, enlarge the economies of scale of the fleet of the Group. At present, both the international ship purchase/building market and oil tanker company valuations are at relatively low levels. The Group will track market movements closely in order to capture appropriate low cost development and acquisition opportunities decisively for further reducing the average cost and enlarging

the economies of scale of the fleet of the Group. Meanwhile, by leveraging the advantages of the long-term cooperation and win-win mechanism established with strategic customers over the years, and other means such as increasing efforts in time charter cooperation with large customers as well as building customised shipping capacity for large customers and leasing out by way of time charters, cargo sources and income of new shipping capacity will be locked-in simultaneously with the development of shipping capacity to avoid development risk.

- (4) Adhere to cost-oriented strategies, improve cost control capabilities continuously. The Group will continue to implement the fuel price locking mechanism by improving the accuracy of estimating the trend of oil prices and formulating long-term, medium-term and short-term operation plans to stay in line with the market pace. Meanwhile, reasonably determine the best efficient cruising speed and comprehensively enhance lean management in all aspects of fuel consumption to control fuel oil consumption. Besides, the Group will further increase the effort of integrating internal resources, continue to strengthen communication and coordination with cargo suppliers, and strive to achieve new breakthrough in the management and control of various costs and expenses in order to create low cost competitive advantages.
- (5) To accelerate the pace of overseas business expansion based on the results of global network building. The Group has formed a global layout with China as its headquarters and with overseas networks based in Singapore, London, Houston and Hong Kong. In the next phase, all overseas networks will be fully utilised to assist the business developments of Chinese energy enterprises under the “One Belt One Road” initiative, and to deepen cooperation with large international oil companies to implement the service concept of “providing full range shipping solutions for global customers” by offering all types of vessels at all times with comprehensive customised services to enhance the loyalty of customers, optimise the business structure and improve the operation efficiency.
- (6) Implement safety marketing measures to ensure safe development of enterprise. Safety is the lifeline for oil shipment enterprise, and is also the core competitiveness of the Group. The Group will accelerate the construction and implementation of a unified safety management system to further promote the merging of safety culture, safety concepts, safety system and safety measures for enhancing the core competitiveness of the Group continuously.

- (7) Emphasise on nurturing talents, strengthen team building. The Group will formulate team building plans for skeleton personnel according to fleet development plans and development needs of various business segments to strengthen the building of an international and composite team of skeleton personnel. Meanwhile, the Group will actively explore and establish a long-term mechanism for education and training, advocate the equity incentive plan actively, strive to build a high-quality shipping crew to secure human resources for fleet development.

III. OTHER MATTERS

1. Events after the Reporting Period

The Group does not have other significant events after the end of the Reporting Period.

2. Compliance with the Corporate Governance Code

The Board is committed to the principles of corporate governance and focuses on enhancing shareholders' value. In order to reinforce independence, accountability and responsibility, positions of Chairman of the Board and chief executive officer are assumed by different individuals so as to maintain independence and balanced judgment and views.

During the Reporting Period, the Company has complied with the code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Company has established four professional committees under the Board, including an audit committee, a remuneration and appraisal committee, a strategy committee and a nomination committee with defined terms of reference.

3. Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the Reporting Period.

4. Audit Committee

The Board has established an Audit Committee to review the financial reporting procedures and internal control of the Group and to provide guidance thereto. The Audit Committee comprises three independent non-executive Directors.

The Audit Committee has reviewed the interim results of the Company for the Reporting Period.

5. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions.

Following specific enquiries made with the directors, supervisors and chief executives of the Company, each of them has confirmed to the Company that he or she has complied with the Model Code during the Reporting Period.

6. Employees

Adjustments of employee remuneration are calculated in accordance with the Company’s turnover and profitability and are determined by assessing the correlation between the total salary paid and the economic efficiency of the Company. Under this mechanism, management of employees’ remuneration will be more efficient while employees will be motivated to work hard to bring good results for the Company. Save for the remuneration policy disclosed above, the Company does not maintain any share option scheme for its employees and the employees do not receive any bonus. The Company regularly provides its administrative personnel with training on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws. Such training may be in different forms, such as seminars, site visits and study tours.

As at 30 June 2017, the Group had 6,073 employees. During the Reporting Period, the total staff cost was approximately RMB678 million.

7. Investor Relations

The Company has actively and faithfully performed its duties regarding disclosure of information and work on investor relations. The Company has strictly abided by the principles of regulatory, accurate, complete and timely disclosure of information. The Company has established a designated department responsible for matters concerning investor relations and has formulated the “Investor Relations Management Measures” to regulate the relations with investors. Through various approaches and channels such as organising results presentation, roadshow, telephone conference, corporate website, investors’ visits to the Company and answering investors’ enquires, the Company strengthens its communication and relationship with investors and analysts, thereby enhancing investors’ recognition of the Company.

The Company has maintained investor relations section on its website at www.coscoshippingenergy.com to disseminate information to its investors and shareholders on a timely basis.

8. Supplementary information to be published on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company

In accordance with the requirements of the Listing Rules, details of the Group’s financial and related information will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.coscoshippingenergy.com).

The financial information set out above does not constitute the Company’s statutory financial statements for the Reporting Period and the six months ended 30 June 2016, but is derived from the condensed consolidated financial information prepared in accordance with the applicable disclosure requirements of the Listing Rules and HKAS 34 “Interim Financial Reporting”. The condensed consolidated financial information for the Report Period will be included in the interim report of the Company for the Report Period and delivered to the Company’s shareholders as well as made available on the Company’s and the Stock Exchange’s websites.

By order of the Board
COSCO SHIPPING Energy Transportation Co., Ltd.
Sun Jiakang
Chairman

Shanghai, the PRC
29 August 2017

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Sun Jiakang, Mr. Liu Hanbo and Mr. Lu Junshan as executive directors, Mr. Feng Boming, Mr. Zhang Wei and Ms. Lin Honghua as non-executive directors, Mr. Wang Wusheng, Mr. Ruan Yongping, Mr. Ip Sing Chi, Mr. Rui Meng and Mr. Teo Siong Seng as independent non-executive directors.

** For identification purposes only*