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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)

Third Quarterly Report of 2019

SUMMARY

This Report for the three months ended 30 September 2019 of the Group has been prepared in accordance with the regulations on Disclosure of Information in Quarterly Reports for Listed Companies issued by the China Securities Regulatory Commission. This Report is published simultaneously in Shanghai and Hong Kong. All financial information set out in this Report is unaudited and prepared in accordance with the PRC GAAP.

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

§1 IMPORTANT

- 1.1 This third quarterly report (the “**Report**”) for the three months ended 30 September 2019 (the “**Reporting Period**”) of COSCO SHIPPING Energy Transportation Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) has been prepared in accordance with the regulations on Disclosure of Information in Quarterly Reports for Listed Companies issued by the China Securities Regulatory Commission. The Report is published simultaneously in Shanghai of the People’s Republic of China (the “**PRC**”) and the Hong Kong Special Administrative Region of the PRC (“**Hong Kong**”). All financial information set out in the Report is unaudited and prepared in accordance with the accounting principles generally accepted in the PRC (the “**PRC GAAP**”).

§2 PARTICULARS OF THE COMPANY

2.1 Principal financial data and statistics highlights

Item	As at	As at 31 December 2018		Increase/ Decrease (%)
	30 September 2019	After Adjustment	Before Adjustment	
Total assets (<i>RMB</i>)	66,432,389,845.78	63,416,267,446.09	63,416,267,446.09	4.76
Net assets attributable to shareholders of the Company (<i>RMB</i>)	28,336,047,080.15	28,191,620,047.08	28,191,620,047.08	0.51
	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018		Increase/ Decrease (%)
	30 September 2019	After Adjustment	Before Adjustment	
Net cash flow from operating activities (<i>RMB</i>)	3,591,699,475.31	1,064,897,620.47	1,067,268,328.80	237.28
	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018		Increase/ Decrease (%)
	30 September 2019	After Adjustment	Before Adjustment	
Operating revenue (<i>RMB</i>)	10,530,777,946.23	8,304,070,527.33	8,292,210,213.85	26.81
Net profit attributable to shareholders of the Company (<i>RMB</i>)	582,803,349.78	-270,850,435.50	-268,314,660.54	315.18
Net profit attributable to shareholders of the Company after exceptional items (<i>RMB</i>)	594,947,652.71	-330,365,568.65	-327,829,793.69	280.09
Rate of return on net assets (%) (<i>weighted</i>)	2.05	-0.97	-0.96	increase 3.02 percentage points
Basic earnings per share (<i>RMB</i>)	0.1445	-0.0672	-0.0665	315.18
Diluted earnings per share (<i>RMB</i>)	0.1445	-0.0672	-0.0665	315.18

Exceptional items and amount

Items	For the three months ended 30 September 2019	For the nine months ended 30 September 2019 <i>Amount (RMB)</i>
Gain or loss from disposal of noncurrent assets	-902,149.60	-8,827,727.62
Government grants included in gains or losses for the current period, excluding those closely related to the Company's ordinary course of business and granted on an on-going basis in fixed amount or volume according to certain standards and adhering to certain principles under national policies	66,000.00	126,000.00
Other non-operating revenue and expenses in addition to the above items	2,098,830.07	-2,583,432.41
Effect from minority interests (after tax)	-464,441.66	-160,398.41
Income tax effect	-315,671.24	-698,744.49
Total	482,567.57	-12,144,302.93

2.2 Total number of shareholders as at the end of the Reporting Period, the shareholding of the top 10 shareholders and the shareholding of the top 10 shareholders of shares without any selling restrictions

Name of shareholders (full name)	Number of shares	Shareholding (%)	Top 10 shareholders		
			Number of shares with selling restrictions	Number of shares subject to pledge or lock up	Type of shareholders
					85,614
China Shipping Group Company Limited ⁽¹⁾ (中國海運集團有限公司)	1,536,924,595	38.12	0	Nil	State-owned entity
HKSCC NOMINEES LIMITED ⁽²⁾	1,285,446,978	31.88	0	Unknown	Offshore entity
Hong Kong Securities Clearing Company Ltd. (HKSCC) 香港中央結算有限公司	107,826,485	2.67	0	Nil	Offshore Entity
Central Huijin Assets Management Company Ltd (中央匯金資產管理有限責任公司)	92,709,700	2.30	0	Nil	State-owned entity
China Securities Finance Co., Ltd. (中國證券金融股份有限公司)	31,356,641	0.78	0	Nil	State-owned entity
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Asset Management Plan (嘉實基金－農業銀行－嘉實中證金融資產管理計劃)	24,879,500	0.62	0	Nil	Others
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan (廣發基金－農業銀行－廣發中證金融資產管理計劃)	24,879,500	0.62	0	Nil	Others
Zhongou Fund – Agricultural Bank of China – Zhongou CSI Financial Asset Management Plan (中歐基金－農業銀行－中歐中證金融資產管理計劃)	24,879,500	0.62	0	Nil	Others
National Social Security Fund – 412 Allocation (全國社保基金四一二組合)	20,847,700	0.52	0	Others	
Peng Heqin (彭賀慶)	15,611,774	0.39	0	7,469,664	Domestic natural person
				shares subject to pledge	

Top ten holders of shares in circulation without any selling restrictions⁽³⁾

Name of shareholders (full name)	Number of shares in circulation without any selling restrictions as at the end of the Reporting Period	Type of shares
China Shipping Group Company Limited ⁽¹⁾ (中國海運集團有限公司)	1,536,924,595	RMB ordinary shares
HKSCC NOMINEES LIMITED ⁽²⁾	1,285,446,978	Offshore listed H shares
Hong Kong Securities Clearing Company Ltd. (HKSCC) 香港中央結算有限公司	107,826,485	RMB ordinary shares
Central Huijin Assets Management Company Ltd (中央匯金資產管理有限責任公司)	92,709,700	RMB ordinary shares
China Securities Finance Co., Ltd. (中國證券金融股份有限公司)	31,356,641	RMB ordinary shares
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Asset Management Plan (嘉實基金－農業銀行－嘉實中證 金融資產管理計劃)	24,879,500	RMB ordinary shares
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan (廣發基金－農業銀行－廣發中證金融 資產管理計劃)	24,879,500	RMB ordinary shares
Zhongou Fund – Agricultural Bank of China – Zhongou CSI Financial Asset Management Plan (中歐基金－農業銀行－中歐中證金融 資產管理計劃)	24,879,500	RMB ordinary shares
National Social Security Fund – 412 Allocation (全國社保基金四一二組合)	20,847,700	RMB ordinary shares
Peng Heqin (彭賀慶)	15,611,774	RMB ordinary shares

Note:

- ⁽¹⁾ As at the end of 30 September 2019, China Shipping Group Company Limited (“**China Shipping**”) and its subsidiaries held 7,000,000 A shares of the Company through CICC-CCB-Zhongjin Ruihe Collective Asset Management Schemes (中金公司－建設銀行－中金瑞和集合資產管理計劃), held 2,065,494 A shares of the Company through Guotai Junan Securities Asset Management-Industrial Bank – Guotai Junan Junxiang Xinli No.6 Collective Asset Management Schemes (國泰君安證券資管－興業銀行－國泰君安君享新利六號集合資產管理計劃) and held 8,641,504 A shares of the Company through AEGON-INDUSTRIAL Fund-Bank of Shanghai-China Shipping (Group) Company (興業全球基金－上海銀行－中國海運(集團)總公司). Therefore, China Shipping and its subsidiaries held 1,554,631,593 A shares of the Company in aggregate as at the end of the Reporting Period, representing 38.56% of the total number of shares of the Company.

- (2) HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) holds H shares of the Company on behalf of customers of all securities firms in Hong Kong and other CCASS participants.
- (3) The Company has no shareholder of restricted shares, therefore the top 10 shareholders of restricted shares are the same as the top 10 shareholders of unrestricted shares. No connected relationship exists between the 1st shareholder and the 2nd to 10th shareholders, but it is unknown whether connected relationship or concerted action relationship exists among the 2nd to 10th shareholders.

§3 SIGNIFICANT EVENTS

3.1 Brief analysis of the company's operation in the first three quarters of 2019

During the third quarter of 2019, global oil demand reached around 100.70 million barrels per day (“mbpd”), representing an increase of approximately 1.77 mbpd compared to the second quarter of the year, which has demonstrated a promising trend in the global oil demand. During the first three quarters of 2019, crude oil production and exports from the United States continued to grow, supporting the tanker tonne-mile demand and partially offset the impact of production cuts by the Organization of the Petroleum Exporting Countries. In terms of tanker supply, in the first three quarters of the year 52 very large crude carriers (“VLCC”) were delivered while only 4 were demolished. Nevertheless, Iranian tankers were under continuing restrictions, the geopolitical context was becoming more complex, and tankers participated in drydocking programs for installation of exhaust gas cleaning systems, which further reduced the effective tanker supply and improved the supply-demand dynamics of tankers. Between January and September 2019, VLCC Middle East-China (TD3C) route saw an average daily earning of USD22,335, representing a year-on-year growth of approximately 114%, and daily earnings on major routes of other tanker sizes had a year-on-year growth of 64%-225%.

During the first nine months of 2019, the Group realized tanker utilization of 5,044.86 million tonne-days (representing a year-on-year increase of 5.02%), transportation volume (excluding time charters) of 116.86 million tons (representing a year-on-year increase of 2.86%) and turnover (excluding time charters) of 367.1 billion tonne-miles (representing a year-on-year decrease of 7.2%). The Group achieved operating revenue of RMB10.531 billion (representing a year-on-year growth of 26.82%), operating expense of RMB8.465 billion (representing a year-on-year growth of 14.16%) and net profit attributable to shareholders of the Company of RMB583 million (representing a year-on-year increase of 315.13%).

Significant changes in the principal items and highlights in the financial statements of the Company during the Reporting Period and the reasons

Unit: RMB

Balance Sheet Item	30 September 2019	1 January 2019	Change (%)	Reason for Significant Changes
Accounts receivable	1,521,280,939.29	735,240,596.98	106.91	Note ⁽¹⁾
Fixed assets	48,101,599,285.21	48,925,781,117.16	-1.68	Note ⁽²⁾
Construction in process	1,397,539,681.79	385,663,191.68	262.37	Note ⁽³⁾
Right-of-use asset	2,379,179,420.47	–	Not applicable	Note ⁽⁴⁾
Staff remuneration payable	133,036,741.34	296,989,592.00	-55.20	Note ⁽⁵⁾
Lease liabilities	2,312,538,095.95	–	Not applicable	Note ⁽⁶⁾

Notes:

- (1) Accounts receivables increased by RMB786 million, or 106.91%, as compared to the beginning of the year, mainly because freight revenue had a year-on-year growth throughout the first nine months of 2019, which resulted in the increase of the balance of trade receivables.
- (2) Fixed assets decreased by RMB824 million, or 1.68%, compared to the beginning of the year mainly due to depreciation, changes in the foreign exchange rates and reclassification of certain fixed assets into construction in progress as a result of renewal reconstruction during the first nine months of 2019.
- (3) Construction in progress increased by RMB1,012 million, or 262.37%, compared to the beginning of the year, mainly due to the installments paid for vessels under construction and reclassification of certain fixed assets into construction in progress as a result of renewal reconstruction during the first nine months of 2019.
- (4) Right-of-use assets increased by RMB2.379 billion, which was due to the recognition of applicable lease assets which meet the relevant conditions as right-of-use assets upon implementation of the Accounting Standards for Business Enterprises No. 21 – Leases (the “**New Standards on Leases**”).
- (5) Staff remuneration payable decreased by approximately RMB164 million, or 55.20%, mainly due to the payment of staff remuneration during the first nine months of 2019 which was accrued by the end of 2018.
- (6) Lease liabilities increased by approximately RMB2.313 billion as a result of the recognition of liabilities which meet the relevant conditions as lease liabilities upon implementation of the New Standards on Leases.

Unit: RMB

Income Statement Items				Reason for Significant Changes
	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Change (%)	
Operating revenue	10,530,777,946.23	8,304,070,527.33	26.81	Note ⁽⁷⁾
Operating expense	8,464,996,379.62	7,414,789,759.71	14.16	Note ⁽⁸⁾
Finance costs	1,124,752,282.96	864,323,043.08	30.13	Note ⁽⁹⁾
Investment income	519,397,902.21	382,170,534.95	35.91	Note ⁽¹⁰⁾
Operating income	942,075,844.98	-18,856,756.48	5,095.96	Note ⁽¹¹⁾

Notes:

- ⁽⁷⁾ Operating revenue increased by RMB2.227 billion, or 26.81%, mainly because there was a recovery in the international oil shipping market during the first nine months of 2019, and as a result the freight rates improved compared to the same period of last year, and revenue from international tanker segment experienced a year-on-year increase. In March 2018, the Group completed the acquisition of COSCO PetroChina SHIPPING Co., Ltd. (formerly known as Dalian PetroChina Shipping Co., Ltd.), which increased the Group's revenue from domestic tanker segment and operating fleet for the nine months in 2019.
- ⁽⁸⁾ Operating expense increased by RMB1.05 billion, or 14.16%, mainly due to the increase in operating fleet during the first nine months of 2019, the increase in the oil prices and the acquisition of COSCO PetroChina SHIPPING Co., Ltd. in March 2018.
- ⁽⁹⁾ Finance costs increased by RMB260 million, or 30.13%, mainly because of changes in the exchange rates of US dollars and increase of the interest rates which in turn led to the increase in the interest expenses, and the interest expenses of vessel loan upon delivery of the vessels under construction were converted from capitalized to expensed.
- ⁽¹⁰⁾ Investment income increased by RMB137 million, or 35.91%, mainly due to the substantial year-on-year increase in profits from the Group's associates and joint ventures during the first nine months in 2019.
- ⁽¹¹⁾ Operating profit increased by RMB961 million, or 5,095.96%, due to the recovery in the international oil shipping market and the increase in the freight rates, the year-on-year increase in the operating fleet of the Company and the improvement in the flexibility and profitability of operations during the first nine months of 2019.

Unit: RMB

Cash Flow Statement Items	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Change (%)	Reason for Significant Changes
Net cash generated from operating activities	3,591,699,475.31	1,064,897,620.47	237.28	Note ⁽¹²⁾
Net cash generated from investing activities	-309,562,514.57	-1,038,676,353.89	70.20	Note ⁽¹³⁾
Net cash generated from financing activities	-3,133,080,819.21	-1,073,151,410.21	-191.95	Note ⁽¹⁴⁾

Notes:

- ⁽¹²⁾ Net cash generated from operating activities increased by RMB2.527 billion, or 237.28%, mainly due to significant increase in operating revenue, improvement in the Group's profitability and increase in the operating results during the first nine months of 2019.
- ⁽¹³⁾ Net cash generated from investing activities increased by RMB729 million, or 70.20%, mainly because installments paid for vessels under construction during the first nine months of 2019 decreased as compared to the same period of last year.
- ⁽¹⁴⁾ Net cash generated from financing activities decreased by RMB2.06 billion, or 191.95%, mainly due to a year-on-year increase in repayment of debts during the first nine months of 2019.

3.2 Progress of significant events and effects thereof and analysis on solutions

1. *Proposed Non-public Issuance of A shares*

Upon consideration and approval by the tenth meeting of the board of directors of the Company (the “**Board**”) of 2017, the twelfth meeting of the Board of 2017, the third extraordinary general meeting of 2017, the first A shares class meeting of 2017 and the first H shares class meeting of 2017, the Company will issue a maximum of 806,406,572 A shares (subject to adjustment) to not more than 10 specific target subscribers, including China COSCO Shipping Corporation Limited* (“**COSCO SHIPPING**”), which will raise gross proceeds of RMB5.4 billion (subject to approval by regulatory authorities) (the “**Proposed Non-public Issuance of A Shares**”).

The issue price of the A shares to be issued under the Proposed Non-public Issuance of A Shares shall not be lower than either (i) 90% of the average trading price (being the average trading price of the A shares during the 20 trading days immediately preceding the price determination date) or (ii) the net asset value per share as set out at the latest audited consolidated financial statements of the Company.

The gross proceeds to be raised from the Proposed Non-public Issuance of A shares is RMB5.4 billion (inclusive of the subscription for an amount of not more than RMB4.2 billion by COSCO SHIPPING pursuant to the subscription agreement), which are intended to be used in the following manner:

- (i) approximately RMB4.99 billion will be used for the construction of 14 additional oil tankers; and
- (ii) approximately RMB0.41 billion will be used for the acquisition of two Panamax oil tankers.

On 15 December 2017, the Company was notified by COSCO SHIPPING that it received the approval from the State-owned Assets Supervision and Administration Commission of the State Council of the People’s Republic of China in respect of the Proposed Non-public Issuance of A Shares and the proposed subscription of A shares by COSCO SHIPPING under the Proposed Non-public Issuance of A Shares (the “**Proposed Subscription**”).

At the extraordinary general meeting, the A shares class meeting and the H shares class meeting of the Company held on 26 July 2019, (i) amendments to certain terms of the Proposed Non-public Issuance of A Shares, to take into account the effect of dividends and other rights events (such as bonus issue, capitalization of capital reserves, additional issuance or placing of new shares) on the issue price; and (ii) the supplemental agreement dated 29 May 2019 entered into between the Company and COSCO SHIPPING to incorporate the changes to the terms of the Proposed Non-public Issuance of A Shares to the subscription agreement dated 30 October 2017 entered into between the Company and COSCO SHIPPING in relation to the Proposed Subscription, were approved.

The Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong granted the new whitewash waiver and the consent to the special deal on 24 July 2019. For details of the new whitewash waiver and the special deal, please refer to the announcement of the Company dated 26 July 2019).

On 25 October 2019, the Issuance Examination Committee of the China Securities Regulatory Commission (中國證券監督管理委員會發行審核委員會) reviewed the application for the Proposed Non-public Issuance of A Shares. According to the review results, the Company's application for the Proposed Non-public Issuance of A Shares was approved. As at the date of this Report, the Company has not received the formal approval in writing from the China Securities Regulatory Commission. The Company will further announce relevant information based on the progress of the Proposed Non-public Issuance of A Shares and in accordance with the disclosure requirements under relevant laws and regulations. Investors are advised to pay attention to the investment risks thereof.

2. The Company, after making enquiries, noted that COSCO SHIPPING Tanker (Dalian) Co., Ltd., a direct wholly-owned subsidiary of the Company, was added to the Specially Designated Nationals and Blocked Persons List by the Office of Foreign Assets Control of the US Department of the Treasury on 25 September 2019 (American Eastern Time). The Company is comprehensively organizing its various businesses, assessing the relevant impact, and conducting various response work.

3.3 Undertakings that have not been fulfilled within the Reporting Period

Not applicable

3.4 Warning on any potential loss in accumulated net profit for the period from the beginning of the year to the end of the next reporting period or any material change from the corresponding period last year and the reason thereof

Not applicable

§4 APPENDIX

Consolidated Balance Sheet

Items	30 September 2019 <i>RMB</i>	31 December 2018 <i>RMB</i>
Current assets		
Cash and cash equivalents	3,705,898,507.17	3,468,782,121.73
Notes receivable	30,774,196.74	16,869,114.44
Accounts receivable	1,521,280,939.29	735,240,596.98
Prepayments	396,874,780.20	341,779,277.31
Other receivables	363,592,468.89	277,247,646.08
Including: Interests receivable	427,430.00	14,632,909.84
Dividends receivable		
Inventory	699,334,718.92	926,846,707.15
Contract assets	486,691,548.27	1,057,467,712.50
Non-current assets maturing within one year	57,128,239.84	13,137,174.65
Other current assets	109,565,835.53	107,281,000.44
Total current assets	7,371,141,234.85	6,944,651,351.28
Non-current assets		
Long-term receivables	1,256,108,535.85	1,447,226,864.52
Long-term equity investment	5,273,995,741.98	5,208,244,034.29
Other equity investments	361,200,883.55	268,278,396.44
Investment properties	21,286,124.71	21,286,124.71
Fixed assets	48,101,599,285.21	48,925,781,117.16
Construction in progress	1,397,539,681.79	385,663,191.68
Right-of-use asset	2,379,179,420.47	
Intangible assets	74,433,575.27	76,372,060.06
Goodwill	73,324,705.01	73,324,705.01
Long-term deferred expenses	7,607,460.84	17,871,627.55
Deferred income tax asset	114,973,196.25	47,567,973.39
Total non-current assets	59,061,248,610.93	56,471,616,094.81
Total assets	66,432,389,845.78	63,416,267,446.09

Items	30 September 2019 RMB	31 December 2018 RMB
Current liabilities		
Short-term borrowings	4,133,205,500.00	4,256,270,052.28
Accounts payable	1,755,963,820.42	1,454,436,260.10
Receipts in advance	12,303,232.66	959,512.97
Contract liabilities	8,821,789.97	59,528,224.29
Staff remuneration payable	133,036,741.34	296,989,592.00
Taxes payable	65,582,124.57	26,730,557.13
Other payables	421,051,382.12	440,435,854.80
Including: Interests payable	203,971,106.39	176,777,119.48
Dividends payable	66,066,856.40	76,066,856.40
Non-current liabilities maturing within one year	6,289,143,712.59	4,346,225,859.54
Total current liabilities	12,819,108,303.67	10,881,575,913.11
Non-current liabilities		
Long-term borrowings	16,982,935,592.56	18,786,375,272.85
Bonds payable	2,494,311,128.25	2,491,251,602.29
Leasing obligation	2,312,538,095.95	
Long-term payables	1,125,134,511.99	1,109,592,274.84
Long-term staff remuneration payable	159,505,678.83	157,070,431.83
Estimated liabilities		
Deferred income tax liabilities	411,662,164.21	365,821,937.93
Other non-current liabilities	752,806,815.83	352,381,949.79
Total non-current liabilities	24,238,893,987.62	23,262,493,469.53
Total liabilities	37,058,002,291.29	34,144,069,382.64
Shareholders' equity		
Share capital	4,032,032,861.00	4,032,032,861.00
Capital reserve	7,541,863,608.09	7,559,335,405.61
Accumulated other comprehensive income	337,703,050.00	291,788,144.87
Specific reserve	22,855,102.12	24,846,060.34
Surplus reserve	2,877,436,346.44	2,877,436,346.44
Undistributed profit	13,524,156,112.50	13,406,181,228.82
Total equity attributable to owners of the parent company	28,336,047,080.15	28,191,620,047.08
Minority interests	1,038,340,474.34	1,080,578,016.37
Total shareholders' equity	29,374,387,554.49	29,272,198,063.45
Total liabilities and shareholders' equity	66,432,389,845.78	63,416,267,446.09

Balance Sheet of Parent Company

Items	30 September 2019 <i>RMB</i>	31 December 2018 <i>RMB</i>
Current assets		
Cash and cash equivalents	712,762,193.23	474,633,692.24
Accounts receivable	23,308,026.41	3,240,257.61
Prepayments	24,045,280.23	3,099,355.88
Other receivables	1,818,002,640.00	2,636,991,520.53
Including: Interests receivable	135,311,827.95	65,644,736.79
Dividends receivable	61,427,461.59	61,427,461.59
Inventory	16,475,059.41	4,791,391.36
Contract assets	2,314,227.09	2,600,512.42
Non-current assets maturing within one year	1,500,000,000.00	4,000,000,000.00
Other current assets	55,349,004.77	28,075,000.47
Total current assets	4,152,256,431.14	7,153,431,730.51
Non-current assets		
Long-term equity investment	17,968,862,360.67	17,947,163,620.43
Investment properties	170,456,666.00	476,867,026.00
Fixed assets	1,603,264,126.58	1,087,732,676.90
Construction in progress	702,085,897.74	330,425,040.95
Right-of-use asset	1,440,080.03	
Intangible assets	851,394.09	1,016,634.85
Other non-current assets	7,421,865,653.97	4,933,632,000.00
Total non-current assets	27,868,826,179.08	24,776,836,999.13
Total assets	32,021,082,610.22	31,930,268,729.64
Current liabilities		
Short-term borrowings	1,339,410,000.00	1,339,410,000.00
Accounts payable	21,365,407.45	3,106,298.12
Receipts in advance	5,091,344.41	
Staff remuneration payable	8,412,068.53	60,702,905.62
Taxes payable	1,666,739.89	493,651.47
Other payables	2,296,631,071.35	2,194,792,394.90
Including: Interests payable	131,256,761.59	54,740,290.11
Non-current liabilities maturing within one year	1,501,016,195.42	1,498,439,461.42
Total current liabilities	5,173,592,827.05	5,096,944,711.53

Items	30 September 2019	31 December 2018
	<i>RMB</i>	<i>RMB</i>
Non-current liabilities		
Long-term borrowings	300,000,000.00	140,000,000.00
Bonds payable	2,494,311,128.25	2,491,251,602.29
Deferred income tax liabilities	192,458,363.06	192,458,363.06
Total non-current liabilities	2,986,769,491.31	2,823,709,965.35
Total liabilities	8,160,362,318.36	7,920,654,676.88
Shareholders' equity		
Share capital	4,032,032,861.00	4,032,032,861.00
Capital reserve	7,819,303,315.53	7,808,771,695.53
Accumulated other comprehensive income	274,037,946.16	274,037,946.16
Specific reserve	745,133.84	
Surplus reserve	2,877,436,346.44	2,877,436,346.44
Undistributed profit	8,857,164,688.89	9,017,335,203.63
Total shareholders' equity	23,860,720,291.86	24,009,614,052.76
Total liabilities and shareholders' equity	32,021,082,610.22	31,930,268,729.64

Consolidated Income Statement

Items	July – September 2019 RMB	July – September 2018 RMB	January – September 2019 RMB	January – September 2018 RMB
1. Total operating revenue	3,393,235,703.10	3,177,616,577.27	10,530,777,946.23	8,304,070,527.33
Including: Operating revenue	3,393,235,703.10	3,177,616,577.27	10,530,777,946.23	8,304,070,527.33
2. Total cost of sales	3,350,289,214.13	3,273,670,589.08	10,111,423,900.06	8,761,702,217.44
Including: Operating cost	2,764,103,213.40	2,778,626,212.89	8,464,996,379.62	7,414,789,759.71
Business taxes and other surcharges	9,109,241.11	15,072,850.48	46,479,122.98	37,628,560.86
Selling expenses	38,126,453.62	2,984,504.67	49,752,809.02	10,918,434.35
Administrative expenses	134,392,994.58	146,690,934.41	418,689,232.83	434,042,419.44
Research & development expenditure	2,966,347.30		6,754,072.65	
Financing expenses	401,590,964.12	330,296,086.63	1,124,752,282.96	864,323,043.08
Including: Interest expenses	431,992,887.71	323,970,571.03	1,126,020,941.82	914,748,484.53
Interest income	31,971,729.35	16,832,511.42	82,715,130.20	83,747,549.39
Loss on impairment of assets				
Loss on impairment of credit				
Add: Other income	2,376,845.66	30,050,343.00	20,503,508.27	57,480,343.00
Add: Investment income				
("–" for investment loss)	196,174,663.13	121,263,882.82	519,397,902.21	382,170,534.95
Including: Investment income from associates and joint ventures	186,508,208.55	112,562,416.74	517,657,025.63	373,469,068.87
Gain or loss from fair value changes ("–" for loss)		-2,062,565.26		661,116.35
Credit impairment losses ("–" for credit impairment loss)	39,686.07	3,745,378.77	-17,179,611.67	-1,537,060.67
3. Operating profit ("–" for operating loss)	241,537,683.83	56,943,027.52	942,075,844.98	-18,856,756.48
Add: Non-operating revenue	2,233,385.24	6,812,052.67	5,785,186.08	10,586,634.48
Less: Non-operating expenditure	970,704.77	75,500.12	9,144,768.09	4,706,332.67
4. Gross profit ("–" for gross loss)	242,800,364.30	63,679,580.07	938,716,262.97	-12,976,454.67
Less: Income tax	55,809,776.92	41,097,511.15	143,341,400.34	91,553,087.93
5. Net profit ("–" for net loss)	186,990,587.38	22,582,068.92	795,374,862.63	-104,529,542.60
(1) Classified by operation continuity				
a. Net profit from continuing operations ("–" for net loss)	186,990,587.38	22,582,068.92	795,374,862.63	-104,529,542.60
b. Net profit from discontinued operation ("–" for net loss)				
(2) Classified by ownership				
a. Net profit attributable to owners of parent company	113,897,153.68	-53,464,937.80	582,803,349.78	-270,850,435.50
b. Net profit attributable to minority shareholders	73,093,433.70	76,047,006.72	212,571,512.85	166,320,892.90

Items	July – September 2019 RMB	July – September 2018 RMB	January – September 2019 RMB	January – September 2018 RMB
6. Other comprehensive net income after tax	117,879,617.86	403,921,926.13	-129,445,834.66	581,513,910.24
Other comprehensive net income after tax attributable to owners of parent company	187,972,824.79	392,392,756.90	45,914,905.13	506,422,440.24
(1) Other comprehensive income not to be re-classified subsequently to profit or loss	-4,902,955.40	16,333,210.55	37,645,186.54	5,578,396.21
a. Gain or loss from changes in the fair value of other equity investments	-4,902,955.40	16,333,210.55	37,645,186.54	5,578,396.21
(2) Other comprehensive income to be reclassified to profit or loss	192,875,780.19	376,059,546.35	8,269,718.59	500,844,044.03
a. Portion of other comprehensive income to be re-classified to profit or loss under equity method	75,044,632.92	80,372,999.45	-32,867,786.66	92,523,165.52
b. Effective portion of profit or loss on cash flow hedges	-71,226,558.83	-6,590,087.63	-172,033,489.35	44,706,599.51
c. Foreign currency translation gains or losses	189,057,706.10	302,276,634.53	213,170,994.60	363,614,279.00
d. Gain or loss from changes in the fair values of available-for-sale financial assets				
Other comprehensive net income after tax attributable to minority shareholders	-70,093,206.93	11,529,169.23	-175,360,739.79	75,091,470.00
7. Total comprehensive income	304,870,205.24	426,503,995.05	665,929,027.97	476,984,367.64
Total comprehensive income attributable to owners of parent company	301,869,978.47	338,927,819.10	628,718,254.91	235,572,004.74
Total comprehensive income attributable to minority shareholders	3,000,226.77	87,576,175.95	37,210,773.06	241,412,362.90
8. Earnings per share				
(1) Basic earnings per share (RMB per share)	0.0282	-0.0133	0.1445	-0.0672
(2) Diluted earnings per share (RMB per share)	0.0282	-0.0133	0.1445	-0.0672

Income Statement of Parent Company

Items	July –	July –	January –	January –
	September 2019	September 2018	September 2019	September 2018
	RMB	RMB	RMB	RMB
1. Operating revenue	43,875,647.10	20,561,557.80	81,846,147.81	68,136,066.34
Less: Operating cost	32,964,562.80	13,278,135.92	61,045,339.86	39,201,241.17
Business taxes and other surcharges	155,789.58	85,514.13	3,211,819.38	2,318,612.02
Sales expenses	9,715,322.06	2,984,504.67	21,341,677.46	10,918,434.35
Administrative expenses	82,393,914.67	26,514,833.97	190,627,883.17	59,534,610.22
Research & development expenditure	2,966,347.30		6,754,072.65	
Financing expenses	94,508,736.54	101,878,758.29	222,751,172.47	222,314,423.19
Including: interest expenses	44,149,873.20	65,355,495.68	175,034,749.94	191,951,700.03
interest income	2,560,078.53	5,912,150.80	7,108,674.21	22,580,844.25
Add: other income	297,100.09		1,457,100.09	2,470,000.00
Add: Investment income				
(“-” for investment loss)	121,074,333.24	109,752,372.06	349,909,944.82	420,012,494.80
Including: investment income from				
associates and joint ventures	15,869,390.41	102,040,939.29	45,568,471.27	139,672,572.75
Credit impairment losses				
(“-” for credit impairment loss)			-71,085.25	
2. Operating profit (“-” for operating loss)	-57,457,592.52	-14,427,817.12	-72,589,857.52	156,331,240.19
Add: Non-operating revenue		86,912.45	60,000.00	715,335.75
Less: Non-operating expenditure			7,000,000.00	4,000,000.00
3. Gross profit (“-” for gross loss)	-57,457,592.52	-14,340,904.67	-79,529,857.52	153,046,575.94
Less: Income tax				1,368,381.32
4. Net profit (“-” for net loss)	-57,457,592.52	-14,340,904.67	-79,529,857.52	151,678,194.62
a. Net profit from continuing operations				
(“-” for net loss)	-57,457,592.52	-14,340,904.67	-79,529,857.52	151,678,194.62
b. Net profit from discontinued operation				
(“-” for net loss)				
5. Other comprehensive net income after tax		-1,075,000.58		
(1) Other comprehensive income not to be re-classified subsequently to profit or loss				
(2) Other comprehensive income to be reclassified to profit or loss		-1,075,000.58		
a. Portion of other comprehensive income to be re-classified to profit or loss under equity method		-1,075,000.58		
6. Total comprehensive income	-57,457,592.52	-15,415,905.25	-79,529,857.52	151,678,194.62
7. Earnings per share				
(1) Basic earnings per share (RMB per share)	-0.0143	-0.0036	-0.0197	0.0376
(2) Diluted earnings per share (RMB per share)	-0.0143	-0.0036	-0.0197	0.0376

Consolidated Statement of Cash Flows

Item	Nine months ended 30 September 2019 (RMB)	Nine months ended 30 September 2018 (RMB)
1. Cash flows from operating activities		
Cash received from sales of goods and services	10,408,065,522.66	7,553,433,994.52
Cash received from tax rebates	27,487,544.46	99,914,038.18
Cash received relating to other operating activities	184,312,022.05	194,903,006.12
Subtotal of cash inflow from operating activities	10,619,865,089.17	7,848,251,038.82
Cash paid for goods and services	5,178,468,823.17	5,428,520,307.64
Cash paid to or on behalf of employees	1,107,257,724.94	1,030,015,273.31
Taxes paid	244,504,236.11	162,711,666.25
Cash paid relating to other operating activities	497,934,829.64	162,106,171.15
Subtotal of cash outflow from operating activities	7,028,165,613.86	6,783,353,418.35
Net cash flows from operating activities	3,591,699,475.31	1,064,897,620.47
2. Cash flows from investing activities		
Cash received from disposal of investments	250,288,140.05	1,084,170,891.96
Cash received from gains in investments	503,009,022.24	282,340,514.92
Net cash inflow from disposal of fixed, intangible and other long-term assets	3,030.00	
Cash received relating to other investment activities		625,229,055.33
Subtotal of cash inflow from investing activities	753,300,192.29	1,991,740,462.21
Cash paid for purchase of fixed, intangible and other long-term assets	1,019,001,754.84	2,978,265,395.44
Cash paid for investment	13,585,696.52	52,076,599.74
Cash paid relating to other investment activities	30,275,255.50	74,820.92
Subtotal of cash outflow from investing activities	1,062,862,706.86	3,030,416,816.10
Net cash flows from investing activities	-309,562,514.57	-1,038,676,353.89

Item	Nine months ended 30 September 2019 (RMB)	Nine months ended 30 September 2018 (RMB)
3. Cash flows from financing activities		
Cash received from raising capital		117,600,000.00
Including: Cash received from raising capital from minority shareholders		117,600,000.00
Cash received from borrowings	5,118,594,578.08	5,165,475,080.90
Subtotal of cash inflow from financing activities	5,118,594,578.08	5,283,075,080.90
Cash paid for payment of debts	6,596,106,768.77	4,822,395,574.20
Cash paid for distribution of dividends or profits and for interest expenses	1,129,367,504.89	1,494,516,711.14
Including: Dividend and earnings distributed to minority shareholders	63,695,332.40	430,670,849.35
Cash paid relating to other financing activities	526,201,123.63	39,314,205.77
Subtotal of cash outflow from financing activities	8,251,675,397.29	6,356,226,491.11
Net cash flows from financing activities	-3,133,080,819.21	-1,073,151,410.21
4. Effect on cash and cash equivalents from changes of foreign exchange rates	88,060,243.91	125,642,497.67
5. Net increase in cash and cash equivalents	237,116,385.44	-921,287,645.96
Add: Balance of cash and cash equivalents at the beginning of the Year	3,467,924,591.66	5,011,256,123.86
6. Balance of cash and cash equivalents at the end of the Reporting Period	3,705,040,977.10	4,089,968,477.90

Cash Flow Statement of Parent Company

Items	Nine months ended 30 September 2019 (RMB)	Nine months ended 30 September 2018 (RMB)
1. Cash flows from operating activities		
Cash received from sales of goods and services	67,438,744.59	45,040,577.73
Cash received from tax rebates	547,932.45	
Cash received relating to other operating activities	2,087,560,552.87	1,103,221,560.71
Subtotal of cash inflow from operating activities	2,155,547,229.91	1,148,262,138.44
Cash paid for goods and services	68,771,133.13	25,167,565.64
Cash paid to or on behalf of employees	176,429,682.50	95,388,893.13
Taxes paid	3,355,653.80	5,015,097.79
Cash paid relating to other operating activities	1,240,542,966.16	830,396,682.93
Subtotal of cash outflow from operating activities	1,489,099,435.59	955,968,239.49
Net cash flows from operating activities	666,447,794.32	192,293,898.95
2. Cash flows from investing activities		
Cash received from disposal of investments	2,500,000,000.00	
Cash received from gains in investments	263,215,297.30	238,414,435.04
Subtotal of cash inflow from investing activities	2,763,215,297.30	238,414,435.04
Cash paid for purchase of fixed, intangible and other long-term assets	665,104,919.64	557,418,205.76
Cash paid for investments	2,523,080,000.00	350,000,000.00
Net cash paid for acquisition of subsidiaries and other operating entities		519,025,716.92
Cash paid relating to other investment activities		
Subtotal of cash outflow from investing activities	3,188,184,919.64	1,426,443,922.68
Net cash flows from investing activities	-424,969,622.34	-1,188,029,487.64

Items	Nine months ended 30 September 2019 (RMB)	Nine months ended 30 September 2018 (RMB)
3. Cash flows from financing activities		
Cash received from borrowings	1,195,000,000.00	140,000,000.00
Cash received from other related financing activities	143,555.56	
Subtotal of cash inflow from financing activities	1,195,143,555.56	140,000,000.00
Cash paid for payment of debts	1,000,000,000.00	
Cash paid for distribution of dividends or profits and for interest expenses	198,044,046.21	316,130,023.21
Cash paid relating to other financing activities	700,000.00	
Subtotal of cash outflow from financing activities	1,198,744,046.21	316,130,023.21
Net cash flows from financing activities	-3,600,490.65	-176,130,023.21
4. Effect on cash and cash equivalents from changes of foreign exchange rates	250,819.66	679,685.77
5. Net increase in cash and cash equivalents	238,128,500.99	-1,171,185,926.13
Add: Balance of cash and cash equivalents at the beginning of the Year	474,633,692.24	2,357,963,561.27
6. Balance of cash and cash equivalents at the end of the Reporting Period	712,762,193.23	1,186,777,635.14

Conditions of the related financial statements at the beginning of the first year when the New Financial Instruments, New Revenue Standards and New Standards on Leases were implemented for the first time

The Company started to adopt and apply the requirements of the New Standards on Leases from 1 January 2019. Based on the cumulative impact of the first implementation of the Standards, the retained earnings and other related items in the financial statements at the beginning of 2019 are adjusted, while the information in the comparable period are not adjusted.

Consolidated Balance Sheet

Item	31 December 2018	1 January 2019	Adjustment
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Right-of-use assets		2,710,114,485.55	2,710,114,485.55
Deferred income tax asset	47,567,973.39	114,972,758.39	67,404,785.00
Non-current liabilities maturing			
within one year	4,346,225,859.54	4,865,074,466.54	518,848,607.00
Lease liabilities		2,643,118,183.70	2,643,118,183.70
Undistributed profit	13,406,181,228.82	13,021,993,419.94	-384,187,808.88
Minority interests	1,080,578,016.37	1,080,318,305.10	-259,711.27

Balance Sheet of Parent Company

Item	31 December 2018	1 January 2019	Adjustment
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Right-of-use assets		2,713,614.65	2,713,614.65
Non-current liabilities maturing			
within one year	1,498,439,461.42	1,501,027,568.46	2,588,107.04
Undistributed profit	9,017,335,203.63	9,017,460,711.24	125,507.61

This announcement is made in compliance with Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company's A Shares are listed on the Shanghai Stock Exchange, and the Shanghai Stock Exchange has required the Company to make an announcement similar to this announcement in Shanghai.

By order of the Board
COSCO SHIPPING Energy Transportation Co., Ltd.
Yao Qiaohong
Company Secretary

Shanghai, the PRC
30 October 2019

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

** For identification purposes only*