COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.*
中遠海運能源運輸股份有限公司

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

(Stock Code: 1138)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- Revenues of the Group increased by approximately RMB3,345 million and by 18% from RMB18,567 million in 2022 to RMB21,912 million in 2023

- Profit for the year attributable to equity holders of the Company was RMB3,349 million in 2023 as compared to profit for the year attributable to equity holders of RMB1,461 million in 2022

- The basic and diluted earnings per share for 2023 were RMB70.19 cents as compared to basic and diluted earnings per share of RMB30.64 cents and RMB 30.60 cents respectively for 2022

The board (the "**Board**") of directors (the "**Directors**") of COSCO SHIPPING Energy Transportation Co., Ltd. (the "**Company**") is pleased to announce the annual results of the Company and its subsidiaries (together referred to as the "**Group**") for the year ended 31 December 2023 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	For the year ended 31 December 2023 RMB'000	2022 RMB'000 (Restated*)
Revenues	3	**21,912,456**	18,566,795
Operating costs		**(15,417,366)**	(15,157,996)
Gross profit		**6,495,090**	3,408,799
Other income and other gains, net	4	**882,674**	347,844
Marketing expenses		**(76,996)**	(57,273)
Administrative expenses		**(975,955)**	(947,749)
Provision for impairment losses on financial and contract assets		**(225,295)**	(4,402)
Other expenses		**(109,308)**	(43,125)
Share of profits of associates		**457,602**	317,497
Share of profits of joint ventures		**730,288**	725,255
Impairment losses on investment in joint ventures		**(984,111)**	–
Finance costs	5	**(1,453,793)**	(993,999)
Profit before tax		**4,740,196**	2,752,847
Income tax expense	6	**(1,082,355)**	(964,755)
Profit for the year		**3,657,841**	1,788,092
Other comprehensive 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		**(45,350)**	(89,362)
Remeasurement of defined benefit plan payable		**(30,230)**	2,560
Exchange differences from retranslation of financial statements of subsidiaries		**8,466**	46,069
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		**152,383**	551,195
Net profit on cash flow hedges		**30,111**	619,172
Hedging (loss)/gain reclassified to profit		**(77,763)**	80,219
Share of other comprehensive income of associates		**52,462**	52,907
Share of other comprehensive income of joint ventures		**89,310**	594,283
Other comprehensive income for the year		**179,389**	1,857,043
Total comprehensive income for the year		**3,837,230**	3,645,135

	Note	For the year ended 31 December 2023 RMB'000	2022 RMB'000 (Restated*)
Profit for the year attributable to:			
Equity holders of the Company		**3,348,717**	1,460,862
Non-controlling interests		**309,124**	327,230
Profit for the year		**3,657,841**	1,788,092
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**3,546,498**	2,934,486
Non-controlling interests		**290,732**	710,649
		3,837,230	3,645,135
Earnings per share	*8*		
– Basic (RMB cents/share)		**70.19**	30.64
– Diluted (RMB cents/share)		**70.19**	30.60

* See Note 2.2 for details.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000* (Restated*)
NON-CURRENT ASSETS		
Investment properties	**2,259**	2,259
Property, plant and equipment	**50,050,525**	47,179,133
Right-of-use assets	**651,392**	834,747
Goodwill	**73,325**	73,325
Investments in associates	**5,011,950**	4,392,639
Investments in joint ventures	**5,069,962**	5,377,379
Loan receivables	**1,301,256**	1,293,889
Financial assets at fair value through other comprehensive income	**291,794**	387,090
Deferred tax assets	**35,856**	38,645
Derivative financial instruments	**92,083**	116,525
Other non-current assets	**34,021**	172,236
	62,614,423	59,867,867
CURRENT ASSETS		
Current portion of loan receivables	**18,979**	19,046
Inventories	**1,149,827**	1,278,069
Contract assets	**1,551,166**	1,632,174
Trade and bills receivables	**582,601**	545,041
Prepayments, deposits and other receivables	**531,186**	668,099
Taxes recoverable	**7,431**	40
Pledged bank deposits	**781**	778
Cash and bank	**5,627,218**	4,239,339
	9,469,189	8,382,586
TOTAL ASSETS	**72,083,612**	68,250,453

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
		(Restated*)
NON-CURRENT LIABILITIES		
Provision and other liabilities	**29,407**	18,634
Derivative financial instruments	**9,426**	–
Interest-bearing bank and other borrowings	**22,917,086**	20,746,728
Other loans	**907,941**	945,044
Employee benefits payable	**201,743**	159,908
Lease liabilities	**733,727**	1,086,548
Deferred tax liabilities	**1,454,627**	1,132,313
	26,253,957	24,089,175
CURRENT LIABILITIES		
Trade and bills payables	**1,707,876**	1,939,321
Other payables and accruals	**1,421,214**	1,000,003
Contract liabilities	**99,780**	18,894
Current portion of interest-bearing bank and other borrowings	**4,707,252**	7,018,242
Current portion of other loans	**52,069**	48,678
Current portion of employee benefits payable	**11,790**	30,521
Current portion of lease liabilities	**392,902**	370,554
Current tax liabilities	**333,449**	164,304
	8,726,332	10,590,517
TOTAL LIABILITIES	**34,980,289**	34,679,692
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**4,770,776**	4,770,776
Reserves	**29,620,728**	26,799,895
	34,391,504	31,570,671
Non-controlling interests	**2,711,819**	2,000,090
TOTAL EQUITY	**37,103,323**	33,570,761

* See Note 2.2 for details.

NOTES

1. CORPORATE INFORMATION

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 year, the Group was 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.

The Board regards China COSCO SHIPPING Corporation Limited ("**COSCO SHIPPING**"), a state-owned enterprise established in the PRC, as being the Company's ultimate parent company. The Board regards China Shipping Group Company Limited ("**China Shipping**"), a state-owned enterprise established in the PRC, as the immediate parent company.

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

These consolidated financial statements are 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.

These consolidated financial statements were approved for issue by the Board on 28 March 2024.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) and investment property – measured at fair value or revalued amount.

(iii) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2023:

- HKFRS 17 Insurance Contracts
- Definition of Accounting Estimates – Amendments to HKAS 8
- International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12
- Disclosure of Accounting Policies – Amendments to HKAS 1 and HKFRS Practice Statement 2

The amendments listed above did not have significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New and amended standards and interpretations not yet adopted

Certain amendments to accounting standards and interpretation have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Non-current Liabilities with Covenants (amendments)	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Hong Kong Interpretations 5 (2020)	Hong Kong Interpretation 5 (2020) presentation of financial statements-classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 January 2024
Amendments to HKFRS 16	Lease liability in a sale and leaseback	1 January 2024

2.2 Changes in accounting policies

Change in accounting policy on Amendments to HKAS 12 by the Group

The Group has changed its accounting policy having regard to the amendments to HKAS 12. In applying the requirements in HKAS 12, the Group recognised deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, typically to the lease transactions as a lessee.

This change in accounting policy has been applied retrospectively by restating the balances as at 31 December 2022 and the results for the year then ended as summarised below:

	As previously reported *RMB'000*	Effect of change in accounting policy *RMB'000*	As restated *RMB'000*
For the year ended 31 December 2022			
Income tax expense	(964,255)	(500)	(964,755)
Profit for the period attributable to:			
Equity holders of the Company	1,461,118	(256)	1,460,862
Non-controlling interests	327,474	(244)	327,230
Profit for the period	1,788,592	(500)	1,788,092
Total comprehensive income for the period attributable to:			
Equity holders of the Company	2,934,742	(256)	2,934,486
Non-controlling interests	710,893	(244)	710,649
	3,645,635	(500)	3,645,135
As at 31 December 2022			
NON-CURRENT ASSETS			
Deferred tax assets	38,274	371	38,645
TOTAL ASSETS	68,250,082	371	68,250,453
EQUITY			
Equity attributable to equity holders of the Company			
Reserves	26,799,707	188	26,799,895
Non-controlling interests	1,999,907	183	2,000,090
TOTAL EQUITY	33,570,390	371	33,570,761

	As previously reported *RMB'000*	Effect of change in accounting policy *RMB'000*	As restated *RMB'000*
As at 1 January 2022			
NON-CURRENT ASSETS			
Deferred tax assets	40,387	871	41,258
TOTAL ASSETS	59,388,937	871	59,389,808
EQUITY			
Equity attributable to equity holders of the Company			
Reserves	23,828,354	444	23,828,798
Non-controlling interests	1,331,237	427	1,331,664
TOTAL EQUITY	29,922,283	871	29,923,154

3. 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 categorized as follows:

a. Oil transportation

- oil shipment
- vessel chartering

b. LNG

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 other business segments.

Business segments

An analysis of the Group's revenues and contribution to profit from operating activities by principal activity and geographical area of operations for the year is set out as follows:

	For the year ended 31 December			
	2023		2022	
	Revenues	**Contribution**	Revenues	Contribution
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
By principal activity:				
Oil transportation				
– Oil shipment	**17,780,411**	**4,711,714**	15,745,050	2,466,067
– Vessel chartering	**2,311,164**	**924,245**	1,502,933	286,734
	20,091,575	**5,635,959**	17,247,983	2,752,801
LNG	**1,820,881**	**859,131**	1,318,812	655,998
	21,912,456	**6,495,090**	18,566,795	3,408,799
Other income and other gains, net		**882,674**		347,844
Marketing expenses		**(76,996)**		(57,273)
Administrative expenses		**(975,955)**		(947,749)
Provision for impairment losses on financial and contract assets		**(225,295)**		(4,402)
Other expenses		**(109,308)**		(43,125)
Share of profits of associates		**457,602**		317,497
Share of profits of joint ventures		**730,288**		725,255
Impairment losses on investment in joint ventures		**(984,111)**		–
Finance costs		**(1,453,793)**		(993,999)
Profit before tax		**4,740,196**		2,752,847

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

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

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

During the years ended 31 December 2023 and 2022, total segment revenue represents total consolidated revenue as there were no inter-segment transactions between the business segments.

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000* (Restated)
Total segment assets		
Oil transportation	**45,222,488**	46,243,698
LNG	**24,166,954**	19,458,471
Others	**2,694,170**	2,548,284
	72,083,612	68,250,453
Total segment liabilities		
Oil transportation	**21,842,913**	24,162,945
LNG	**13,130,904**	10,505,909
Others	**6,472**	10,838
	34,980,289	34,679,692

As at 31 December 2023, the total net carrying amount of the Group's oil tankers and LNG vessels were RMB32,149,153,000 (31 December 2022: RMB33,683,815,000) and RMB13,375,820,000 (31 December 2022: RMB10,901,939,000) respectively.

Geographical segments

	For the year ended 31 December			
	2023		2022	
	Revenues	**Contribution**	Revenues	Contribution
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
By geographical area:				
Domestic	**6,167,740**	**1,488,544**	5,892,937	1,292,503
International	**15,744,716**	**5,006,546**	12,673,858	2,116,296
	21,912,456	**6,495,090**	18,566,795	3,408,799

Other information

	Oil transportation	**LNG**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023				
Additions to non-current assets	**1,220,020**	**4,594,210**	**–**	**5,814,230**
Depreciation and amortisation	**2,712,195**	**440,370**	**5,448**	**3,158,013**
Gains on disposal of property, plant and equipment, net	**402,975**	**–**	**–**	**402,975**
Interest income	**175,225**	**31,679**	**150**	**207,054**
Year ended 31 December 2022				
Additions to non-current assets	1,310,725	3,150,525	263	4,461,513
Depreciation and amortisation	2,496,861	313,209	4,643	2,814,713
Gains on disposal of property, plant and equipment, net	73,945	–	–	73,945
Interest income	57,280	23,860	–	81,140

The principal assets employed by the Group are located in the PRC and, accordingly, no geographical segment analysis of assets and expenditures has been prepared for the years ended 31 December 2023 and 2022.

Accounting policies of revenue recognition

Revenue from contracts with customers

Revenue is recognised when or as the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point of time.

When control of goods or services is transferred over time, the progress towards complete satisfaction of performance obligation is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

(i) direct measurements of the value of individual services transferred by the Group to the customer, such as units produced or delivered, contract milestones, or surveys of work performed; or

(ii) the Group's efforts or inputs to the satisfaction of the performance obligation.

4. OTHER INCOME AND OTHER GAINS, NET

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Other income		
Government subsidies *(Note)*	**92,005**	148,932
Interest income from loan receivables	**86,741**	53,108
Bank interest income	**120,313**	28,032
Dividends received from financial assets at FVOCI	**17,730**	15,809
Rental income from investment properties	**265**	298
Others	**60,039**	(10,636)
	377,093	235,543
Other gains, net		
Exchange gains, net	**90,502**	38,356
Gains on disposal of property, plant and equipment, net	**402,975**	73,945
Others	**12,104**	–
	505,581	112,301
	882,674	347,844

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.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

5. FINANCE COSTS

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Total finance costs		
Interest expenses on:		
– bank loans and other loans and borrowings	**1,476,126**	829,390
– corporate bonds	**–**	88,286
– interest rate swaps: cash flow hedges, reclassified from other comprehensive income	**(77,763)**	80,219
– lease liabilities	**53,664**	65,702
– exchange losses/(gains), net	**35,206**	(50,244)
	1,487,233	1,013,353
Less: interest capitalised	**(33,440)**	(19,354)
	1,453,793	993,999

During the year, the capitalisation rates applied to funds borrowed and utilised for the vessels under construction were at rates of 3.00% to 7.03% (2022: 2.41% to 3.00%) per annum.

6. INCOME TAX EXPENSE

		For the year ended 31 December	
		2023	2022
	Note	***RMB'000***	*RMB'000*
			(Restated)
Current income tax			
PRC			
– provision for the year	*(i)*	**777,116**	280,269
– adjustments for current tax of prior periods		**(72,181)**	(177)
Hong Kong			
– provision for the year		**1,162**	1,062
Other districts			
– provision for the year	*(ii)*	**1,204**	2,023
		707,301	283,177
Deferred income tax			
(Increase)/decrease in deferred tax assets		**(1,674)**	2,613
Increase in deferred tax liabilities		**376,728**	678,965
		375,054	681,578
Total income tax expense		**1,082,355**	964,755

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% (for the year ended 31 December 2022: 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.

7. DIVIDENDS

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Final dividend for 2022 – RMB0.15 (31 December 2022: Final dividend for 2021 – RMB Nil) per share	**715,616**	–

At the Board meeting held on 28 March 2024, the Board proposed a final dividend of RMB1,669,772,000 representing RMB0.35 per share, in respect of the profits for the year ended 31 December 2023. This proposed final dividend is subject to the approval of the Company's shareholders meeting at the forthcoming annual general meeting, and accordingly has not been recognised as a liability at the end of the year.

8. EARNINGS PER SHARE

(a) Basic

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Profit attributable to equity holders of the Company *(RMB'000)*	**3,348,717**	1,460,862
Weighted average number of ordinary shares in issue *(thousand)*	**4,770,776**	4,767,408
Basic earnings per share *(RMB cents/share)*	**70.19**	30.64

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average numbers of ordinary shares in issue during the year.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company's potentially dilutive ordinary shares comprised of share options.

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Profit attributable to equity holders of the Company *(RMB'000)*	**3,348,717**	1,460,862
Weighted average number of ordinary shares in issue *(thousand)*	**4,770,776**	4,767,408
Adjustments for share options *(thousand)*	**–**	6,722
Weighted average number of ordinary shares for diluted earnings per share *(thousand)*	**4,770,776**	4,774,130
Diluted earnings per share *(RMB cents/share) (Note)*	**70.19**	30.60

Note:

For the year ended 31 December 2023, the equity incentive plan does not meet the exercise conditions. The Company cancelled all share options granted but not exercised.

II. MANAGEMENT DISCUSSION AND ANALYSIS

1. The main businesses, operating model of the Company and conditions of the industry during the Reporting Period

(1) Industry and characteristics

The Group is mainly engaged in the shipping of crude oil, product oil and LNG. As fossil energy, oil and natural gas play a pivotal role in the global energy structure and consumption sector, being an important strategic raw materials that support the development of national economy and society. Due to the imbalance between the distribution and consumption regions of global energy resources such as oil and natural gas, petroleum and natural gas trade and transportation play an essential role in international economy development.

Oil tanker is a crucial marine transportation tool. Compared with other modes of transportation such as pipeline transportation, oil tanker is the first choice for international oil transportation due to its advantages in strong transportation capacity, large transportation volume, economical freight costs and the ability to cross continents and oceans, despite high safety requirements, professional operating management and long investment return period for the oil tanker transportation industry. Currently, about 80% of the world's oil is transported by oil tankers.

The Liquefied Natural Gas ("**LNG**") carriers have been recognised internationally as 'three high' products with high technology, high difficulty and high added value. With the increasing maturity of LNG shipping technology and management expertise, natural gas transportation shows a clear trend of declining pipeline transportation and rising seaborne LNG transportation in the past decade, and the LNG transportation industry has entered a period of rapid development and stable income. Nowadays, the majority of vessels among the global LNG fleet are bound to particular LNG projects ("**Project Vessels**"), where most of which involve long-term time charters with the project parties, which brings stable freight and investment return.

(2) The competitive position and operating model of the Group in the industry

The Group is mainly engaged in international and domestic coastal shipping of crude and product oil and international LNG transportation. Relying on China's huge demand for oil and gas import, abundant international and domestic large-scale customer resources and comprehensive industrial chain resources of the controlling shareholder, the Group has maintained its leading position in the oil and gas import transportation sector in China, exerting a good market influence and brand reputation by virtue of its excellent management expertise and leading fleet size.

In terms of fleet size, the Group is the world's largest oil tanker owner, covering all mainstream tanker types, and stands out globally with its complete type of vessels. As of 31 December 2023, the Group owned and controlled 156 oil tankers with a total capacity of 23.06 million Dead Weight Tonnage ("**DWT**").

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.("**CSLNG**"), a wholly-owned subsidiary of the Group, and China LNG Shipping (Holdings) Limited ("**CLNG**"), in which the Company holds 50% equity, are the leading large-scale LNG transportation companies in China. As of 31 December 2023, the Group had made investment in 83 LNG vessels, all of which are Project Vessels with stable income. Among them, 43 LNG vessels with a capacity of 7.20 million cubic meters have been put into operation; 40 LNG vessels with a capacity of 6.96 million cubic meters are under construction. In recent years, as the LNG carriers, for which the Group is involved in investment and construction, are put into operation, the Group's LNG transportation business has accelerated into the harvest period.

As the world's leading oil tanker owner, the Group continues to provide quality energy transportation services for important domestic and international customers with its global operating network, solid and safety ship management expertise, and customer-centric marketing philosophy. In addition, as China is the largest importer of oil and natural gas globally, China's massive oil and gas import volume has brought the Group an affluent customer base and tremendous business opportunities. Through in-depth co-operation over a long period, the Group has established good partnerships with major oil companies and domestic independent refineries, laying an essential foundation for the Group's business development and value creation capabilities.

China COSCO SHIPPING Corporation Limited, the controlling shareholder of the Group, has formed a relatively complete industrial structure system in the upstream and downstream industrial chains of shipping, ports, logistics, shipping finance, ship repair and building, and digital innovation. Relying on the solid resource background and brand advantages of COSCO SHIPPING Group, the Group is enabled to implement large-scale refined procurement of bunker fuel, sign preferential port usage agreements, enrich customer and route resources, and actively explore coordinated development with outstanding companies under the controlling shareholder, so as to provide better integrated energy transportation solutions and value-added services for all parties, and continues to move towards the goal of "resource integrator" and "solution provider".

The operation model of the Group's tanker transportation mainly includes spot market chartering, time chartering, signing contracts of affreightment ("**COA**") with cargo owners, entering associated operating entities ("**POOL**" or "**CHINA POOL**"), and other various ways to launch operating activities using its self-owned and controlled vessels. The Group stands out globally with its complete vessel offerings, which allows the integration of domestic and international voyages by employing crude and product tankers across different sizes. The Group gives full play to the advantages of its vessel types and shipping route networks to provide customers with whole-process logistics solutions involving materials import in international trade, transshipment, and lightering in domestic trade, product oil transport and export, and downstream chemicals transportation, etc., to help customers with means to reduce logistics costs and therefore realize win-win cooperation.

In the overall business structure of the Group, except the stably increasing profitability from LNG transportation business, as a leading player in the coastal crude oil and product oil transportation industry in the PRC, the Group's position in the coastal (domestic trade) product oil transportation market also provides a "safety cushion" for the Group's operating results. Meanwhile, the international (foreign trade) oil transportation business provides cyclical elasticity in the Group's operating results.

2. Analysis of the energy transportation market during the Reporting Period

(1) International oil shipping market

In 2023, the global economy was gradually recovering. According to the International Energy Agency ("**IEA**"), global oil demand increased by approximately 2.3 million barrels per day year-on-year to 101.7 million barrels per day, with non-Organization for Economic Co-operation and Development ("**non-OECD**") countries contributing most of the increased demand. Global oil supply increased by approximately 1.8 million barrels per day year-on-year to 101.9 million barrels per day, mainly driven by oil output growth in non-Organization of the Petroleum Exporting Countries ("**non-OPEC**") countries such as the United States, Brazil, and Guyana. Additionally, frequent international geopolitical conflicts continuously reshaped the global oil trading landscape, with vibrant trade in the Atlantic region and additional transoceanic routes, leading to overall longer transportation distances for oil tankers.

Against this backdrop, the international oil shipping market developed steadily amid an uptrend in 2023, with strong and volatile freight rates centered in relatively high historical ranges.

In terms of crude oil tanker market, China's crude oil imports reached a record high in 2023. The addition of new capacity in the Atlantic region offset the impact of OPEC+ production cuts on the crude oil tanker market, while geopolitics continued to deepen the reconstruction of oil trade flows. Under the combined impact of the above factors, the crude tanker tonne-mile demand rose by 6.2% year-on-year. Driven by the rebound in Chinese imports and increase in Atlantic-Asia long transoceanic routes, the very large crude carrier ("**VLCC**") market saw freight rates go up in the first quarter of 2023, which was out of line with seasonal patterns. Freight rates gradually weakened in the second and third quarters due to the impact of OPEC+'s production cut and maintenance at Asian refineries. In the fourth quarter, buoyed by the traditional peak season, freight rates rebounded and maintained at relatively high levels. Thanks to active chartering demand in the Atlantic region, the freight rates of Suezmax and Aframax oil tankers performed strongly, showing a mutually supportive effect with VLCC freight rates. According to the Baltic Exchange, the average TCE of the typical crude oil routes of VLCC Middle East to China (TD3C), Suezmax West Africa to Europe (TD20), and Aframax Kuwait to Singapore (TD8) for the whole year came in at USD35,416 per day, USD39,714 per day, and USD44,163 per day, up 110%, 39%, and 71% respectively compared with 2022.

In terms of product oil tankers, shifts in oil trade flows also led to increased transport distances, with a significant rise in Asia-Europe product oil shipping volumes. In 2023, tonne-mile demand for product oil tankers increased 9.6% year-on-year. With global gasoline, diesel, and naphtha consumption all hitting new highs, the operating rate of the world's major refineries remained at high levels. Product oil exports from major countries in Asia like China and India continued to grow, leading to a steady increase in product oil tanker demand, with freight rates continuing to remain in a relatively high range across all routes throughout the year.

In terms of tonnage supply, tanker capacity supply saw slow growth in 2023, with 141 oil tankers delivered during the year, representing a 45% decrease compared with 2022 (2022: 255 vessels). Strong demand fundamentals delayed the phasing out of obsolete capacity, with only 15 oil tankers scrapped in 2023. As to orders for new oil tankers, although the significantly aging global tanker fleet and the entry into force of IMO environmental protection policy provided momentum for replacing tankers worldwide, given the high prices of new shipbuilding, the tight capacity of shipyards and the uncertainty of fuel technology adoption, shipowners were still wary of investing heavily in large tankers. In 2023, a total of 390 new oil tanker orders were signed globally, only 18 of which were VLCCs.

(2) Domestic oil shipping market

Domestic crude oil shipping market:

In 2023, the overall performance of the domestic crude oil transportation market remained stable with improvement. Raw material demand brought about by steady processing at domestic refineries continued to have a positive impact on the offshore transportation sector. Specifically, 1) domestic offshore oil fields maintained high production levels, with further upgrades in exploration and exploitation technologies continuously increasing offshore oil production. In 2023, domestic offshore oil production increased by 5.8% year-on-year, supporting demand for offshore oil transportation; 2) China's total crude oil imports reached 563.99 million tons in 2023, representing a year-on-year increase of 11.0%, which helped consolidate the domestic transportation demand for transshipment oil to some extent; 3) pipeline oil transportation remained stable.

Domestic product oil shipping market:

In 2023, the domestic product oil transportation market remained relatively stable, with a noticeable short-haul trend. The new refining and chemical integration projects mostly adopted the principle of "minimum oil, aromatic, polyenoid", and the output rate of product oil was controlled at a low level. Thus, overall transportation demand was limited.

(3) LNG shipping market

In 2023, global LNG trade continued to grow, with trade volume reaching approximately 413 million tons, representing a year-on-year increase of about 2.8%. The United States became the world's largest LNG exporter for the first time, with exports reaching an all-time high of 88.8 million tons, representing a year-on-year increase of 8%. China reclaimed its title as the world's largest LNG importer, with imports reaching 71.32 million tons, up 12% year-on-year.

As at the end of 2023, global existing LNG capacity was approximately 474 million tons/year, with around 203 million tons/year of LNG capacity under construction. In 2023, 4 LNG projects reached final investment decision (FID) status, with a total capacity of 41 million tons/year, showing a significant year-on-year increase. In 2023, a total of 47 LNG purchase and sale agreements were signed globally, with trade volume totaling 60 million tons/year and the number of contracts signed rising 2% year-on-year. China became the world's top LNG buyer in 2023, signing a total of 10 purchase and sale agreements with a trade volume of 14.7 million tons/year. The United States signed 16 supply agreements and became the world's largest exporter with a supply volume of 21.2 million tons/year.

As at the end of 2023, the global LNG fleet totaled 779 vessels (including LNG carriers, LNG bunkering tankers, floating storage regasification units ("**FSRUs**"), floating storage units ("**FSUs**") and floating liquefied natural gas ("**FLNG**") units), with 637 large- and medium-sized LNG carriers, representing a year-on-year increase of 4.7%. The average age of global LNG carriers is currently 11.1 years, with 75 vessels over 20 years old and 337 vessels under 10 years old, accounting for 52.9% of the total, indicating a relatively young fleet.

3. Review of operating results during the Reporting Period

As of 31 December 2023, the Group held and controlled 156 oil tankers with 23.06 million DWT, representing a year-on-year decrease of 3 vessels with 0.28 million DWT. 43 LNG vessels with 7.2 million cubic meters have been put into operation among the jointly-invested LNG vessels.

In 2023, the Group realized a transportation volume (excluding time charters) of 172.59 million tons with a year-on-year decrease of 1.0%; transportation turnover (excluding time charters) of 530.49 billion tonne-miles with a year-on-year decrease of 1.2%; revenues from principal operations of RMB21.91 billion with a year-on-year increase of 18.0%; cost of principal operations of RMB15.42 billion with a year-on-year increase of 1.7%, and gross profit margin increased by 11.2 percentage points year-on-year. The net profit attributable to shareholders of the Company was RMB3.35 billion with a year-on-year increase of 129.2%, and earnings before interest, taxes, depreciation and amortization ("**EBITDA**") of RMB9.35 billion with a year-on-year increase of 42.6%.

In 2023, the Group adhered to the general principle of "seeking improvement while maintaining stability", with a main theme of advancing the strategic goal of "four global leading" and accelerating the establishment of a world-class enterprise, seized market opportunities to increase the profitability of the tanker fleet and accelerated LNG capacity expansion. In response to global conditions and market changes, the Group achieved significant growth in earnings, and continuously enhanced resilience and vitality through the following five measures:

The first is to fully leverage the advantages of globalized operation and scientifically allocate transportation resources, which fully demonstrated the earnings flexibility of international oil tanker transportation; the second is to consolidate the Group's leading position in the domestic oil tanker market and improve profitability by securing COA cargo sources; the third is to actively expand LNG transportation capacity and accelerate the implementation of LNG projects to continually augment the "safety cushion of benefits"; the fourth is to steadily promote new shipbuilding projects and the disposal of obsolete capacity to optimize the structure of oil tanker fleet; and the fifth is to develop a special plan for green and low-carbon transformation, scientifically implement green and low-carbon transformation and upgrade, and continuously strengthen ESG governance.

(1) Revenue from principal operations

In 2023, overall details of the Group's principal operations in terms of cargoes and geographical regions were as follows:

Principal operations by products transported

Industry or Cargo	Revenue	Operating costs	Gross profit margin	Increase/ (decrease) in revenue as compared with 2022	Increase/ (decrease) in operating costs as compared with 2022	Increase/ (decrease) in gross profit margin as compared with 2022
	(RMB'000)	*(RMB'000)*	*(%)*	*(%)*	*(%)*	*(percentage points)*
Domestic crude oil	3,378,830	2,383,557	29.5	6.1	1.7	3.1
Domestic refined oil	2,648,711	2,183,918	17.5	1.8	1.2	0.4
Domestic vessel chartering	140,199	111,721	20.3	29.3	12.1	12.2
Domestic Oil Shipping Sub-Total	6,167,740	4,679,196	24.1	4.7	1.7	2.2
International crude oil	9,343,875	6,929,001	25.8	19.5	(4.0)	18.2
International refined oil	2,408,994	1,572,221	34.7	12.3	0.9	7.4
International vessel chartering	2,170,966	1,275,199	41.3	55.7	14.2	21.4
International Oil Shipping Sub-Total	13,923,835	9,776,420	29.8	22.6	(1.2)	16.9
Oil Shipping Sub-Total	20,091,575	14,455,616	28.1	16.5	(0.3)	12.1
International LNG Shipping	1,820,881	961,750	47.2	38.1	45.1	(2.5)
Total	21,912,456	15,417,366	29.6	18.0	1.7	11.2

Principal Operations by Geographical Regions

Regions	**Revenue**	**Operating costs**	**Gross profit margin**	**Increase/ (decrease) in revenue as compared with 2022**	**Increase/ (decrease) in operating costs as compared with 2022**	**Increase/ (decrease) in gross profit margin as compared with 2022**
	(RMB'000)	*(RMB'000)*	*(%)*	*(%)*	*(%)*	*(percentage points)*
Domestic shipping	6,167,740	4,679,196	24.1	4.7	1.7	2.2
International shipping	15,744,716	10,738,170	31.8	24.2	1.7	15.1
Total	21,912,456	15,417,366	29.6	18.0	1.7	11.2

(2) Shipping business – Oil and Gas Shipping

International oil shipment business:

In 2023, the Group achieved revenue from international oil shipping of RMB13.92 billion, representing a year-on-year increase of 22.6%; gross profit for the segment of RMB4.15 billion, representing a year-on-year increase of 184.0%, and gross profit margin of 29.8%, representing a year-on-year increase of 16.9 percentage points.

Operational highlights are as follows:

(1) Actively communicated with global clients to diversify client resources. During the Reporting Period, the Group closely interacted with major global oil companies and traders, creating multiple cooperation opportunities while consolidating collaborative relationships. The VLCC fleet developed relationships with 6 new domestic and international clients, further expanding the Group's co-operation with leading oil companies on a larger scale and consolidating its global presence in transportation service sector.

(2) Vigorously expanded high-quality routes to seize cargo sources in high-yield markets. The VLCC fleet significantly increased its capacity deployment in the Atlantic market, effectively diversified shipping layout and mitigated volatility risks in the spot market. In the meantime, the VLCC fleet developed high-yield routes in the US West Coast, Brazil and other regions. The small- and medium-sized fleet deepened collaborations with international oil giants such as Exxon Mobil, BP, Shell etc., thus strengthening route deployment in the high-yield market in Oceania. The Group also developed new routes from Australia to Japan, Singapore to New Zealand, and the Middle East to Mauritius, consistently enriching the cargo source structure and improving fleet profitability.

(3) Effectively enhanced overall fleet revenue through flexible integration of domestic and international voyages. Leveraging the advantages of operating both domestic and foreign trade, the Group actively implemented coordination based on market dynamics and vessel connection situations. During the Reporting Period, multiple coordinated domestic and foreign trade voyages were conducted, covering crude oil, product oil sectors, as well as various vessel types such as Aframax and Small Size, effectively enhancing the fleet's overall turnover rate and operational effectiveness.

Domestic oil shipping business:

In 2023, the Group recorded domestic oil shipping revenue of RMB6.17 billion with a year-on-year increase of 4.7%, gross profit of RMB1.49 billion with a year-on-year increase of 15.2%, and gross profit margin of 24.1% with a year-on-year increase of 2.2 percentage points.

Operational highlights are as follows:

(1) Maintained a leading market share in the transportation industry during the Reporting Period, with COA cargo sources accounting for over 95%, thus ensuring stable profitability while reinforcing cooperation with core clients.

(2) Worked closely with industry partners through active vessel exchanges to ensure timely fulfillment of client's capacity demands, thereby enhancing overall vessel operational efficiency.

(3) Innovated business models by promoting a new cooperation model of chartering domestic product oil transportation, thus effectively improving profitability on short routes.

LNG shipping business:

In 2023, the Group realized a net profit (excluding non-recurring loss) from the LNG shipping segment of RMB790 million with a year-on-year increase of 18.4%.

Operational highlights are as follows:

(1) Seized the opportunities emerging from the long-term LNG transportation market and steadily advanced transportation project development. During the Reporting Period, CSLNG, a wholly-owned subsidiary of the Group, completed the equity acquisition of six LNG transportation vessels of CNOOC Gas and Power, three LNG transportation vessels of Sinopec Venture, and reached agreements on the building of two new LNG transportation vessels for PetroChina International. As of the end of the Reporting Period, the Group had invested in 73 LNG carriers, representing an increase of 11 vessels year-on-year.

(2) During the Reporting Period, Hong Kong LNG Ship Management Company, a wholly-owned subsidiary of the Group, successfully acquired two LNG carriers of 174,000 cubic meters for the PetroChina International LNG Project, continuously enhancing its independent ship management capability. CSLNG, a wholly-owned subsidiary of the Group, organized the first ordering class for LNG crew in collaboration with maritime academies, crew companies, and LNG ship management companies as the Group accelerated the cultivation of a high-quality LNG crew and continuously enhanced the comprehensive competitiveness of LNG operations.

4. Costs and expenses analysis

In 2023, the Group's cost from principal operations was approximately RMB15.42 billion, representing a year-on-year increase of 1.71%.

The composition of the operating costs of the Group's main businesses is as follows:

	2023 *(RMB'000)*	2022 *(RMB'000)*	**Increase/ (decrease)** *(%)*	**Composition of 2023** *(%)*
Oil shipping operating costs				
Items				
Fuel costs	**5,033,660**	5,573,264	(9.7)	34.8
Port costs	**857,112**	953,958	(10.2)	5.9
Sea crew costs	**2,344,181**	2,522,550	(7.1)	16.2
Lubricants expenses	**320,874**	317,236	1.1	2.2
Depreciation	**2,651,269**	2,432,783	9.0	18.3
Insurance expenses	**188,330**	170,379	10.5	1.3
Repair expenses	**512,104**	379,227	35.0	3.5
Charter costs	**1,894,639**	1,605,450	18.0	13.1
Others	**653,447**	540,334	20.9	4.5
Sub-total	**14,455,616**	14,495,182	(0.3)	100.0
LNG shipping operating costs				
Items				
Sea crew costs	**180,515**	167,568	7.7	18.8
Lubricants expenses	**18,984**	7,910	140.0	2.0
Depreciation	**438,261**	311,709	40.6	45.6
Insurance expenses	**26,869**	17,891	50.2	2.8
Repair expenses	**170,992**	118,113	44.8	17.8
Others	**126,129**	39,623	218.3	13.1
Sub-total	**961,750**	662,814	45.1	100.0
Total	**15,417,366**	15,157,996	1.7	100.0

5. Operating results of the joint ventures and the associates

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

Company name	Interest held by the Group	Shipping volume *(billion tonne-miles)*	Operating revenue *(RMB'000)*	Net profit *(RMB'000)*
CLNG	50%	51.26	1,243,310	1,177,330

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

Company name	Interest held by the Group	Shipping volume *(billion tonne-miles)*	Operating revenue *(RMB'000)*	Net profit *(RMB'000)*
Shanghai Beihai Shipping Company Limited	40%	18.89	2,185,020	644,144

6. 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 RMB8,662,352,000, representing an increase of approximately 110% as compared to approximately RMB4,129,839,000 for the year ended 31 December 2022.

(2) Capital Commitments

	Note	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000*
Authorised and contracted but not provided for:			
Construction and purchases of vessels	*(i)*	**13,735,816**	6,972,156
Equity investments	*(ii)*	**–**	311,479
		13,735,816	7,283,635

Note:

(i) According to the construction and purchase agreements entered into by the Group, these capital commitments will fall due in 2024 to 2027.

(ii) Included in capital commitments in respect of equity investments are commitments to invest in a joint venture of the Group.

(3) Capital Structure

Management monitors the Group's capital structure on the basis of a net debt-to equity ratio. For this purpose, the Group defines net debt as total debts which includes interest-bearing bank and other borrowings, other loans and lease liabilities less cash and bank.

The Group's net debt-to-equity ratio as at 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
		(Restated)
Total debts	**29,720,403**	30,215,794
Less: cash and bank	**(5,627,218)**	(4,239,339)
Net debt	**24,093,185**	25,976,455
Total equity	**37,103,323**	33,570,761
Net debt-to-equity ratio	**65%**	77%

As at 31 December 2023, the balance of cash and bank amounted to RMB5,627,218,000, representing an increase of RMB1,387,879,000 and by 33% as compared to the end of last year. The Group's cash and bank are mainly denominated in RMB and USD, the remainder are denominated in Euro, Hong Kong dollar and other currencies.

As at 31 December 2023, the Group's net gearing ratio (i.e. net debts over total equity) was 65%, which was 12% lower than that as at 31 December 2022. The decrease was primarily due to the repayment of bank borrowings during the Reporting Period.

(4) Trade and Bills Receivables and Contract Assets

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Trade and bills receivables from third parties	**585,971**	543,923
Trade receivables from fellow subsidiaries	**–**	5,068
Trade receivables from related companies *(Note)*	**4,000**	2,173
	589,971	551,164
Less: allowance for doubtful debts	**(7,370)**	(6,123)
	582,601	545,041
Current contract assets relating to oil shipment contracts	**1,562,196**	1,636,674
Less: allowance	**(11,030)**	(4,500)
Total contract assets	**1,551,166**	1,632,174

Note: Related companies are entities that the fellow subsidiaries of the Company either have joint control or significant influence.

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

As at 31 December 2023, trade and bills receivables and contract assets of RMB1,817,264,000 (31 December 2022: RMB947,977,000) are denominated in USD.

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

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Within 1 year	**573,567**	537,136
1 – 2 years	**8,909**	7,897
Over 2 years	**125**	8
	582,601	545,041

(5) Trade and Bills Payables

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Trade and bills payables to third parties	**887,735**	891,755
Trade payables to fellow subsidiaries	**795,895**	1,016,493
Trade payables to an associate	**5,692**	8,825
Trade payables to related companies *(Note)*	**18,554**	22,248
	1,707,876	1,939,321

Note: Related companies are entities that the fellow subsidiaries of the Company either have joint control or significant influence.

Trade payables are unsecured and are usually paid within 30 days of recognition.

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.

As at 31 December 2023, trade and bills payables of RMB831,437,000 (31 December 2022: RMB843,056,000) are denominated in USD.

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

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Within 1 year	**1,583,641**	1,774,144
1 – 2 years	**66,373**	147,707
Over 2 years	**57,862**	17,470
	1,707,876	1,939,321

Trade and bills payables are non-interest-bearing and are normally settled in 1 to 3 months.

(6) Derivative Financial Instruments

As at 31 December 2023, the Group had interest rate swap agreements with total principal amount of approximately USD703,736,000 (equivalent to RMB4,984,351,000) (31 December 2022: approximately USD734,232,000 (equivalent to RMB5,113,632,000)) which will mature in 2031, 2032, 2033, 2034 and 2035 (31 December 2022: 2031, 2032, 2033, 2034 and 2035). 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.

For the year ended 31 December 2023, the floating interest rates of the bank borrowings were SOFR plus 1.66% and SOFR plus 2.45% (31 December 2022: 3-month LIBOR plus 2.20% and 3-month LIBOR plus 1.40%).

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The Group has the following derivative financial instruments:

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Non-current assets		
Interest rate swaps – cash flow hedges	**92,083**	116,525
Total non-current derivative financial instrument assets	**92,083**	116,525
Non-current liabilities		
Interest rate swaps – cash flow hedges	**9,426**	–
Total non-current derivative financial instrument liabilities	**9,426**	–

(7) Interest-Bearing Bank and Other Borrowings

As at 31 December 2023 and 31 December 2022, details of the interest-bearing bank and other borrowings are as follows:

	Maturity	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000*
Current liabilities			
(i) Bank borrowings			
Secured	2024	**1,632,026**	1,455,208
Unsecured	2024	**2,995,425**	4,457,924
		4,627,451	5,913,132
(ii) Other borrowings			
Unsecured	2024	**79,801**	1,105,110
Interest- bearing bank and other borrowings – current portion		**4,707,252**	7,018,242
Non-current liabilities			
(i) Bank borrowings			
Secured	2025 to 2037	**14,536,846**	14,116,081
Unsecured	2025 to 2026	**5,323,728**	4,771,273
		19,860,574	18,887,354
(ii) Other borrowings			
Unsecured	2025 to 2032	**2,889,952**	1,859,374
Secured	2025 to 2040	**166,560**	–
Interest-bearing bank and other borrowings – non-current portion		**22,917,086**	20,746,728

As at 31 December 2023, the Group's interest-bearing bank borrowings were secured by pledges of the Group's 34 (31 December 2022: 45) vessels and 3 (31 December 2022: 1) vessels under construction with total net carrying amount of RMB22,716,424,000 (31 December 2022: RMB23,845,935,000) and RMB1,328,920,000 (31 December 2022: RMB425,436,000) respectively.

As at 31 December 2023, secured bank borrowings of RMB15,725,723,000 (31 December 2022: RMB15,090,234,000) and unsecured bank borrowings of RMB3,891,235,000 (31 December 2022: RMB7,381,780,000) are denominated in USD.

(8) Contingent Liabilities and Guarantee

(a) Four associates of East China LNG Shipping Investment Co., Limited ("**ELNG**") and North China LNG Shipping Investment Co., Limited ("**NLNG**"), two non-wholly-owned subsidiaries of the Company, entered into a ship building contract for one LNG vessel each. After the completion of their LNG vessels, the four associates would lease the vessels to the lessors in accordance with the signed leasing contracts. In July 2011, the Company provided guarantees to the four associates for their obligations under the leasing contracts, with the guarantee amount not exceeding USD8,200,000 (equivalent to approximately RMB58,078,000). The guarantee period is limited to the lease period.

(b) From 2014 to 2021, the joint ventures of COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company, signed several ship building contracts and leasing contracts with certain third parties. According to those contracts, the Company would provide guarantees to the joint ventures for their obligations under those contracts based on the subsidiary's percentage of shareholdings in the joint ventures. As at 31 December 2023, the aggregate amount of the guarantees provided to the shipbuilders and lessees was USD290,653,000 (equivalent to approximately RMB2,058,608,000) and USD11,393,000 (equivalent to approximately RMB80,693,000) respectively, and the guarantee periods are limited to the lease periods.

(c) In June 2017, the Company provided financial guarantees to three joint ventures of COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company to the extent of the contract amount of USD377,500,000 (equivalent to approximately RMB2,673,719,000) in respect of the bank borrowings provided by two banks. The guarantee period is limited to 12 years after the vessel construction project of each of the joint ventures is completed. As at 31 December 2023, the balance of the guarantees was USD282,738,048 (equivalent to approximately RMB2,002,549,000).

(9) Foreign exchange risk management

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

Management monitors foreign exchange exposure and will consider hedging certain foreign currency exposure by using foreign exchange forward contracts when the need arises.

As at 31 December 2023, if USD and HKD had strengthened or weakened by 1% against RMB with all other variables held constant, profit before tax for the year would have been RMB52,347,000 higher/lower (31 December 2022: RMB6,953,000 lower/higher), mainly as a result of foreign exchange gains or losses on translation of USD and HKD denominated cash and bank, receivables, payables and borrowings.

(10) 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 are of the opinion that the Group is not exposed to any significant interest rate risk for these assets held as at 31 December 2023 and 31 December 2022.

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 an optimal ratio between fixed and floating rates borrowings.

As at 31 December 2023, if interest rates had been 100 basis points higher/lower with all other variables held constant excluding variables with interest rate swap agreements, the Group's profit before tax for the year would have been RMB149,280,000 lower/higher (31 December 2022: RMB156,395,000 lower/higher), mainly as a result of higher/lower interest income on loan receivables and interest expenses on borrowings issued at floating rates.

7. Fleet expansion projects

In terms of fleet expansion, 2 new LNG carriers with a total capacity of 348,000 cubic meters were delivered for use in 2023. In the meanwhile, 5 oil tankers with a total capacity of 917,000 DWT were disposed in 2023.

As at December 31, 2023, the specific composition of the Group's fleet was as follows:

	Vessels in operation			**Vessels under construction**	
Oil tanker fleet	*Number*	*'0000 DWT*	*Average age*	*Number*	*'0000 DWT*
Holding subsidiaries of the Group	148	2,083	11.9	8	53.6
Long-term charter-in	8	223	8.9	–	–
Joint ventures and associates	16	99	10.2	1	15
Total	**172**	**2,405**	**11.6**	**9**	**68.6**

	Vessels in operation			**Vessels under construction**	
LNG Carrier fleet	*Number*	*'0000 cubic meters*	*Average age*	*Number*	*'0000 cubic meters*
Holding subsidiaries of the Group	10	174	4.2	9	157
Joint ventures and associates	33	546	6.9	31	539
Total	**43**	**720**	**6.3**	**40**	**696**

8. Outlook and highlights for 2024

(1) Landscape and trends in the industry

International oil shipping market

Although the trend of global macroeconomic and geopolitical events will continue to affect the global oil trade, which in turn will bring considerable uncertainties to the market, we predict that the international oil shipping market remains promising outlook in 2024, supported by strong supply and demand fundamentals.

In terms of transportation demand, global oil demand is set to keep growing, albeit at a moderate pace. The IEA forecasts a year-on-year increase of 1.24 million barrels per day in global oil demand by 2024, with China and India being the main drivers. The increase in oil supply will be contributed by the United States, Brazil, and Guyana to fill the production gap left by OPEC+. Therefore, in terms of the development of the oil supply and demand structure, long-distance routes between the Atlantic and Asia are expected to increase, boosting the tonne-mile demand for VLCCs. For small- and medium-sized oil tankers, geopolitical events and conflicts have contributed European oil imports to continuing the adoption of longer trade routes, which will prominently support transportation demand. Meanwhile, some oil tanker owners choose to circumvent the Cape of Good Hope amidst recent tensions in the Red Sea and the Gulf of Aden to avoid passing through the said regions. Given this situation, oil tanker tonne-mile demand will likely keep rising, with a more significant impact on small- and medium-sized oil tankers, especially product oil tankers. Clarksons projected that crude oil tonne-mile demand and product oil tonne-mile demand will grow by 4.1% and 7.3%, respectively year-on-year in 2024.

In terms of tonnage supply, the global tanker fleet is increasingly aging. As the new International Maritime Organization (IMO) environmental protection policy and the EU Emissions Trading System (EU ETS) came into force, the potential and likelihood of scrapping obsolete shipping capacity will continue to rise. Regarding new ship deliveries, as of the end of February 2024, there is only one VLCC to be delivered globally, and the global tanker fleet is expected to see extremely low growth throughout the year. Besides, the high cost of new ship building and the tight capacity of shipyards continue, and the uncertainty of future oil tanker fuel technology adoption also inhibits shipowners from significantly expanding capacity while remaining profitable, indicating that the supply side will continue to provide strong support for a booming international oil tanker market.

Domestic oil shipping market

Domestic crude oil transportation market:

In terms of offshore oil, against the backdrop of production increase at domestic offshore oil fields, we are optimistic about offshore oil transportation demand, which is expected to grow year by year. In 2024, transportation demand will likely rise as the "Wushi" oil field in the South China Sea put into production.

In terms of transshipment, this segment is subject to substantial fluctuations in transportation demand due to factors such as the international trade landscape and market changes. The main charterers may dynamically adjust the pace of raw material procurement in response to oil price volatility, leading to corresponding fluctuations in transportation demand.

Domestic product oil transportation market:

In 2024, driven by the gradual recovery of the domestic economy and diminishing marginal benefits of new energy development, the domestic product oil transportation market is expected to remain stable overall throughout the year and will likely rebound.

LNG shipping market

In 2024, global LNG trade is expected to maintain rapid growth, with LNG demand and supply remaining balanced. Drewry predicted that global LNG trade volume will grow by 5.3% year-on-year and the compound annual growth rate for 2023-2028 will reach 9.1%.

In terms of transportation demand, global LNG capacity will grow by 3.5% year-on-year in 2024, with strong trade growth and the FID of more upstream new projects boosting LNG transportation demand. In terms of transportation capacity supply, in 2024, the global LNG shipping fleet will add 71 vessels, representing a year-on-year increase of 11%, bringing the global fleet to 700 vessels. Additionally, factors such as tight shipyard capacity and project delays will postpone some vessel deliveries. With a significant increase in LNG capacity, the fleet may face a supply shortage in the next two years. In the medium term, LNG capacity demand will likely keep increasing as the compound annual growth rate of the global LNG fleet will reach 9.5% during 2023-2028, lower than the 10.7% growth rate of global LNG capacity.

(2) Development strategies of the Company

Facing the 14th Five-Year Plan, the Group will firmly adhere to the corporate vision of "to be an outstanding leader in global energy transportation" and to the corporate mission of "Deliver energy for the world", and uphold the strategic goal of "four global leading". The Group is committed to the mission and responsibilities of national energy transportation and will continue to enhance its competitiveness, innovation, control, influence and risk resistance.

The Group will seek progress while maintaining stability, promote high-quality development, implement the new development concept, and practically improve the standard of corporate management via concept and system refinement. As the foundation and core business of the Company, the oil tanker transportation business will consolidate its leading edge and strive to become a leader in the global oil tanker transportation industry. As the second largest core business with relatively concentrated resource allocation, the LNG transportation business will continue to play the role of an efficiency stabilizer and strive to become a leading global LNG carrier. The new energy transportation business will strive to become an innovative engine for the Company's high-quality development. The Group will accurately grasp the cyclical trends in the shipping and capital markets to realize the side-by-side advance of production and capital operations. The Group will empower its shipping business via digitalization, and use data assets to create value. The Group will also accelerate the layout of the digital intelligence and green and low-carbon track in an effort to build a brand image as a "leader in sustainable development".

(3) Plans in 2024

In 2024, the Group expects to have 2 chemical tankers delivered with a total capacity of 14,000 DWT and dispose 4 oil tankers with a total capacity of 729,000 DWT, in the meanwhile to have 6 LNG vessels delivered, totaling 1,041 thousands cubic meters (including joint ventures, associates and long-term chartered-in vessels). It is expected that there will be 154 oil tankers in operation during the year, totaling 23.35 million DWT, and 49 LNG vessels, totaling 8.24 million cubic meters (including joint ventures and associates in vessels). The consideration of the above vessels will be funded by internal financial resources of the Group and bank borrowings.

According to the conditions of the domestic and international shipping market in 2024, combined with the Group's fleet expansion, the main operating targets of the Group in 2024 are as follows: generating an expected operating income of RMB22.3 billion and incurring operating costs of RMB15.8 billion.

(4) Work initiatives in 2024

In 2024, facing the uncertainties associated with the global macroeconomic and geopolitical situations, the Group will firmly adhere to the corporate vision of to be an outstanding leader and the strategic goal of "four global leading", focus on steady profit growth and continuous efficiency optimization, and solidify the foundation for high-quality development to scale new heights for the Group's corporate value. Specifically, we will carry forward the following high-priority tasks:

1. *Focus on operational efficiency to achieve sustainable profitability in the oil transportation segment*

   The Group will continue to advance globalized operations, strengthen overseas network construction, improve global marketing networks, and enhance global resource allocation capabilities. Meanwhile, the Group will provide reliable global logistics solutions to meet customer needs, and continually optimize route deployment and market allocation and enhance overall fleet revenue by leveraging advantages such as flexible operating models, extensive vessel layouts, and a wide range of vessel types.

   In terms of the international oil shipping business, the Group will systematically study and assess market trends, reasonably arrange route deployment, optimize route structure, consistently strengthen capacity allocation in the Atlantic market and specific high-quality routes, and consolidate the high-quality New Zealand and Australia routes for product oil fleets. The Group will also rationalize the pace of chartering, strengthen solicitation of backhaul cargo and triangular routes, closely monitor fluctuations in domestic and international oil transportation markets, and dynamically evaluate capacity linkage schemes in domestic and foreign trade to enhance overall fleet revenue.

   In terms of the domestic oil shipping business, the Group will vigorously promote the signing of COA contracts, consolidate basic cargo sources in the domestic oil transportation market, explore cooperation opportunities with potential clients to optimize customer resources and route structure, and increase offshore oil transportation volume and the market shares of high-quality routes to improve overall fleet revenue.

2. *Build LNG full-chain capabilities to extend the LNG industry value chain*

The Group will closely monitor the development of leading upstream energy providers, identify the needs of potential clients, and continuously explore long-term time charters LNG transportation projects. The Group will continuously strengthen the construction of LNG ship management capacity, enhance overall management capability for LNG transportation projects, explore diversified LNG transportation operating models, focus on opportunities to participate in LNG spot transportation projects, and closely monitor upstream and downstream investment opportunities in LNG transportation to explore the space for cooperation in industry chain projects.

3. *Insist on lean management to strengthen cost control*

The Group will focus on controlling fuel procurement prices and consumption to reduce fuel costs. The Group will deepen the standardization and normalization of machinery management, promote spare parts procurement management throughout the entire lifecycle of the vessel, and optimize vessel repair solutions in order to further reduce machinery costs. The Group will also keep monitoring exchange rate and interest rate fluctuations and adjust financing structures in time to lower overall financing costs.

4. *Explore a low-carbon development path for green intelligent transformation*

The Group will adhere to the concept of aligning with global energy development trends and meeting client chartering needs, maintain a leading edge in terms of fleet size, and promote the healthy and sustainable development of the fleet. The Group will closely monitor changes in ship asset prices, comprehensively consider factors such as ship prices, shipping layout, and its own development needs, and steadily advance the disposal of obsolete capacity and acquisition of new capacity to further optimize the structure of tanker fleet. The Group will follow international policies and standards on green and low-carbon development, conduct research and development on new energy-powered vessels, and actively apply green and low-carbon smart technologies to facilitate the Company in achieving long-term carbon emission reduction goals. The Group will also focus on the development of new businesses and new cargoes, step up cooperation with upstream and downstream partners along the industry chain, and strategically extend its business presence into new energy transportation.

5. *Strengthen technological innovation to accelerate digitalization and intelligentization*

The Group will implement the "14th Five-Year Plan" for science and technology and digital transformation, steadily advance digital and intelligence transformation, adhere to business-driven strategies, and research and create digital service products tailored to the market and customers. The Group will enhance exchanges and benchmarking with industry peers and optimize digital transformation work plans and implementation plans to solidify the foundation of digital transformation. The Group will also actively explore the application of intelligent ship technologies, further strengthen the application of big data, artificial intelligence, and other technologies on ships, and enhance intelligent assessments of fleet energy efficiency and emissions.

6. *Create highest-standard safety to keep high-quality growth on routes*

The Group will continue to improve its integrated management system, safety production accountability management rules, and other policies, adhere to the adoption of incentive and constraint mechanisms, and fully implement safety production responsibilities. The Group will enhance the integrated safety production supervision system and emergency management procedures, promote the construction of a global emergency resource network, and enhance overall security assurance capabilities. The Group will also continue to focus on operational risk management and control, develop compliance risk management and control rules, dynamically monitor and alert key risks in major business areas, and incorporate risk prevention and control into business processes.

7. *Focus on talent cultivation to build synergy for quality growth drivers*

The Group will focus on the echelon construction of a high-quality talent team, open up talent exchange across different departments and professional fields company-wide, and optimize corporate talent reserves. The Group will scientifically establish an objective, transparent, and credible comprehensive performance assessment mechanism, and link performance with remuneration, assessment, and evaluation to enhance employee motivation and creativity, thus promoting the sustainable development of the Company.

9. Other significant events

(1) Results, dividends and closure of the H Share register

No net profit has been transferred to the statutory surplus reserve as the Company's statutory surplus reserve has reached the statutory minimum standard for extraction at the end of 2023. According to the relevant laws and regulations, the Company's reserves available for distribution are determined based on the lower of the amount determined under Accounting Standards for Business Enterprises in the PRC (the "**CAS**") and the amount determined under HKFRS.

The Board recommends the payment of a final dividend of RMB35 cents per share in respect of the year ended 31 December 2023. None of the shareholders of the Company have waived or agreed to waive any dividend arrangement. The payment of this final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting and therefore the dividend has not been recognised as a liability at the end of the Reporting Period.

The Company will separately announce the arrangement in relation to the closure of the H share register of members of the Company and the annual general meeting of the Company in due course. The final dividend will be distributed within two months from the date of approval by the forthcoming annual general meeting.

(2) Medical insurance scheme

As required by the regulations of the PRC local government effective from 1 July 2001, the Company participates in a defined contribution medical insurance scheme organised by PRC social security authorities. Under the scheme, the Company is required to make monthly contributions at the rate of 12% of the total basic salaries of the employees. Meanwhile, pursuant to the aforementioned regulations, the contributions are accounted for as staff welfare payables accrued by the Company. The Company has no obligation for the payment of medical benefits beyond such contributions to the registered insurance companies.

Since 1 July 2010, the Company has developed a defined medical insurance scheme according to advocacy by the State for the establishment of a multi-level enterprise medical security system and of the "Notice on Enterprise Income Tax Policies Relating to Defined Contribution Retirement Insurance and Defined Medical Insurance" (CaiShui 2009 No. 27). Under the scheme, the Company shall make a provision of 5% of the total salary of employees, which shall be deposited into a special account for defined medical insurance fund.

(3) Pension and Enterprise annuity schemes

(i) PRC (other than Hong Kong)

Pension scheme

The Group is required to contribute to a pension scheme (the "**Scheme**") for its eligible employees. Under the Scheme, the Group's retirement benefit obligations to its retired and future retiring employees except for the medical expenses to retired employees, are limited to its annual contributions equivalent to approximately 16% (2022: 16%) of the basic salaries of the Group's employees. Contributions made by the Group to the Scheme for the Reporting Period amounted to RMB41,738,000 (2022: RMB39,222,000).

Enterprise annuity scheme

In 2008, the representatives of the Group's Labour Union and the Board resolved to approve and adopt an enterprise annuity scheme. From 1 February 2018, pursuant to the annuity scheme the employer's contributions will be 8% of the total staff costs of the previous year. The employees' contributions will be 2% of their income from the previous year and the employer's contributions for the management staff should not be five times more than the staff average.

The enterprise annuity scheme became effective on 1 January 2008. Under the scheme, actual amount incurred as labor cost in 2023 amounted to RMB36,009,000 (2022: RMB34,376,000).

(4) Incentive Scheme

On 17 December 2018, an A share option incentive scheme (the "**Incentive Scheme**") was approved by shareholders at the extraordinary general meeting and class meetings of, and adopted by, the Company. On 27 December 2018, pursuant to the authorisation granted by shareholders, the Board approved the grant of 35,460,000 share options to 133 participants.

Due to the payment of the Company's final dividend before option exercise, a cash dividend of RMB0.02 per share was distributed to holders of the A shares on 27 June 2019 as the record date, the exercise price of the share options granted to the participants under the Incentive Scheme has been adjusted accordingly from RMB6.00 per share to RMB5.98 per share. Relevant issues have been reviewed and approved by the Company's second Board meeting in 2020.

The Company's final dividend before option exercise, a cash dividend of RMB0.04 per share was distributed to holders of the A shares on 9 July 2020 as the record date, the exercise price of the share options granted to the participants under the Incentive Scheme has been adjusted accordingly from RMB5.98 per share to RMB5.94 per share. Relevant issues have been reviewed and approved by the Company's thirteenth Board meeting held on 29 October 2020.

The Company's final dividend before option exercise, a cash dividend of RMB0.20 per share was distributed to holders of the A shares on 15 July 2021 as the record date, the exercise price of the share options granted to the participants under the Incentive Scheme has been adjusted accordingly from RMB5.94 per share to RMB5.74 per share. Relevant issues have been reviewed and approved by the Company's ninth Board meeting held on 30 August 2021.

During the period from May to June 2022, the Company implemented the incentive scheme and as at 6 May 2022, the Company received a total amount of RMB46,405,087.40 for the exercise of 8,084,510 shares from 100 incentive recipients, of which RMB8,084,510 was credited to share capital and RMB38,320,577.40 was credited to capital reserve. On 27 May 2022, the Company completed the registration procedures for the exercise of the shares at the Shanghai branch of the China Securities Depository and Clearing Corporation, adding a total of 8,084,510 A shares, which were listed for circulation on 2 June 2022, and the total number of the Company's shares was increased from 4,762,691,885 shares to 4,770,776,395 shares. As at 31 December 2022, a total of 17,203,170 stock options lapsed and were cancelled due to the age retirement and resignation of the incentive recipients and the expiration of the exercise period of the stock options, and a total of 10,172,320 stock options remained unexercised under the Company's share option incentive scheme.

On 27 November 2023, the Company convened the Ninth Meeting of the Board of Directors for 2023 and the Seventh Meeting of the Supervisory Committee for 2023, and considered and approved the "Proposal on the failure to achieve the exercise conditions for the third period of the 2018 Stock Option Incentive Scheme of the Company and to cancel all stock options granted but not yet exercised", and, because the exercise conditions for the third period of the 2018 Stock Option Incentive Scheme of the Company have not been fulfilled, the Board of Directors approved the cancellation of 9,264,660 stock options corresponding to the third exercise period of the 2018 Stock Option Incentive Scheme, together with the cancellation of 907,660 stock options granted but unexercised to the incentive recipients upon the expiry of the second exercise period, making a total of 10,172,320 stock options cancelled under the above two items.

After the cancellation of the stock options, all the stock options granted in the Company's 2018 Stock Option Incentive Scheme have been exercised or cancelled, and the Company's 2018 Stock Option Incentive Scheme has been terminated.

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

As at 31 December 2023, 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 Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("**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 Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") were as follows:

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

Name of Director	Nature of interest	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
Zhu Maijin	Beneficial owner	A	102,980(L)	0.00296%	0.00216%
Zhao Jinsong	Beneficial owner	H	6,000(L)	0.00046%	0.00013%

Notes:

(1) A – A Shares
H – H Shares

(2) L – Long position

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

Name of associated corporation	Name of Director/ Supervisor	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.	Yang Lei	Beneficial owner	H	111,400(L)	0.00336%	0.00069%
		Interest of spouse(3)	H	2,000(L)	0.00006%	0.00001%
		Interest of spouse(3)	A	8,000(L)	0.00006%	0.00005%
COSCO SHIPPING Development Co., Ltd.	Yang Lei	Beneficial owner	H	213,000(L)	0.00579%	0.00157%
COSCO SHIPPING Ports Limited	Yang Lei	Beneficial owner	Ordinary shares	26,597(L)	0.00075%	0.00075%
COSCO SHIPPING International (Hong Kong) Co., Ltd.	Yang Lei	Beneficial owner	Ordinary shares	660,000(L)	0.04502%	0.04502%

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

(3) The 2,000 H shares and 8,000 A shares in COSCO SHIPPING Holdings Co., Ltd. are held by Ms. Song Jianfang, the spouse of Mr. Yang Lei. Accordingly, by virtue of the SFO, Mr. Yang Lei is also deemed to be interested in the 10,000 shares in COSCO SHIPPING Holdings Co., Ltd. held by his spouse.

As at 31 December 2023, 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 Stock Exchange pursuant to the Model Code.

(6) Purchase, sale or redemption of the Company's listed securities

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

(7) Compliance with the Corporate Governance Code

The Board is committed to the principles of corporate governance for a value-driven management that is focused on enhancing shareholders' value. In order to enhance independence, accountability and responsibility, the posts of chairman of the Board and the chief executive officer are assumed by different individuals so as to maintain independence and balanced views.

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the year ended 31 December 2023.

The Company has established five professional committees under the Board, namely the audit committee, the remuneration and appraisal committee, the strategy committee, the nomination committee and the risk control committee, with defined terms of reference.

(8) Audit Committee

The Company has established an audit committee to review the financial reporting procedures and internal control and to provide guidance thereto. The audit committee of the Company comprises three independent non-executive Directors.

The audit committee of the Company has reviewed the annual results of the Company for the Reporting Period. The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2023 as set out above in this preliminary announcement, being agreed by the Group's auditor PricewaterhouseCoopers, is consistent with the amounts set out in the Group's consolidated financial statements for 2023

(9) Remuneration and Appraisal Committee

The remuneration and appraisal committee of the Company (the "**Remuneration and Appraisal Committee**") comprises three independent non-executive Directors. The Remuneration and Appraisal Committee has adopted terms of reference which are in line with the Corporate Governance Code contained in Appendix C1 of the Listing Rules.

(10) Nomination Committee

The nomination committee of the Company (the "**Nomination Committee**") comprises three independent non-executive Directors. The Nomination Committee has adopted terms of reference which are in line with the Corporate Governance Code contained in Appendix C1 of the Listing Rules.

(11) Compliance with the Model Code as set out in Appendix C3 to the Listing Rules

The Company has adopted a code of conduct regarding Directors' securities transactions in accordance with the required standard set out in the Model Code.

Following specific enquiries made with the Directors, supervisors and chief executives of the Company, the Company confirms that each of them has complied with the Model Code during the Reporting Period.

(12) Employees

The adjustments of employee remuneration are calculated in accordance with the Company's turnover and profitability and is determined by assessing the correlation between the total salary paid and the operational 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 Incentive Scheme, the Company does not maintain any other share option scheme for its employees and the employees do not receive any bonus. The Company regularly provides its operational management 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 31 December 2023, the Company had 7,911 (31 December 2022: 8,384) employees. During the Reporting Period, the total staff costs was approximately RMB3,599 million (2022: approximately RMB3,678 million).

(13) Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any material acquisition and disposal in relation to subsidiaries, associates and joint ventures.

(14) Significant Investments

As of 31 December 2023, the Group did not have any individual investment with a fair value of 5% or more of its total assets. Accordingly, the Group did not hold any significant investments during the Reporting Period.

(15) Publication of annual results on the website of the Stock Exchange

An annual report of the Company containing all the financial and relevant information as required under the Listing Rules will be posted on the website of the Stock Exchange in due course.

The financial information set out above does not constitute the Company's statutory financial statements for the years ended 31 December 2023 and 2022, but is derived from the consolidated financial statements prepared in accordance with accounting principles generally accepted in Hong Kong and complies with accounting standards issued by the Hong Kong Institute of Certified Public Accountatnts. Those consolidated financial statements for the Reporting Period, which will contain an unqualified auditors' report, will be delivered to the Companies Registry of Hong Kong, and delivered to shareholders as well as made available on the Company's website at http://energy.coscoshipping.com.

By order of the Board
COSCO SHIPPING Energy Transportation Co., Ltd.
Ren Yongqiang
Chairman

Shanghai, People's Republic of China
28 March 2024

As at the date of this announcement, the Board comprises Mr. Ren Yongqiang and Mr. Zhu Maijin as executive directors, Mr. Wang Wei and Ms. Wang Songwen as non-executive directors, Mr. Victor Huang, Mr. Li Runsheng, Mr. Zhao Jinsong and Mr. Wang Zuwen as independent non-executive directors.

* *For identification purposes only*