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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 2018**

**SUMMARY**

This Report for the three months ended 30 September 2018 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**

This third quarterly report (the “**Report**”) for the three months ended 30 September 2018 (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 GROUP

### 2.1 Principal financial data and statistics highlights

Item	As at	As at	Increase/Decrease (%)
	30 September 2018	31 December 2017	
Total assets ( <i>RMB</i> )	63,291,505,259.72	60,384,730,709.68	4.81
Net assets attributable to shareholders of the Company ( <i>RMB</i> )	27,924,686,731.20	27,919,639,799.85	0.02
	For the nine months ended 30 September 2018	For the nine months ended 30 September 2017	Increase/Decrease (%)
Net cash flow from operating activities ( <i>RMB</i> )	1,067,268,328.80	2,419,616,973.24	-55.89
Operating revenue ( <i>RMB</i> )	8,292,210,213.85	7,275,509,434.22	13.97
Net profit attributable to shareholders of the Company ( <i>RMB</i> )	-268,314,660.54	1,247,612,119.07	-121.51
Net profit attributable to shareholders of the Company after exceptional items ( <i>RMB</i> )	-327,829,793.69	1,113,080,447.71	-129.45
Rate of return on net assets (%) ( <i>weighted</i> )	-0.96	4.53	Decrease by 5.49 percentage points
Basic earnings per share ( <i>RMB</i> )	-0.0665	0.3094	-121.49
Diluted earnings per share ( <i>RMB</i> )	-0.0665	0.3094	-121.49

The Group has adopted the new standards for financial instruments since 1 January 2018. Pursuant to relevant requirements set forth in the new “Accounting Standards for Business Enterprises No.22 – Financial Instruments: Recognition and Measurement” and taking into consideration the business model under which the management of the Company manages financial assets, the Group has reclassified available-for-sale financial assets so that the difference between the original carrying amount of financial instruments and the adjusted carrying amount on the implementation date (being 1 January 2018) of the New Standards for Financial Instruments would be recognized in undistributed profit at the beginning of the year as at 1 January 2018. The Group’s total assets of RMB60,384,730,709.68 and total shareholders’ equity of RMB27,919,639,799.85 as at 31 December 2017 have been changed to total assets of RMB60,390,928,285.33 and total shareholders’ equity of RMB27,925,837,375.50 after the reclassification.

***Exceptional items and amount***

<b>Items</b>	<b>For the three months ended 30 September 2018</b>	<b>For the nine months ended 30 September 2018</b> <i>Amount (RMB)</i>
Gain or loss from disposal of noncurrent assets	-7,468.41	-7,468.41
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	2,184,219.29	3,630,645.17
Gain or loss from changes in the fair value of financial assets and financial liabilities held for trading and gain or loss from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets, excluding hedging activities related to the Company's ordinary course of business		2,723,681.61
Other non-operating revenue and expenses in addition to the above items	4,580,713.12	1,948,036.50
Other profits or losses within the definition of extraordinary profit or loss		54,620,684.64
Effect from minority interests (after tax)	-1,120,511.21	-1,577,984.44
Income tax effect	-1,531,231.68	-1,822,461.92
Total	4,105,721.11	59,515,133.15

## 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
Total number of shareholders					111,202
China Shipping Group Company Limited <sup>(1)</sup> (中國海運集團有限公司)	1,536,924,595	38.12	0	Nil	State-owned entity
HKSCC NOMINEES LIMITED <sup>(2)</sup>	1,285,222,997	31.88	0	Unknown	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
Peng Heqin (彭賀慶)	19,206,174	0.48	0	7,469,664 shares subject to pledge	Domestic natural person
Huang Peiling (黃佩玲)	12,835,824	0.32	0	Nil	Domestic natural person
Southern Fund – Agricultural Bank of China – Southern CSI Financial Asset Management Plan (南方基金－農業銀行－南方中證金融資產管理計劃)	12,596,453	0.31	0	Nil	Others

**Top ten holders of shares in circulation without any selling restrictions<sup>(3)</sup>**

<b>Name of shareholders (full name)</b>	<b>Number of shares in circulation without any selling restrictions as at the end of the Reporting Period</b>	<b>Type of shares</b>
China Shipping Group Company Limited <sup>(1)</sup>	1,536,924,595	RMB ordinary shares
HKSCC NOMINEES LIMITED <sup>(2)</sup>	1,285,222,997	Offshore listed H shares
Central Huijin Assets Management Company Ltd	92,709,700	RMB ordinary shares
China Securities Finance Co., Ltd.	31,356,641	RMB ordinary shares
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Asset Management Plan	24,879,500	RMB ordinary shares
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan	24,879,500	RMB ordinary shares
Zhongou Fund – Agricultural Bank of China – Zhongou CSI Financial Asset Management Plan	24,879,500	RMB ordinary shares
Peng Heqing	19,206,174	RMB ordinary shares
Huang Peiling	12,835,824	RMB ordinary shares
Southern Fund – Agricultural Bank of China – Southern CSI Financial Asset Management Plan	12,596,453	RMB ordinary shares

*Note:*

- <sup>(1)</sup> As at the end of the Reporting Period, 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 Significant changes in the principal items and highlights of the financial statements

From January to September 2018, demolition of old oil tankers increased to a historical high around the global market with 138 oil tankers of the 10,000-tonne class and above, representing approximately 18 million dead weight tonnage (“DWT”), of which 33 scrapped vessels are very large crude carriers (“VLCCs”). This, coupled with the reduced delivery of additional oil tanker supply, led to the first negative growth of global VLCC supply in recent years. In the third quarter of 2018, supply and demand conditions in the international crude oil shipping market experienced some improvement. The average daily time charter equivalent (“TCE”) of the VLCC Middle East-China (TD3C) shipping route reached USD13,909/day, which was higher than that during the first half of the year but still lower than the average break-even point of the industry. From January to September 2018, the average TCE of the VLCC Middle East-China (TD3C) shipping route was USD10,413 per day, representing a decrease of 42.80% compared to that of the same period in the preceding year. The daily TCE of other types of vessels on the major shipping routes decreased by approximately 40%-50% compared to the prior year.

During the 9-month period ended 30 September 2018, the Company achieved a total vessel supply input of 4,771.98 million tonne-days, representing a year-on-year increase of 18.28%; a shipping volume of 113.61 million tonnes, representing a year-on-year increase of 30.66%; a freight turnover of 395.52 billion tonne-nautical miles, representing a year-on-year increase of 35.82%; an operating revenue of RMB8.29 billion, representing a year-on-year decrease of 13.97%; an operating expense of RMB7.40 billion, representing a year-on-year increase of 37.12%; a total profit of RMB-10.44 million, representing a year-on-year decrease of 100.70%; a net profit of RMB-101.99 million, representing a year-on-year decrease of 107.57%; and a net profit attributable to owners of the Company of RMB-268.31 million, representing a year-on-year decrease of 121.51%. During the nine months ended 30 September 2018, the Company achieved an EBITDA (earnings before interest, tax, depreciation and amortization) of RMB2.50 billion, representing a year-on-year decrease of 29.08%, which was lower than the rate of decrease in the market level of profitability for the same period.

Unit: RMB

Balance Sheet Item	30 September 2018	1 January 2018	Change (%)	Reason for Significant Changes
Accounts receivable	1,202,493,564.66	453,284,672.13	165.28	Note <sup>(1)</sup>
Prepayments	646,038,451.76	262,688,229.36	145.93	Note <sup>(2)</sup>
Investment properties	31,100,566.25	1,136,625,960	-97.26	Note <sup>(3)</sup>
Construction in progress	1,044,559,009.93	3,991,850,321.96	-73.83	Note <sup>(4)</sup>
Notes payable and accounts payable	1,739,239,664.18	1,046,560,822.48	66.19	Note <sup>(5)</sup>
Dividends payable	96,901,607.35	19,639,394.81	393.40	Note <sup>(6)</sup>

*Notes:*

- (1) Accounts receivable increased by 165.28% compared to the opening balance of the year, mainly due to the acquisition of COSCO PetroChina SHIPPING Co., Ltd. (formerly known as Dalian PetroChina Shipping Co., Ltd.), a business combination not involving entities under common control, which increased the balance of accounts receivable. Meanwhile, the freight capacity under control increased during the nine months ended 30 September 2018, resulting in a significant increase in accounts receivable.
- (2) Prepayments increased by 145.93% compared to the year's opening balance, mainly due to the increase in prepaid crew fees and port charges as a result of the increase in the number of vessels controlled by the Group.
- (3) Investment properties decreased by 97.26% compared to the beginning balance of the year, mainly due to the fact that the Group ceased to lease out certain properties, which were converted to fixed assets for self-use.
- (4) Construction in progress decreased by 73.83% compared to the opening balance of the year, mainly due to the combined effect of the conversion of vessels under construction to fixed assets and changes in the foreign exchange rates.
- (5) Notes payable and accounts payable increased by 66.19% compared to the balance at the beginning of the year, mainly due to the additional accounts payable associated with the increased number of vessels under control by the Group that were not yet due for payment as of 30 September 2018.
- (6) Dividends payable increased by 393.40% compared to the opening balance of the year, mainly due to the pending payment of earning distribution declared by non-wholly owned subsidiaries.

Unit: RMB

Income Statement Items	Nine months ended		Change (%)	Reason for Significant Changes
	30 September 2018	30 September 2017		
Operating revenue	8,292,210,213.85	7,275,509,434.22	13.97	Note <sup>(7)</sup>
Operating cost	7,402,527,093.40	5,398,592,752.28	37.12	Note <sup>(8)</sup>
Administrative expenses	431,596,663.32	355,517,357.95	21.40	Note <sup>(9)</sup>
Financing expenses	864,327,106.24	553,413,406.23	56.18	Note <sup>(10)</sup>

*Notes:*

- <sup>(7)</sup> Operating revenue increased by RMB1.02 billion or 13.97% compared to the same period of the prior year, mainly due to the increased capacity of oil tankers and LNG vessels controlled by the Group, as well as the acquisition of COSCO PetroChina SHIPPING Co., Ltd. through a business combination not involving entities under common control in March 2018 whereby the combined entity completed the expansion of product oil transportation business.
- <sup>(8)</sup> Operating cost increased by RMB2.00 billion or 37.12% compared to the same nine-month period in 2017, mainly due to the fact that newly delivered vessels were put into operation since the second half of 2017, the number of vessels chartered in increased, and the rent, depreciation expenses, crew salaries, and fuel costs substantially increased as a result of rising global fuel oil prices. In addition, operating cost increased by approximately RMB900 million due to the freight capacity increase and business expansion after the Company completed the acquisition of COSCO PetroChina SHIPPING Co., Ltd., through a business combination not involving entities under common control.
- <sup>(9)</sup> Administrative expenses increased by RMB76 million or 21.40% compared to the same period last year, mainly due to the increased administrative expenses incurred after the acquisition of COSCO PetroChina SHIPPING Co., Ltd. through a business combination not involving entities under common control.
- <sup>(10)</sup> Financing expenses increased by RMB311 million or 56.18% compared to the same period in 2017, mainly due to the following factors: newly built LNG carriers were put into operation; loan interests related to those vessels that were previously capitalized were expensed immediately; withdrawal of loans increased with delivery of new oil tankers; and the floating interest rate of US dollar borrowings went up.



Unit: RMB

Cash Flow Statement Items	Nine months ended		Change (%)	Reason for Significant Changes
	30 September 2018	30 September 2017		
Net cash flows from operating activities	1,067,268,328.8	2,419,616,973.24	-55.89	Note <sup>(11)</sup>
Net cash flows from investing activities	-1,038,676,353.89	-5,604,056,206.55	81.47	Note <sup>(12)</sup>
Net cash flows from financing activities	-1,073,151,410.21	3,245,883,472.34	-133.06	Note <sup>(13)</sup>

*Notes:*

- <sup>(11)</sup> Net cash flow generated from operating activities decreased by RMB1.35 billion or 55.89% compared to the same nine-month period last year, mainly due to the increase in costs.
- <sup>(12)</sup> Net cash flow generated from investing activities increased by RMB4.57 billion or 81.47% compared to the same period last year, mainly due to the increase of RMB1.03 billion in repayments received from associates and joint ventures, the increased inflow of RMB625 million within the scope of consolidation and the decrease of RMB1.95 billion in outflow for acquisition of fixed assets compared to the nine months ended 30 September 2017.
- <sup>(13)</sup> Net cash flow generated from financing activities decreased by RMB4.32 billion or 133.06% compared to the same period in the prior year, mainly due to early repayment of loans, decrease in withdrawal of loans as a result of a decrease in the number of new vessels put into operation and the profit distribution of RMB479 million from the acquired company COSCO PetroChina SHIPPING Co., Ltd. to its former shareholders.

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

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

After consideration and approval by the Company's tenth and twelfth board meetings in 2017, as well as approval by the Company's third extraordinary general meeting in 2017, the first A shareholders' class meeting in 2017 and the first H shareholders' class meeting in 2017, the Company intends to issue a maximum of 806,406,572 A shares (inclusive) to no more than 10 specific subscribers (including China COSCO Shipping Corporation Limited ("**COSCO Shipping**"), the controlling shareholder of the Company) by way of non-public issuance (hereinafter referred to as the "**Non-public Issuance**"). The issue price shall be no less than 90% of the average trading price of A shares of the Company during the 20 trading days immediately preceding the price benchmark date, and also no less than the most recent audited net asset value per share at the time of the issuance. The gross proceeds shall amount to RMB5.4 billion (the amount finally approved by the China Securities Regulatory Commission shall prevail). Excluding issuance expenses, the net proceeds will be used for following purposes: (1) construction of 14 additional oil tankers; (2) completion of the acquisition of two Panamax oil tankers previously entered into (72,000-tonne class).

As of the publication date of this Report, the Non-public Issuance has been approved by the State-Owned Assets Supervision and Administration Commission of the State Council (the "**SASAC**") and accepted by the China Securities Regulatory Commission, and the Securities and Futures Commission of Hong Kong has granted its consent to whitewash waiver and special deal for the Non-public Issuance. The Company has submitted a response to the "Notice Regarding the China Securities Regulatory Commission's First Feedback on the Review of Administrative Permission Items" (No. 172605) (中國證監會行政許可項目審查一次反饋意見通知書(172605號)) issued by the China Securities Regulatory Commission.

The Non-public Issuance is still subject to approval by the China Securities Regulatory Commission, and there are uncertainties as to whether the approval will be granted. The Company will, based on the review progress of the China Securities Regulatory Commission, timely fulfill the information disclosure obligation in compliance with requirements of applicable laws and regulations. Investors are advised to pay attention to investment risks thereof. For details, please refer to the announcements published by the Company on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on 1 November, 2 December, 16 December, 19 December and 28 December 2017 and 7 February, 6 March and 10 May 2018 respectively.

On 30 October 2018, the Company's ninth board meeting reviewed and approved a proposed extension of the validity period of the shareholders' resolutions relating to the Non-public Issuance and the validity period of the authorisation granted to the board of directors of the Company (the "**Board**") and any person authorised by the Board to handle all matters relating to the Non-public Issuance for a further period of 12 month commencing from the day after the expiration date of the original validity period. The extension matters specified above are subject to consideration and approval by the Company's general meeting, A shareholders' class meeting and H shareholders' class meeting; the resolution must obtain consent from two thirds or more of all voting rights of non-affiliated shareholders present at the meetings.

## **2. Share Option Incentive Scheme**

At the thirteenth board meeting in 2017 convened on 19 December 2017, the Company reviewed and approved relevant proposals including “Proposal on Share Option Incentive Scheme of COSCO Shipping Energy Transportation Co., Ltd. (Draft) and Its Abstract”. The Board approved the implementation of the A share option incentive scheme (the “**Share Option Incentive Scheme**”), and agreed to submit this proposal to the Company’s general meeting of shareholders and the class shareholders’ meetings for consideration.

In February 2018, COSCO Shipping, the controlling shareholder of the Company, received the “Response to the Implementation of the First Share Option Incentive Scheme of COSCO Shipping Energy Transportation Co., Ltd.” (Guozi Kaofen No. [2018] 65) (關於中遠海運能源運輸股份有限公司實施首期股票期權激勵計劃的批復(國資考分[2018]65號)) from the SASAC. The SASAC has approved in principle the implementation of the Share Option Incentive Scheme and the performance evaluation targets for the Share Option Incentive Scheme. The Share Option Incentive Scheme in subsequent years shall be filed with the SASAC before its implementation.

On 30 October 2018, the Board passed resolutions in respect of the “A Share Option Incentive Scheme of COSCO Shipping Energy Transportation Co., Ltd. (Amended Draft) and Its Abstract” and the proposal on the “Administration Measures on Share Option Incentive Scheme of COSCO Shipping Energy Transportation Co., Ltd. (Amended Draft).”

The Share Option Incentive Scheme is subject to consideration and approval by the Company’s general meeting and class meetings of shareholders.

### **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 2018 <i>RMB</i>	1 January 2018 <i>RMB</i>
<b>Current assets</b>		
Cash and cash equivalents	4,089,592,907.76	5,007,754,402.14
Notes receivable and accounts receivable	1,224,718,176.90	489,306,242.88
Including: Notes receivable	22,224,612.24	36,021,570.75
Accounts receivable	1,202,493,564.66	453,284,672.13
Prepayments	646,038,451.76	262,688,229.36
Other receivables	282,802,653.21	221,590,856.70
Including: Interests receivable	18,496,596.94	17,183,587.92
Dividends receivable	68,411,332.44	
Inventory	864,829,579.48	656,218,655.52
Contract assets	602,135,007.00	465,062,271.61
Non-current assets maturing within one year	6,253,437.62	27,077,306.35
Other current assets	103,952,775.15	119,790,243.88
<b>Total current assets</b>	<b>7,820,322,988.88</b>	<b>7,249,488,208.44</b>
<b>Non-current assets</b>		
Long-term receivables	1,263,996,060.39	2,092,688,506.98
Long-term equity investment	4,483,144,699.38	4,434,234,900.15
Other equity investments	323,699,082.08	309,029,642.64
Other non-current financial assets		92,884,512.16
Investment properties	31,100,566.25	1,136,625,960.00
Fixed assets	48,113,213,568.03	40,895,855,010.37
Construction in progress	1,044,559,009.93	3,991,850,321.96
Intangible assets	76,252,293.93	79,484,123.11
Goodwill	73,324,705.01	58,168,418.21
Long-term deferred expenses	11,986,707.00	713,102.47
Deferred income tax asset	49,905,578.84	49,905,578.84
<b>Total non-current assets</b>	<b>55,471,182,270.84</b>	<b>53,141,440,076.89</b>
<b>Total assets</b>	<b>63,291,505,259.72</b>	<b>60,390,928,285.33</b>

<b>Items</b>	<b>30 September 2018</b> <i>RMB</i>	<b>1 January 2018</b> <i>RMB</i>
<b>Current liabilities</b>		
Short-term borrowings	3,987,902,028.54	2,730,939,723.97
Notes payable and accounts payable	1,739,239,664.18	1,046,560,822.48
Contract liabilities	45,064,310.34	13,033,298.73
Staff remuneration payable	148,512,527.93	256,239,550.80
Taxes payable	71,251,050.74	43,896,090.04
Other payables	533,110,272.84	508,158,825.05
Including: Interests payable	219,177,745.41	144,531,027.73
Dividends payable	96,901,607.35	19,639,394.81
Current portion of non-current liabilities	2,962,100,615.50	4,221,193,124.06
<b>Total current liabilities</b>	<b>9,487,180,470.07</b>	<b>8,820,021,435.13</b>
<b>Non-current liabilities</b>		
Long-term borrowings	18,752,824,620.71	17,272,226,504.71
Bonds payable	3,988,674,143.35	3,985,776,859.91
Long-term payables	1,207,990,865.48	1,068,853,384.84
Long-term staff remuneration payable	148,480,346.83	145,618,987.83
Estimated liabilities		54,620,684.64
Deferred income tax liabilities	372,681,082.40	353,149,242.06
Other non-current liabilities	315,948,148.88	422,574,544.78
<b>Total non-current liabilities</b>	<b>24,786,599,207.65</b>	<b>23,302,820,208.77</b>
<b>Total liabilities</b>	<b>34,273,779,677.72</b>	<b>32,122,841,643.90</b>
<b>Shareholders' equity</b>		
Share capital	4,032,032,861.00	4,032,032,861.00
Capital reserve	7,599,285,791.57	7,597,512,697.09
Accumulated other comprehensive income	367,461,076.12	-138,961,364.12
Specific reserve	14,338,876.41	53,768,751.84
Surplus reserve	2,877,436,346.44	2,877,436,346.44
Undistributed profit	13,034,131,779.66	13,504,048,083.25
Total equity attributable to owners of the parent company	27,924,686,731.20	27,925,837,375.50
Minority interests	1,093,038,850.80	342,249,265.93
<b>Total shareholders' equity</b>	<b>29,017,725,582.00</b>	<b>28,268,086,641.43</b>
<b>Total liabilities and shareholders' equity</b>	<b>63,291,505,259.72</b>	<b>60,390,928,285.33</b>

## Balance Sheet of Parent Company

Items	30 September 2018 RMB	1 January 2018 RMB
<b>Current assets</b>		
Cash and cash equivalents	1,186,777,635.14	2,357,963,561.27
Notes receivable and accounts receivable	10,858,095.87	
Including: Accounts receivable	10,858,095.87	
Prepayments	2,828,039.35	2,053,321.06
Other receivables	2,633,894,433.50	2,761,934,053.32
Including: Interests receivable	151,871,009.68	74,804,630.48
Dividends receivable	61,427,461.59	
Inventory	4,647,557.61	
Other current assets	24,340,055.88	6,337,173.98
<b>Total current assets</b>	<b>3,863,345,817.35</b>	<b>5,128,288,109.63</b>
<b>Non-current assets</b>		
Long-term equity investment	17,374,445,550.64	16,802,635,929.31
Investment properties	183,387,786.25	1,288,913,180.00
Fixed assets	1,368,681,714.79	61,681,882.80
Construction in progress	302,714,765.09	183,657,720.00
Intangible assets	234,715.10	268,867.93
Other non-current assets	8,918,792,000.00	8,565,342,000.00
<b>Total non-current assets</b>	<b>28,148,256,531.87</b>	<b>26,902,499,580.04</b>
<b>Total assets</b>	<b>32,011,602,349.22</b>	<b>32,030,787,689.67</b>
<b>Current liabilities</b>		
Short-term borrowings	1,339,410,000.00	1,339,410,000.00
Notes payable and accounts payable	6,687,683.73	
Staff remuneration payable	3,242,960.89	58,615,966.02
Taxes payable	730,556.99	2,526,542.25
Other payables	2,252,002,303.02	2,315,048,553.14
Including: Interests payable	131,087,872.71	54,577,734.56
<b>Total current liabilities</b>	<b>3,602,073,504.63</b>	<b>3,715,601,061.41</b>
<b>Non-current liabilities</b>		
Long-term borrowings	140,000,000.00	
Bonds payable	3,988,674,143.35	3,985,776,859.91
Deferred income tax liabilities	194,042,610.00	192,674,228.68
<b>Total non-current liabilities</b>	<b>4,322,716,753.35</b>	<b>4,178,451,088.59</b>
<b>Total liabilities</b>	<b>7,924,790,257.98</b>	<b>7,894,052,150.00</b>
<b>Shareholders' equity</b>		
Share capital	4,032,032,861.00	4,032,032,861.00
Capital reserve	7,845,294,225.00	7,845,294,225.00
Accumulated other comprehensive income	274,007,011.01	274,007,011.01
Surplus reserve	2,877,436,346.44	2,877,436,346.44
Undistributed profit	9,058,041,647.79	9,107,965,096.22
<b>Total shareholders' equity</b>	<b>24,086,812,091.24</b>	<b>24,136,735,539.67</b>
<b>Total liabilities and shareholders' equity</b>	<b>32,011,602,349.22</b>	<b>32,030,787,689.67</b>

## Consolidated Income Statement

Items	July –	July –	January –	January –
	September 2018	September 2017	September 2018	September 2017
	RMB	RMB	RMB	RMB
<b>1. Total operating revenue</b>	3,175,668,259.09	2,166,306,454.32	8,292,210,213.85	7,275,509,434.22
Including: Operating revenue	3,175,668,259.09	2,166,306,454.32	8,292,210,213.85	7,275,509,434.22
<b>2. Total cost of sales</b>	3,267,102,216.31	2,217,336,211.08	8,748,513,189.67	6,355,516,439.53
Including: Operating cost	2,776,940,109.20	1,870,009,390.16	7,402,527,093.40	5,398,592,752.28
Business taxes and other surcharges	15,067,180.90	7,146,883.46	37,606,831.69	30,285,965.66
Selling expenses	2,984,504.67	5,504,000.35	10,918,434.35	19,378,665.72
Administrative expenses	145,557,230.52	130,580,315.34	431,596,663.32	355,517,357.95
Financing expenses	330,298,569.79	211,188,909.62	864,327,106.24	553,413,406.23
Including: Interest expenses	323,970,571.03	237,724,886.27	914,748,484.53	655,763,545.91
Interest income	16,835,379.30	5,842,990.62	83,747,549.39	89,028,515.90
Loss on impairment of assets		-7,093,287.85		-1,671,708.31
Loss on impairment of credit	-3,745,378.77		1,537,060.67	
Add: Other income	30,050,343.00	6,470,000.00	57,480,343.00	45,510,000.00
Add: Investment income				
(“-” for investment loss)	121,263,882.82	110,892,814.60	382,170,534.95	319,554,723.64
Including: Investment income from associates and joint ventures	112,562,416.74	102,852,029.33	373,469,068.87	311,955,798.69
Gain or loss from fair value changes (“-” for loss)	-2,062,565.26		661,116.35	
<b>3. Operating profit (“-” for operating loss)</b>	57,817,703.34	66,333,057.84	-15,990,981.52	1,285,057,718.33
Add: Non-operating revenue	6,812,052.67	378,775,317.50	10,256,634.48	386,330,538.11
Less: Non-operating expenditure	75,500.12	-2,396,852.34	4,706,332.67	186,439,911.77
<b>4. Gross profit (“-” for gross loss)</b>	64,554,255.89	447,505,227.68	-10,440,679.71	1,484,948,344.67
Less: Income tax	41,097,511.15	9,473,087.58	91,553,087.93	138,423,871.79
<b>5. Net profit (“-” for net loss)</b>	23,456,744.74	438,032,140.10	-101,993,767.64	1,346,524,472.88
(1) Classified by operation continuity				
a. Net profit from continuing operations (“-” for net loss)	23,456,744.74	438,032,140.10	-101,993,767.64	1,346,524,472.88
b. Net profit from discontinued operation (“-” for net loss)				
(2) Classified by ownership				
a. Net profit attributable to owners of parent company	-52,590,261.98	396,007,134.95	-268,314,660.54	1,247,612,119.07
b. Net profit attributable to minority shareholders	76,047,006.72	42,025,005.15	166,320,892.90	98,912,353.81



Items	July – September 2018 RMB	July – September 2017 RMB	January – September 2018 RMB	January – September 2017 RMB
<b>6. Other comprehensive net income after tax</b>	403,921,926.13	-260,190,516.70	581,513,910.24	-508,102,079.97
Other comprehensive net income after tax attributable to owners of parent company	392,392,756.90	-213,200,500.25	506,422,440.24	-457,305,984.01
(1) Other comprehensive income not to be re-classified subsequently to profit or loss	16,333,210.55		5,578,396.21	
a. Gain or loss from changes in the fair value of other equity investments	16,333,210.55		5,578,396.21	
(2) Other comprehensive income to be reclassified to profit or loss	376,059,546.35	-213,200,500.25	500,844,044.03	-457,305,984.01
a. Portion of other comprehensive income to be re-classified to profit or loss under equity method	80,372,999.45	-20,566,519.98	92,523,165.52	-69,183,594.78
b. Effective portion of profit or loss on cash flow hedges	-6,590,087.63	-49,352,628.10	44,706,599.51	-69,727,618.92
c. Foreign currency translation gains or losses	302,276,634.53	-150,548,762.86	363,614,279.00	-350,287,886.11
d. Gain or loss from changes in the fair values of available-for-sale financial assets		7,267,410.69		31,893,115.80
Other comprehensive net income after tax attributable to minority shareholders	11,529,169.23	-46,990,016.45	75,091,470.00	-50,796,095.96
<b>7. Total comprehensive income</b>	427,378,670.87	177,841,623.40	479,520,142.60	838,422,392.91
Total comprehensive income attributable to owners of parent company	339,802,494.92	182,806,634.70	238,107,779.70	790,306,135.06
Total comprehensive income attributable to minority shareholders	87,576,175.95	-4,965,011.30	241,412,362.90	48,116,257.85
<b>8. Earnings per share</b>				
(1) Basic earnings per share (RMB per share)	-0.0130	0.0994	-0.0665	0.3094
(2) Diluted earnings per share (RMB per share)	-0.0130	0.0994	-0.0665	0.3094

For the business combination under common control in the current period, the net profit achieved by the combined entity before the combination is nil, and the net profit achieved by the combined entity in the prior period was nil.



## Income Statement of Parent Company

Items	July –	July –	January –	January –
	September 2018	September 2017	September 2018	September 2017
	RMB	RMB	RMB	RMB
<b>1. Operating revenue</b>	20,561,557.80	7,529,223.46	68,136,066.34	22,360,739.16
Less: Operating cost	13,278,135.92		39,201,241.17	
Business taxes and other surcharges	85,514.13	70,631.97	2,318,612.02	2,214,532.61
Sales expenses	2,984,504.67	4,970,704.84	10,918,434.35	19,378,665.72
Administrative expenses	26,514,833.97	26,088,824.62	59,534,610.22	47,008,069.71
Financing expenses	101,878,758.29	25,076,106.37	222,314,423.19	72,469,123.31
Including: interest expenses	65,355,495.68	60,273,908.67	191,951,700.03	165,161,048.54
interest income	5,912,150.80	17,658,414.99	22,580,844.25	51,459,259.17
Add: other income			2,470,000.00	440,000.00
Add: Investment income (“-” for investment loss)	109,752,372.06	96,248,682.52	420,012,494.80	1,296,000,481.98
Including: investment income from associates and joint ventures	102,040,939.29	13,180,780.52	139,672,572.75	37,067,650.19
<b>2. Operating profit (“-” for operating loss)</b>	-14,427,817.12	47,571,638.18	156,331,240.19	1,177,730,829.79
Add: Non-operating revenue	86,912.45	-14,323,547.75	715,335.75	-14,243,547.75
Less: Non-operating expenditure			4,000,000.00	4,000,000.00
<b>3. Gross profit (“-” for gross loss)</b>	-14,340,904.67	33,248,090.43	153,046,575.94	1,159,487,282.04
Less: Income tax		976,391.83	1,368,381.32	2,929,161.48
<b>4. Net profit (“-” for net loss)</b>	-14,340,904.67	32,271,698.60	151,678,194.62	1,156,558,120.56
a. Net profit from continuing operations (“-” for net loss)	-14,340,904.67	32,271,698.60	151,678,194.62	1,156,558,120.56
b. Net profit from discontinued operation (“-” for net loss)				

Items	July – September 2018 <i>RMB</i>	July – September 2017 <i>RMB</i>	January – September 2018 <i>RMB</i>	January – September 2017 <i>RMB</i>
<b>5. Other comprehensive net income after tax</b>	-1,075,000.58	-203,495.27		2,401,672.50
(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	-203,495.27		2,401,672.50
a. Portion of other comprehensive income to be re-classified to profit or loss under equity method	-1,075,000.58	-203,495.27		2,401,672.50
<b>6. Total comprehensive income</b>	-15,415,905.25	32,068,203.33	151,678,194.62	1,158,959,793.06
<b>7. Earnings per share</b>				
(1) Basic earnings per share (RMB per share)	-0.0036	0.0080	0.0376	0.2868
(2) Diluted earnings per share (RMB per share)	-0.0036	0.0080	0.0376	0.2868

## Consolidated Statement of Cash Flows

Item	Nine months ended 30 September 2018 (RMB)	Nine months ended 30 September 2017 (RMB)
<b>1. Cash flows from operating activities</b>		
Cash received from sales of goods and services	7,543,103,989.11	7,858,576,217.27
Cash received from tax rebates	99,914,038.18	89,530,291.54
Cash received relating to other operating activities	193,489,813.49	1,230,521,623.91
Subtotal of cash inflow from operating activities	7,836,507,840.78	9,178,628,132.72
Cash paid for goods and services	5,428,490,820.58	4,139,903,811.23
Cash paid to or on behalf of employees	1,027,217,496.72	1,240,952,143.18
Taxes paid	161,915,381.18	365,122,216.49
Cash paid relating to other operating activities	151,615,813.50	1,013,032,988.58
Subtotal of cash outflow from operating activities	6,769,239,511.98	6,759,011,159.48
Net cash flows from operating activities	1,067,268,328.80	2,419,616,973.24
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments	1,084,170,891.96	51,090,153.92
Cash received from gains in investments	282,340,514.92	222,057,950.11
Net cash inflow from disposal of fixed, intangible and other long-term assets		148,543.69
Cash received relating to other investment activities	625,229,055.33	
Subtotal of cash inflow from investing activities	1,991,740,462.21	273,296,647.72
Cash paid for purchase of fixed, intangible and other long-term assets	2,978,265,395.44	4,927,972,022.11
Cash paid for investment	52,076,599.74	610,238,021.53
Cash paid relating to other investment activities	74,820.92	339,142,810.63
Subtotal of cash outflow from investing activities	3,030,416,816.10	5,877,352,854.27
Net cash flows from investing activities	-1,038,676,353.89	-5,604,056,206.55

Item	Nine months ended 30 September 2018 (RMB)	Nine months ended 30 September 2017 (RMB)
<b>3. Cash flows from financing activities</b>		
Cash received from raising capital	117,600,000.00	1,407,534.78
Including: Cash received from raising capital from minority shareholders	117,600,000.00	1,407,534.78
Cash received from borrowings	5,165,475,080.90	8,135,176,750.17
Subtotal of cash inflow from financing activities	5,283,075,080.90	8,136,584,284.95
Cash paid for payment of debts	4,822,395,574.20	3,678,350,630.29
Cash paid for distribution of dividends or profits and for interest expenses	1,494,516,711.14	1,135,694,730.57
Including: Dividend and earnings distributed to minority shareholders	430,670,849.35	19,635,853.05
Cash paid relating to other financing activities	39,314,205.77	76,655,451.75
Subtotal of cash outflow from financing activities	6,356,226,491.11	4,890,700,812.61
Net cash flows from financing activities	-1,073,151,410.21	3,245,883,472.34
<b>4. Effect on cash and cash equivalents from changes of exchange rates</b>	125,642,497.67	-130,539,728.19
<b>5. Net increase in cash and cash equivalents</b>	-918,916,937.63	-69,095,489.16
Add: Balance of cash and cash equivalents at the beginning of the Year	5,007,654,402.14	6,383,660,211.45
<b>6. Balance of cash and cash equivalents at the end of the Reporting Period</b>	4,088,737,464.51	6,314,564,722.29

## Cash Flow Statement of Parent Company

Items	Nine months ended 30 September 2018 (RMB)	Nine months ended 30 September 2017 (RMB)
<b>1. Cash flows from operating activities</b>		
Cash received from sales of goods and services	45,040,577.73	22,360,739.16
Cash received from tax rebates		41,052.25
Cash received relating to other operating activities	1,103,221,560.71	503,657,816.86
Subtotal of cash inflow from operating activities	1,148,262,138.44	526,059,608.27
Cash paid for goods and services	25,167,565.64	1,216,348.78
Cash paid to or on behalf of employees	95,388,893.13	70,197,760.89
Taxes paid	5,015,097.79	13,620,020.82
Cash paid relating to other operating activities	830,396,682.93	641,187,602.60
Subtotal of cash outflow from operating activities	955,968,239.49	726,221,733.09
Net cash flows from operating activities	192,293,898.95	-200,162,124.82
<b>2. Cash flows from investing activities</b>		
Cash received from disposal of investments		
Cash received from gains in investments	238,414,435.04	992,663,469.62
Subtotal of cash inflow from investing activities	238,414,435.04	992,663,469.62
Cash paid for purchase of fixed, intangible and other long-term assets	557,418,205.76	246,392.92
Cash paid for investments	350,000,000.00	657,706,432.00
Net cash paid for acquisition of subsidiaries and other operating entities	519,025,716.92	
Cash paid relating to other investment activities		339,142,810.63
Subtotal of cash outflow from investing activities	1,426,443,922.68	997,095,635.55
Net cash flows from investing activities	-1,188,029,487.64	-4,432,165.93
<b>3. Cash flows from financing activities</b>		
Cash received from borrowings	140,000,000.00	1,000,000,000.00
Subtotal of cash inflow from financing activities	140,000,000.00	1,000,000,000.00
Cash paid for distribution of dividends or profits and for interest expenses	316,130,023.21	766,786,243.59
Cash paid relating to other financing activities		
Subtotal of cash outflow from financing activities	316,130,023.21	766,786,243.59
Net cash flows from financing activities	-176,130,023.21	233,213,756.41

Items	Nine months ended 30 September 2018 (RMB)	Nine months ended 30 September 2017 (RMB)
<b>4. Effect on cash and cash equivalents from changes of exchange rates</b>	679,685.77	-8,793,329.27
<b>5. Net increase in cash and cash equivalents</b>	-1,171,185,926.13	19,826,136.39
Add: Balance of cash and cash equivalents at the beginning of the Year	2,357,963,561.27	2,648,015,576.70
<b>6. Balance of cash and cash equivalents at the end of the Reporting Period</b>	1,186,777,635.14	2,667,841,713.09

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 requires 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 2018

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

\* *For identification purpose only*