中遠海運能源運輸股份有限公司

COSCO SHIPPING Energy Transportation Co., Ltd.

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

Interim Report

2019

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CONTENT

MANAGEMENT DISCUSSION AND ANALYSIS

(I) THE MAIN BUSINESSES, OPERATING MODEL OF COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD. (THE "COMPANY", AND TOGETHER WITH ITS SUBSIDIARIES, THE "GROUP") AND CONDITIONS OF THE INDUSTRY DURING THE SIX MONTHS ENDED 30 JUNE 2019 (THE "REPORTING PERIOD")

The Group is mainly engaged in international and domestic coastal shipping of crude and product oil, international liquefied natural gas ("LNG") transportation and international chemical transportation.

In terms of fleet size, the Group is the world's largest oil tanker owner. As of 30 June 2019, the Group owned and controlled 151 oil tankers with a total capacity of 21.88 million Dead Weight Tons ("DWT"), including 137 self-owned oil tankers with a capacity of 19.02 million DWT, 14 chartered-in oil tankers with a capacity of 2.87 million DWT, as well as 16 oil tankers in order with a capacity of 3.06 million DWT. The Group is also a market leader in the coastal crude oil and product oil transportation industry in the People's Republic of China (the "PRC" or "China"). The Group has maintained its leading position with a market share of over 55%. After completion of the acquisition of product oil fleet of PetroChina Company Limited in March 2018, the Group has become a flagship in the coastal product oil transportation market.

The Group's tanker operating model mainly includes spot market chartering, time chartering, signing of contracts of affreightment ("COA") with cargo owners, joining associated operating entities ("POOL") and other various ways using its self-owned and controlled vessels. The Group is the oil tanker owner with the most complete types of vessels. Through the integration of domestic and foreign trade involving vessels across various sizes and for crude and product oil, the Company gives full play to the advantages of its vessel types and shipping routes, providing customers with whole-process logistics solutions involving feedstocks import in international market, transshipping and lightering in domestic trade, product oil transshipping and export, downstream chemicals transportation, etc., to help customers reduce costs and therefore achieve win-win cooperation.

The international tanker industry emerged from the oil trade formed by the different geographical distribution of major oil producing and consuming areas. Seaborne shipping is the most efficient and cost-effective way to transport the largest quantity of oil. The international oil tanker industry has three characteristics. Firstly, direction of goods flow is relatively homogenous with fixed route layout. Compared with other water transport services, oil shipping, mainly one-way, features a high proportion of empty voyage and low utilization of load capacity. This feature is more obvious in crude oil shipping than product oil shipping and in large oil tankers than small and medium oil tankers. Secondly, the risk of safety issues and oil pollution is greater, and major oil companies have special inspection mechanisms. More than 80% of the tanker terminals and 85-90% of the oil products in the world are in the hands of major oil companies. Tanker owners engaged in international business may not provide transportation services to major oil companies unless they pass their inspection of the vessel management conditions. Therefore, vessel management expertise is one of the core competitiveness of international tanker companies. Thirdly, freight rates are closely impacted by international political and economic factors and are thus highly volatile. The reason lies in the high correlation between the transported goods–oil and the international politics and economy. In the past two decades, TD3 (Middle East-Far East) route for very large crude carrier ("VLCC") recorded the lowest daily Time Charter Equivalent ("TCE") of USD12,800/day in 2011, and recorded the highest daily TCE of USD105,000/day in 2008, with a difference of more than 8 times.

In China's coastal oil tanker transportation sector, in order to ensure security of national energy transportation and safety of coastal marine environment. At present, China regulates the transportation of dangerous goods in bulk liquids along the coast based on total quantity regulation and preferred selection. Compared with international oil transportation market, the supply of and demand for transportation capacity in the coastal oil transportation market are relatively balanced, and total available market is relatively stable, so that freight rates are more stable.

The Group is a leader in China's LNG shipping business and an important participant in the world's LNG shipping market. COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd., which is a wholly-owned subsidiary of the Group, and China LNG Shipping (Holdings) Limited ("CLNG"), in which the Group holds 50% equity, are currently the only two large-scale LNG shipping companies in China. As of 30 June 2019, the Group had a total of 38 jointly-invested LNG vessels, including 30 LNG vessels in operation with capacity of 5.04 million cubic metres and 8 LNG vessels under construction with aggregate capacity of 1.39 million cubic metres.

LNG is the abbreviation of Liquefied Natural Gas, which is formed by liquefaction of natural gas at an ultralow temperature (-163°C), and its volume is 1/625 of natural gas with the same mass. LNG can greatly save storage and transportation space. The LNG industrial chain involves massive funds and intensive technologies covering the entire supply process of the natural gas industry. The natural gas extracted from onshore or offshore oil fields is liquefied after being pretreated by the liquefaction enterprise. The LNG produced is transported by sea or by other means to the LNG receiving terminals for storage according to the trade contracts, and is then regasified and delivered to end users through pipelines. Currently, offshore LNG traffic volume accounts for more than 80% of the world's LNG volume transported. The characteristics of the LNG transportation industry are as follows. Firstly, the LNG carriers have been recognized internationally as "three high" products with high technology, high difficulty and high added value, and are thus expensive. LNG transportation has higher requirements for ship management; therefore, the LNG shipping industry is highly centralized. Secondly, due to the characteristics of the LNG industrial chain, among the global LNG fleets, the majority of vessels are bound to particular LNG projects (referred to as "Project Vessels"), the most of which involve long-term time charters with the project parties so as to obtain stable charter incomes and investment yields.

All of the 38 LNG carriers the Group currently invests in are Project Vessels, which means that all vessels are bound to particular LNG projects with long-term time charters signed with project parties, and hence generate stable income. In recent years, as the LNG carriers the Group co-invested are successively put into operation, the Group's LNG transportation business has accelerated into the harvest period.

In the overall business structure of the Group, profitability of coastal (domestic trade) oil transportation business and LNG transportation business is generally stable, providing a "safety cushion" for the Group's operating results; and the international (foreign trade) oil transportation business is subject to cyclical volatility following market freight rates, providing cyclical flexibility for the Group's operating results.

(II) ANALYSIS OF THE INTERNATIONAL AND DOMESTIC SHIPPING MARKET DURING THE REPORTING PERIOD

(1) International Oil Shipping Market

In the first half of 2019, as the international crude oil shipping market turned around, both the demand of crude oil shipping and the supply of crude tankers recorded a growth and the supply and demand balance improved correspondingly.

In the first half of 2019, the global petroleum consumption was relatively stable, of which the imported crude oil of the PRC maintained high growth, representing a year-on-year increase of approximately 8.8% or approximately 244 million tonnes. With constant consumption of petroleum, the change in global crude oil trade pattern has impacted the crude shipping demand, particularly in the following two aspects:

The production and export of crude oil in the United States grew year-on-year. In the first half of 2019, crude oil production of the United States reached 12.10 million barrels per day at an increase of approximately 1.65 million barrels per day as compared to the same period of last year; United States has overtaken Saudi Arabia and Russia to become the largest oil-producing country. During the Reporting Period, crude oil exports from the United States reached 2.85 million barrels per day on average, representing a year-on-year increase of about 57% or 1.04 million barrels per day. From the perspective of the export distribution in recent years, the crude oil exports from the United States to the Far East and Southeast Asia climbed to a higher proportion of more than 43% in the first half of the year from 36% in 2017, which demonstrates that crude oil exports from the United States are showing increasing volume and expanding proportion of long voyages. The voyage distance between the US Gulf and the Far East is more than 2.4 times of that between the Middle East and the Far East, largely stimulating the transportation demand.

Distance Comparison of Representative Routes of "the US Gulf – Far East" and "Middle East – Far East"

Route	VLCC single-trip shipping distance (nautical mile)
Ras Tanura-Yosu	6,321.20
Loop-Yosu	15,339.64

In comparison, the effect of production cuts by the Organization of the Petroleum Exporting Countries (the "OPEC") on freight rates has weakened. In the first half of 2019, due to high compliance of the OPEC with the production cuts, the production volume of its members reduced by 1.39 million barrels per day on average as compared to that in December 2018, and had a year-on-year decrease of 2.08 million barrels per day. However, differed from the fierce suppression on tanker earnings by OPEC's production cut in 2018, the daily income of international oil tankers recorded a significant growth year-on-year in the first half of 2019, showing a strong recovery momentum.

In terms of tanker supply, there was a high volume of tanker deliveries in the first half of 2019, of which 38 VLCCs with 11.80 million dwt were delivered, while demolition slowed down, where 5 VLCCs were demolished, lower than the expectation of various institutions at the beginning of the year. The escalation of sanctions on Iran by the United States resulted in part of Iranian VLCC transportation capacity withdrawing from the market. In terms of new orders, in the first half of the year, ship owners placed orders in a rational way, the volume of orders dropped to a three-year low, of which, there were 11 new VLCC orders.

The freight rates showed a downward trend from the highs in the first half of 2019 but are in general higher than that of the corresponding period of last year. During the period, the freight rates experienced several rebounds in the low season due to the international geopolitical and economic events. In the first half of 2019, the average TCE of VLCC TD3C (Middle East- China) shipping route was USD20,360 per day, representing a year-on-year increase of approximately 136%, and that of other major shipping routes of representative types of vessels increased by approximately 60%-290% year-on-year.

	Daily income (USD/day)		
Type	**January to June 2019**	January to June 2018	**Increase**
VLCC Middle East – Far East TD3C	**20,360**	8,623	136.1%
Suezmax West Africa – Europe TD20	**13,731**	5,305	158.8%
Aframax Kuwait – Singapore TD8	**12,183**	3,092	294.0%
Clean petroleum product LR2 Middle East – Japan TC1	**15,551**	7,739	100.9%
Clean petroleum product LR1 Middle East – Japan TC5	**12,241**	7,339	66.8%
Clean petroleum product MR West India – Japan TC12	**7,200**	4,405	63.5%

(2) Domestic Oil Shipping Market

In the first half of 2019, the domestic coastal crude oil shipping demand increased slightly year-on-year. In terms of market segments, the demand for offshore oil shipping sat comparable year-on-year, the demand for oil transshipping increased year-on-year, and the demand for pipeline oil declined year-on-year. As the price of domestic fuel oil (Dalian low-sulfur 180CST) rose by 14.63% year-on-year, earnings on the coastal crude oil shipping market decreased slightly.

The demand for domestic coastal refined oil shipping was generally stable. As China Petrochemical Corporation and China National Petroleum Corporation increased their exports, their domestic transportation volume decreased slightly year-on-year. Independent refineries tended to be more active in production, supporting a year-on-year increase in domestic shipping demand. Upon Zhejiang Petroleum & Chemical Co., Ltd. and Hengli Petrochemical Co., Ltd. commencing their additional capacity, the demand for domestic naphtha transportation was increased, and the supply and demand stayed relatively balanced.

(3) LNG Shipping Market

In the first half of 2019, the LNG import volume of the major LNG importers in the world reached 109.7 million tons with a year-on-year increase of 1.2%. Among them, China's LNG import volume was 28.495 million tons with a year-on-year increase of 19.4%. In terms of LNG supply, with the commencement of operation of Tango FLNG (0.5 million tons/year), Prelude FLNG (3.50 million tons/year) and Cameron LNG (4 million tons/year), current global LNG liquefaction capacity is approximately 415 million tons/year.

As at the end of June 2019, the world fleet size of LNG carriers was 546 (excluding Floating Storage Regasification Unit and Floating LNG) with a total capacity of 81.099 million cubic meters, which increased by 2.947 million cubic meters compared with 18 LNG carriers as at the end of 2018.

Due to the increase in LNG inventories, the slowdown in LNG imports in Asia and the addition of LNG carriers to fill the demand gap, the freight rates of the LNG spot market declined in the first half of 2019, and the average charter rate of the 160,000 cubic-meter TFDE LNG carrier east of Suez fell back to USD45,100/day; the average charter rate of the 160,000 square TFDE LNG ship in west of Suez fell back to USD54,400/day. Unlike the spot market, earnings of LNG project vessels remained stable.

(III) REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD

As of the end of June 2019, the Group held and controlled 151 vessels with 21.88 million DWT, increased by 5 vessels with 840 thousand DWT as at the end of June 2018. In the first half of 2019, the Group realized transportation volume (excluding time charter) of 78.76 million tons, an increase of 7.90% year-on-year. The transportation turnover (excluding time charter) was 255.38 billion ton-nautical miles, an increase of 0.37% year-on-year; the revenues from principal operations was RMB7.059 billion, a year-on-year increase of 40.16%; the cost from principal operations was RMB5.671 billion, a year-on-year increase of 23.49%; gross profit margin increased by 10.84 percentage points year-on-year. The profit attributable to equity holders of the Company was RMB0.47 billion, a year-on-year increase of 297.16%; EBITDA was RMB2.862 billion, a year-on-year increase of 81.78%.

In the first half of 2019, in the face of the complicated and changing international political and economic environment and the volatile international oil transportation market, the Group outperformed the market mainly through the following four aspects: first, the Group accurately judged the market trend, traded at the market highs, and prospectively arranged fleet positions. The operating results of the VLCC fleet greatly outperformed the market; second, we seized the market opportunities for the rapid development of emerging independent refineries, strengthened the overall utilization of domestic and foreign transportation capacity, and accelerated the strategic transformation to an integrated oil transportation service providers; third, we vigorously implemented the globalized business strategy, prepared for operations of VLCC POOL, further diversified the customer structure, and further increased the proportion of third country trades and triangular route operation; fourth, the LNG transportation business continued rapid growth. In the first half of the year, the LNG sector contributed a total of RMB286 million in pretax earnings, with a year-on-year increase of 38.60%.

(1) Revenues from Principal Operations

For the six months ended 30 June 2019, overall details of the Group's principal operations by products transported and geographical regions were as follows:

Principal Operations by Products Transported

Industry or Product	Revenues	Operating costs	Gross profit margin	Increase/ (decrease) in revenues as compared with the same period in 2018	Increase/ (decrease) in operating costs as compared with the same period in 2018	Increase/ (decrease) in gross profit margin as compared with the same period in 2018
	(RMB'000)	(RMB'000)	(%)	(%)	(%)	(percentage points)
Domestic crude oil	1,219,589	847,199	30.53	7.57	16.40	(5.27)
Domestic refined oil	1,103,112	926,622	16.00	70.42	79.19	(4.11)
Domestic vessel chartering	53,774	41,238	23.31	(1.31)	9.80	(7.76)
Domestic Oil Shipping Sub Total	2,376,475	1,815,059	23.62	29.47	41.52	(6.50)
International crude oil	2,989,890	2,670,437	10.68	55.16	13.14	33.17
International refined oil	475,253	466,716	1.80	27.14	21.30	4.72
International vessel chartering	511,964	393,989	23.04	64.53	28.73	21.40
International Oil Shipping Sub Total	3,977,107	3,531,142	11.21	52.26	15.73	28.02
Oil Shipping Sub Total	6,353,582	5,346,201	15.86	42.86	23.37	13.29
International LNG Shipping	652,785	290,115	55.56	27.33	42.62	(4.77)
Domestic LPG Shipping	16,433	12,747	22.43	568.05	537.35	3.74
International LPG Shipping	35,833	22,053	38.46	(24.35)	(26.71)	1.98
Others	4	(4)	200.00	(99.99)	(100.02)	188.60
Total	7,058,637	5,671,112	19.66	40.16	23.49	10.84

Principal Operations by Geographical Regions

Geographical Regions	Revenues	Operating costs	Gross profit margin	Increase/ (decrease) in revenues as compared with the same period in 2018	Increase/ (decrease) in operating costs as compared with the same period in 2018	Increase/ (decrease) in gross profit margin as compared with the same period in 2018
	(RMB'000)	(RMB'000)	(%)	(%)	(%)	(percentage points)
Domestic shipping	2,392,908	1,827,805	23.62	30.19	42.29	(6.50)
International shipping	4,665,729	3,843,307	17.63	45.89	16.19	21.05
Total	7,058,637	5,671,112	19.66	40.16	23.49	10.84

Transportation volume by product types

Transportation volume	Six months ended 30 June 2019	Six months ended 30 June 2018	Increase/ (decrease)	Six months ended 30 June 2019	Six months ended 30 June 2018	Increase/ (decrease)
	('000 tons)	('000 tons)	(%)	(billion tonne-nautical miles)	(billion tonne-nautical miles)	(%)
Domestic crude oil	26,053.64	24,562.41	6.07	7.800	7.444	4.78
Domestic refined oil	10,558.60	6,636.98	59.09	9.769	6.431	51.90
Domestic Oil Shipping Sub Total	36,612.24	31,199.39	17.35	17.569	13.875	26.62
International crude oil	36,940.61	36,686.90	0.69	223.114	225.950	(1.25)
International refined oil	5,016.35	4,957.31	1.19	14.580	14.499	0.56
International Oil Shipping Sub Total	41,956.96	41,644.21	0.75	237.694	240.449	(1.15)
Oil Shipping Sub Total	78,569.20	72,843.60	7.86	255.263	254.324	0.37
LPG Shipping	190.50	148.70	28.11	0.115	0.109	5.50
Total:	78,759.70	72,992.30	7.90	255.378	254.433	0.37

(2) **Shipping business – Oil Shipping**

International oil shipping business:

In the first half of 2019, the Group seized the opportunity of the recovery of the international oil shipping market, and the operating level of foreign trade fleet continued to outperform the market, which was significantly higher than the same period of last year. The Group recorded foreign trade oil shipping income of RMB3.977 billion, a year-on-year increase of 52.26%; shipping gross profit of RMB446 million, a year-on-year increase of 201.56%; and gross profit margin of 11.21%, a year-on-year increase of 28.02 percentage points.

(1) By leveraging on the global network and large-client cooperation, the proportion of high-yield routes was further increased. In the first half of 2019, the proportion of operating days of the VLCC fleet triangular route increased by 14.5 percentage points year-on-year.

(2) The Group accelerated customer diversification development and improved the Company's customer pool. The Group has achieved the first cooperation with a number of international major oil companies in market subdivision, and deepened the cooperation with domestic private refineries. The proportion of the income from the top five customers of VLCC fleet decreased by 9.8 percentage points year-on-year.

(3) The Group promoted ship technology innovation through cooperation with Dalian Shipbuilding Industry Co., Ltd., and developed the world's first Dual-fuel VLCC in compliance with EEDI PHASE III (phase III of ship energy efficiency design index).

Domestic oil shipping business:

In the first half of 2019, the Group recorded domestic shipping income of RMB2.376 billion, a year on year increase of 29.47%; shipping gross profit of RMB561 million, a year-on-year increase of 1.53%; and gross profit margin of 23.62%, a year-on-year decrease of 6.50 percentage points.

(1) The Group continued to maintain its leading position in the domestic crude oil shipping sector and product oil shipping sector. In the first half of 2019, domestic crude oil shipping continued to maintain a market share of over 55%; domestic product oil shipping business grew rapidly, and shipping income increased by 70.42% year-on-year.

(2) The Company adhered to the strategy of large customers and maintained a high proportion of domestic COA cargo supplies. In the first half of the year, the Group renewed COAs with its major customers of coastal shipping, and the domestic COA supply continued to maintain a high proportion of over 90%.

LNG shipping business:

As at the end of June 2019, the Group had 30 jointly-invested LNG vessels in operation with a capacity of 5.04 million cubic meters and 8 LNG vessels of 1.39 million cubic meters under construction, which will all be delivered and commence operation by the end of 2020. In the first half of the 2019, the LNG segment contributed a total profit before tax of RMB286 million with a year-on-year increase of 38.6%.

(1) On 7 June 2019, COSCO Shipping, the controlling shareholder of the Company, entered into an Agreement in respect of the Maritime Arctic Transport LLC with PAO NOVATEK, PAO Sovcomflot and Silk Road Fund Co., Ltd. in St. Petersburg, Russia. As a public company specializing in energy shipping within COSCO SHIPPING Group, the Group hopes to leverage this opportunity as a platform to strengthen the cooperation with upstream and downstream industrial chains of LNG shipping, actively participate in the development of the Arctic shipping routes, and jointly build the "Polar Silk Road" for LNG shipping.

(2) In June 2019, COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd., a subsidiary of the Group, successfully obtained the Quality, Health, Safety and Environmental (QHSE) Management System Certificate, and the Lloyd's Quality Assurance. The QHSE Management System established by COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd. complies with the three international standards of ISO9001, 14001 and 45001, and will continue to promote the Group's risk prevention and control and safety management performance throughout the life cycle of LNG projects of the Group and improve the Group's competitiveness to participate in international LNG shipping.

(IV) COST AND EXPENSES ANALYSIS

The Group strictly adopted cost control practices and maximized the benefits from the synergistic effect of bulk procurement. During the first half of 2019, the Group's fleet (in tonne-days in operation) increased by around 11% year-on-year, and during the Reporting Period the Group actively sought cargoes and reasonably raised voyage speeds thanks to the recovery of the international tanker market, so that unit bunker fuel consumption increased by 8.67% year on year. The Group applied an efficiency optimization model in managing the voyage speeds and achieved the savings of 42 thousand tons of bunker fuels. In the first half of the year, the average purchase prices of international and domestic trade bunker fuels were USD15.50 per ton and RMB176.00 per ton lower than the market quotes respectively.

During the first half of the year, the Group had a 30% increase in the number of vessels under maintenance and repairs, and drydocking programs also increased, so that unit repair costs went up. Facing climbing demand for drydocking, the Group strictly controlled the nonoperating period in arranging drydocking schedules with suppliers, and hence achieved time savings up to a hundred days, improving the fleet operating efficiency.

During the first half of the year, in collaboration with COSCO SHIPPING Group, the Group signed preferential agreements with major domestic ports, and strictly controlled port charges by strengthening operational capabilities. Hence, the increase in port charges hit 8.5 percentage points lower than the year-on-year increase in tanker capacity.

In addition, the Group adopted the new lease accounting standard, so that the right-of-use lease assets (ship) expanded by approximately RMB2.5 billion, giving rise to an increase of RMB255 million in ship depreciation expenses (and a RMB323 million decrease in chartering costs); expansion in tanker and LNG carrier (LNGC) fleet brought up depreciation expenses by approximately RMB145 million year-on-year.

The constitution of the cost of Group's principal operations for the six months ended 30 June 2019 is as follows:

Item	**Six months ended 30 June 2019 (RMB'000)**	Six months ended 30 June 2018 (RMB'000)	**Increase (%)**	**Composition ratio in the six months ended 30 June 2019 (%)**
Fuel costs	**1,744,366**	1,336,590	30.51	30.76
Port costs	**402,104**	392,487	2.45	7.09
Sea crew costs	**721,019**	657,128	9.72	12.71
Lubricants expenses	**160,365**	113,633	41.13	2.83
Depreciation	**1,377,609**	1,013,257	35.96	24.29
Insurance expenses	**104,076**	84,052	23.82	1.84
Repair expenses	**256,961**	124,359	106.63	4.53
Charter costs	**657,279**	649,814	1.15	11.59
Others	**247,333**	220,968	11.93	4.36
Total	**5,671,112**	4,592,288	23.49	100.00

(V) OPERATING RESULTS OF THE JOINT VENTURES AND THE ASSOCIATES

During the first half of 2019, the Group recognized the investment income of joint ventures and associates as equivalent to approximately RMB332 million with a year-on-year increase of 27.21%; The two major joint ventures and associates of the Group achieved a turnover of about 22.31 billion tonne-nautical miles, realized operating revenues equivalent to about RMB1.34 billion, as well as net profit attributed to shareholders of about RMB553 million with a year-on-year increase of 36.41%.

In the first half of 2019, the Group continued to adhere to the development concept of "Big Customer, Big Cooperation, Big Service", strengthened the bonding with other shareholders of the joint ventures and associates through various events such as business seminars, and timely communicated ideas and demands to improve the effectiveness of operations and management of the joint ventures and associates. Meanwhile, the Group underscored coordination between the company headquarter and various joint ventures and associates, strengthening the cooperating network with key customers. The Group was highly committed to improving the industry-wide operating efficiency and service quality, and achieved conspicuous results in the win-win among multiple parties.

(1) The operating results achieved by the major joint venture of the Group for the Reporting Period are as follows:

Company name	Interest held by the Group	Shipping turnover	Operating revenues	Net profit (attributed to shareholders)
		(billion tonne-nautical miles)	(RMB'000)	(RMB'000)
CLNG	50%	15.06	572,209	293,402

(2) The operating results achieved by an associate of the Group for the Reporting Period are as follows:

Company name	Interest held by the Group	Shipping turnover	Operating revenues	Net profit (attributed to shareholders)
		(billion tonne-nautical miles)	(RMB'000)	(RMB'000)
Shanghai Beihai Shipping Company Limited	40%	7.25	765,106	259,997

(VI) FINANCIAL ANALYSIS

(1) Net cash generated from operating activities

The net cash generated from operating activities of the Group for the Reporting Period was approximately RMB2,696,446,000, representing an increase of approximately 633% as compared to approximately RMB367,619,000 for the six months ended 30 June 2018.

(2) Cash and cash equivalents

As at 30 June 2019, the balance of cash and cash equivalents amounted to RMB4,211,405,000, representing an increase of RMB743,481,000 and by 21.44% as compared to the end of last year. The Group's cash and cash equivalents are mainly denominated in RMB and USD, the remainder are denominated in Euro, Hong Kong dollar and other currencies.

(3) Gearing ratio

As at 30 June 2019, the Group's net gearing ratio (i.e. net debts over shareholders' equity) was 89%, which was lower than 94% as at 31 December 2018. The decrease was primarily due to the decrease in borrowings during the Reporting Period.

(4) Capital commitments

	Note	**30 June 2019 RMB'000**	31 December 2018 RMB'000
Authorised and contracted but not provided for:			
Construction and purchases of vessels	(i)	**6,635,605**	6,446,633
Project investments	(ii)	**181,320**	179,130
		6,816,925	6,625,763

Note:

(i) According to the construction and purchase agreements entered into by the Group, these capital commitments will fall due in 2019 to 2021.

(ii) Included in capital commitments in respect of project investments are commitments to invest in certain projects held by CLNG, a joint venture of the Group.

In addition to the above, the Group's share of the capital commitments of its associates which are contracted but not provided for amounted to RMB210,216,000 (31 December 2018: Nil). The Group's share of the capital commitments of its joint ventures, which are contracted but not provided for amounted to RMB2,559,407,000 (31 December 2018: RMB2,565,694,000).

(5) Trade and bills receivables and contract assets

	30 June 2019 RMB'000	31 December 2018 RMB'000
Trade and bills receivables from third parties	**1,063,776**	606,607
Trade receivables from joint ventures	**54**	–
Trade receivables from fellow subsidiaries	**12,740**	10,077
Trade receivables from related companies (note)	**291,641**	165,588
	1,368,211	782,272
Less: allowance for doubtful debts	**(49,059)**	(30,162)
	1,319,152	752,110
Current contract assets relating to oil shipment contracts	**570,703**	1,062,112
Less: allowance	**(3,018)**	(4,644)
Total contract assets	**567,685**	1,057,468

Note: Related companies are related parties that the fellow subsidiaries of the Company either have joint control or significant influence in these related companies.

Trade receivables from joint ventures, fellow subsidiaries and related companies are unsecured, non-interest-bearing and under normal credit year as other trade 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 2019 RMB'000	31 December 2018 RMB'000
Within 3 months	**970,332**	456,023
4 – 6 months	**117,410**	84,309
7 – 9 months	**47,891**	52,735
10 – 12 months	**40,708**	54,197
1 – 2 years	**79,354**	82,261
Over 2 years	**63,457**	22,585
	1,319,152	752,110

(6) Trade and bills payables

	30 June 2019 RMB'000	31 December 2018 RMB'000
Trade and bills payables to third parties	**1,320,404**	954,860
Trade payables to fellow subsidiaries	**645,299**	468,505
Trade payables to an associate	**6,707**	6,481
Trade payables to related companies (note)	**33,955**	24,590
	2,006,365	1,454,436

Note: Related companies are related parties that the fellow subsidiaries of the Company either have joint control or significant influence in these related companies.

Trade payables due to fellow subsidiaries, an associate and related companies are unsecured, non-interest-bearing and under normal credit year as other trade 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 2019 RMB'000	31 December 2018 RMB'000
Within 3 months	**1,268,886**	1,042,210
4 – 6 months	**277,626**	107,812
7 – 9 months	**107,907**	29,829
10 – 12 months	**47,548**	41,830
1 – 2 years	**72,881**	223,758
Over 2 years	**231,517**	8,997
	2,006,365	1,454,436

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

(7) Derivative financial instruments

As at 30 June 2019, the Group had interest rate swap agreements with total notional principal amount of approximately USD555,821,000 (equivalent to approximately RMB3,821,103,000) (31 December 2018: approximately USD564,773,000, equivalent to approximately RMB3,882,645,000) which will mature in 2031, 2032 and 2033 (31 December 2018: 2031, 2032 and 2033). These interest rate swap agreements are designated as cash flow hedges in respect of the Group's certain portion of 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 2018: 3-month LIBOR plus 2.20%).

(8) **Interest-bearing bank and other borrowings**

As at 30 June 2019 and 31 December 2018, details of the interest-bearing bank and other borrowings are as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Current liabilities		
(i) **Bank borrowings**		
Secured	**1,273,832**	1,302,590
Unsecured	**4,506,571**	4,361,564
	5,780,403	5,664,154
(ii) **Other borrowings**		
Unsecured	**1,372,410**	1,372,410
Interest-bearing bank and other borrowings – current portion	**7,152,813**	7,036,564
Non-current liabilities		
(i) **Bank borrowings**		
Secured	**15,548,393**	15,865,245
Unsecured	**2,028,129**	2,745,280
	17,576,522	18,610,525
(ii) **Other borrowings**		
Unsecured	**142,850**	175,850
Interest-bearing bank and other borrowings – non-current portion	**17,719,372**	18,786,375

As at 30 June 2019, the Group's interest-bearing bank and other borrowings were secured by pledges of the Group's 45 (31 December 2018: 44) vessels with total net carrying amount of RMB25,954,567,000 (31 December 2018: RMB25,528,346,000) and pledged bank deposits.

As at 30 June 2019, secured bank borrowings of RMB16,659,524,000 (31 December 2018: RMB17,167,835,000) and unsecured bank borrowings of RMB6,534,700,000 (31 December 2018: RMB7,106,844,000) are denominated in USD.

(9) Bonds payable

The movement of the corporate bonds for the period is set out below:

	30 June 2019 RMB'000	31 December 2018 RMB'000
At the beginning of the period/year	**3,989,691**	3,985,777
Interest charge	**2,021**	3,914
	3,991,712	3,989,691
Less: current portion	**(1,499,375)**	(1,498,439)
At the end of the period/year	**2,492,337**	2,491,252

(10) Contingent liabilities and guarantee

a) Aquarius LNG Shipping Limited ("Aquarius LNG") and Gemini LNG Shipping Limited ("Gemini LNG"), and Capricorn LNG Shipping Limited ("Capricorn LNG") and Aries LNG Shipping Limited ("Aries LNG") are associates of East China LNG Shipping Investment Co., Limited and North China LNG Shipping Investment Co., Limited, 2 non-wholly-owned subsidiaries of the Company (the "4 Associates"), respectively. Each associate entered into a ship building contract for one LNG vessel. After the completion of each LNG vessel, the 4 Associates would, in accordance with time charters agreements to be signed, lease their LNG vessels to the following charterers respectively:

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 4 guaranteed leases (the "Lease Guarantees"). According to the Lease Guarantees, the Company irrevocably and unconditionally provided the charterers, successors and transferees of the 4 Associates with guarantee (1) for the 4 Associates to fulfil their respective obligations under the lease term, and (2) to secure 30% of amounts payable to charterers under lease term.

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 4 Associates, the amount of lease guaranteed by the Company is limited to USD8,200,000 (equivalent to approximately RMB56,373,000). The guarantee period is limited to the lease period of each LNG vessel leased by the 4 Associates.

b) At the 2014 seventh Board meeting held on 30 June 2014, the Board approved the ship building contracts, time charter agreements and supplemental construction contract signed by 3 joint ventures of the Group for the Yamal LNG project (the "3 Joint Ventures"). To secure the obligation of the ship building contracts, time charter agreements and supplemental construction contracts, the Company provides corporate guarantees to the shipbuilders, Daewoo Shipbuilding & Marine Engineering Co., Ltd. and DY Maritime Limited for the 3 Joint Ventures . The total aggregate liability of the Company under the corporate guarantees is limited to USD167,000,000 (equivalent to approximately RMB1,148,075,000). In addition, the Company provides owner's guarantees to the charterer, YAMAL Trade Pte. Ltd. for the 3 Joint Ventures which the total aggregate liability of the Company under these guarantees is limited to USD6,400,000 (equivalent to approximately RMB43,998,000).

c) Subsequent to the approval by shareholders at the annual general meeting held on 8 June 2017, the Company entered into 3 financing guarantees with 2 banks, to the extent of amount of USD377.5 million (equivalent to approximately RMB2,595,199,000), in respect of 50% of the bank borrowings provided by the above mentioned banks to each of the 3 Joint Ventures and was determined on a pro rata basis of the Company's indirect ownership interest in each of the 3 Joint Ventures. The guarantee period provided by the Company for each of the 3 Joint Ventures is limited to 12 years after the vessel construction project of each of the 3 Joint Ventures is completed.

d) COSCO SHIPPING LNG Investment (Shanghai) Co., Limited, a wholly-owned subsidiary of the Company, holds 50% equity interest in each of Arctic Red LNG Shipping Limited, Arctic Orange LNG Shipping Limited, Arctic Yellow LNG Shipping Limited and Arctic Indigo LNG Shipping Limited ("Four Single-vessel Companies"). Subsequent to the approval by shareholders at the annual general meeting held on 28 June 2018, the Company provides owner's guarantee for the Four Single-vessel Companies with the amount of Euro4.5 million (equivalent to approximately RMB35,177,000). The guarantee period is limited to the lease period.

(11) Foreign exchange risk management

The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to USD and Hong Kong Dollar against RMB. Foreign currency risk arises from future commercial transactions, recognised assets and liabilities.

(12) Interest rate risk management

Other than the deposits placed with banks and financial institutions and loan receivables, the Group has no other significant interest-bearing assets. As the average interest rates applied to the deposits are relatively low, the directors of the Company (the "Directors") are of the opinion that the Group is not exposed to any significant interest rate risk for these assets held as at 30 June 2019 and 31 December 2018.

The Group's exposures to interest rate risk also arises from its borrowings. Loan receivables and borrowings issued at variable rates expose the Group to cash flow interest rate risk. Management monitors the capital market conditions and certain interest rate swap agreements with banks have been used to achieve optimum ratio between fixed and floating rates borrowings.

(VII) FLEET EXPANSION PROJECTS

For the six months ended 30 June 2019, the cash inflow from investment activities of the Group, which has been paid for construction and purchase of vessels, remodeling of vessels and investments (in form of both capital increase and loans) into associates and joint ventures, was approximately RMB92 million including capital expenditure of approximately RMB284 million paid for the construction and purchase of new vessels.

In terms of fleet expansion, for the six months ended 30 June 2019, the Group's subsidiaries did not receive any oil tankers or LNG carriers. The joint ventures and associates took in 4 LNG carriers of 690 thousand cubic meters.

As at 30 June 2019, the specific composition of the Group's fleet is as follows:

	Vessels in operation			Vessels under construction	
	Number	**thousand DWT/ thousand cubic meters**	**Average age**	**Number**	**thousand DWT/ thousand cubic meters**
Subsidiaries of the Group					
Oil tanker	137	19,020	9.2	16	3,058
LPG carrier	5	10	12.3	0	0
LNG carrier	6	1,050	1.9	0	0
Sub-total	148	19,030/1,050	9.0	16	3,058
Long-term charter-in oil tanker	14	2,870	8.9	0	0
Sub-total	14	2,870	8.9	0	0
Joint ventures and associates					
Oil tanker	10	620	10.4	3	195
LNG carrier	24	3,990	3.6	8	1,385
Sub-total	34	620/3,990	5.6	11	195/1,385
Total	196	22,520/5,040	8.4	27	3,253/1,385

(VIII) OUTLOOK AND HIGHLIGHTS FOR SECOND HALF OF 2019

(1) Competitive landscape and development trends in the industry

International oil shipping market

On the demand side, global major energy institutions have reduced the oil consumption growth forecast to 1.1 – 1.3 million barrels per day (mbpd), but the forecast includes the expected strong year-on-year growth in oil consumption in the second half of the year of approximately 1.8 mbpd. Given the OPEC will continue to enforce production cuts, the increase in oil supply will continue to be principally contributed by the Amercian regions. The US crude export is expected to continue to grow rapidly, especially with the pipelines and exporting terminals gradually being put into operation. As a result, the proportion of long-haul voyages is continuously going up, further supporting oil tanker demand periodically.

On the tanker supply side, professional institutions have forecast that the second half of 2019 would see the global crude tanker supply growth rate drop to 1.6% from 3.9% in the first half of the year, driven by the slowdown in delivery. In addition, according to the statistics of professional institutions, about 262 crude tankers, including 118 VLCC, are expected to retrofit Exhaust Gas Cleaing Systems (EGCS) according to plan, which will further reduce the effective tanker supply in the market in stages.

The oil tanker industry has entered a new bullish cycle, and the supply and demand fundamentals of the international oil transport market will continue to be good. In the second half of 2019, the impact on tanker supply prior to the implementation of the sulfur limit convention combined with the traditional peak season demand, as well as the uncertainties of international geopolitical and economic events, may amplify the marginal effect of market capacity supply and demand.

Domestic Tanker Market

In the second half of 2019, the demand for coastal crude oil transportation is expected to increase slightly as domestic refineries resume production after seasonal overhaul. Performance of each segment of coastal crude oil transportation is likely to diverge: the offshore oil transportation volume will experience gradual increase with the return of offshore rig productivity; the pipeline oil transportation volume will decrease; the oil transshipping volume will fluctuate with the influence of public policies and market factors. In general, the coastal crude oil transportation market is expected to remain relatively stable.

Currently, the domestic refining and chemical integration project is mostly connected with large terminals for direct docking of internationally operating tankers, but a full refining capacity may potentially call for more domestic crude oil transshipping to fill the gap between the required cargo volume and availability of terminals. On the other hand, continued construction of refining and chemical integration units is likely to benefit the coastal transportation volume of refined oils; as these units move towards a more balanced geographical distribution pattern, but voyages might take a shortening trend.

LNG Transportation Market

Professional institutions forecast additional global LNG production capacity to hit about 27 million tons from 2020 to 2021, representing 6.5% of the existing capacity. North America plays a leading role in the additional production, while China and other Asian countries will remain the main driver of global LNG demand growth, and the voyage distance of LNG transportation will show an upward trend. 93 LNG carriers are expected to be delivered during 2020 to 2021, representing an 18.5% increase. With the gradual delivery of new carriers, the supply shortage in the LNG spot shipping market will likely see improvement, and the freight rates will gradually decrease and stabilize while being supported.

(2) Highlights for the second half of 2019

In the second half of 2019, the Group will adhere to the strategy of "Strategic transformation in the traditional market plus advancing towards blue ocean in the emerging market", continue to prepare for the coming expansionary cycle of tanker industry, and accelerate the evolution towards being an integrated tanker service provider. Meanwhile, we will speed up the expansion into "new energy, new routes and new business" to incorporate forward-looking perspectives into business structure upgrades. The Group will focus on:

Firstly, propelling the transformation of traditional business model through innovation – working on the establishment of the first VLCC POOL in China, facilitating the construction of the POOL organizational structure, operating rules and information systems, and conducting internal simulations before introducing the POOL to the market.

Secondly, expanding the global reach through overseas branches – strengthening the bonds with customers across the Americas, Europe and India, diversifying routes and cargo sources, and increasing the proportion of high-yield routes.

Thirdly, reorganizing domestic and international trade business resources and enhancing the synergies with joint ventures and associates – fully leveraging the advantages from coordinated domestic-international operations and availability of all tanker types to expand the scope of integrated oil shipping services and enhance fleet efficiency and profitability.

Fourthly, facilitating development of LNG shipping business while targeting specific projects – following the layout of COSCO SHIPPING Group in the Arctic Route, actively promoting the development of Arctic Route, seeking project cooperation with major Chinese oil companies and aiming to realize concrete results as soon as possible, and strengthening LNG carrier seafarer trainings and LNG ship management expertise to enhance competitiveness in the international market.

Fifthly, continuing with lean management and effective cost control – making use of the synergy of coordinating with COSCO SHIPPING Group in the switch from high sulfur fuel oil to low sulfur fuel oil and control of bunker fuel costs, as well as optimizing the management of debt, capital, interest rates and foreign exchange rates to reduce financing costs.

Sixthly, strengthening safety management continuously – conducting comprehensive safety inspections in accordance with the concept of deficiency management and preventive management, upgrading the “three-in-one” safety management model and the “manager-in-charge” ship management model, and implementing best practices such as “caring for seafarers and safeguarding the voyage” so as to improve safety management performance.

Seventhly, implementing further reform in nurturing talent – designing the “passing lane” and “express lane” to encourage outstanding employees to run towards greater accomplishments, building a “running” corporate culture in pursuit of excellence.

(IX) OTHER MATTERS

(1) Changes in Directors, supervisors (the "Supervisors") and senior management of the Company

(i) Resignation of Mr. Yang Shicheng ("Mr. Yang") as the deputy general manager of the Company

Mr. Yang tendered his resignation as the deputy general manager of the Company due to a change in work allocation, with effect from 11 February 2019.

(ii) Resignation of Mr. Huang Xiaowen ("Mr. Huang") as the chairman of the Board, an executive Director and the chairman of the strategy committee of the Company (the "Strategy Committee")

Mr. Huang tendered his resignation as an executive Director due to a change in work allocation, and he ceased to be the chairman of the Board and the chairman of the Strategy Committee, each with effect from 23 April 2019.

(iii) Change of the chairman of the Board and the chairman of the Strategy Committee from Mr. Huang to Mr. Liu Hanbo ("Mr. Liu")

The Board appointed Mr. Liu, an executive Director, as the chairman of the Board and the chairman of the Strategy Committee in place of Mr. Huang, each with effect from 23 April 2019.

(iv) Resignation of Mr. Liu as the general manager of the Company

Mr. Liu tendered his resignation as the general manager of the Company due to the Group's redeployment of human resources, with effect from 23 April 2019.

(v) Appointment of Mr. Zhu Maijin ("Mr. Zhu") as the general manager of the Company

The Board appointed Mr. Zhu as the general manager of the Company for a term of three years, with effect from 23 April 2019.

(vi) Resignation of Mr. Lu Junshan ("Mr. Lu") as the deputy general manager of the Company

Mr. Lu tendered his resignation as the deputy general manager of the Company as he reached the age of retirement, with effect from 23 April 2019.

(vii) Appointment of Mr. Zhu as an executive Director

At the annual general meeting of the Company held on 10 June 2019 (the "AGM"), the appointment of Mr. Zhu as an executive Director was approved by the shareholders of the Company.

(viii) Retirement of Mr. Lu as an executive Director

Mr. Lu's retirement as an executive Director came into effect on 10 June 2019, immediately after the appointment of Mr. Zhu as an executive Director was approved at the AGM.

(ix) Appointment of Mr. Zhu as a member of the Strategy Committee

The Board appointed Mr. Zhu, an executive Director and the general manager of the Company, as a member of the Strategy Committee, with effect from 24 June 2019.

Save as disclosed above, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(2) Substantial shareholders' and other persons' interests in shares and underlying shares

As at 30 June 2019, so far as was known to the Directors, Supervisors or chief executive(s) of the Company, the interests or short positions of the shareholders who are entitled to exercise or control 5% or more of the voting power at any general meeting or other person (other than Directors, Supervisors or chief executive(s) of the Company) in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) (the "SFO"), or the interests or short positions which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or the interests or short positions which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") were as follow:

Name of substantial shareholders	Class of shares[1]	Number of shares held[1]	Approximate percentage of the total number shares of the relevant class[2]	Approximate percentage of the total number of issued shares[2]
China Shipping[3]	A	1,554,631,593(L)	56.82%	38.56%
COSCO Shipping[4]	A	1,554,631,593(L)	56.82%	38.56%
Prudential plc[5]	H	172,479,600(L)	13.31%	4.28%
GIC Private Limited[6]	H	129,710,000(L)	10.01%	3.22%
BlackRock, Inc.[7]	H	79,212,844(L)	6.11%	1.96%
		1,458,000(S)	0.11%	0.04%
Eastspring Investments	H	77,394,000(L)	5.97%	1.92%
JPMorgan Chase & Co[8]	H	73,936,764(L)	5.70%	1.83%
		2,726,507(S)	0.21%	0.07%
		62,947,195(P)	4.86%	1.56%

Notes:

(1) A – A Shares
H – H Shares
L – Long position
S – Short position
P – represents shares in the lending pool

(2) As at 30 June 2019, the total issued share capital of the Company was 4,032,032,861 shares of which 1,296,000,000 were H Shares and 2,736,032,861 were A Shares.

(3) As at 30 June 2019, such shareholding included 1,536,924,595 A Shares directly held by China Shipping Group Company Limited ("China Shipping"). China Shipping also held (i) 7,000,000 A Shares 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), (ii) 2,065,494 A Shares 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 (iii) 8,641,504 A Shares through AEGON-INDUSTRIAL Fund Management Co., Ltd – China Shipping (Group) Company collective asset management schemes* (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 aggregately are interested in 1,554,631,593 A Shares of the Company as at 30 June 2019, representing 38.56% of the total number of shares of the Company.

(4) China Shipping is wholly-owned by China COSCO SHIPPING Corporation Limited ("COSCO Shipping"). As such, COSCO Shipping was deemed to be interested in the shares which China Shipping was interested in.

(5) Eastspring Investments was a controlled corporation of Prudential plc. Accordingly, Prudential plc was deemed to be interested in the shares which Eastspring Investments was interested in.

(6) As at 30 June 2019, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, GIC Private Limited held the above shares of the Company as an investment manager.

(7) As at 30 June 2019, BlackRock, Inc., through various subsidiaries, had an interest in the H Shares, of which 79,212,844 H Shares (long position) and 1,458,000 H Shares (short position) were held in its capacity as interest of corporation controlled by it.

(8) As at 30 June 2019, JPMorgan Chase & Co., through various subsidiaries, had an interest in the H Shares, of which 9,325,569 H Shares (long position) and 2,726,507 H Shares (short position) were held through corporations controlled by it; 1,664,000 H Shares (long position) were held in its capacity as an investment manager, and 62,947,195 H Shares (long position) were held in its capacity as an approved lending agent.

Save as disclosed above, as at 30 June 2019, no other person (other than Directors, Supervisors or chief executive(s) of the Company) had any interests or short positions in any shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or any interests or short positions recorded in the register kept by the Company pursuant to Section 336 of the SFO or any interests or short positions which have been notified to the Company and the Hong Kong Stock Exchange.

* *For identification purposes only*

(3) Directors' and Supervisors' interests in contracts

As at 30 June 2019 or during the Reporting Period, none of the Directors or Supervisors, or an entity connected with a Director or a Supervisor, had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party.

(4) Share option incentive scheme

On 17 December 2018, the A share option incentive scheme of the Company ("the Scheme") was approved by shareholders of the Company at the extraordinary general meeting and the class meetings of, and adopted by, the Company. Details of movement of the options granted under the Scheme for the six months ended 30 June 2019 were as follows:

	Number of options										
Name or category of participants	As at 1 January 2019	Granted during the period	Lapsed during the period	Cancelled during the period	Exercised during the period	As at 30 June 2019	Date of grant	Vesting period	Exercise period	Exercise price (RMB)	Note
Mr. Liu (Director)	475,000	-	-	-	-	475,000	27 December 2018	2 years from date of grant	28 December 2020 to 27 December 2025	5.98	(1), (2), (3)
Mr. Zhu (Director)	416,000	-	-	-	-	416,000	27 December 2018	2 years from date of grant	28 December 2020 to 27 December 2025	5.98	(1) ,(2) ,(3)
Sub-total	891,000	-	-	-	-	891,000					
Other management and core technical personnel (131 participants)	34,569,000	-	-	-	-	34,569,000	27 December 2018	2 years from date of grant	28 December 2020 to 27 December 2025	5.98	(3)
Sub-total	34,569,000	-	-	-	-	34,569,000					
Total	35,460,000	-	-	-	-	35,460,000					(4)

Notes:

(1) The share options were granted on 27 December 2018 under the Scheme adopted by the Company on 17 December 2018 at an exercise price of RMB6.00 per share. According to the terms of the Scheme, share options granted have a validity period of seven years commencing from the date of grant and cannot be exercised during the two-year period commencing from the date of grant (the "Restriction Period"). Details of the grant and vesting conditions for the share options are set out in the section headed "VII. Conditions of Grant and Conditions of Exercise under the Revised Scheme" of Appendix I to the circular of the Company dated 30 November 2018.

(2) These share options represent individual interest held by the relevant Director as beneficial owner.

(3) As set out in the announcement of the Company dated 10 June 2019, considered and approved at the AGM, the Company is agreed to pay a final dividend of RMB0.02 per share for the year ended 31 December 2018 to holders of the A shares. Pursuant to the price adjustment mechanism set out in the section headed "I. Method and Procedures of Adjustment to the Number and Exercise Price of Share Options" of the announcement of the Company dated 19 December 2017, the exercise price of the share options granted to the participants under the Scheme has been adjusted from RMB6.00 per share to RMB5.98 per share.

(4) The share options were granted on 27 December 2018 under the Scheme at an exercise price of RMB6.00 per share and were also subject to the Restriction Period. Besides, subject to the fulfilment of the relevant vesting conditions, share options will be vested in three batches evenly after the expiry of the Restriction Period, i.e. (a) 33% of the share options will be vested from 28 December 2020 to 27 December 2021; (b) 33% of the share options will be vested from 28 December 2021 to 27 December 2022; and (c) 34% of the share options will be vested from 28 December 2022 to 27 December 2025.

(5) No share options were exercised or cancelled under the Scheme during the Reporting Period.

(6) The closing price of the A shares of the Company immediately before the date on which the share options were granted was RMB4.50.

(5) **Directors', Supervisors' and chief executives' interests and short positions in shares, underlying shares or debentures of the Company**

As at 30 June 2019, the Directors, Supervisors and chief executive(s) of the Company who had an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be entered into the register kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

(i) Long positions in the shares, underlying shares or debentures of the Company

Name of Director	Class of shares[1]	Number of shares held[2]	Approximate percentage of the total number of shares of the relevant class	Approximate percentage of the total number of issued shares
Mr. Liu[3]	A	475,000(L)	0.02%	0.01%
Mr. Zhu[4]	A	416,000(L)	0.02%	0.01%

Notes:

(1) A – A Shares

(2) L – Long position

(3) This represents Mr. Liu's entitlement to purchase up to 475,000 shares of the Company pursuant to the exercise of share options granted to him on 27 December 2018 under the Scheme, subject to fulfillment of the conditions of exercise of those share options.

(4) This represents Mr. Zhu's entitlement to purchase up to 416,000 shares of the Company pursuant to the exercise of share options granted to him on 27 December 2018 under the Scheme, subject to fulfillment of the conditions of exercise of those share options.

(ii) Long positions in the shares, underlying shares or debentures of associated corporations of the Company:

Name of associated corporation	Name of Director	Nature of interest	Class of shares	Number of shares held	Approximate percentage of the number of shares of the relevant class of the relevant associated corporation	Approximate percentage of the total number of issued shares of the relevant associated corporation
COSCO SHIPPING Holdings Co., Ltd.	Mr. Feng Boming	Interest of spouse	A	530,000(L)	0.00548%	0.00432%
	Mr. Teo Siong Seng	Beneficial owner	H	161,000(L)	0.00624%	0.00131%
COSCO SHIPPING Development Co., Ltd.	Mr. Feng Boming	Beneficial owner	A	29,100(L)	0.00037%	0.00025%
	Mr. Teo Siong Seng	Beneficial owner	H	200,000(L)	0.00544%	0.00172%
COSCO SHIPPING Ports Limited	Mr. Zhang Wei	Beneficial owner	Ordinary Shares	30,000(L)	0.00095%	0.00095%

Notes: A – A Shares
H – H Shares
L – Long position

As at 30 June 2019, save as disclosed above, none of the Directors, Supervisors and chief executive(s) of the Company had any interests or short positions in the shares, underlying shares or debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be entered into the register kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

(6) Directors' and Supervisors' rights to acquire shares or debentures

Save for the abovementioned share options granted under the Scheme to Mr. Liu and Mr. Zhu on 27 December 2018, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares or debentures of the Company granted to any Director or Supervisor or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement which enables the Directors or Supervisors to acquire such rights in any other body corporate.

(7) 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 the Company's listed securities during the Reporting Period.

(8) 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 the chairman of the Board and the chief executive officer are assumed by different individuals so as to maintain independence and balanced judgment and views.

The Company has established four special 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.

During the Reporting Period, save as disclosed below, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Corporate Governance Code") as set out in Appendix 14 to the Listing Rules.

Under code provision A.6.7 of the Corporate Governance Code, independent non-executive directors and non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Ruan Yongping (independent non-executive Director) attended the AGM. However, Mr. Feng Boming (non-executive Director), Mr. Zhang Wei (non-executive Director), Ms. Lin Honghua (non-executive Director), Mr. Rui Meng (independent non-executive Director), Mr. Ip Sing Chi (independent non-executive Director), and Mr. Teo Siong Seng (independent non-executive Director) were unable to attend the AGM due to their prior commitments.

The Company will keep its corporate governance practices under continuous review to ensure their consistent application and will continue to improve its practices having regard to the latest developments including any new amendments to the Corporate Governance Code.

(9) 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, namely Mr. Ruan Yongping (Chairman), Mr. Rui Meng, and Mr. Teo Siong Seng.

The audit committee has reviewed the interim results and the interim report of the Company for the Reporting Period and agreed with the accounting treatment adopted by the Company.

(10) Remuneration and appraisal committee

The remuneration and appraisal committee of the Company is headed by Mr. Ip Sing Chi, an independent non-executive Director. The other three members of the remuneration and appraisal committee of the Company are Mr. Ruan Yongping, Mr. Rui Meng and Mr. Teo Siong Seng, all being independent non-executive Directors. The remuneration and appraisal committee has adopted terms of reference which are in line with the relevant requirements of the Corporate Governance Code.

(11) Nomination committee

The nomination committee of the Company, led by Mr. Rui Meng, comprises three independent non-executive Directors, the other two members are Mr. Ruan Yongping, and Mr. Ip Sing Chi. The nomination committee of the Company reviews the structure, the size and the composition of the Board and the policy regarding Board diversity, and identifies individuals suitably qualified to become Board members and makes recommendations to the Board and assesses the independence of all independent non-executive Directors.

(12) Strategy Committee

The Strategy Committee, led by Mr. Liu Hanbo, an executive Director, comprises seven members (including executive Directors, non-executive Directors, and independent non-executive Directors). It is responsible for the consideration, evaluation and review of investment projects and making recommendations to the Board on proposed major investments, acquisitions and disposals, and conducting post-investment evaluation of investment projects. It also reviews and considers the overall strategic direction and business development of the Company.

(13) Compliance with the Model Code as set out in Appendix 10 to the Listing Rules

The Company has adopted the Model Code as 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.

(14) 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 encouraging results for the Company. Save for the remuneration policy disclosed above and the Scheme, 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 2019, the Company had 6,720 employees (as at 30 June 2018: 7,021). During the Reporting Period, the total staff cost of the Company was approximately RMB886 million (for the same period in 2018: approximately RMB723 million).

(15) Investor Relations

The Company has actively and faithfully performed its duties regarding disclosure of information and its work on investor relations. The Company has strictly abided by the principles of regular, 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 an investor relations section on its website at http://energy.coscoshipping.com to disseminate information to its investors and shareholders on a timely basis.

(16) Proposed Non-public Issuance of A Shares

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 not more than 806,406,572 A shares (the "Proposed Non-public Issuance of A Shares") by the Company to not more than 10 specific target subscribers, including COSCO Shipping, 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 proposed subscription of A shares by COSCO Shipping under the Proposed Non-public Issuance of A Shares (the "Proposed Subscription"), were approved.

Shareholders and potential investors should be aware of and take note that the Proposed Non-public Issuance of A Shares and the Proposed Subscription may or may not proceed to completion as they are still conditional upon other conditions precedent including the obtaining of the relevant approval from the China Securities Regulatory Commission. As at 30 June 2019, the Company has not yet obtained such approval. For details of the Proposed Non-public Issuance of A Shares, please refer to the announcements of the Company dated 31 October 2017, 15 December 2017, 18 December 2017, 27 December 2017, 6 February 2018, 5 March 2018, 9 May 2018, 30 October 2018, 29 May 2019, 4 June 2019, 19 June 2019, 5 July 2019 and 26 July 2019, and the circulars of the Company dated 4 December 2017, 30 November 2018 and 5 July 2019. Further announcement(s) will be made by the Company in respect of the Proposed Non-public Issuance of A Shares as and when appropriate.

(17) Events After the Reporting Period

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

By order of the Board
COSCO SHIPPING Energy Transportation Co., Ltd.
Liu Hanbo
Chairman

Shanghai, the PRC
29 August 2019

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

羅兵咸永道

To the Board of Directors of COSCO SHIPPING Energy Transportation Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 41 to 94, which comprises the interim condensed consolidated statement of financial position of COSCO SHIPPING Energy Transportation Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2019 and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Note	Six months ended 30 June 2019 (Unaudited) RMB'000	2018 (Restated) (Unaudited) RMB'000
Revenues	6	**7,058,637**	5,036,166
Operating costs		**(5,671,112)**	(4,592,288)
Gross profit		**1,387,525**	443,878
Other income and net gains	7	**63,515**	140,717
Marketing expenses		**(11,626)**	(7,934)
Administrative expenses		**(288,085)**	(287,392)
Net impairment losses on financial and contract assets		**(17,219)**	(5,283)
Other expenses		**(30,667)**	(20,136)
Share of profits of associates		**150,989**	145,556
Share of profits of joint ventures		**180,983**	115,351
Finance costs	8	**(738,073)**	(622,582)
Profit/(loss) before tax	9	**697,342**	(97,825)
Income tax expense	10	**(87,532)**	(50,456)
Profit/(loss) for the period		**609,810**	(148,281)
Other comprehensive (loss)/income			
Item that will not be reclassified to profit or loss, net of tax:			
Changes in the fair value of equity investments at fair value through other comprehensive income		**83,428**	(21,088)
Items that may be reclassified to profit or loss, net of tax:			
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates		**22,996**	63,454
Net (loss)/gain on cash flow hedges		**(268,459)**	97,930
Hedging gain reclassified to profit or loss		**21,383**	27,797
Share of other comprehensive income/(loss) of associates		**3,828**	(8,087)
Share of other comprehensive (loss)/income of joint ventures		**(110,501)**	17,585
Other comprehensive (loss)/income for the period		**(247,325)**	177,591
Total comprehensive income for the period		**362,485**	29,310

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2019

	Note	Six months ended 30 June 2019 (Unaudited) RMB'000	2018 (Restated) (Unaudited) RMB'000
Profit/(loss) for the period attributable to:			
Equity holders of the Company		**470,332**	(238,555)
Non-controlling interests		**139,478**	90,274
Profit/(loss) for the period		**609,810**	(148,281)
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**328,274**	(124,526)
Non-controlling interests		**34,211**	153,836
		362,485	29,310
Earnings/(loss) per share	11		
– Basic and diluted (RMB cents/share)		**11.66**	(5.92)

The notes on pages 50 to 94 form an integral part of this interim condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	**30 June 2019 (Unaudited) RMB'000**	31 December 2018 (Audited) RMB'000
NON-CURRENT ASSETS			
Investment properties		**21,286**	21,286
Property, plant and equipment	13	**48,571,884**	49,330,845
Prepaid land lease payments	3	**–**	74,842
Right-of-use assets	3	**2,581,118**	–
Goodwill		**73,325**	73,325
Investments in associates	14	**2,239,570**	2,363,511
Investments in joint ventures	15	**2,782,657**	2,844,733
Loan receivables	16	**1,449,923**	1,447,227
Financial assets at fair value through other comprehensive income	17	**379,522**	268,278
Deferred tax assets	18	**113,945**	47,568
Other non-current assets	19	**93,489**	–
		58,306,719	56,471,615
CURRENT ASSETS			
Current portion of loan receivables	16	**20,666**	13,137
Inventories	20	**814,887**	926,847
Contract assets	21	**567,685**	1,057,468
Trade and bills receivables	21	**1,319,152**	752,110
Prepayments, deposits and other receivables	22	**876,587**	722,721
Taxes recoverable		**1,314**	3,587
Pledged bank deposits	23	**858**	858
Cash and cash equivalents	23	**4,211,405**	3,467,924
		7,812,554	6,944,652
TOTAL ASSETS		**66,119,273**	63,416,267

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)
As at 30 June 2019

	Note	**30 June 2019 (Unaudited) RMB'000**	31 December 2018 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Provision and other liabilities		**15,286**	15,320
Derivative financial instruments	24	**603,333**	352,382
Interest-bearing bank and other borrowings	25	**17,719,372**	18,786,375
Other loans	26	**1,095,007**	1,109,592
Bonds payable	27	**2,492,337**	2,491,252
Employee benefits payable		**144,220**	141,750
Lease liabilities	3	**2,398,299**	–
Deferred tax liabilities	18	**403,224**	365,822
		24,871,078	23,262,493
CURRENT LIABILITIES			
Trade and bills payables	28	**2,006,365**	1,454,436
Other payables and accruals	29	**764,925**	731,296
Contract liabilities		**16,184**	59,528
Dividends payable	12	**26,123**	–
Current portion of interest-bearing bank and other borrowings	25	**7,152,813**	7,036,564
Current portion of other loans	26	**41,309**	67,493
Current portion of bonds payable	27	**1,499,375**	1,498,439
Current portion of employee benefits payable		**10,373**	11,890
Current portion of lease liabilities	3	**558,858**	–
Taxes payable		**44,955**	21,930
		12,121,280	10,881,576
TOTAL LIABILITIES		**36,992,358**	34,144,069

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2019

	Note	**30 June 2019 (Unaudited) RMB'000**	31 December 2018 (Audited) RMB'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	30	**4,032,033**	4,032,033
Reserves		**24,028,492**	24,159,587
		28,060,525	28,191,620
Non-controlling interests		**1,066,390**	1,080,578
TOTAL EQUITY		**29,126,915**	29,272,198

Liu Hanbo
Director

Zhu Maijin
Director

The notes on pages 50 to 94 form an integral part of this interim condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY														
	Share capital RMB'000	Share premium RMB'000	Revaluation reserve RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Safety fund reserve RMB'000	General surplus reserve RMB'000	Hedging reserve RMB'000	Available for-sale investments revaluation reserve RMB'000	FVOCI revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2017 (as previously reported)	4,032,033	7,749,939	273,418	76,341	(251,256)	2,877,435	62,464	93,158	(206,244)	46,055	-	(255,744)	13,422,041	27,919,640	342,249	28,261,889
Business combination involving entity under common control	-	-	-	-	5,000	-	-	-	-	-	-	-	(1,397)	3,603	-	3,603
Change in accounting policy	-	-	-	-	-	-	-	-	-	(46,055)	46,055	-	6,197	6,197	-	6,197
At 1 January 2018	4,032,033	7,749,939	273,418	76,341	(246,256)	2,877,435	62,464	93,158	(206,244)	-	46,055	(255,744)	13,426,841	27,929,440	342,249	28,271,689
(Loss)/profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	(238,555)	(238,555)	90,274	(148,281)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	61,338	-	61,338	2,116	63,454
Fair value loss on FVOCI	-	-	-	-	-	-	-	-	-	-	(10,755)	-	-	(10,755)	(10,333)	(21,088)
Net gain on cash flow hedges	-	-	-	-	-	-	-	-	39,955	-	-	-	-	39,955	57,975	97,930
Hedging gain reclassified to profit or loss	-	-	-	-	-	-	-	-	11,341	-	-	-	-	11,341	16,456	27,797
Share of other comprehensive loss of associates	-	-	-	-	-	-	-	-	(4,650)	-	-	(785)	-	(5,435)	(2,652)	(8,087)
Share of other comprehensive income of joint ventures	-	-	-	-	-	-	-	-	-	-	-	17,585	-	17,585	-	17,585
Total comprehensive income for the period	-	-	-	-	-	-	-	-	46,646	-	(10,755)	78,138	(238,555)	(124,526)	153,836	29,310
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	254	-	-	-	-	-	-	254	553,063	553,317
Dividends approved in respect of previous year	-	-	-	-	-	-	-	-	-	-	-	-	(201,602)	(201,602)	-	(201,602)
Accrual of safety fund reserve	-	-	-	-	-	-	42,460	-	-	-	-	-	(46,143)	(3,683)	3,683	-
Utilisation of safety fund reserve	-	-	-	-	-	-	(66,575)	-	-	-	-	-	67,313	738	(738)	-
Contribution from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	117,600	117,600
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(172,220)	(172,220)
At 30 June 2018 (unaudited and restated)	4,032,033	7,749,939	273,418	76,341	(246,256)	2,877,435	38,603	93,158	(159,598)	-	35,300	(177,606)	13,007,854	27,600,621	997,473	28,598,094

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

For the six months ended 30 June 2019

	Attributable to equity holders of the Company														
	Share capital RMB'000	Share premium RMB'000	Revaluation reserve RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Safety fund reserve RMB'000	General surplus reserve RMB'000	Hedging reserve RMB'000	FVOCI revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2018 (as previously reported)	4,032,033	7,749,939	273,418	76,341	(286,027)	2,877,435	30,134	93,158	(169,148)	29,945	165,650	13,318,742	28,191,620	1,080,578	29,272,198
Change in accounting policy	-	-	-	-	-	-	-	-	-	-	-	(384,188)	(384,188)	(260)	(384,448)
At 1 January 2019 (restated)	4,032,033	7,749,939	273,418	76,341	(286,027)	2,877,435	30,134	93,158	(169,148)	29,945	165,650	12,934,554	27,807,432	1,080,318	28,887,750
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	470,332	470,332	139,478	609,810
Currency translation differences	-	-	-	-	-	-	-	-	-	-	24,037	-	24,037	(1,041)	22,996
Fair value gain on FVOCI	-	-	-	-	-	-	-	-	-	42,548	-	-	42,548	40,880	83,428
Net loss on cash flow hedges	-	-	-	-	-	-	-	-	(109,531)	-	-	-	(109,531)	(158,928)	(268,459)
Hedging gain reclassified to profit or loss	-	-	-	-	-	-	-	-	8,724	-	-	-	8,724	12,659	21,383
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	2,715	(50)	-	-	2,665	1,163	3,828
Share of other comprehensive loss of joint ventures	-	-	-	-	-	-	-	-	(113,310)	-	2,809	-	(110,501)	-	(110,501)
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(211,403)	42,498	26,847	470,332	328,274	34,211	362,485
Accrual of safety fund reserve	-	-	-	-	-	-	41,030	-	-	-	-	(45,004)	(3,974)	3,974	-
Utilisation of safety fund reserve	-	-	-	-	-	-	(42,824)	-	-	-	-	43,578	754	(754)	-
Dividends approved in respect of previous year	-	-	-	-	-	-	-	-	-	-	-	(80,641)	(80,641)	-	(80,641)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(49,700)	(49,700)
Fair value of share options granted	-	-	-	7,021	-	-	-	-	-	-	-	-	7,021	-	7,021
Transaction with non-controlling interests	-	-	-	1,659	-	-	-	-	-	-	-	-	1,659	(1,659)	-
At 30 June 2019 (unaudited)	4,032,033	7,749,939	273,418	85,021	(286,027)	2,877,435	28,340	93,158	(380,551)	72,443	192,497	13,322,819	28,060,525	1,066,390	29,126,915

The notes on pages 50 to 94 form an integral part of this interim condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
		(Restated)
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	**2,696,446**	367,619
INVESTING ACTIVITIES		
Interest received	**22,550**	32,760
Payments for construction in progress	**(284,436)**	(2,071,262)
Purchases of property, plant and equipment	**(48,960)**	(14,327)
Proceeds from disposal of property, plant and equipment	**1**	–
Loans to joint ventures	**(13,586)**	(48,117)
Repayment from associates	**11,887**	33,168
Repayment from joint ventures	**8,756**	933,931
Dividends received from associates	**278,811**	168,843
Dividends received from joint ventures	**132,557**	83,984
(Disposal)/acquisition of a subsidiary, net of cash acquired	**(15,138)**	625,229
Decrease in pledged bank deposits	**–**	(755)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	**92,442**	(256,546)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)
For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
		(Restated)
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
FINANCING ACTIVITIES		
Interest paid	**(569,357)**	(415,377)
Dividends paid to shareholders of the Company	**(54,518)**	(87,196)
Dividends paid to non-controlling interests of subsidiaries	**(59,700)**	(430,671)
Dividends paid to previous shareholder of a subsidiary	**(10,000)**	–
Increase in other loans	**–**	154,154
Repayment of other loans	**(73,159)**	(164,034)
Increase in interest-bearing bank and other borrowings	**3,247,321**	3,034,361
Repayment of interest-bearing bank and other borrowings	**(4,222,024)**	(2,722,797)
Contribution from non-controlling interests of a subsidiary	**–**	117,600
Lease payments	**(323,290)**	–
NET CASH USED IN FINANCING ACTIVITIES	**(2,064,727)**	(513,960)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**724,161**	(402,887)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**3,467,924**	5,011,256
Effect of foreign exchange rate changes, net	**19,320**	49,005
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4,211,405**	4,657,374

The notes on pages 50 to 94 form an integral part of this interim condensed consolidated financial information.

1. CORPORATE INFORMATION

COSCO SHIPPING Energy Transportation Co., Ltd. (the "Company") is a joint stock company with limited liability established in the People's Republic of China (the "PRC"). The registered office of the Company is Room A-1015, No.188 Ye Sheng Road, China (Shanghai) Pilot Free Trade Zone, the PRC and the principal place of business is 670 Dongdaming Road, Hongkou District, Shanghai, the PRC.

During the period, the Company and its subsidiaries (together the "Group") were involved in the following principal activities:

(a) investment holding; and/or

(b) oil shipment along the PRC coast and international shipment; and/or

(c) vessel chartering; and/or

(d) liquefied natural gas ("LNG") shipping and liquefied petroleum gas ("LPG") shipping.

The directors of the Company (the "Directors") regard China COSCO SHIPPING Corporation Limited ("COSCO Shipping"), a state-owned enterprise established in the PRC, as being the Company's parent company. The Directors regard China Shipping Group Company Limited ("China Shipping"), a state-owned enterprise established in the PRC, as the immediate parent company.

The H-Shares and A-Shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange respectively.

In accordance with the asset transfer agreement entered into between the Company and a fellow subsidiary in December 2018, the Company acquired 100% equity interest in China Shipping LNG Shipping Management (Shanghai) Co., Limited ("LNG Shipping Management") by way of capital contribution of RMB3,253,400. The acquisition of LNG Shipping Management was completed by the end of 2018 and has been accounted for as combination of businesses under common control since the Directors consider that the Company and the fellow subsidiary are under common control of COSCO Shipping both before and after the above mentioned acquisition.

1. CORPORATE INFORMATION (Continued)

The aforementioned acquisition of LNG Shipping Management 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 Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The financial information of LNG Shipping Management has been incorporated into this condensed consolidated interim financial information for the six months ended 30 June 2019 (the “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 period have been restated to include the operating results and cash flows of LNG Shipping Management. Respective notes to the Interim Financial Information have also been restated. All significant intragroup transactions, balances, income and expenses are eliminated on combination.

This 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.

The Interim Financial Information was approved for issue by the board of Directors (the “Board”) on 29 August 2019.

The Interim Financial Information has not been audited.

2. BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” and the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” 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 2018 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) except for the adoption of new and amended standards as disclosed in note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 as described in those annual financial statements except for the adoption of new and amended standards as set out below. Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected total earnings.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies accordingly. None of which has significant financial impact to the Group except for HKFRS 16:

		Effective for annual periods beginning on or after
HKFRS 16	Leases	1 January 2019
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 9 Amendment	Prepayment Features with Negative Compensation	1 January 2019
HKAS 28 Amendment	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKAS 19 Amendment	Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements 2015-2017		
HKAS 12 Amendment	Income Taxes	1 January 2019
HKAS 23 Amendment	Borrowing Costs	1 January 2019
HKFRS 3 Amendment	Business Combination	1 January 2019
HKFRS 11 Amendment	Joint Arrangements	1 January 2019

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in note 3(c) below.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was from 3.00% to 4.75% per annum.

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	**3,777,583**
Less:	
Short-term leases recognised on a straight-line basis as expense	**(92,561)**
	3,685,022
Discounted using the lessee's incremental borrowing rate of at the date of initial application, lease liabilities recognised as at 1 January 2019	**3,161,967**
Lease liability recognised as at 1 January 2019	**3,161,967**
Of which are:	
Current lease liabilities	**518,849**
Non-current lease liabilities	**2,643,118**
	3,161,967

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid rental expenses relating to that lease recognised in the balance sheet as at 1 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Adjustments recognised on adoption of HKFRS 16 (Continued)

The recognised right-of-use assets relate to the following types of assets:

	30 June 2019	1 January 2019
	RMB'000	RMB'000
Vessels	**2,492,664**	2,696,015
Properties	**14,723**	14,099
Prepaid land lease payments	**73,653**	74,842
Motor vehicles	**78**	–
Total right-of-use assets	**2,581,118**	2,784,956

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by RMB2,784,956,000
- prepaid land lease payments – decrease by RMB74,842,000
- deferred tax assets – increase by RMB67,405,000
- lease liabilities (current portion) – increase by RMB518,849,000
- lease liabilities (non-current portion) – increase by RMB2,643,118,000

The net impact on retained earnings and non-controlling interests on 1 January 2019 was a decrease of RMB384,188,000 and RMB260,000 respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Adjustments recognised on adoption of HKFRS 16 (Continued)

(i) Impact on segment disclosures and profit

Segment profit for the six months ended 30 June 2019, segment assets and segment liabilities as at 30 June 2019 increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

	Segment profit/(loss) RMB'000	Segment assets RMB'000	Segment liabilities RMB'000
Oil Shipment	3,091	2,579,201	2,955,217
Others	(23)	1,917	1,940
	3,068	2,581,118	2,957,157

(ii) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 Determining whether an Arrangement contains a Lease.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices, vessels and cars. Rental contracts are typically made for fixed periods but may have extension options as described in (i) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease. Payments for prepaid land lease payments were recorded in prepaid land lease payments and amortisation was charged to income statement on a straight line basis over the period of the land lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments).

The lease payments are discounted using incremental borrowing rate of the Group which the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) The Group's leasing activities and how these are accounted for (Continued)

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

(i) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(d) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2019 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 3 Amendment	Definition of a Business	1 January 2020
HKAS 1 and HKAS 8 Amendment	Definition of Material	1 January 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 17	Insurance Contract	1 January 2021
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The Group's major operating assets represent vessels. Management determines the estimated useful lives, residual values and related depreciation expenses for vessels. Management estimates useful lives of vessels by reference to the Group's business model, its assets management policy, the industry practice, expected usage of the vessels, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the vessel market.

Management determines the estimated residual value for its vessels by reference to all relevant factors (including the use of the current scrap values of steels in an active market) at each measurement date. The depreciation expense will change where the useful lives or residual value of vessels are different from the previous estimate.

In addition to above, in preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

There have been no changes in the major risk management policies since the year end.

5.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities. The Group aims to maintain flexibility in funding by keeping credit lines available at all times.

As at 30 June 2019, the Group's current liabilities exceeded its current assets by approximately RMB4,309 million. For the six months ended 30 June 2019, cash and cash equivalents of the Group increased by RMB743 million. As at 30 June 2019, the Group has total unutilised uncommitted and committed credit facilities of approximately RMB11,497 million from banks. The Board believes that, based on experience to date, it is likely that the Group will continue to be able to drawdown loans from these facilities in the foreseeable future if required. In preparing the financial statements, the Board considers the adequacy of cash inflows from operations and financing activities to meet its financial obligations as and when they fall due and prepared a cash flow forecast for the Group for the coming 12 months. With the cash inflows from operations and available credit facilities, the Board considers that the Group will be able to obtain sufficient financing to enable it to operate, meet its liabilities as and when they become due, and satisfy its capital expenditure requirements at least for the coming 12 months. Accordingly, the Board believes that it is appropriate to prepare the financial statements on a going concern basis.

5. FINANCIAL RISK MANAGEMENT (Continued)

5.2 Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Over 2 years RMB'000	Total RMB'000
As at 30 June 2019				
Trade and bills payables	**2,006,365**	**–**	**–**	**2,006,365**
Financial liabilities included in other payables and accruals (excluding interest payable)	**260,854**	**–**	**–**	**260,854**
Interest payable in relation to borrowings and bonds	**274,735**	**–**	**–**	**274,735**
Derivative financial instruments	**–**	**–**	**603,333**	**603,333**
Lease liabilities	**646,695**	**535,910**	**2,162,478**	**3,345,083**
Interest-bearing bank and other borrowings	**8,086,862**	**4,080,783**	**19,339,758**	**31,507,403**
Other loans	**103,185**	**103,759**	**1,701,815**	**1,908,759**
Bonds payable	**1,652,050**	**126,800**	**2,650,317**	**4,429,167**
	13,030,746	**4,847,252**	**26,457,701**	**44,365,699**
As at 31 December 2018				
Trade and bills payables	1,221,681	223,758	8,997	1,454,436
Financial liabilities included in other payables and accruals (excluding interest payable)	568,531	–	–	568,531
Interest payable in relation to borrowings and bonds	162,765	–	–	162,765
Derivative financial instruments	–	–	352,382	352,382
Interest-bearing bank and other borrowings	8,054,113	4,190,662	17,792,473	30,037,248
Other loans	129,935	100,422	1,299,044	1,529,401
Bonds payable	1,702,550	126,800	2,753,600	4,582,950
	11,839,575	4,641,642	22,206,496	38,687,713

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value at the end of the reporting period by level of the fair value hierarchy:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2019				
Financial assets:				
Financial assets at fair value through other comprehensive income ("FVOCI")	**374,019**	**–**	**5,503**	**379,522**
Financial liabilities:				
Derivative financial instruments	**–**	**603,333**	**–**	**603,333**
At 31 December 2018				
Financial assets:				
Financial assets at FVOCI	262,782	–	5,496	268,278
Financial liabilities:				
Derivative financial instruments	–	352,382	–	352,382

Fair value hierarchy has been defined in the Group's consolidated financial statements disclosed in the Company's 2018 annual report. There was no transfers between Level 1 and Level 2, or transfer into or out of Level 3 in the current and prior periods.

5. FINANCIAL RISK MANAGEMENT (Continued)

5.3 Fair value estimation (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The fair values of the listed equity investments are based on the current bid price.

The fair value of interest rate swap agreements as derivative financial instruments is the estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account the current interest rates and the current creditworthiness of the swap counterparties.

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 30 June 2019 and 31 December 2018.

6. REVENUES 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:

a. oil shipment

- oil shipment
- vessel chartering

b. others

- others mainly include LNG shipping and LPG shipping.

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.

6. REVENUES AND SEGMENT INFORMATION (Continued)

Business segments

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

	Six months ended 30 June			
	2019		2018 (Restated)	
	Revenues RMB'000	**Contribution RMB'000**	Revenues RMB'000	Contribution RMB'000
By principal activity:				
Oil shipment				
– Oil shipment	**5,787,844**	**876,870**	4,143,235	219,260
– Vessel chartering	**565,738**	**130,511**	304,256	(105,373)
	6,353,582	**1,007,381**	4,447,491	113,887
Others	**705,055**	**380,144**	588,675	329,991
	7,058,637	**1,387,525**	5,036,166	443,878
Other income and net gains		**63,515**		140,717
Marketing expenses		**(11,626)**		(7,934)
Administrative expenses		**(288,085)**		(287,392)
Net impairment losses on financial and contract assets		**(17,219)**		(5,283)
Other expenses		**(30,667)**		(20,136)
Share of profits of associates		**150,989**		145,556
Share of profits of joint ventures		**180,983**		115,351
Finance costs		**(738,073)**		(622,582)
Profit/(loss) before tax		**697,342**		(97,825)

The Group's revenues for the period are recognised over-time.

The Group's revenues are mainly with contract period of less than one year. So, the Group takes the expedient not to disclose the unsatisfied performance obligation under HKFRS 15.

6. REVENUES AND SEGMENT INFORMATION (Continued)

Business segments (Continued)

	30 June 2019 RMB'000	31 December 2018 RMB'000
Total segment assets		
Oil shipment	**54,952,134**	53,509,797
Others	**11,167,139**	9,906,470
	66,119,273	63,416,267
Total segment liabilities		
Oil shipment	**27,567,102**	23,784,623
Others	**9,425,256**	10,359,446
	36,992,358	34,144,069

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, net impairment losses on financial and contract assets, 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 2019, the net carrying amounts of the Group's oil tankers, LNG vessels and LPG vessels were RMB36,763,260,000 (31 December 2018: RMB37,816,410,000), RMB9,198,899,000 (31 December 2018: RMB9,326,902,000) and RMB109,053,000 (31 December 2018: RMB111,933,000) respectively.

6. REVENUES AND SEGMENT INFORMATION (Continued)

Geographical segments

	Six months ended 30 June			
	2019		2018 (Restated)	
	Revenues RMB'000	**Contribution RMB'000**	Revenues RMB'000	Contribution RMB'000
By geographical area:				
Domestic	**2,392,908**	**565,103**	1,837,965	553,443
International	**4,665,729**	**822,422**	3,198,201	(109,565)
	7,058,637	**1,387,525**	5,036,166	443,878
Other income and net gains		**63,515**		140,717
Marketing expenses		**(11,626)**		(7,934)
Administrative expenses		**(288,085)**		(287,392)
Net impairment losses on financial and contract assets		**(17,219)**		(5,283)
Other expenses		**(30,667)**		(20,136)
Share of profits of associates		**150,989**		145,556
Share of profits of joint ventures		**180,983**		115,351
Finance costs		**(738,073)**		(622,582)
Profit/(loss) before tax		**697,342**		(97,825)

During the periods ended 30 June 2019 and 2018, total segment revenue represents total consolidated revenue as there were no inter-segment transactions between the business segments.

6. REVENUES AND SEGMENT INFORMATION (Continued)

Other information

	Oil shipment RMB'000	Others RMB'000	Total RMB'000
Six months ended 30 June 2019			
Additions to non-current assets	**355,462**	**70**	**355,532**
Depreciation and amortisation	**1,271,588**	**154,819**	**1,426,407**
Loss on disposal of property, plant and equipment, net	**(4)**	**(23)**	**(27)**
Interest income	**35,645**	**15,098**	**50,743**
Six months ended 30 June 2018			
Additions to non-current assets	1,259,947	593,921	1,853,868
Depreciation and amortisation	921,578	124,724	1,046,302
Loss on disposal of property, plant and equipment, net	(1)	(18)	(19)
Interest income	52,435	14,477	66,912

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 six months ended 30 June 2019 and 2018.

7. OTHER INCOME AND NET GAINS

	Six months ended 30 June	
	2019	2018 (Restated)
	RMB'000	RMB'000
Other income		
Bank interest income	**18,458**	16,434
Interest income from loan receivables	**32,285**	50,478
Government subsidies (note)	**18,187**	28,876
Rental income from investment properties	**511**	11,342
Others	**12,608**	1,756
	82,049	108,886
Other (losses)/gains		
Exchange (losses)/gains, net	**(13,312)**	37,209
Fair value gains on equity investments	**–**	2,724
Loss on disposal of property, plant and equipment, net	**(27)**	(19)
Others	**(5,195)**	(8,083)
	(18,534)	31,831
	63,515	140,717

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

8. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Interest expenses on:		
– bank loans and other borrowings	**570,181**	495,513
– corporate bonds	**102,464**	102,353
– interest rate swaps: cash flow hedges, reclassified from other comprehensive income	**21,383**	27,797
– lease liabilities	**63,600**	–
– exchange (gain)/loss, net	**(19,555)**	31,804
	738,073	657,467
Less: interest capitalised	**–**	(34,885)
	738,073	622,582

During the period, no interest expense is capitalised (six months ended 30 June 2018: the capitalisation rate applied to funds borrowed and utilised for the vessels under construction was at a rate of 3.68% to 3.89% per annum).

9. PROFIT/(LOSS) BEFORE TAX

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Cost of shipping services rendered:		
Bunker oil inventories consumed and port fees	**2,146,470**	1,729,077
Others (including vessel depreciation and crew expenses, which amount is also included in respective total amounts disclosed separately below)	**3,524,642**	2,863,211
	5,671,112	4,592,288
Staff costs (including emoluments of directors, supervisors and management):		
Wages, salaries, crew expenses and related expenses	**854,514**	699,129
Costs for defined benefit plan	**6,060**	4,550
Pension scheme contributions	**25,557**	19,052
Total staff costs	**886,131**	722,731
Depreciation of property, plant and equipment	**1,168,448**	1,045,112
Depreciation and amortisation of right-of-use assets	**257,959**	–
Amortisation of prepaid land lease payments	**–**	1,190
Dry-docking and repairs	**256,961**	124,359
Provision for impairment losses on trade receivables and contract assets	**17,183**	7,401
Provision for/(reversal of) impairment losses on other receivables	**36**	(2,118)

10. INCOME TAX EXPENSE

		Six months ended 30 June	
		2019	2018
	Note	**RMB'000**	RMB'000
Current income tax			
PRC	(i)		
– provision for the period		**75,634**	31,666
– under provision in respect of prior periods		**1,203**	3,621
Other districts	(ii)		
– provision for the period		**74**	65
		76,911	35,352
Deferred tax		**10,621**	15,104
Total income tax expense		**87,532**	50,456

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 entities within the Group established in the PRC, is 25% (six months ended 30 June 2018: 25%) except for those entities with tax concession.

(ii) 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.

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the profit for the period attributable to equity holders of the Company of RMB470,332,000 (six months ended 30 June 2018(restated): loss of RMB238,555,000) and the weighted average number of ordinary shares of 4,032,033 thousand (six months ended 30 June 2018: 4,032,033 thousand) shares in issue during the period.

12. DIVIDENDS

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Final dividend for 2018 – RMB0.02 (30 June 2018: Final dividend for 2017 – RMB0.05) per share	**80,641**	201,602

Final dividend of RMB0.02 per share in respect of the year ended 31 December 2018 was approved by shareholders at the annual general meeting held on 10 June 2019 and a total amount of RMB54,518,000 was paid during the period.

The Directors do not recommend the payment of an interim dividend for the period (six months ended 30 June 2018: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

	30 June 2019	31 December 2018
	RMB'000	RMB'000
Opening net book value as at 1 January	**49,330,845**	44,891,193
Currency translation differences	**53,975**	1,357,502
Additions	**355,532**	5,264,034
Disposals/write-off	**(20)**	(1,150)
Depreciation/amortization	**(1,168,448)**	(2,180,734)
Closing net book value as at 30 June/31 December	**48,571,884**	49,330,845

14. INVESTMENTS IN ASSOCIATES

	30 June 2019 RMB'000	31 December 2018 RMB'000
Share of net assets	**1,404,465**	1,528,406
Goodwill	**835,105**	835,105
	2,239,570	2,363,511

As at 30 June 2019, the Group had investments in the following associates which are all unlisted corporate entities whose quoted market price is not available:

Name	Place of incorporation and operations/legal status	Issued/registered capital	Proportion of ownership interest held by the Group		Proportion of voting power held by the Group		Principal activities
			2019	2018	**2019**	2018	
Shanghai Beihai Shipping Company Limited ("Shanghai Beihai")	The PRC/ Limited liability company	RMB763,750,000	**40%**	40%	**40%**	40%	Petroleum product transportation and vessel chartering
COSCO Shipping Finance Co., Ltd. ("CS Finance")	The PRC/ Limited liability company	RMB2,800,000,000	**11%**	11%	**11%**	11%	Banking and related financial services
Aquarius LNG Shipping Limited ("Aquarius LNG")	Hong Kong/ Limited liability company	USD1,000	**21%**	21%	**30%**	30%	LNG vessel chartering
Aries LNG Shipping Limited ("Aries LNG")	Hong Kong/ Limited liability company	USD1,000	**27%**	27%	**30%**	30%	LNG vessel chartering
Capricorn LNG Shipping Limited ("Capricorn LNG")	Hong Kong/ Limited liability company	USD1,000	**27%**	27%	**30%**	30%	LNG vessel chartering
Gemini LNG Shipping Limited ("Gemini LNG")	Hong Kong/ Limited liability company	USD1,000	**21%**	21%	**30%**	30%	LNG vessel chartering

All of the above associates are accounted for using the equity method in the condensed consolidated interim financial information.

14. INVESTMENTS IN ASSOCIATES (Continued)

Summarised financial information of an associate that is material to the Group and reconciliation to the carrying amount of the Group's interest in the associate is disclosed as follows:

	Shanghai Beihai	
	30 June 2019	31 December 2018
	RMB'000	RMB'000
Non-current assets	**1,775,853**	1,688,662
Current assets	**528,980**	895,197
Non-current liabilities	**(110,640)**	(42)
Current liabilities	**(131,449)**	(183,000)
Net assets	**2,062,744**	2,400,817
Proportion of the Group's ownership interest	**40%**	40%
Group's share of net assets	**825,098**	960,327
Goodwill	**835,105**	835,105
Carrying amount of the Group's interest in the associate	**1,660,203**	1,795,432

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Revenues	**765,106**	671,059
Profit for the period	**259,997**	223,653
Other comprehensive loss	**(126)**	(878)
Total comprehensive income for the period	**259,871**	222,775
Dividends received from the associate	**240,000**	160,000

14. INVESTMENTS IN ASSOCIATES (Continued)

The aggregate information of the Group's associates that are not individually material to the Group is disclosed as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**579,367**	568,079

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Aggregate amounts of the Group's share of:		
Profit for the period	**46,167**	56,095
Other comprehensive income/(loss)	**54**	(7,779)
Total comprehensive income for the period	**46,221**	48,316

15. INVESTMENTS IN JOINT VENTURES

	30 June 2019 RMB'000	31 December 2018 RMB'000
Share of net assets	**2,305,552**	2,367,628
Goodwill	**477,105**	477,105
	2,782,657	2,844,733

15. INVESTMENTS IN JOINT VENTURES (Continued)

As at 30 June 2019, the Group had investments in the following joint ventures which are all unlisted corporate entities whose quoted market price is not available:

Name	Place of incorporation and operations/legal status	Issued/registered capital	Indirect proportion of ownership interest, voting power and profit sharing attributable to the Group		Principal activities
			2019	2018	
China LNG Shipping (Holdings) Limited ("CLNG")	Hong Kong/ Limited liability company	USD447,235,281 (2018: USD421,384,828)	**50%**	50%	Investment holding
Arctic Blue LNG Shipping Limited	Hong Kong/ Limited liability company	USD1,000	**50%**	50%	Vessel holding
Arctic Green LNG Shipping Limited	Hong Kong/ Limited liability company	USD1,000	**50%**	50%	Vessel holding
Arctic Purple LNG Shipping Limited	Hong Kong/ Limited liability company	USD1,000	**50%**	50%	Vessel holding
Arctic Red LNG Shipping Limited ("Red LNG")	Hong Kong/ Limited liability company	USD1,000	**50%**	50%	Vessel holding
Arctic Orange LNG Shipping Limited ("Orange LNG")	Hong Kong/ Limited liability company	USD1,000	**50%**	50%	Vessel holding
Arctic Yellow LNG Shipping Limited ("Yellow LNG")	Hong Kong/ Limited liability company	USD1,000	**50%**	50%	Vessel holding
Arctic Indigo LNG Shipping Limited ("Indigo LNG")	Hong Kong/ Limited liability company	USD1,000	**50%**	50%	Vessel holding

All of the above joint ventures are accounted for using the equity method in the condensed consolidated interim financial information.

15. INVESTMENTS IN JOINT VENTURES (Continued)

Summarised financial information of a joint venture that is material to the Group and reconciliation to the carrying amount of the Group's interest in the joint venture is disclosed as follows:

	CLNG	
	30 June 2019 RMB'000	31 December 2018 RMB'000
Non-current assets	**7,670,841**	7,770,667
Current assets	**677,967**	760,104
Non-current liabilities	**(3,785,376)**	(3,620,918)
Current liabilities	**(349,060)**	(530,562)
Net assets	**4,214,372**	4,379,291
Non-controlling interests	**(846,636)**	(894,054)
	3,367,736	3,485,237
Proportion of the Group's ownership interest	**50%**	50%
Group's share of net assets	**1,683,868**	1,742,619
Goodwill	**477,105**	477,105
Carrying amount of the Group's interest in the joint venture	**2,160,973**	2,219,724

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Revenues	**572,209**	537,871
Profit for the period	**377,764**	258,295
Other comprehensive (loss)/income	**(113,310)**	37,047
Total comprehensive income for the period	**264,454**	295,342
Dividends received from the joint venture	**94,951**	53,884

15. INVESTMENTS IN JOINT VENTURES (Continued)

The aggregate information of the Group's joint ventures that are not individually material to the Group is disclosed as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**621,684**	625,009

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Aggregate amounts of the Group's share of:		
Profit for the period	**34,282**	9,087
Other comprehensive income	**–**	–
Total comprehensive income for the period	**34,282**	9,087

16. LOAN RECEIVABLES

	Note	**30 June 2019 RMB'000**	31 December 2018 RMB'000
Loans to associates	(i)	**402,599**	399,088
Loans to joint ventures	(ii)	**1,067,990**	1,061,276
		1,470,589	1,460,364
Less: current portion		**(20,666)**	(13,137)
Non-current portion		**1,449,923**	1,447,227

Note:

(i) As at 30 June 2019, loans to associates are unsecured, interest-bearing at approximately 3.39% to 4.17% over 3-month London Inter-bank Offered Rate ("LIBOR") (31 December 2018: approximately 3.60% to 4.51% over 3-month LIBOR) per annum and repayable in 2030 and 2031.

(ii) As at 30 June 2019 and 31 December 2018, loans to joint ventures are unsecured, interest-bearing at 3-month LIBOR plus 0.80% per annum, 3-month LIBOR plus 1.30% per annum and Euro Interbank Offered Rate plus 0.50% per annum and repayable within 20 years after the joint ventures' vessels construction projects.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity investments at FVOCI comprise the following investments in listed and unlisted equity:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Listed equity investments in the PRC	**374,019**	262,782
Unlisted equity investments	**5,503**	5,496
	379,522	268,278

During the period, the following profit/(loss) were recognised in other comprehensive income (net of tax).

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Gain/(loss) recognised in other comprehensive income	**83,428**	(21,088)

18. DEFERRED TAX ASSETS AND LIABILITIES

(a) Components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year/period are as follows:

	Adoption of HKFRS16 RMB'000	**Revaluation of assets arising from business combination** RMB'000	**Others** RMB'000	**Total** RMB'000
At 1 January 2018	–	49,906	–	49,906
(Charge)/credit to profit or loss	–	(2,352)	14	(2,338)
At 31 December 2018	–	47,554	14	47,568
Change in accounting policy	67,405	–	–	67,405
At 1 January 2019	**67,405**	**47,554**	**14**	**114,973**
Credit/(charge) to profit or loss	**148**	**(1,176)**	**–**	**(1,028)**
At 30 June 2019	**67,553**	**46,378**	**14**	**113,945**

18. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

(b) Components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year/period are as follows:

	Revaluation of investment properties RMB'000	Fair value change on FVOCI RMB'000	Accelerated tax depreciation RMB'000	Unremitted earnings RMB'000	Others RMB'000	Total RMB'000
At 1 January 2018	182,086	68,581	64,658	33,092	4,732	353,149
Arising from acquisition of a subsidiary	–	–	8,647	–	–	8,647
(Credit)/charge to profit or loss	(2,124)	–	(4,589)	21,094	(148)	14,233
Credit to other comprehensive income	–	(10,207)	–	–	–	(10,207)
At 31 December 2018 and 1 January 2019	**179,962**	**58,374**	**68,716**	**54,186**	**4,584**	**365,822**
(Credit)/charge to profit or loss	**–**	**–**	**(4,412)**	**14,078**	**(73)**	**9,593**
Charge to other comprehensive income	**–**	**27,809**	**–**	**–**	**–**	**27,809**
At 30 June 2019	**179,962**	**86,183**	**64,304**	**68,264**	**4,511**	**403,224**

(c) An analysis of the deferred tax balances for the consolidated statement of financial position are disclosed as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Deferred tax assets	**113,945**	47,568
Deferred tax liabilities	**(403,224)**	(365,822)
	(289,279)	(318,254)

18. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

(c) An analysis of the deferred tax balances for the consolidated statement of financial position are disclosed as follows: (continued)

As at 30 June 2019, deferred tax asset in respect of tax losses of RMB3,548,446,000, which will expire within five years (31 December 2018: RMB3,379,905,000) has not been recognised as deferred tax assets in the consolidated financial statements as it is not certain that future taxable profit will be available against which these losses can be utilised.

As at 30 June 2019, the unrecognised deferred income tax liabilities were RMB640,768,000 (31 December 2018: RMB637,141,000), relating to income tax and withholding tax that would be payable for undistributed profits of certain overseas subsidiaries, as the Directors considered that the timing for the reversal of the related temporary differences can be controlled or such profits will not be distributed and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these overseas subsidiaries as at 30 June 2019 amounted to RMB2,563,072,000 (31 December 2018: RMB2,548,565,000).

19. OTHER NON-CURRENT ASSETS

	30 June 2019 RMB'000	31 December 2018 RMB'000
Prepayment for investment in a joint venture	**46,246**	–
Prepayment for vessels	**47,243**	–
	93,489	–

20. INVENTORIES

	30 June 2019 RMB'000	31 December 2018 RMB'000
Bunker oil inventories	**561,468**	680,643
Ship stores and spare parts	**253,419**	246,204
	814,887	926,847

21. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS

	30 June 2019 RMB'000	31 December 2018 RMB'000
Trade and bills receivables from third parties	**1,063,776**	606,607
Trade receivables from joint ventures	**54**	–
Trade receivables from fellow subsidiaries	**12,740**	10,077
Trade receivables from related companies (note)	**291,641**	165,588
	1,368,211	782,272
Less: allowance for doubtful debts	**(49,059)**	(30,162)
	1,319,152	752,110
Current contract assets relating to oil shipment contracts	**570,703**	1,062,112
Less: allowance	**(3,018)**	(4,644)
Total contract assets	**567,685**	1,057,468

Note: Related companies are related parties that the fellow subsidiaries of the Company either have joint control or significant influence in these related companies.

Trade receivables from joint ventures, fellow subsidiaries and related companies are unsecured, non-interest-bearing and under normal credit year as other trade receivables.

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

	30 June 2019 RMB'000	31 December 2018 RMB'000
Within 3 months	**970,332**	456,023
4 – 6 months	**117,410**	84,309
7 – 9 months	**47,891**	52,735
10 – 12 months	**40,708**	54,197
1 – 2 years	**79,354**	82,261
Over 2 years	**63,457**	22,585
	1,319,152	752,110

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2019 RMB'000	31 December 2018 RMB'000
Prepayments	**122,459**	95,604
Deposits and other receivables	**273,139**	261,753
Due from fellow subsidiaries	**316,351**	260,201
Due from associates	**741**	14,633
Due from joint ventures	**94,858**	82,291
Due from related companies (note)	**93,818**	32,945
	901,366	747,427
Less: impairment of other receivables	**(24,779)**	(24,706)
	876,587	722,721

Note: Related companies are related parties that the fellow subsidiaries of the Company either have joint control or significant influence in these related companies.

23. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	Note	30 June 2019 RMB'000	31 December 2018 RMB'000
Pledged bank deposits		**858**	858
Balances placed with CS Finance	(i)	**1,770,225**	1,267,596
Unpledged bank balances and cash		**2,441,180**	2,200,328
Cash and cash equivalents		**4,211,405**	3,467,924
Total bank deposits and cash and cash equivalents		**4,212,263**	3,468,782

Note:

(i) CS Finance is an associate of the Company, and balances placed bear interest of prevailing market rates.

24. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2019, the Group had interest rate swap agreements with total notional principal amount of approximately USD555,821,000 (equivalent to approximately RMB3,821,103,000) (31 December 2018: approximately USD564,773,000, equivalent to approximately RMB3,882,645,000) which will be matured in 2031, 2032 and 2033 (31 December 2018: 2031, 2032 and 2033). These interest rate swap agreements are designated as cash flow hedges in respect of the Group's certain portion of bank borrowings with floating interest rates.

During the period, the floating interest rates of the bank borrowings were 3-month LIBOR plus 2.20% (six months ended 30 June 2018: 3-month LIBOR plus 2.20%).

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 30 June 2019 and 31 December 2018, details of the interest-bearing bank and other borrowings are as follows:

	Annual effective interest rate (%)	Maturity	30 June 2019 RMB'000	31 December 2018 RMB'000
Current liabilities				
(i) Bank borrowings				
Secured	20% discount to the People's Bank of China ("PBC") Benchmark interest rate, PBC Benchmark interest rate, 3-month LIBOR+1.15% to 2.20%, fixed rate of 4.27% to 4.80%	2019 to 2020	**1,273,832**	1,302,590
Unsecured	LIBOR + 0.70% to 1.70%, 3-month LIBOR + 0.80% to 1.20%	2019 to 2020	**4,506,571**	4,361,564
			5,780,403	5,664,154
(ii) Other borrowings				
Unsecured	10% discount to the PBC Benchmark interest rate, fixed rate of 3.60%	2019 to 2020	**1,372,410**	1,372,410
Interest-bearing bank and other borrowings – current portion			**7,152,813**	7,036,564

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

As at 30 June 2019 and 31 December 2018, details of the interest-bearing bank and other borrowings are as follows: (Continued)

	Annual effective interest rate (%)	Maturity	30 June 2019 RMB'000	31 December 2018 RMB'000
Non-current liabilities				
(i) Bank borrowings				
Secured	20% discount to the PBC Benchmark interest rate, PBC Benchmark interest rate, 3-month LIBOR+1.15% to 2.20%, fixed rate of 4.27% to 4.80%	2021 to 2033	**15,548,393**	15,865,245
Unsecured	LIBOR + 1.00%, 3-month LIBOR + 0.80% to 1.10%	2020 to 2021	**2,028,129**	2,745,280
			17,576,522	18,610,525
(ii) Other borrowings				
Unsecured	10% discount to the PBC Benchmark interest rate	2025	**142,850**	175,850
Interest-bearing bank and other borrowings – non-current portion			**17,719,372**	18,786,375

As at 30 June 2019, the Group's interest-bearing bank and other borrowings were secured by pledges of the Group's 45 (31 December 2018: 44) vessels with total net carrying amount of RMB25,954,567,000 (31 December 2018: RMB25,528,346,000) and pledged bank deposits.

26. OTHER LOANS

	Note	30 June 2019 RMB'000	31 December 2018 RMB'000
Kantons International Investment Limited ("Kantons International")	(i)	**746,203**	772,988
Mitsui O.S.K. Lines, Ltd. ("MOL")	(ii)	**374,276**	388,125
Petrochina International Co., Limited ("Petrochina International")	(iii)	**15,837**	15,972
		1,136,316	1,177,085
Less: current portion		**(41,309)**	(67,493)
Non-current portion		**1,095,007**	1,109,592

Note:

(i) As at 30 June 2019, other loans amounted to RMB46,888,000 (31 December 2018: RMB46,470,000) was borrowed by East China LNG Shipping Investment Co., Limited ("ELNG"), a non-wholly-owned subsidiary of the Company, from its non-controlling shareholder, Kantons International, to finance certain vessels construction projects being carried out by the associates held by ELNG. As at 30 June 2019, the loan is unsecured, interest-bearing at approximately 3.93% to 4.17% over 3-month LIBOR (31 December 2018: approximately 4.42% to 4.51% over 3-month LIBOR) per annum and repayable within 20 years after the aforementioned vessels construction projects are completed.

As at 30 June 2019, other loans amounted to RMB699,315,000 (31 December 2018: RMB726,518,000) was borrowed by China Energy Shipping Investment Co., Limited ("China Energy"), an indirect and non-wholly-owned subsidiary of the Company, from its non-controlling shareholder, Kantons International, to finance certain vessels construction projects being carried out by the subsidiaries of China Energy. As at 30 June 2019, the loan is unsecured, interest-bearing at a weighted average of 3-month LIBOR plus 2.20% and fixed rate of 4.80% (31 December 2018: 3-month LIBOR plus 2.20% and fixed rate of 4.80%) per annum and repayable within 20 years after the aforementioned vessels construction projects are completed.

(ii) As at 30 June 2019, other loans was borrowed by the subsidiaries of China Energy from their non-controlling shareholder, MOL, to finance certain vessels construction projects being carried out by them. As at 30 June 2019, the loans are unsecured, interest-bearing at a weighted average of 3-month LIBOR plus 2.20% and fixed rate of 4.80% (31 December 2018: 3-month LIBOR plus 2.20% and fixed rate of 4.80%) per annum and repayable within 15 years after the aforementioned vessels construction projects are completed.

(iii) As at 30 June 2019, other loans was borrowed by North China LNG Shipping Investment Co., Limited ("NLNG"), a non-wholly-owned subsidiary of the Company, from its non-controlling shareholder, Petrochina International, to finance certain vessels construction projects being carried out by the associates held by NLNG. As at 30 June 2019, the loan is unsecured, interest-bearing at approximately 3.39% to 3.73% over 3-month LIBOR (31 December 2018: approximately 3.60% to 3.70% over 3-month LIBOR) per annum and repayable within 20 years after the aforementioned vessels construction projects are completed.

27. BONDS PAYABLE

The movement of the corporate bonds for the period is set out below:

	30 June 2019 RMB'000	31 December 2018 RMB'000
At the beginning of the period/year	**3,989,691**	3,985,777
Interest charge	**2,021**	3,914
	3,991,712	3,989,691
Less: current portion	**(1,499,375)**	(1,498,439)
At the end of the period/year	**2,492,337**	2,491,252

Details of the balances of corporate bonds are as follows:

Issue date	Term of the bond	Total principal value RMB'000	Book value of bond at initial recognition RMB'000	At 31 December 2018 RMB'000	Interest charge RMB'000	**At 30 June 2019 RMB'000**
3 August 2012	10 years	1,500,000	1,487,100	1,494,624	678	**1,495,302**
29 October 2012	7 years	1,500,000	1,488,600	1,498,439	936	**1,499,375**
29 October 2012	10 years	1,000,000	992,400	996,628	407	**997,035**
		4,000,000	3,968,100	3,989,691	2,021	**3,991,712**

The Company issued two batches of corporate bonds on 3 August 2012. The first batch is a three-year corporate bonds with a principal value of RMB1 billion, carrying an annual fixed interest rate of 4.20% and was repaid on 3 August 2015. The second batch is a ten-year corporate bonds with a principal value of RMB1.5 billion, carrying an annual fixed interest rate of 5% and matures on 3 August 2022. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually.

The Company issued further two batches of corporate bonds on 29 October 2012. The first batch is a seven-year corporate bonds with a principal value of RMB1.5 billion, carrying an annual fixed interest rate of 5.05% and matures on 29 October 2019. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually. The second batch is a ten-year corporate bonds with a principal value of RMB1 billion, carrying an annual fixed interest rate of 5.18% and matures on 29 October 2022. The issuing price was 100 per cent of principal value, resulting in no discount on the issue. Interest on the bonds is paid annually.

28. TRADE AND BILLS PAYABLES

	30 June 2019 RMB'000	31 December 2018 RMB'000
Trade and bills payables to third parties	**1,320,404**	954,860
Trade payables to fellow subsidiaries	**645,299**	468,505
Trade payables to an associate	**6,707**	6,481
Trade payables to related companies (note)	**33,955**	24,590
	2,006,365	1,454,436

Note: Related companies are related parties that the fellow subsidiaries of the Company either have joint control or significant influence in these related companies.

Trade payables due to fellow subsidiaries, an associate and related companies are unsecured, non-interest-bearing and under normal credit year as other trade payables.

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

	30 June 2019 RMB'000	31 December 2018 RMB'000
Within 3 months	**1,268,886**	1,042,210
4 – 6 months	**277,626**	107,812
7 – 9 months	**107,907**	29,829
10 – 12 months	**47,548**	41,830
1 – 2 years	**72,881**	223,758
Over 2 years	**231,517**	8,997
	2,006,365	1,454,436

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

29. OTHER PAYABLES AND ACCRUALS

	30 June 2019 RMB'000	31 December 2018 RMB'000
Other payables	**607,843**	372,209
Accruals	**118,120**	285,100
Due to parent company	**339**	373
Due to immediate parent company	**1,000**	1,100
Due to fellow subsidiaries	**37,622**	72,508
Due to an associate	**1**	6
	764,925	731,296

The amounts due to parent company, immediate parent company, fellow subsidiaries, and an associate are unsecured, non-interest-bearing and repayable on demand.

Other payables and accruals are non-interest-bearing and are normally settled in one to three months.

30. SHARE CAPITAL

	30 June 2019		31 December 2018	
	Number of shares	RMB'000	Number of shares	RMB'000
Registered, issued and fully paid:				
Listed H-Shares of RMB1 each				
At beginning and end of the period/year	**1,296,000**	**1,296,000**	1,296,000	1,296,000
Listed A-Shares of RMB1 each				
At beginning and end of the period/year	**2,736,033**	**2,736,033**	2,736,033	2,736,033
Total	**4,032,033**	**4,032,033**	4,032,033	4,032,033

31. CONTINGENT LIABILITIES AND GUARANTEE

a. Aquarius LNG and Gemini LNG, and Capricorn LNG and Aries LNG are associates of ELNG and NLNG (the "4 Associates") respectively. Each associate entered into a ship building contract for one LNG vessel. After the completion of each LNG vessel, the 4 Associates would, in accordance with time charters agreements to be signed, lease their LNG vessels to the following charterers respectively:

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 4 guaranteed leases (the "Lease Guarantees"). According to the Lease Guarantees, the Company irrevocably and unconditionally provided the charterers, successors and transferees of the 4 Associates with guarantee (1) for the 4 Associates to fulfil their respective obligations under the lease term, and (2) to secure 30% of amounts payable to the charterers under lease term.

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 4 Associates, the amount of lease guaranteed by the Company is limited to USD8,200,000 (equivalent to approximately RMB56,373,000). The guarantee period is limited to the lease period of each LNG vessel leased by the 4 Associates.

b. At the 2014 seventh Board meeting held on 30 June 2014, the Board approved the ship building contracts, time charter agreements and supplemental construction contract signed by 3 joint ventures of the Group for the Yamal LNG project (the "3 Joint Ventures"). To secure the obligation of the ship building contracts, time charter agreements and supplemental construction contracts, the Company provides corporate guarantees to the shipbuilders, Daewoo Shipbuilding & Marine Engineering Co., Ltd. and DY Maritime Limited for the 3 Joint Ventures. The total aggregate liability of the Company under the corporate guarantees is limited to USD167,000,000 (equivalent to approximately RMB1,148,075,000). In addition, the Company provides owner's guarantees to the charterer, YAMAL Trade Pte. Ltd. for the 3 Joint Ventures which the total aggregate liability of the Company under these guarantees is limited to USD6,400,000 (equivalent to approximately RMB43,998,000).

31. CONTINGENT LIABILITIES AND GUARANTEE (Continued)

c. Subsequent to the approval by shareholders at the annual general meeting held on 8 June 2017, the Company entered into 3 financing guarantees with 2 banks, to the extent of amount of USD377.5 million (equivalent to approximately RMB2,595,199,000), in respect of 50% of the bank borrowings provided by the above mentioned banks to each of the 3 Joint Ventures and was determined on a pro rata basis of the Company's indirect ownership interest in each of the 3 Joint Ventures. The guarantee period provided by the Company for each of the 3 Joint Ventures is limited to 12 years after the vessel construction project of each of the 3 Joint Ventures is completed.

d. COSCO SHIPPING LNG Investment (Shanghai) Co., Limited, a wholly-owned subsidiary of the Company, holds 50% equity interest in each of Red LNG, Orange LNG, Yellow LNG and Indigo LNG ("Four Single-vessel Companies"). Subsequent to the approval by shareholders at the annual general meeting held on 28 June 2018, the Company provides owner's guarantee for the Four Single-vessel Companies with the amount of Euro4.5 million (equivalent to approximately RMB35,177,000). The guarantee period is limited to the lease period.

32. OPERATING LEASE ARRANGEMENTS AS LESSOR

The Group leases certain of its vessels and buildings under operating lease arrangements, with leases negotiated for an initial period of one to twenty (31 December 2018: one to twenty) years.

As at 30 June 2019, the Group had total future minimum lease rental receivables under non-cancellable operating leases falling due as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Within one year	**1,806,861**	1,942,552
In the second to fifth years, inclusive	**5,692,457**	5,696,341
Over five years	**17,416,129**	17,670,129
	24,915,447	25,309,022

33. CAPITAL COMMITMENTS

	Note	**30 June 2019 RMB'000**	31 December 2018 RMB'000
Authorised and contracted but not provided for:			
Construction and purchases of vessels	(i)	**6,635,605**	6,446,633
Project investments	(ii)	**181,320**	179,130
		6,816,925	6,625,763

Note:

(i) According to the construction and purchase agreements entered into by the Group, these capital commitments will fall due in 2019 to 2021.

(ii) Included in capital commitments in respect of project investments are commitments to invest in certain projects held by CLNG, a joint venture of the Group.

In addition to the above, the Group's share of the capital commitments of its associates, which are contracted but not provided for amounted to RMB210,216,000 (31 December 2018: Nil). The Group's share of the capital commitments of its joint ventures, which are contracted but not provided for amounted to RMB2,559,407,000 (31 December 2018: RMB2,565,694,000).

34. SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The company is controlled by China Shipping and COSCO Shipping, the immediate parent company and the parent company, both of which are government-related enterprise established in the PRC. The PRC government indirectly controls COSCO Shipping and its subsidiaries. In accordance with HKAS(Revised), "Related Party Disclosure", issued by the HKICPA, government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significant influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include COSCO Shipping and it its subsidiaries (other than the Group), other government related entities and their subsidiaries, other entities and corporations in which the Group is able to exercise significant influence and key management personnel of the Company and as well as their close family members. The Group's significant transactions and balances with the PRC government and other entities controlled, jointly controlled or significantly influenced by the PRC government mainly include sales or purchases of assets, goods and services, bank deposits and bank borrowings and related trade and other receivables, trade and other payables, borrowings, pledged bank deposits, cash and cash equivalents.

For the purpose of the related party transaction disclosures, the Directors believe that it is meaningful to disclose the related party transactions with COSCO Shipping Group companies for the interests of financial statements users, although certain of those transactions which are individually or collectively not significant, are exempted from disclosure. The Directors believe that the information of related party transactions has been adequately disclosed in the Interim Financial Information.

In addition to the related party information and transactions disclosed elsewhere in the Interim Financial Information, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties during the period.

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2019	2018
		(Restated)
	RMB'000	RMB'000
Transactions with COSCO Shipping		
Revenues		
Rental income, including surcharge	**–**	7,650
Expense		
Interest expense	**6,143**	6,143
Transactions with China Shipping		
Expense		
Interest expense	**18,100**	18,100
Transactions with fellow subsidiaries and the related entities of COSCO Shipping		
Revenues		
Shipping services and ship charter services	**32,813**	9,615
Supply of shipping material, painting, spare part and ship equipment etc.	**5,034**	5,789
Rental income, including surcharge	**509**	1,064
Interest income from a fellow subsidiary	**–**	3,940
Expenses		
Supply of marine lubricant, fuel, material, painting, spare part and ship equipment etc.	**1,728,908**	1,118,214
Ship management, ship safety management and technical consultation services	**–**	17,805
Electrical, telecommunication, ship repair and technical improvements services etc.	**62,979**	44,495
Related services for sale and purchase of ships, accessories and equipment	**51,549**	48,633
Ship and related business insurance and insurance brokerage services	**37,171**	20,030
Ship and shipping agency services	**32,226**	58,416
Management services of sea crew	**613,681**	548,709
Rental expense	**2,442**	7,546
Miscellaneous services	**289**	509

34. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2019	2018 (Restated)
	RMB'000	RMB'000
Transactions with fellow subsidiaries and the related entities of COSCO Shipping (Continued)		
Others		
Loss on disposal of a subsidiary	**7,926**	–
Transactions with joint ventures of the Group		
Revenues		
Interest income from joint ventures	**17,593**	11,628
Transactions with associates of the Group		
Revenues		
Interest income from associates	**27,005**	14,224
Rental income, including surcharge	**–**	1,896
Vessel chartering income	**54,584**	56,843
Key management compensation		
Salaries, bonuses and other allowances	**5,017**	3,457
Contribution to retirement benefit scheme	**275**	260

Note: These transactions were conducted either based on terms as governed by the master agreements and subsisting agreements entered into the Group and COSCO Shipping Group or based on terms as set out in the underlying agreements, statutory rates or market prices or actual cost incurred, or as mutually agreed between the Group and the parties in concern.

As at 30 June 2019 and 31 December 2018, majority of the Group's bank balances and bank borrowings are with state-owned banks.

35. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to current period's presentation and as a result of the application of merger accounting due to the business combination involving entities under common control.