中遠海運能源運輸股份有限公司
COSCO SHIPPING Energy Transportation Co., Ltd.

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

(Hong Kong Stock Exchange Stock Code: 01138)
(Shanghai Stock Exchange Stock Code: 600026)

2024 ANNUAL REPORT

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COMPANY PROFILE

COSCO SHIPPING Energy Transportation Co., Ltd. ("**COSCO SHIPPING Energy**" or the "**Company**", together with its subsidiaries, the "**Group**") is a specialised company engaging in shipment of oil and liquefied natural gas, operating under China COSCO SHIPPING Corporation Limited ("**COSCO SHIPPING**", together with its subsidiaries, "**COSCO SHIPPING Group**"). COSCO SHIPPING Energy is a merged entity from the energy transportation arms of China Ocean Shipping Company and China Shipping Company. Established in Shanghai on June 6, 2016, the Company is committed to becoming a whole-process energy transportation solution, providing customers with all-type, all-location and all-rounded energy shipping services.

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

COSCO SHIPPING Energy focuses on two core businesses, oil shipping and liquefied natural gas ("**LNG**") transportation. Boasting years of rich experience and a great reputation, the Company has formed a good corporate image in the industry.

As one of the industry leaders, the Company operates globally with its complete variety of tankers. Taking vigorous efforts to develop Very Large Crude Carrier ("**VLCC**") associated operating entities ("**POOL**") and enhance the operating fleet efficiency, the Company strives to deliver win-win results to both clients and shipowners.

The Company is also a leader in China's LNG transportation business, and is currently an important player in the global market. COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd. ("**CSLNG**"), a wholly-owned subsidiary of the Group, and China LNG Shipping (Holdings) Limited ("**CLNG**"), of which the Company holds 50% equity, are the only two large LNG transportation companies in China.

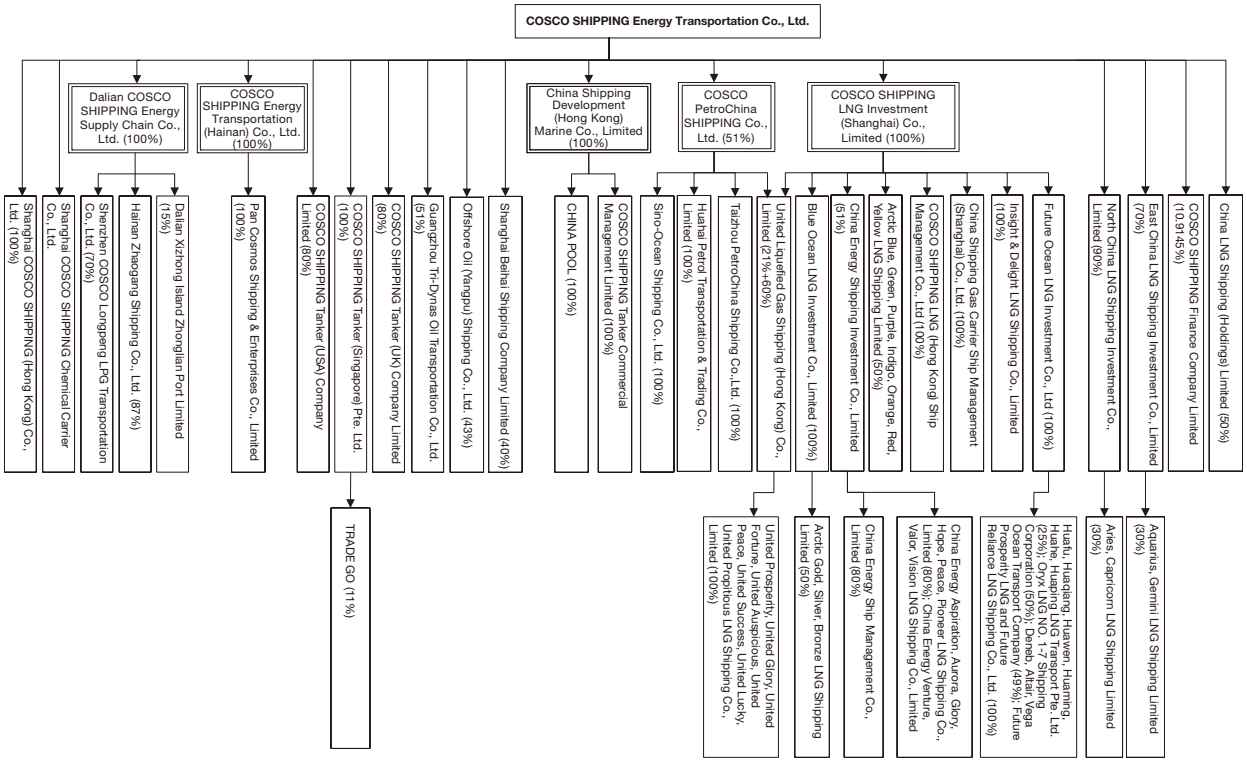
The Group's liquefied petroleum gas ("**LPG**") transportation business is operated by its subsidiary, Dalian COSCO SHIPPING Energy Supply Chain Co., Ltd. ("**Dalian COSCO Energy**"), and the Group's chemical transportation business is primarily operated by its subsidiary, Shanghai COSCO SHIPPING Chemical Carrier Co., Ltd. ("**Shanghai COSCO Chemical Carrier**").

COSCO SHIPPING Energy has always adhered to the principle of "World-Leading Safety Marketing", and practices world-class safety management of liquid cargo carriers. After years of exploration and competition, the Company has established a stable and efficient safety management system, as well as a technical, transportation and ship management system that continuously upgrades itself.

COSCO SHIPPING Energy has established a global marketing service system and global security emergency support system. By giving full play to the functions of satellite offices, the Company keeps expanding its overseas market share, fully utilizes its fleet size advantage, and has achieved well-diversified clients, sources of cargos and shipping routes.

COSCO SHIPPING Energy is committed to being "an excellent leader in the global energy transportation industry with strong international competitiveness, brand influence and positive market reputation". It targeted at serving oil giants and strategic partners as part of its globalized strategy, to provide clients with globalized and round-the-clock energy shipping services with all vessel types.

For the year ended 31 December 2024 (the "**Reporting Period**"), the composition of the Group was as follows:



FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated*)	(Restated*)		
Revenues	**23,133,486**	22,553,451	19,081,551	12,644,700	16,268,197
Profit before tax	**5,243,098**	4,790,886	2,827,074	(4,527,308)	2,904,034
Profit for the year	**4,386,532**	3,697,194	1,853,373	(4,667,108)	2,631,444
Profit for the year attributable to equity holders of the Company	**4,038,089**	3,379,203	1,853,374	(4,985,386)	2,381,415
	RMB	RMB	RMB	RMB	RMB
Earnings per share (Basic)	**0.8464**	0.7083	0.3888	(1.0468)	0.5200
Dividend per share	**0.43**	0.35	0.15	–	0.20

	At 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated*)	(Restated*)		
Total assets	**81,042,317**	73,429,797	69,413,947	59,388,937	65,959,857
Total liabilities and non-controlling interests	**(45,175,408)**	(38,266,390)	(37,201,539)	(30,797,891)	(31,338,029)
Equity attributable to equity holders of the Company	**35,866,909**	35,163,407	32,212,408	28,591,046	34,621,828
	RMB	RMB	RMB	RMB	RMB
Net assets value per share	**7.518**	7.371	6.757	6.003	7.269

I. 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, Liquefied Natural Gas ("**LNG**"), Liquefied Petroleum Gas ("**LPG**"), chemicals and other bulk liquid hazardous cargo. With oil tanker and LNG transportation as its two core businesses, the Group possesses extensive management experience and strong brand recognition, maintaining a solid corporate image within the industry.

Oil, natural gas, and chemicals fall under the category of bulk commodities and serve as core materials for global economic activities. They provide a crucial foundation for industrial production, equipment manufacturing, and consumer consumption while also playing an essential role in international trade. Due to the imbalance between the distribution and consumption regions of energy resource, global trade flows have consequently emerged. Serving as a bridge connecting producing and consuming countries, the shipping industry undertakes the majority of oil, natural gas, and chemical transportation. It not only drives global economic growth but also strengthens the resilience and long-term stability of the global supply chain.

The Group's core assets consist of vessels, enabling it to provide maritime energy transportation services to global customers and generate revenue from freight charges. The shipping industry is characterized by the following key features:

(1) **High cyclicality:** The shipping industry is highly dependent on trade development, which is closely linked to economic conditions. As a result, transportation demand in the shipping industry is easily influenced by economic cycles.

(2) **High volatility:** The supply of transportation capacity in the market is difficult to perfectly align with transportation demand at all times and in all locations. On the one hand, as transportation demand fluctuates, adjusting global shipping capacity cannot be accomplished instantly. On the other hand, the addition and removal of vessels from the market require a certain amount of time. As a result, the imbalance between the supply of transportation capacity and transportation demand often leads to significant uncertainty and volatility in freight rates.

(3) **High capital intensity:** The shipping industry is a capital-intensive sector. The construction, maintenance, and operation of vessels require substantial investment. Furthermore, the long lifespan of vessels often results in prolonged investment return periods.

(4) **Highly regulatory environment:** The shipping industry is highly regulated, encompassing vessel safety, environmental protection, crew rights, and navigation rules. The International Maritime Organization ("**IMO**") has established regulations such as the International Convention for the Safety of Life at Sea (SOLAS), the International Convention for the Prevention of Pollution from Ships (MARPOL), and the Maritime Labour Convention (MLC). Although these regulations enhance industry safety and environmental protection, they also add to the operational costs and complexity in the shipping industry. As a result, the shipping industry requires a high level of technical expertise.

The shipping industry segment in which the Company operates has the following characteristics:

(1) **Oil transportation:** Global oil resources are primarily concentrated in regions such as the Middle East, Africa, and South America, while consumption markets are widely distributed across Asia, Europe, and other regions. Crude oil is unrefined natural petroleum, with trade flows primarily from the Middle East, West Africa, and the United States to the Far East. Product oil, including gasoline, diesel, and naphtha, is derived from crude oil through refining and processing, and mostly traded between the Middle East and Asia, as well as along routes connecting Southeast Asia and the Atlantic region. The types of oil tankers mainly include very large crude carriers ("**VLCC**"), Suezmax ("**Suezmax**"), Aframax ("**Aframax**")/Long Range 2 ("**LR2**"), Panamax (Panamax)/Long Range 1 (LR1), and Medium Range (MR).

(2) **LNG transportation:** LNG is natural gas liquefied at an ultra-low temperature of -162°C, shrinking its volume to approximately 1/600 of its original size. During transportation, it must be maintained at low temperatures, requiring exceptionally high insulation performance for transportation equipment. Additionally, LNG transportation requires stringent safety measures to prevent leaks, fires, and other accidents. As a result, LNG carriers have been recognised internationally as "three high" products with high technology, high difficulty and high added value. Nowadays, the majority of vessels in the global LNG fleet are bound to particular LNG projects ("**Project Vessels**"), that is, entering into long-term time charters with the project parties, which brings stable freight and investment returns for transportation enterprises while ensuring reliable energy supply to energy traders, thereby mitigating market volatility risks.

(3) **LPG transportation:** LPG is a by-product of petroleum extraction, refining, and natural gas production, primarily composed of propane and butane, and may also include petrochemical products such as ethylene, propylene, and butylene, with trade flows primarily from regions such as the Middle East and the United States to consumption markets such as Asia and Europe. Based on different liquefaction conditions during transportation, LPG carriers are mainly classified into fully pressurized, semi-refrigerated, and fully refrigerated types.

(4) **Chemical transportation:** Chemicals are generally classified into organic chemicals, inorganic chemicals, and vegetable oils, which have diverse production sources, subcategories, and end uses. The maritime trade of chemicals is primarily concentrated in three major regions, namely Europe, Asia, and North America, which include key trade flows such as intra-Northeast Asia routes, European continental routes, and Southeast Asia–Northeast Asia routes. Chemical tankers are generally classified into IMO I, II, and III types based on the level of environmental and safety hazards posed by the chemicals, with IMO I being the most hazardous and IMO III the least.

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

The two core businesses of the Group are oil transportation and LNG shipping, and 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 2024, the Group owned and controlled 159 oil tankers with a total capacity of 23.74 million Dead Weight Tonnage ("**DWT**"); 12 oil tankers with a total capacity of 2.364 million DWT are under construction. 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.

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.

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 2024, the Group had invested in 87 LNG carriers. Among them, 50 LNG carriers with a capacity of 8.42 million cubic meters have been put into operation; 37 LNG carriers with a capacity of 6.63 million cubic meters are under construction; also bareboat chartered in 1 LNG carrier with a capacity of 174 thousand cubic meters which has been put into operation. The operating vessels are all engaged in long-term charters, providing relatively stable income. 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 entered the harvest period.

The Group's LPG transportation business is operated by its subsidiary, Dalian COSCO Energy, which is primarily engaged in domestic coastal and international LPG shipping. The cargoes transported include LPG, propylene, and butadiene, and business activities are driven by diverse operational strategies including spot charters and time charters. As of 31 December 2024, the Group held and controlled 11 LPG tankers with a total of 42,599 cubic meters, with an additional 2 LPG tankers under construction, totaling 15,300 cubic meters.

The Group's chemical transportation business is primarily operated by its subsidiary, Shanghai COSCO SHIPPING Chemical Carrier Co., Ltd.* (上海中遠海能化工運輸有限公司), which is primarily engaged in international and domestic bulk chemical shipping. It specializes in foreign trade routes in Southeast Asia and Northeast Asia, as well as domestic coastal shipping, with extensive experience in managing chemical tankers. As of 31 December 2024, the Group held and controlled 8 chemical tankers with 72,940 DWT, with an additional 1 chemical tanker under construction, totaling 11,500 DWT.

China COSCO SHIPPING Corporation Limited (together with its subsidiaries, the "**COSCO SHIPPING Group**"), 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".

In the overall business structure of the Group, the international (foreign trade) oil transportation business provides cyclical elasticity in the Group's operating results. Besides the stably increasing profitability from the 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) oil transportation market also provides a "safety cushion" for the Group's operating results. The LPG and chemical transportation segments have expanded the Group's business footprint in the energy transportation sector, driving the continuous expansion of its core business from maritime energy transportation to the energy and chemical logistics supply chain.

II. ANALYSIS OF THE INTERNATIONAL AND DOMESTIC ENERGY TRANSPORTATION MARKET DURING THE REPORTING PERIOD

1. International oil shipping market

In 2024, the global economy and trade further recovered, driving a slight increase in oil demand. According to the International Energy Agency ("**IEA**"), total oil demand in 2024 averaged 102.8 million barrels per day, representing an increase of 840,000 barrels per day compared to 2023, with non-Organization for Economic Co-operation and Development (non-OECD) countries contributing most of the increased demand. Global oil supply increased by approximately 630,000 barrels per day year-on-year to 102.9 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.

In terms of tonnage supply, tanker capacity supply saw a slow growth in 2024. According to data from Clarksons ("**Clarksons**"), a total of 123 oil tankers with over 10,000 DWT each delivered during the year, representing a decrease of 13% compared to 141 tankers in 2023. The overall stronger market fundamentals delayed the phasing out of obsolete capacity. Additionally, the continued presence of gray and black fleets has provided a survival platform for older vessels, further delaying the average scrapping age, with only 13 oil tankers scrapped in 2024. As to orders for new oil tankers, a total of 644 new oil tanker orders with over 10,000 DWT each were signed globally in 2024, amounting to 56.82 million DWT. As of 31 December 2024, the global order book for new oil tankers totalled 1,160 vessels, accounting for 14.21% of the global oil tanker fleet. Against this backdrop, the net growth in oil tanker capacity remained low, while transportation demand experienced slower growth. However, the overall market continued to experience favorable conditions.

International crude oil shipping market:

In terms of crude oil tanker market, China's crude oil import demand saw a slight decline, with total imports reaching 553 million tons in 2024, representing a year-on-year decrease of 1.9%. Meanwhile, global seaborne crude oil trade demand declined by 0.7% year-on-year, primarily due to lower overall gross profit for downstream products in domestic refineries, leading to a decline in operating rates at both state-owned and private refineries. In addition, the continued production cuts by OPEC+ have had a certain impact on the crude oil tanker market. Meanwhile, the growth in transportation volume in the non-compliant market has seized the transportation demand from the compliant market. Specifically, in the first quarter of 2024, China's import demand remained relatively strong. Coupled with stockpiling ahead of refinery maintenance and concerns over the Red Sea crisis, these factors collectively drove an increase in VLCC freight rates. In the second quarter of 2024, as OPEC+ continued production cuts and refineries entered a peak maintenance period, oil demand declined, exerting downward pressure on freight rates. However, the market still had a strong bottoming support. Since the second half of 2024, weak demand for product oil in China and pressure on refining margins have led to lower-than-expected crude oil import demand, resulting in a sluggish freight market performance. Overall, although the average Time Charter Equivalent ("**TCE**", also known as average daily earnings) for VLCCs declined year-on-year, it remained above the five-year and ten-year averages. The annual TCE for VLCCs on the typical route from Middle East to China (TD3C), Suezmax tankers on the typical route from West Africa to Europe (TD20), and Aframax tankers on the typical route from Kuwait to Singapore (TD8) amounted to USD34,900 per day, USD37,000 per day, and USD39,500 per day, representing a decrease of 3%, 8%, and 11% respectively compared with 2023.

International product oil shipping market:

In terms of product oil tankers, in the first half of 2024, heightened tensions in the Red Sea led a significant number of global product oil tankers to detour around the Cape of Good Hope, resulting in a phased tightness of capacity distribution, which led to a sharp rise in freight rates. Since the second half of the year, as refining margins remained low, some new refineries commenced operations, and certain crude oil tankers began transporting product oil through tank cleaning and other methods, leading to a short-term oversupply of capacity, resulting in a rapid decline in market freight rates. Looking at the full year, TCE for LR2 product oil tankers on the Middle East to Japan route (TC1) was approximately USD40,400 per day, remaining at a historically high level.

2. Domestic oil shipping market

Domestic crude oil shipping market:

In 2024, the overall performance of the domestic crude oil shipping market remained stable. For vessels over 40,000 DWT, the total volume of crude oil transported by water reached approximately 93.55 million tons for the year, representing a decrease of approximately 6.2 million tons compared to 2023.

In terms of offshore oil, China's offshore oil and gas production equivalent exceeded 85 million tons in 2024, with crude oil production increasing by more than 2 million tons annually for the fifth consecutive year, supporting a steady rise in offshore oil transportation demand.

In terms of transshipment, the operation of large-scale terminals at Dongying Port has reduced the demand for domestic second-range transshipment of imported crude oil by Shandong local refineries. Meanwhile, the year-on-year decline in China's crude oil imports in 2024 also had a certain impact on domestic transshipment demand. During the Reporting Period, the transshipment market recorded a total volume of 45.33 million tons, representing a year-on-year decrease of 6.62 million tons. In the first half of 2024, local refineries faced pressure on profit margins with a low operating rate, leading to a sluggish transshipment market. In the second half of 2024, refinery operations improved, coupled with the commissioning of new capacity by large refining and petrochemical enterprises, leading to a recovery in the transshipment market.

Domestic product oil shipping market:

In 2024, the domestic product oil transportation market remained relatively stable. The demand for short-haul transportation, small-batch shipments, and consolidated cargo transshipment increased. However, due to the rising substitution rate of new energy, product oil consumption has basically plateaued, resulting in limited new transportation demand.

3. LNG shipping market

In 2024, global LNG trade continued to grow, reaching 412 million tons. However, due to factors such as a slowdown in upstream capacity expansion, frequent price fluctuations, and ample supply of alternative energy, the growth rate narrowed to 0.7% from 2.4% last year. The United States remained the world's largest LNG exporter, with exports reaching approximately 88.40 million tons in 2024, accounting for 21.5% of global exports. China remained the world's largest LNG importer, with total imports reaching approximately 76.65 million tons, representing a year-on-year increase of 7.5%.

In 2024, the expansion of global LNG capacity was limited. As of the end of 2024, the global operational LNG capacity reached 477 million tons per year, with only 2.8 million tons of new capacity commissioned during the year, representing a year-on-year increase of only 0.6%. At the same time, the freeze on U.S. LNG export approvals at the beginning of 2024, coupled with high financing costs, further constrained upstream investment decisions. As a result, only 13.9 million tons of capacity reached final investment decisions (FIDs) globally, while approximately 100 million tons of capacity experienced FIDs delays, with the U.S. projects accounting for more than half of the postponed capacity. The global long-term LNG contract volume reached 68 million tons per year, representing a year-on-year increase of 15.2%, which was primarily driven by the steady progress of Qatar Energy's upstream projects, optimistic medium- to long-term natural gas demand expectations, and the renewal of expiring long-term agreements.

On the tonnage supply side, the surge in LNG newbuild orders from 2022 led to a wave of concentrated deliveries in 2024, significantly expanding the global fleet. A total of 59 newly built LNG carriers were delivered throughout the year. As of the end of 2024, the global fleet of medium- and large-sized LNG carriers reached 686 vessels, representing a year-on-year increase of 4.1%. A total of 77 new orders were placed worldwide, with demand from Qatar Energy serving as the primary driver of growth in the newbuild market while shipyards in China and South Korea further approached full capacity. The average newbuild price for conventional two-stroke LNG carriers in 2024 was approximately USD260 million per vessel, representing a slight year-on-year decline while remaining at a high level.

The oversupply of capacity in the spot market and sluggish trade growth have put pressure on spot charter rates for LNG carriers, leading to a cautious short-term market outlook for demand. The market generally expects a surge in upstream capacity to enter operation after 2027, driving an increase in trade demand, which is anticipated to absorb market shipping capacity. Meanwhile, newbuild prices and financing costs remain at historically high levels, continuing to provide strong support for long-term charter rates of two-stroke LNG carriers with tenures exceeding ten years.

4. LPG shipping market

In 2024, the global trade volume of LPG reached 132 million tons, representing a year-on-year increase of 4.4%. The combined LPG imports of Asia's top four importing nations (China, Japan, Korea and India) grew by 10.4% to 75.8 million tons, accounting for 57.3% of the global LPG trade volume. Thanks to the sustained production growth in LPG production of the United States, the global LPG supply increased by 4.4% in 2024, offsetting the decline in export volumes from the Middle East region.

In terms of domestic trading, China's coastal LPG shipment volume reached approximately 5.13 million tons in 2024, representing a year-on-year decrease of 440,000 tons. Against the backdrop of domestic integrated refining and chemical complex construction and commissioning, the constrained growth in cargo supply led to periodic pressure on the transportation market.

5. Chemical shipping market

From 2021 to 2024, China's coastal inter-provincial chemical shipping volume grew from 41.05 million tons to 50.89 million tons, representing an average annual growth rate of 7.4%. Driven by successive completion of construction and commissioning of major coastal petrochemical bases, coupled with further growth in chemical production and consumption, the waterborne transportation of liquid hazardous chemicals has gained significant growth momentum. According to statistics from the Ministry of Transport, China had a total of 282 coastal inter-provincial chemical tankers (including oil/chemical dual-purpose tankers) totaling 1.552 million DWT as of the end of 2024, demonstrating a tight balance in overall supply and demand.

In terms of international market, according to Drewry, global seaborne trade volume of chemical shipping was 300 million tons, representing a year-on-year decrease of 1.3%, which was primarily due to the unsatisfactory performance of China's industrial sector which resulted in certain impacts on chemical demand. As of the end of 2024, the global stainless-steel chemical tankers totaled 1,439 vessels, representing a year-on-year increase of 63 vessels.

III. REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD

As at 31 December 2024, the Group held and controlled 159 tankers with a capacity of 23.74 million DWT. Among the 87 LNG vessels that the Group has invested in and constructed, 50 LNG vessels with a capacity of 8.42 million cubic metres have been put into operation, and 1 bareboat-chartered LNG vessel with a capacity of 174,000 cubic metres has also been put into operation. The Group further held 8 chemical carriers of approximately 73,000 DWT and 11 LPG carriers of approximately 43,000 cubic metres.

In 2024, the Group realized a transportation volume (excluding time charters) of 180.48 million tons with a year-on-year increase of 3.8%; transportation turnover (excluding time charters) of 604 billion tonne-miles with a year-on-year increase of 13.6%; revenues from principal operations of RMB23,133 million with a year-on-year increase of 2.6%; cost of principal operations of RMB16,890 million with a year-on-year increase of 5.8%, and gross profit margin decreased by 2.2 percentage points year-on-year. The net profit attributable to shareholders of the Company was RMB4,038 million with a year-on-year increase of 19.5%, and earnings before interest, taxes, depreciation and amortization (EBITDA) of RMB10,219 million with a year-on-year increase of 7.5%.

In 2024, the Group focused on enhancing customer service capabilities, providing a solid guarantee for the global energy supply chain. Faced with the complex and volatile external macroeconomic environment, the Group achieved steady growth in performance and drove continuous improvements in operational efficiency and service quality through the following seven key strategic aspects. During the Reporting Period, the Group delivered a net profit attributable to shareholders of the Company of RMB4,038 million, marking the best performance since the Company's merger and restructuring in 2016.

The first aspect is the continued optimization in layout of international oil tankers and signing global routes COA with multiple customers, intensifying operational presence in the Atlantic market; the second aspect is the precise research and judgement of the differences in trends of the domestic and international tanker markets, and to reasonably conduct linked operations between domestic and international trades, effectively enhancing overall fleet revenue; the third aspect is the high-quality and steady development in LNG transportation business, and to actively participant in international large-scale LNG transportation projects, and continue to strengthen independent ship management capability; the fourth aspect is to complete the integration of energy and chemical logistics supply chain, setting up a layout in integrated comprehensive business formats of "shipping + logistics", establishing organizational foundation for future "multi-core and multi-chain" integrated operations; the fifth aspect is to actively reduce and control costs and expenses in key areas and continue to optimise the debt financing structure; the sixth aspect is to drive green transformation through science and technology, participate in a number of studies on green fuels and energy efficiency improvement of ships, and install multi-source sensing auxiliary equipment on ships to enhance energy saving, emission reduction and navigational risk identification capability; the seventh aspect is to build a strong safety defence to ensure the safety of ship navigation and cargo handling, and at the same time, to closely follow up on the global commercial compliance dynamics and strengthen the compliance risk control of the enterprise.

1. Revenue from principal operations

In 2024, overall conditions of the Group's principal operations classified by products transported and geographical regions were as follows:

Principal operations by products transported

Industry or product	Revenue	Operating costs	Gross profit margin	Increase/ (decrease) in revenue as compared with 2023	Increase/ (decrease) in operating costs as compared with 2023	Increase/ (decrease) in gross profit margin as compared with 2023
	(RMB'000)	(RMB'000)	(%)	(%)	(%)	(percentage points)
Domestic crude oil	3,372,484	2,280,259	32.4	(0.2)	(4.3)	2.9
Domestic product oil	2,379,850	1,994,624	16.2	(10.2)	(8.7)	(1.4)
Domestic vessel chartering	124,805	124,632	0.1	(11.0)	11.6	(20.2)
Domestic Oil Shipping Sub-Total	5,877,139	4,399,515	25.1	(4.7)	(6.0)	1.0
International crude oil	9,617,244	7,916,129	17.7	2.9	14.3	(8.1)
International product oil	2,494,062	1,656,734	33.6	3.5	5.4	(1.1)
International vessel chartering	2,396,334	1,349,056	43.7	10.4	5.8	2.4
International Oil Shipping Sub-Total	14,507,640	10,921,919	24.7	4.2	11.7	(5.1)
Oil Shipping Sub-Total	20,384,779	15,321,434	24.8	1.5	6.0	(3.3)
LNG Shipping	2,229,170	1,153,620	48.2	22.4	20.0	1.1
LPG Shipping	205,910	153,981	25.2	(18.7)	(21.6)	2.7
Chemical Shipping	313,627	261,044	16.8	(19.1)	(25.9)	7.6
Total	23,133,486	16,890,079	27.0	2.6	5.8	(2.2)

Principal operations by Geographical Regions

Regions	Revenue	Operating costs	Gross profit margin	Increase/ (decrease) in revenue as compared with 2023	Increase/ (decrease) in operating costs as compared with 2023	Increase/ (decrease) in gross profit margin as compared with 2023
	(RMB'000)	(RMB'000)	(%)	(%)	(%)	(percentage points)
Domestic shipping	6,101,998	4,583,583	24.9	(5.8)	(7.3)	1.2
International shipping	17,031,488	12,306,496	27.7	6.0	11.6	(3.7)
Total	23,133,486	16,890,079	27.0	2.6	5.8	(2.2)

2. Shipping business – oil and gas shipping

(1) International oil shipment business

In 2024, the international tanker fleet of the Group achieved revenue from shipping of RMB14,508 million, representing a year-on-year increase of 4.2%; gross profit for the segment was RMB3,586 million, representing a year-on-year decrease of 13.5%; and gross profit margin was 24.7%, representing a year-on-year decrease of 5.1 percentage points.

In 2024, the market freight rates fluctuated frequently. The Group continued to expand the western markets, seized opportunities to build triangular routes, balanced the layout of eastern and western markets, and maintained the diversification of cargo sources. At the same time, the Group gave full play to the marketing function of its overseas outlets and increased the proportion of high-quality cargo sources for international customers. Operational highlights are as follows:

VLCC fleet:

1) The Atlantic route accounted for 45% of the working days, and the Middle East route accounted for 53%; the grand triangle route accounted for 16% of the working days; the diversification of routes is in good shape. At the same time, the Group has opened up trans-Atlantic route from Guyana/Brazil etc. to Europe, and has steadily absorbed the additional demand for trans-Pacific transportation arising from the Trans Mountain pipeline project.

2) The Group deepened cooperation with key customers, signed a number of COA contracts for global routes with domestic and foreign customers, and gained long-term and stable support from major customers on high value-added routes.

International small and medium-sized fleet:

1) The Group deepened the close co-operation with large international oil companies and traders, paid close attention to the key projects and proactively took on incremental cargoes. The Group continued to increase its efforts to take cargoes around high-value-added Oceania routes so as to improve the Far East-Middle East-Australia delta route and to enhance its operating efficiency.

2) The Group actively promoted the independent operation of small and medium-sized vessels in the Atlantic market, and put Aframax tankers into operation in the Atlantic region during the Reporting Period, thereby enhancing the globalization layout of the fleet.

(2) Domestic oil shipping business

In 2024, the domestic tanker fleet of the Group achieved revenue from shipping of RMB5,877 million with a year-on-year decrease of 4.7%, gross profit of RMB1,478 million with a year-on-year decrease of 0.7%, and gross profit margin of 25.1% with a year-on-year increase of 1.0 percentage point.

Operational highlights are as follows:

1) The Group signed COA contracts with several key customers and locked more than 91% of the base cargo source. The Group leveraged its strengths in shipping capacity and vessel types, continuously diversified customer resources and route structure, and further consolidated its market share in domestic crude oil transportation.

2) The Group accurately captured the trough-to-recovery trend of the domestic market, and implemented flexible linkage of domestic and international operations. During the Reporting Period, the Group carried out switches of a total of 21 vessels between domestic and international trade, effectively boosting the average revenue of the fleet while safeguarding the demand for capacity in the domestic market.

(3) LNG shipping business

In 2024, the Group's LNG shipping segment contributed net profit attributable to shareholders of the listed company of RMB811 million, representing a year-on-year increase of 2.66% in terms of the same calculation caliber.

Operational highlights are as follows:

1) Steadily advancing business development and building a high-standard LNG tanker fleet. During the Reporting Period, CSLNG, together with its partners, successfully secured the tender for Qatar Energy's shipping project involving 6 ultra-large 270,000 m^3 QC-Max LNG transportation vessels while independently ordering two vessels and completing equity transfers for three LNG transportation vessels of ENN and seven vessels for Qatar Energy for its shipping project Phase I. During the period, CLNG ordered 2 QC-Max vessels and finalized the long-term charter contract with Qatar Energy. As at the end of the Reporting Period, the Group has invested in 87 LNG transportation vessels, with the scale of its LNG tanker fleet steadily expanding.

2) Focusing on vessel management, the Group further enhanced its ability to operate and manage vessels independently. The Group actively responded to the challenge of intensive new ship-building, and strictly monitored the construction of vessels. During the Reporting Period, the Group delivered seven LNG carriers of 174,000 cubic meters ahead of schedule with high quality, generating agreeable benefits. COSCO SHIPPING LNG (Hong Kong) Ship Management Co., Ltd, a wholly-owned subsidiary of the Company, successfully acquired two LNG carriers for the PetroChina International LNG Project, and continued to provide its customers with safe and efficient transportation services, while continuously enhancing its independent ship management capability. At the same time, the Group accelerated the development of its crew pool by sponsoring the opening of the second session LNG ordering classes in cooperation with Dalian Maritime University, which will be taught with teaching materials especially compiled for the class, with the aim of comprehensively selecting and training LNG crew members, and building a high-quality crew team and LNG management talent team.

(4) LPG shipping business

In 2024, the Group's LPG fleet recorded transportation revenue of RMB206 million, a year-on-year decrease of 18.7%, with gross profit of RMB52 million, a year-on-year decrease of 8.7%, and gross profit margin of 25.2%, a year-on-year increase of 2.7 percentage points.

Operational highlights are as follows:

In respect of the time charter business, charter rates have exceeded market averages. Through professional operations management, downtime was minimised to ensure stable income. For voyage charters, we coordinated with terminals and cargo owners effectively to improve vessel turnover efficiency, with linked domestic-international trade activated to hedge market fluctuations.

(5) Chemical shipping business

In 2024, the Group's chemical tanker fleet recorded revenue of RMB314 million, representing a year-on-year decrease of 19.1%, with gross profit of RMB53 million, a year-on-year increase of 48.3%, and gross profit margin of 16.8%, a year-on-year increase of 7.6 percentage points.

Operational highlights are as follows:

During the Reporting Period, the Group vigorously expanded its chemical transportation customer base by diversifying cargo sources and route types, while increasing cooperation with major international clients and traders, and actively promoting multiple COA signings.

IV. COSTS AND EXPENSES ANALYSIS

In 2024, the Group's cost from principal operations was approximately RMB16,890 million, representing a year-on-year increase of 5.8%.

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

	2024 (RMB'000)	2023 (RMB'000)	**Increase/ (decrease)** (%)	**Composition of 2024** (%)
Oil shipping costs				
Items				
Fuel costs	**5,335,145**	5,033,660	6.0	34.8
Port costs	**878,644**	857,112	2.5	5.7
Sea crew costs	**2,281,104**	2,344,181	(2.7)	14.9
Lubricants expenses	**307,590**	320,874	(4.1)	2.0
Depreciation	**2,911,014**	2,651,269	9.8	19.0
Insurance expenses	**184,928**	188,330	(1.8)	1.2
Repair expenses	**397,675**	512,104	(22.3)	2.6
Charter costs	**2,557,142**	1,894,639	35.0	16.7
Others	**468,192**	653,447	(28.4)	3.1
Sub-total	**15,321,434**	14,455,616	6.0	100.0
LNG shipping costs				
Items				
Sea crew costs	**231,478**	180,515	28.2	20.1
Lubricants expenses	**26,602**	18,984	40.1	2.3
Depreciation	**532,877**	438,261	21.6	46.2
Insurance expenses	**33,013**	26,869	22.9	2.9
Repair expenses	**206,304**	170,992	20.7	17.9
Others	**123,346**	126,129	(2.2)	10.7
Sub-total	**1,153,620**	961,750	20.0	100.0
LPG shipping costs	**153,981**	196,267	(21.5)	100.0
Chemical shipping costs	**261,044**	352,364	(25.9)	100.0
Total	**16,890,079**	15,965,997	5.8	100.0

Reasons of the changes in cost and expenses:

(1) Oil shipping costs:

Mainly due to the new time charter of VLCCs during the Reporting Period, the corresponding charter costs increase.

(2) LNG shipping costs:

Mainly due to the completion of LNG carriers during the Reporting Period, and the increase in the number of carriers year-on-year, the corresponding lubricants expenses increase.

V. OPERATING RESULTS OF THE JOINT VENTURES AND THE ASSOCIATES

1. The operating results achieved by the major joint venture shipping company 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 attributed to the parent company (RMB'000)
CLNG	50%	78.48	1,278,553	907,025

2. The operating results achieved by an associated shipping company 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 attributed to the parent company (RMB'000)
Shanghai Beihai Shipping Company Limited	40%	19.52	2,435,806	789,216

VI. FINANCIAL ANALYSIS

(1) Net cash generated from operating activities

The net cash generated from operating activities of the Group for the Reporting Period was approximately RMB8,625,286,000, representing a decrease of approximately 3.4% as compared to approximately RMB8,931,569,000 for the year ended 31 December 2023.

(2) Capital Commitments

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Authorised and contracted but not provided for:		
Construction and purchases of vessels (Note)	**17,330,060**	14,243,776

Note: According to the construction and purchase agreements entered into the Group, these capital commitments will fall due in 2025 to 2028.

(3) Capital management

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 2024 and 31 December 2023 is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Total debts	**36,165,624**	30,147,017
Less: cash and bank	**(5,661,734)**	(5,749,643)
Net debt	**30,503,890**	24,397,374
Total equity	**38,985,157**	37,961,559
Net debt-to-equity ratio	**78%**	64%

As at 31 December 2024, the balance of cash and bank amounted to RMB5,661,734,000, representing a decrease of RMB87,909,000 and by 1.53% 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 2024, the Group's net gearing ratio (i.e. net debts over total equity) was 78%, which was 14% more than that as at 31 December 2023, primarily due to a significant increase in borrowing during the reporting period.

(4) Trade and Bills Receivables and Contract Assets

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Trade and bills receivables from third parties	**612,590**	619,561
Trade receivables from related companies (Note)	**3,657**	6,067
	616,247	625,628
Less: allowance for doubtful debts	**(6,617)**	(8,078)
	609,630	617,550
Current contract assets relating to oil shipment contracts	**889,798**	1,568,602
Less: allowance	**(5,996)**	(11,030)
Total contract assets	**883,802**	1,557,572

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

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 20 days and therefore all classified as current.

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

As at 31 December 2024, trade and bills receivables and contract assets of RMB1,120,645,000 (31 December 2023: RMB1,817,264,000) 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 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Within 1 year	**600,619**	608,516
1–2 years	**8,551**	8,909
Over 2 years	**460**	125
	609,630	617,550

(5) **Trade and Bills Payables**

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Trade and bills payables to third parties	**1,108,230**	895,013
Trade payables to fellow subsidiaries	**848,743**	821,340
Trade payables to an associate	**2,023**	5,692
Trade payables to related companies (Note)	**18,012**	21,171
	1,977,008	1,743,216

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 2024, trade and bills payables of RMB1,182,361,000 (31 December 2023: RMB831,437,000) 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 2024	31 December 2023
	RMB'000	RMB'000 (Restated)
Within 1 year	**1,860,665**	1,618,942
1–2 years	**17,777**	66,412
Over 2 years	**98,566**	57,862
	1,977,008	1,743,216

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 2024, the Group had interest rate swap agreements with total principal amount of approximately USD669,044,000 (equivalent to RMB4,809,357,000) (31 December 2023: approximately USD703,736,000 (equivalent to RMB4,984,351,000)) which will mature in 2031, 2032, 2033, 2034 and 2035 (31 December 2023: 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 2024, the floating interest rates of the bank borrowings were 3-month SOFR plus 1.66% and 3-month SOFR plus 2.45% (31 December 2023: 3-month SOFR plus 1.66% and 3-month SOFR plus 2.45%)

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 2024 RMB'000	31 December 2023 RMB'000
Non-current assets		
Interest rate swaps – cash flow hedges	**202,052**	92,083
Total non-current derivative financial instrument assets	**202,052**	92,083
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 2024 and 31 December 2023, details of the interest-bearing bank and other borrowings are as follows:

		Maturity	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Current liabilities				
(i)	**Bank borrowings**			
	Secured	2025	**1,340,323**	1,646,908
	Unsecured	2025	**2,224,211**	2,995,425
			3,564,534	4,642,333
(ii)	**Other borrowings**			
	Unsecured	2025	**1,898,004**	246,114
	Secured	2025	**21,109**	–
			1,919,113	246,114
	Interest-bearing bank and other borrowing – current portion		**5,483,647**	4,888,447
Non-current liabilities				
(i)	**Bank borrowings**			
	Secured	2026 to 2040	**17,151,465**	14,691,393
	Unsecured	2026 to 2035	**4,737,417**	5,323,728
			21,888,882	20,015,121
(ii)	**Other borrowings**			
	Unsecured	2026 to 2032	**4,150,843**	2,889,952
	Secured	2026 to 2041	**999,360**	166,560
			5,150,203	3,056,512
	Interest-bearing bank and other borrowing – non-current portion		**27,039,085**	23,071,633

As at 31 December 2024, the Group's interest-bearing bank borrowings were secured by pledges of the Group's 41 (31 December 2023: 36) vessels and 4 (31 December 2023: 3) vessels under construction with total net carrying amount of RMB25,635,276,000 (31 December 2023: RMB23,073,377,000) and RMB3,110,012,000 (31 December 2023: RMB1,328,920,000) respectively. Save as aforesaid, there were no other charges on the assets of the Group during the year ended 31 December 2024.

As at 31 December 2024, secured bank borrowings of RMB16,986,862,000 (31 December 2023: RMB15,895,152,000) and unsecured bank borrowings of RMB2,579,198,000 (31 December 2023: RMB3,891,235,000) and unsecured other borrowings of RMB143,768,000 (31 December 2023: RMB166,306,000) 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 RMB58,945,000). 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 2024, the amount of the guarantees provided to the shipbuilders was USD276,120,000 (equivalent to approximately RMB1,984,864,000) and the aggregate amount of the guarantees provided to the lessees was USD6,400,000 (equivalent to approximately RMB46,006,000) and EUR4,500,000 (equivalent to approximately RMB33,866,000), 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 RMB2,713,621,000) 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 2024, the balance of the guarantees was USD260,461,000 (equivalent to approximately RMB1,872,295,000).

(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.

(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 2024 and 31 December 2023.

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 2024, 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 RMB182,207,000 lower/higher (31 December 2023: RMB150,952,000 lower/higher), mainly as a result of higher/lower interest income on loan receivables and interest expenses on borrowings issued at floating rates.

VII. FLEET EXPANSION PROJECTS

In 2024, the Group's cash expenditure for the construction and purchase of new vessels, was approximately RMB6,228 million.

As at December 31 2024, the specific composition of the Group's, and joint ventures' and associates' 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	147	2,053	11.9	12	236.4
Long-term charter-in	12	321	10.0	–	–
Joint ventures and associates	17	114	10.6	–	–
Total	**176**	**2,488**	**11.7**	**12**	**236.4**

	Vessels in operation			Vessels under construction	
LNG carrier fleet	Number	'0000 cubic meters	Average age	Number	'0000 cubic meters
Holding subsidiaries of the Group	12	209	4.4	9	157
Long-term charter-in	1	17	4.2	–	–
Joint ventures and associates	38	633	6.9	28	506
Total	**51**	**859**	**6.2**	**37**	**663**

	Vessels in operation			Vessels under construction	
LPG carrier fleet	Number	'0000 cubic meters	Average age	Number	'0000 cubic meters
Holding subsidiaries of the Group	11	4.3	13.9	2	1.5
Total	**11**	**4.3**	**13.9**	**2**	**1.5**

	Vessels in operation			Vessels under construction	
Chemical tanker fleet	Number	'0000 DWT	Average age	Number	'0000 DWT
Holding subsidiaries of the Group	8	7.3	4.4	1	1.2
Total	**8**	**7.3**	**4.4**	**1**	**1.2**

VIII. OUTLOOK AND HIGHLIGHTS FOR 2025

1. Landscape and trends in the industry

(1) International oil shipping market

In 2025, the outlook for the oil transport market will become increasingly challenging, though the supply and demand fundamentals are expected to remain generally healthy.

In terms of transport demand, the global oil demand maintained a moderate growth. The IEA forecasts a year-on-year increase of 1.1 million barrels per day in global oil demand by 2025, with China and India being the main drivers. The oil supply is expected to increase by 1.6 million barrels per day, which 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, the number of long-distance routes between the Atlantic and Asia are expected to increase, boosting the tonne-mile demand for VLCCs. However, the full operation of Nigerian and Mexican refineries will squeeze regional crude oil maritime trade whilst also affecting the cross-regional transport demand for refined oil products, putting pressure on the small and medium-sized tanker market.

Geopolitical developments will also have a profound impact on the oil shipping market: (1) The regional conflict changes, and the global oil trade pattern will hardly undergo fundamental changes in the short term; the Shadow Fleet will find it difficult to return to the compliant market due to factors such as vessel age and poor trading records, and will ultimately enter the scrapping sequence; (2) The easing of the Red Sea crisis may put pressure on the tonne-mile demand for refined oil tankers, though the extent of that pressure will depend on the progress of global tankers resuming their routes across the Red Sea; (3) The tightening US sanctions on Iran is expected to reduce the activity of black oil transportation, tilting oil trade towards the compliant market, thereby generating more shipping demand.

According to Clarksons, the tonne-mile demand for crude oil tanker is expected to grow by 0.7% year-on-year and that for refined oil tanker will grow by 0.1% year-on-year in 2025.

In terms of tonnage supply, the planned total deadweight tonnage delivery for 2025 is set to increase by 160% year-on-year, with deliveries primarily concentrated on medium and small oil tankers such as LR2, whilst only 5 VLCCs are expected to be delivered. In recent years, the expansion of shadow fleets has extended the overall service life of oil tankers, severely delaying the scrapping progress, with current average age of ships being scrapped approaching 25 years. As western nations continued to ramp up sanctions on black oil transportation, coupled with increasing aging of the global tanker fleet, the potential and likelihood of scrapping obsolete shipping capacity will continue to rise, thus promoting the continuous optimisation of supply and demand fundamentals, as the new IMO environmental protection policy, the EU Emissions Trading System (EU ETS) and FuelEU Maritime Regulation (FuelEU) came into force.

(2) Domestic oil shipping market

Domestic crude oil transportation market:

In terms of offshore oil, in the 2025 Business Strategy and Development Plan, CNOOC Limited projected that the target of net offshore oil production would be 760-780 million BOE for 2025, surpassing the 2024 net production by over 40 million BOE. It is expected that the domestic market will see steadily increasing demands for offshore oil transportation, maintaining the year-on-year growth momentum.

In terms of transshipment, transshipment demands of state-owned refineries are projected to stay relatively stable in 2025, while large regional petrochemical companies, having ample crude oil import quotas and gradually upgrading production capacity, will witness growing transshipment demands. However, smaller local refineries are expected to struggle in the increasingly consolidated and optimized domestic refining sector, leading to a shortfall in import quotas. Compounded by geopolitical tensions and higher logistics expenses, the transportation demand for these smaller players remains highly unpredictable.

Domestic product oil transportation market:

As domestically-based large refining and petrochemical bases go into full operation continuously, the regional supply capacity of product oil has improved significantly, which in turn is dampening the need for waterborne transport. In 2025, the domestic product oil transportation market is expected to hold steady overall, though there will be intermittent spikes in demand coinciding with high consumption periods like public holidays.

(3) LNG shipping market

In 2025, the pace of upstream LNG production is set to quicken, sustaining the upward trajectory of LNG trade. According to Drewry, a maritime research institution, the world's liquefaction capacity is forecasted to hit 529 million tons by the end of 2025, marking a 10.9% rise from the previous year. This growth will be fueled by the launch of pivotal projects in nations like the United States and Canada, such as the LNG Canada facility, boasting a 20 million-ton annual output, and the Plaquemines LNG Phase 1, with a 13.3 million-ton capacity. These developments are projected to bolster LNG supplies, with international LNG trade volume climbing 6.4% to 439 million tons in 2025. Concurrently, a pivot in U.S. energy strategy is likely to streamline the approval process for upstream ventures. The latter half of 2025 is expected to see a hastening of FIDs for U.S. LNG upstream projects, potentially unlocking around 138 million tons of global capacity by year's end, thereby energizing the trade landscape for the foreseeable future.

The year 2025 is likely to see the LNG shipping market, particularly in the spot and short-to-medium-term segments, grappling with an excess of vessel capacity. With 83 new LNG carriers slated for delivery – representing about 12.1% of the current global fleet – and a wave of older ships with expiring contracts re-entering the market in recent years, the balance is tipped towards oversupply. However, the growth in trade volume and the potential scrapping of older vessels are insufficient to balance the impact of the concentrated delivery of new ships. As a result, spot and short-term charter rates are unlikely to recover in the short term. In terms of long-term charters, the operation of new projects and the achievement of FIDs in North America will support the signing and fulfillment of long-term trade agreements, increasing the demand for associated transportation. This is expected to generate incremental demand for long-term charter capacity. Meanwhile, high costs of new ship construction and financing are expected to keep long-term charter rates buoyant.

Looking ahead to the medium term, the lead times for deliveries from established shipyards with a wealth of LNG vessel construction expertise are stretched beyond 2028, and the reliability of large LNG carriers from newer shipyards remains to be proven over time. This scenario leaves little immediate scope for a decrease in ship prices, prompting ship-owners to tread more carefully when placing new orders. Despite ongoing geopolitical tensions that unsettle the market and reshape trade patterns, the LNG shipping sector is set to benefit from an expected rise in LNG trade to maintain a positive development trend. As the industry adapts to stricter environmental standards, the fleet's composition will steadily improve, paving the way for LNG ship-owners to seize new growth opportunities.

(4) LPG shipping market

According to Drewry, LPG trade is forecasted to expand by 1.4% in 2025, and the global LPG trade volume is to grow at CAGR of 3.8% from 2024 to 2029. Ammonia is also emerging as a significant clean fuel, with liquid ammonia trade expected to surge at an 11.7% CAGR. On the demand side, China is poised to put four new propane dehydrogenation (PDH) facilities into operation in 2025, potentially boosting its LPG imports to 37.05 million tons. Meanwhile, India is gearing up to inaugurate its first PDH plant within the year. On the supply side, larger non-associated gas ventures, such as Saudi Aramco's Jafurah Basin, are expected to commence operation in the third quarter of 2025, although a significant production improvement is anticipated in 2026, with full capacity producing 5.7 million tons of LPG annually. The U.S. is also expected to see its propane production climb to 2.5 million barrels per day in 2025, up by about 90,000 barrels per day, with LPG exports potentially hitting 67.8 million tons.

The domestic LPG shipping market is set to become more competitive. Yet, the burgeoning regional trade for ethylene and liquid ammonia is paving the way for rapid growth of transoceanic ethylene transport and coastal shipping for ethylene and liquid ammonia. Additionally, ethylene derivatives like POE and α-olefins, which boast higher profit margins, are benefiting from the swift expansion of ethane cracking plants and the cost-effective production of ethylene from ethane. This trend is likely to fuel a steady increase in the need for ethylene shipping capacity moving forward.

(5) Chemical shipping market

In 2025, the domestic waterborne transport of liquid hazardous goods is likely to encounter challenges, as affected by subdued demand in the petrochemical sector and the cost pressures faced by petrochemical companies. On the global stage, Drewry's figures suggest a modest 0.6% year-on-year rise in chemical seaborne trade to 302 million tons in 2025. Concurrently, the stainless steel chemical tanker fleet is set to expand by 55 ships, marking a 3.8% increase. This imbalance, with supply growth outstripping demand, could weigh on shipping rates. Nonetheless, with the global chemical tanker fleet aging – averaging 13.8 years by the end of 2024, and 16% of ships being 20 years or older, an uptick in vessel scrapping is anticipated in 2025, which should help rebalance the market dynamics.

2. Development strategies of the Company

Looking forward to the future, 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 integration of chemical logistics resources 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 2025

In 2025, the Group expects to have 1 chemical tankers delivered with a total capacity of 11,500 DWT and dispose 6 oil tankers with a total capacity of 814,000 DWT, in the meanwhile to have 14 LNG vessels delivered, totaling 2,432 thousands cubic meters (including joint ventures, associates and long-term chartered-in vessels). It is expected that there will be 156 oil tankers in operation during the year, totaling 23.33 million DWT, and 58 LNG vessels, totaling 9.81 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 forecast of the domestic and international shipping market conditions in 2025, combined with the Group's fleet expansion, the main operating targets of the Group in 2025 are as follows: generating an expected operating income of RMB24.7 billion and incurring operating costs of RMB19.3 billion.

4. Work initiatives in 2025

In 2025, 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. It will leverage the CHINA POOL platform to achieve economies of scale and gain a competitive edge. By fostering closer cooperation with key customers, 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.

   Specifically, the Group will further penetrate the premium product oil markets in Oceania, enhancing efficiency and profitability by optimizing triangular shipping routes. It will consolidate its presence in the major customer markets of West Africa and Europe, maintaining strong relationships with key strategic customers. The Group will increase flexibility in the Gulf of Mexico market and diversify its customer base in the North American region. By strengthening operational synergy with joint ventures, it will stabilize the base cargo sources in the domestic oil shipping market and further solidify its leading position in domestic trade.

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 customers, and consistently implement the strategy of focusing on long-term time charters to secure reliable and sustained investment returns. It 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 and expand into higher value-added businesses.

3. *Shape a chain-based business pattern to further strengthen construction of a global digital supply chain*

   While focusing on four key areas: optimizing the overseas network, integrating deeply into customers' global industrial chains, refining the global business structure and improving the customer structure, the Group will foster comprehensive partnerships with strategic customers and players across the industrial chain, to unlock new market opportunities and build a strong foundation for the global digital supply chain. Through strategies including cross-selling and collaborative services, it will broaden its market reach, create synergies with its sister companies of China COSCO SHIPPING Group, provide customers with all-encompassing energy transportation services covering oil and chemical sectors and tailor integrated logistics solutions combining "land transport + storage + shipping".

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 undertake studies on managing the carbon footprint of vessels and exploring carbon labelling certification systems, aiming to establish a robust scientific basis for developing and executing the carbon peaking and carbon neutrality plans across the fleet.

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

The Group will actively implement the plans 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 be devoted to creating an integrated safety supervision and emergency management mechanism for "oil, gas, and chemical" operations, developing and refining relevant regulations and policies, and rigorously implementing accountability measures to ensure compliance with work safety standards. 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. Relying on research projects, the Group will advance the cultivation of leading talents and young innovators, and strengthen cross-departmental collaboration and sharing, particularly in the development of global digital supply chain solutions, to foster meaningful interactions between business specialists and technical experts. 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.

The Company has placed much emphasis on corporate governance and accountability. Good corporate governance can improve the Company's scientific decision-making and risk prevention abilities, ensure normal and effective operations, and promote the sustained development of the Company. The Board believes that shareholders of the Company (the "**Shareholders**") can derive the greatest benefits from good corporate governance.

I. IMPROVEMENT OF CORPORATE GOVERNANCE

During the Reporting Period, the Company was able to regulate its operations in accordance with domestic and overseas regulatory requirements. In accordance with the articles of association of the Company (the "**Articles**"), related laws and regulations as well as the securities regulatory rules of the jurisdictions in which the Company was listed, and having regard to the actual conditions of the Company, the Company constantly formulates, improves and implements various operational systems and related procedures for each of the Board and its special committees.

During the Reporting Period, checks and balances were achieved through the coordination among the Shareholders' meeting, the Board and its related special Board committees, the supervisory committee of the Company (the "**Supervisory Committee**") and management headed by the chief executive officer (the "**CEO**"). Together with the effective internal control and management systems, the Company's internal management and operations were further standardised and the corporate governance of the Company was further enhanced.

II. CORPORATE CULTURE

The Company believes that a healthy corporate culture is the core of good governance and an important component of the soul and sustainability of an enterprise.

Our corporate vision is "*to be an outstanding leader in global energy transportation*", and to build a world leading energy transportation enterprise with excellent products, outstanding brand, leading innovation and modern governance.

Linking the world and energy by shipping is the essence and meaning of energy transportation, and it is also our mission. Upholding the corporate values of "Credibility, Safety, Efficiency, and Transformation", during the Reporting Period, by providing safe, reliable and high-quality energy transportation and logistics services, the Company and the Board committed to guaranteeing the safety of energy transportation, serving value growth for the clients, practicing corporate social responsibility and supporting development and growth of employees, and delivering constant flow of energy for the world, the country, the society, clients and employees, so as to ensure a more stable, efficient and resilient energy supply chain, thereby continue to strengthen the Company's cultural framework.

III. SITUATION OF INTERNAL CONTROL AND RISK MANAGEMENT

1. Development

The Company has been committed to the perfection and improvement of its internal control and risk management system, complemented with special activities such as corporate governance to thoroughly strengthen the establishment of its internal management system. The Board is responsible for the establishment, improvement and effective implementation of internal control and risk management; the Supervisory Committee supervises the establishment and implementation of an internal control and risk management system by the Board; the management is responsible for organising and taking the lead in the daily operation of internal control of the Company; the risk control and compliance management committee of the Board of the Company (the "**Risk Control and Compliance Management Committee**") is responsible for guiding the evaluation of the effectiveness of internal control and risk management by internal bodies of the Company.

In 2024, the Company concentrated on enhancing internal control in critical areas. Firstly, it developed and released the Investment Management Compliance Guide (《投資管理合規指南》) to regulate investment activities, clarifying compliance requirements for all links of investment processes. Secondly, with adoption of checklist-based management, it enhanced the system implementation by streamlining and consolidating compliance requirements for all business lines and introducing the Negative Business List (《業務負面清單》), to establish a robust institutional framework that offered strong support to address external challenges. Thirdly, the Company prioritized the digital transformation of internal control and compliance management, integrating compliance requirements for key areas into business systems, establishing quantitative risk assessment model and achieving online assessment and review, visualized dynamic monitoring and early warning for key risks, which significantly bolstered informed decision-making and efficient operation.

2. Management Structure

The Company has established a "three lines of defence model", together with various operation activities, forms an internal control and risk management operation system in accordance with the COSO (Committee of Sponsoring Organization) Framework and the Guidelines on Comprehensive Risk Management of State-owned Enterprises (《中央企業全面風險管理指引》) based on environmental monitoring, risk assessment and countermeasures, supervision and improvement, as well as information communication and management.

The first line of defense comprises all departments and all units, which are responsible for participating in the construction of the risk control system, implementing systems related to risk management and business control, as well as responding to and reporting risk events; the second line of defense comprises the Company's risk management department, which is responsible for organizing, establishing and maintaining the risk control system, preparing risk control management reports regularly and reporting to the management, as well as participating in the control of high-risk businesses and giving advice from a risk perspective; and the third line of defense comprises the Company's audit department, which is responsible for the construction and evaluation of the risk control system, as well as supervising risk management and internal control.

The Company's management makes decisions on significant risk matters; considers and approves the Company's management rules and regulations; considers the Company's annual self-evaluation report on internal control and risk management report, and provides guidance on annual risk management work according to the Rules of Procedures for General Manager's Meeting (《總經理辦公會議事規則》).

The Risk Control and Compliance Management Committee was established under the Board and is a specialized body for evaluating the effectiveness of internal control. Its major responsibilities include reviewing the Company's financial control, internal control and risk management systems; discussing with the management on the internal control system to ensure the management has performed its duties in establishing an effective internal control system; evaluating the appropriateness of the design of the listed company's internal control systems; reviewing the self-evaluation report on internal control. In 2024, four meetings were held by the Risk Control and Compliance Management Committee to listen to the special reports on the construction of the internal control and risk management system, as well as operation monitoring, and to provide guidance on internal control and risk management efforts.

The audit committee of the Board of the Company (the "**Audit Committee**") was established under the Board and is a specialized body for evaluating the effectiveness of internal control. Its major responsibilities include reviewing the internal control audit report issued by external audit firms, and discussing with external audit firms on problems found and improvements; evaluating internal control evaluation and audit results, thereby supervising the rectification of defects on internal control.

3. Work Results of 2024

(1) Continuously enhance the compliance and risk control framework

Firstly, the Company optimized the "two lists and one database" to solidify the foundation of the compliance management system. This involved refining the Checklist for Compliance Process Management of Key Businesses (《關鍵業務合規流程管控清單》) and the Legal and Regulatory Database to ensure the effectiveness of control measures in mitigating compliance risks, and consolidating compliance requirements for all business lines and preparing the Negative Business List to define clear business boundaries and ensure effective implementation of compliance standards. Secondly, the Company strengthened construction of the compliance system in all-round manner to fully cover the energy sector, extending compliance risk control requirements to every unit of the energy sector. Thirdly, the Company focused on key compliance issues, and prioritized construction of the compliance system for key areas. For investments in external targets, the Company simultaneously identified internal control and compliance risks, developed and released the Investment Management Compliance Guide, implementing stronger measures for managing compliance and risk control effectively.

(2) Continuously refine the framework of rules and regulations

Leveraging insights from past annual inspections, audits and evaluations, the Company adopted a holistic approach to advance the development of rules and regulations with consideration of the integration of energy and chemical logistics supply chain, with a total of 68 regulations and policies completed under the "establishment, amendment and abolition" program. For the Company's newly acquired LPG and chemical business segments as well as the managed storage business segment, the Company pioneered the "two lists" system, and ensured a seamless alignment between higher-level and operational-level regulations.

(3) Strengthen risk prevention and control in key areas

The Company firmly adhered to the bottom line of preventing major risks, rigorously enforced and refined the four core risk control mechanisms: the early warning and risk identification mechanism, the business due diligence mechanism, the key operation monitoring mechanism and the specific risk assessment mechanism. In 2024, the Company closely tracked 468 updates of overseas laws and regulations, released 35 risk advisories and performed 28 special risk assessments.

(4) Drive the digital transformation of internal control and compliance management

The Company advanced the digital transformation of internal control and compliance management, integrating compliance requirements for key areas into business systems, establishing quantitative risk assessment model and achieving online assessment and review, visualized dynamic monitoring and early warning for key risks, which significantly bolstered accurate business evaluation and informed decision-making.

IV. INDEPENDENCE OF THE COMPANY FROM THE CONTROLLING SHAREHOLDER

Save as disclosed in the 2024 Annual Report of the Company (the "**Report**"), the Company is independent of its direct controlling Shareholder, China Shipping Group Company Limited ("**China Shipping**"), and its indirect controlling Shareholder, COSCO SHIPPING, in respect of its business, personnel, asset, organizational structure and finance. The Company has independent and comprehensive business operations and management capabilities.

V. THE ESTABLISHMENT AND IMPLEMENTATION OF THE STAFF SALARY SYSTEM, PERFORMANCE APPRAISAL AND INCENTIVE MECHANISM

The Company evaluates the remuneration of employees according to operating revenue, profitability and safety management situation, continuously optimizing the salary distribution system which combines occupational salary and performance wage. The segments of remuneration include occupational salary, monthly performance wage, various allowances and overtime pay. Among them, occupational salary reflects the duties and monthly performance wage reflects the labor contribution. The Company views annual comprehensive assessment and evaluation results and economic performance as key factors for remuneration distribution, thus forms a positive correlation between remuneration and operating performance. Pursuant to the Administrative Measures for Employee Performance Assessment of the Company (《中遠海運能源運輸股份有限公司員工績效考核管理辦法》), the Company implements quarterly performance assessment, annual performance assessment with full coverage of all employees. The bonus is related to the performance assessment, which creates reasonable personal wage gap among employees and departments. The annual assessment highlights personal performance and influences the remuneration distribution and reputation rewards. It combines multi-dimensional assessment and carries out the term assessment. The assessment results further categorized and classified as basically competent, competent and excellent, so as to give full play to the incentivising and binding effect of the distribution system.

In accordance with the 2024 Annual Operating Performance Responsibility Statement (《2024年度經營業績責任書》), the Company conducted an evaluation of the 2024 operating performance of the senior management staff of the managerial level to comprehensively assess the performance of the senior management staff of the managerial level and their work performance in 2024. The Company reasonably widen the income disparity and realize the concept of "rising remuneration for rising performance and falling remuneration for falling performance", stimulate the vitality of the senior management staff of the management team and promote the achievement of the Company's business objectives and key tasks.

On 26 October 2023, the Board agreed that the Company implemented the 2023 Share Option Incentive Scheme (the "**Incentive Scheme**") and agreed to submit this proposal to the Company's general meeting and class meetings of shareholders for consideration. The Incentive Scheme will further improve the long-term incentive mechanism by more closely integrating the remuneration income of the middle and senior management and the core backbone employees with the Company's performance, forming a benefit-sharing and risk-sharing mechanism among the Shareholders, the Company and the employees, and fully mobilizing the motivation of the middle and senior management and the core backbone employees of the Company. The total number of subject shares involved in the total number of share options (the "**Share Options**" or "**Options**") granted to the participants (the "**Participants**") under the Incentive Scheme is 28,081,900 Shares, representing approximately 0.589% of the total share capital of the Company of 4,770,776,395 Shares as of 26 October 2023.

On 10 May 2024, the Company convened the Second Extraordinary General Meeting of 2024, the First A Shares Class Meeting of 2024 and the First H Shares Class Meeting of 2024, considering and approving the Proposal on the "2023 Share Option Incentive Scheme (Draft) of COSCO SHIPPING Energy Transportation Co., Ltd." and its summary, the Proposal on the "Administrative Measures (Draft) for the 2023 Share Option Incentive Scheme of COSCO SHIPPING Energy Transportation Co., Ltd.", the Proposal on the "Administrative Measures for the Implementation and Appraisal (Draft) of the 2023 Share Option Incentive Scheme of COSCO SHIPPING Energy Transportation Co., Ltd.", and the Resolution to propose the General Meeting of the Company to authorize the Board to deal with matters related to the 2023 Share Option Incentive Scheme of the Company. Shareholders who are both the Participants and who are connected with the Participants of the Incentive Scheme of the Company disqualified themselves from voting.

On 10 May 2024, the Company convened the Fourth Meeting of the Board of 2024 and the Third Meeting of the Supervisory Committee of 2024, considering and approving the Proposal on Adjustment of the Number of the Initial Grant of the 2023 Share Option Incentive Scheme and the Proposal on Initial Grant of Share Options under the 2023 Share Option Incentive Scheme. Given the internal adjustment of some Participants proposed to be granted Share Options under the Incentive Scheme, the Board has adjusted the number of Share Options granted under the Incentive Scheme according to the authorization of the general meeting, and there was no adjustment to the number of and the list of Participants. After the adjustment, the total number of Share Options of the initial grant is reduced from 22,465,500 to 22,309,600. The Board is of the view that all conditions of the initial grant have been satisfied and has determined 10 May 2024 as the date of initial grant and agreed to grant 22,309,600 Share Options to 107 Participants who met the conditions for Grant (the "**Initial Grant**") at an exercise price (the "**Exercise Price**") of RMB13.00 per share. The connected Directors, who are the Participants of the Incentive Scheme, abstained from voting on the above two Proposals.

On 30 December 2024, the Company convened the Fifteenth Meeting of the Board of 2024 and the Ninth Meeting of the Supervisory Committee of 2024, considering and approving the Proposal on the Grant of Reserved Options to the Participants of the 2023 Share Option Incentive Scheme. Pursuant to the authorization given by the general meeting, the Board is of the view that all conditions of the reserved grant have been satisfied and has determined 30 December 2024 as the date of reserved grant and agreed to grant 4,635,800 Share Options to 24 Participants who met the conditions for Reserved Grant (the "**Reserved Grant**") at an Exercise Price of RMB12.09 per share.

The Initial Grant of 22,309,600 Share Options and the Reserved Grant of 4,635,800 Share Options under the Incentive Scheme were registered with the China Securities Depository and Clearing Corporation Limited Shanghai Branch on 28 June 2024 and 14 February 2025 respectively.

VI. CORPORATE GOVERNANCE REPORT

1. Compliance with 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 CEO are assumed by different individuals so as to maintain independence and balanced views.

In the opinion of the Directors, during the Reporting Period, the Company has complied with the code provisions set out in the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

2. General Meetings

General meetings provide a good opportunity for direct communications and build a sound relationship between the Board and the Shareholders. To ensure that all Shareholders enjoy equal status and are able to exercise their rights effectively, the Company holds Shareholders' meetings every year in strict compliance with the requirements for notices, convening and meeting procedures laid down by the relevant laws, regulations and the Articles. In 2024, the Company held 4 general meetings, considering and approving 26 proposals and their sub-proposals. The table on page 52 of the Report shows the attendance of the Directors at the general meetings.

According to the Articles, Shareholders individually or jointly holding more than 10% of the shares with voting rights at the extraordinary general meeting or class general meeting to be convened may sign one or more written requests with the same format and contents to propose to the Board to the convening of an extraordinary general meeting or class general meeting, and specify the topics thereof.

The Board is grateful to Shareholders for their views, and welcomes their questions and concerns raised in relation to the management and governance of the Group. Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company (the "**Company Secretary**") at 7th Floor, 670 Dongdaming Road, Hongkou District, Shanghai, the People's Republic of China (the "**PRC**").

The registered Shareholders are entitled to putting forward a proposal at a general meeting if shareholder(s) individually or jointly holding more than 3% of the equity of the Company may submit written provisional proposals to the convener 10 days before a general meeting is convened. The convener shall serve a supplementary notice of general meeting within 2 days after receipt of the proposal and announce the contents thereof.

3. The Board

(1) The responsibility of the Board

The Board is elected in the Shareholders' meeting and is responsible to the shareholders' meeting.

The Board carries out actions in relation to corporate governance in a conscientious and responsible manner. During the Reporting Period, the Board also performed the following corporate governance duties:

1) to develop and review the Company's policies and practices on corporate governance;

2) to review and monitor the training and continuous professional development of directors and senior management;

3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

5) to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

The Company elects its Directors in strict compliance with the procedures for election of Directors as set out in the Articles. Each Director shall act in the interests of the Shareholders, and shall use his best endeavors to perform his duties and obligations as a Director in accordance with all the applicable laws and regulations. Duties of the Board include decision-making of the Company's investment scheme and business plan, preparation of the Company's profit distribution and loss recovery proposals, formulation of the Company's capital operation proposal and implementation of resolutions approved at general meetings.

The Board is responsible for leading and controlling the Company as well as supervising the operations, strategic policy and performance of the Group. The Board also delegates its power and responsibilities to the management of the Group. In addition, the Board delegates responsibilities to professional committees under the Board. Details of those committees are set out in the Report.

(2) Composition of the Board

According to the Articles, all Directors (including independent non-executive Directors) are elected by the general meeting with a term of three years. Directors may be re-elected upon the expiration of their terms. The terms of the independent non-executive Directors shall be the same with the other Directors, but their consecutive tenure shall not exceed six years.

During the Reporting Period, the composition of the Company's Board of Directors was as follows:

Executive Directors:
Mr. REN Yongqiang (任永強)
Mr. ZHU Maijin (朱邁進)

Non-executive Directors:
Mr WANG Shuqing (汪樹青)
Mr. WANG Wei (王威)
Ms. WANG Songwen (王松文)

Independent non-executive Directors:
Mr. Victor HUANG (黃偉德)
Mr. LI Runsheng (李潤生)
Mr. ZHAO Jinsong (趙勁松)
Mr. WANG Zuwen (王祖溫)

Members of the Board, including the Chairman and the CEO of the Company, do not have any financial, business, family or other major/related relationship with one another. Such a balanced structure ensures the solid independence of the entire Board. Its composition has complied with the requirement under the Listing Rules that at least one third of the members of the Board shall be independent non-executive Directors. The biographies of all Directors are set out on pages 252 to 254 of the Report and contain details on the diversified skills, expertise, experience and qualifications of all Directors.

The Board adopted the board diversity policy (the "**Board Diversity Policy**") in accordance with the requirement set out in the Code. Such policy aims to set out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates shall be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board. As at the end of the Reporting Period, the Board of Directors consisted of one female director among the nine directors of the Board. The Board aims to maintain at least the current level of female representation in the Board. For more details of the diverse background, age, experience and qualifications of the Board members, please refer to the profiles of directors, supervisors and the management on pages 252 to 256 of the Report. The Board and the nomination committee of the Board (the "**Nomination Committee**") consider that the composition of the Board and the background of its members are in compliance with the requirements of the Listing Rules in relation to diversity of directors and objectives of the Company's regarding board diversity (including gender diversity). The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy. The Board will also review annually the implementation and effectiveness of the Board Diversity Policy.

Measurable objectives

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1) Independence: The Board should have a majority of non-executive directors (including independent non-executive directors) on the Board, so that there is a strong element of independence in the Board. The independent non-executive Directors shall be of sufficient calibre and stature for their views to carry weight.

2) Skills and experience: The Board possesses a balance of skills appropriate for the requirements of the business of the Company. The Directors have a mix of finance, academic and management backgrounds that taken together provide the Company with considerable experience in a range of activities.

3) Gender equality: The Board current consists of one female Director. The number of female directors on the Board will not fall below this level.

Apart from the above objectives, the composition of the Board has complied with the following objectives with the Listing Rules:

1) Rules 3.10A: at least one third of the members of the Board shall be independent non-executive Directors;

2) Rules 3.10(1): at least three of the members of the Board shall be independent non-executive Directors; and

3) Rules 3.10(2): at least one independent non-executive director shall have obtained appropriate professional qualifications or accounting or related financial management expertise.

The Board has achieved such measurable objectives for board diversity and complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules.

To maintain board diversity (including gender diversity) in the coming years, the Nomination Committee will continue to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

By the end of the Reporting Period, the management of the Company (excluding Directors) consisted of 4 males and 1 female; the fair gender structure of the shore-based employees indicates a total of 633 (approximately 69.79%) male employees and 274 (approximately 30.21%) female employees. In light of the Company's business nature and operation needs, the Board considers that the management and employees of the Company are gender-diverse.

(3) The responsibility of Directors

The Board ensures that each newly appointed Director has proper understanding of the operations and businesses of the Group and is fully aware of his/her responsibilities under the relevant rules and regulations and the common law, the Listing Rules, applicable statutory requirements and other regulatory requirements and the business and governance policy of the Company. Directors should closely follow the changes in legislations and compliance, operations and markets as well as the strategic development of the Group and be continuously updated about the relevant knowledge so as to perform their duties. Independent non-executive Directors play an active role in Board meetings and can make contribution to the formulation of strategies and policies and make reliable judgement on strategy, policy, performance, accountability, resources, major appointment and code of conduct. They also serve as members of various Board committees to monitor the overall performance of the Group in achieving pre-determined corporate objectives and benchmarks and preparing reports on such performance.

4. Performance of Independent Non-Executive Directors' Duties

The Company has adopted the rules and procedures on independent non-executive Directors' work. In 2024, the Company had four independent non-executive Directors exceeding one-third of the total number of Directors, in compliance with the minimum number of independent non-executive directors required under the Listing Rules. The four independent non-executive Directors possess respective expertise in finance, corporate management, law and maritime affairs, with extensive professional experience in these fields. Mr. Victor HUANG, an independent non-executive Director, has appropriate accounting and financial experience as required under Rule 3.10 of the Listing Rules. For the biographical details of Mr. Victor HUANG, please refer to the section headed "BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT" in the Report. The four independent non-executive Directors do not hold other positions in the Company. They perform their duties in accordance with the Articles and the relevant requirements under the applicable laws and regulations.

In 2024, the independent non-executive Directors earnestly and diligently performed their duties in accordance with the relevant laws and regulations and the Articles. The independent non-executive Directors actively attended Board meetings during the Reporting Period, thoroughly reviewed all proposals submitted by the Company, provided independent and objective opinions to safeguard the legitimate rights and interests of the Company and all its Shareholders as a whole, played a crucial balancing role in the decision-making process of the Board. The independent non-executive Directors conscientiously examined the Company's periodic reports, maintained regular communications with external auditors in regular and special meetings before and after their year-end auditing. Such meetings were held prior to Board meetings. During the Reporting Period, the independent non-executive Directors did not object to any proposals and other matters discussed at the meetings of the Board.

The Company has received confirmation from each of the independent non-executive Directors about their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that the independent non-executive Directors are completely independent of the Company, its substantial Shareholders and its affiliates and comply fully with the requirements concerning the independent non-executive Directors under the Listing Rules.

5. Mechanisms to Ensure Independent Views

The Company ensures independent views and input are available to the Board via the below mechanisms:

(1) The Board composition and the independence of the independent non-executive Directors should be reviewed by the Nomination Committee on an annual basis, in particular the portion of the independent non-executive Directors.

(2) A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors in relation to his/her independence to the Company. The Company considers all its independent non-executive Directors to be independent.

(3) In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions in relation to the transactions with the controlling shareholders and/or its associates.

(4) The chairman of the Board shall meet with independent non-executive Directors at least once annually.

(5) All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the company policy.

The Board reviews the implementation and effectiveness of the mechanisms for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive directors, and their contribution and access to external independent professional advice. The Board considers that the above mechanisms and implementation are effective to ensure independent views and inputs are available to the Board.

6. Securities Transactions by Directors

The Company has adopted a code of conduct regarding directors' and relevant employees' securities transactions in accordance with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 of the Listing Rules. Having made specific enquiries of all Directors, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the Reporting Period.

7. Board Meetings

According to the provisions of the Articles and the Rules of Procedure for Board Meetings, during the Reporting Period, the Board convened a total of 15 meetings, at which a total of 61 proposals were reviewed or considered and resolutions were passed, in order to evaluate the Company's financial and operational performance. The Chairman also held meetings with the independent non-executive directors without the attendance of other Directors. The following table shows the attendance of the Directors at the Board meetings and general meetings.

	Rate of attendance for Board meeting	Rate of attendance for general meeting
Executive Directors:		
Mr. REN Yongqiang (任永強) (Chairman)	15/15	4/4
Mr. ZHU Maijin (朱邁進) (CEO)	15/15	4/4
Non-executive Directors:		
Mr. WANG Shuqing (汪樹青)	1/1	1/1
Mr. WANG Wei (王威)	15/15	4/4
Ms. WANG Songwen (王松文)	15/15	4/4
Independent non-executive Directors:		
Mr. Victor HUANG (黃偉德)	15/15	4/4
Mr. LI Runsheng (李潤生)	15/15	4/4
Mr. ZHAO Jinsong (趙勁松)	15/15	4/4
Mr. WANG Zuwen (王祖溫)	15/15	4/4

Note: At the Company's Third Extraordinary General Meeting of 2024 held on 30 December 2024, the appointment of Mr. WANG Shuqing as a non-executive Director was approved. His term of office shall commence from the date of the Shareholders' resolution and continue until the expiration of the term of the Company's eleventh session of the Board.

All Board meetings were attended by dedicated minute-takers to document the proceedings, and all approved matters were formally recorded as resolutions. These records are properly archived in accordance with relevant laws, regulations, and the Articles.

8. Chairman and CEO

The positions of the Chairman of the Board and the CEO are assumed by different individuals so as to maintain independence and balanced judgment views. The Board has appointed Mr. REN Yongqiang as the Chairman. The Chairman is responsible for execution and leading the Board so that the Board can operate and perform its duties effectively and handle all important and appropriate issues in a timely manner. Mr. ZHU Maijin, being the CEO and an executive Director, is responsible for executing the business policy and decisions on management and operations of the Group.

9. The Professional Committees of the Board

In compliance with the Code Provisions set out in the Code in Appendix C1 of the Listing Rules, the Company has established five professional committees under the Board, namely, the Audit Committee, a remuneration and appraisal committee of the Board (the "**Remuneration and Appraisal Committee**"), the Nomination Committee, a strategy committee of the Board (the "**Strategy Committee**") and the Risk Control and Compliance Management Committee.

(1) Audit Committee

As of the end of the Reporting Period, the Audit Committee comprised 2 independent non-executive Directors and one non-executive Director with Mr. Victor HUANG being the Chairman. The duties of the Audit Committee mainly include the review of the Company's financial reports, consideration of the appointment of independent domestic and international auditors, approval of audit-related services, supervision over the Company's internal financial reporting procedures and management policies. At least four meetings of the Audit Committee are convened annually to review the accounting policies, risk management and internal control system adopted by the Company and the relevant financial issues, so as to ensure the completeness, fairness and accuracy of the Company's financial statements and other relevant information.

The following table shows the attendance of members of the Audit Committee during the Reporting Period:

Members of the Audit Committee	**Rate of attendance**
Mr. Victor HUANG (黃偉德) (Chairman)	7/7
Mr. ZHAO Jinsong (趙勁松)	7/7
Mr. WANG Wei (王威)	3/3
Mr. WANG Zuwen (王祖溫)	4/4

Note: Mr. WANG Zuwen ceased to serve as a member of the Audit Committee on June 28 2024.

The following are the work reports prepared by the Audit Committee in respect of the performance of its responsibilities relating to the interim and annual results and the review of the internal control system and the performance of the other responsibilities set out in the Code during the Reporting Period.

In 2024, the Audit Committee held a total of 7 meetings, during which it reviewed and considered 17 proposals (reports). The proposals were as follows:

1) Report on the Performance of the Audit Committee in 2023

2) Proposal on the Company's 2023 Key Financial Final Accounts Data

3) Report on the 2023 Audit Findings

4) Proposal on the Company's 2023 Internal Control System Work Report

5) Proposal on the Report of the Company's 2023 Connected Transactions

6) Proposal on the Company's 2023 Internal Audit Work Summary and 2024 Audit Plan

7) Proposal on the Company's Annual Report (A Shares/H Shares) for 2023

8) Proposal on the Company's First Quarterly Report of 2024

9) Proposal on the Appointment of Auditing Institutions for 2024

10) Proposal on Guarantee Quotas for Wholly-owned Subsidiaries for the second half of 2024 to the first half of 2025

11) Proposal on the 2024 Plan for Currency-related Financial Derivatives Business

12) Proposal on Increasing the 2024 Loan Quota with Financial Companies

13) Proposal on the Company's Interim Financial Report and Review Report for 2024

14) Proposal on the Company's Interim Report and Interim Results Announcement for 2024

15) Proposal on the Company's Third Quarterly Report of 2024

16) Proposal on Changing the Overseas Auditing Institution for 2024

17) Proposal on the Integrated Audit Plan for A+H Shares in 2024

The Audit Committee holds at least two meetings with the external auditors each year to discuss any issues in the course of the auditing and management is not allowed to attend the meeting. In 2024, the Audit Committee held 2 meetings with the external auditors. The Audit Committee reviews the interim and annual reports before submitting the results to the Board. When reviewing the interim and annual reports, the Audit Committee not only pays attention to changes in the accounting policies and practices but also complies with the relevant requirements, under such accounting policies, the Listing Rules and relevant laws. There was no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

(2) Remuneration and Appraisal Committee

As of the end of the Reporting Period, the Remuneration and Appraisal Committee comprised 3 independent non-executive Directors with Mr. LI Runsheng being the Chairman. The Remuneration and Appraisal Committee has adopted terms of reference which are in line with the terms of reference referred to in the Code are as follows:

1) to make recommendations to the Board on the overall remuneration policy and structure of the Directors and senior management of the Company; and to make recommendations to the Board on the establishment of a formal and transparent procedure for formulating such remuneration policy; to review and approve the senior management's remuneration proposals with reference to the Board's corporate goals and objectives; and

2) to recommend to the Board regarding the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including those relating to loss or termination of office or appointment); to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules and to make recommendations to the Board on the remuneration of non-executive Directors. The Remuneration and Appraisal Committee should consider the factors such as remuneration paid by comparable companies, time required for the Directors and their duties, the employment conditions of other positions within the Group and the desirability of performance-based remunerations.

The following table shows the attendance of members of the Remuneration and Appraisal Committee during the Reporting Period:

Members of the Remuneration and Appraisal Committee	**Rate of attendance**
Mr. LI Runsheng (李潤生) (Chairman)	4/4
Mr. Victor HUANG (黃偉德)	4/4
Mr. WANG Zuwen (王祖溫)	4/4

In 2024, the Remuneration and Appraisal Committee held a total of 4 meetings, during which it reviewed and considered 5 proposals. The proposals were as follows:

1) Proposal on the 2024 Company's Remuneration Program for Directors

   1.1 Non-independent Director Remuneration Program

   1.2 Independent Director Remuneration Program

   1.3 Directors, Supervisors and Senior managements Liability Insurance Coverage

2) Proposal on Adjustment of the Number of the Initial Grant of the 2023 Share Option Incentive Scheme

3) Proposal on Initial Grant of Share Options under the 2023 Share Option Incentive Scheme

4) Proposal on Reviewing COSCO SHIPPING Energy's 2024 Performance Accountability Agreement for Management Members and Adjusting the Tenure Performance Accountability Agreement

5) Proposal on the Grant of Reserved Options to the Participants of the 2023 Share Option Incentive Scheme

(3) Nomination Committee

Pursuant to the Articles, election and replacement of Directors shall be proposed to the Shareholders' general meeting for approval. Shareholders whose shareholding represents 3% or more of the voting shares of the Company are entitled to make such proposal and request the Board to authorize the Chairman to consolidate a list of Director candidates nominated by the Shareholders who are entitled to make a proposal. As authorized by the Board, the Chairman shall consolidate a list of Director candidates and order the Secretariat of the Board together with the relevant departments to prepare the relevant procedural documents. Pursuant to the Articles, the Company is required to give notice of the Shareholders' meeting to Shareholders in writing 20 days (if it is an annual general meeting) and 15 days (if it is an extraordinary general meeting) in advance and dispatch a circular to the Shareholders. Pursuant to Rule 13.51(2) of the Listing Rules, the list, resume and emoluments of the candidates for directorship must be set out in a circular to the Shareholders to facilitate voting by Shareholders. The new Directors must be approved by more than half of the total voting shares held by the Shareholders present in person or by proxy at the Shareholders' general meeting.

The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the Shareholders for election as Directors at general meetings. When the Nomination Committee considers it appropriate, it invites nominations of candidates from Board members or any person and makes recommendations for the Board's consideration and approval.

In assessing the suitability of a proposed candidate, the Nomination Committee would consider factors including without limitation the following:

1) reputation for integrity;

2) experience in shipping industry and/or business strategy, management, legal and financial aspects;

3) whether the proposed candidate is able to assist the Board in effective performance of its responsibilities;

4) the perspectives and skills that the proposed candidate is expected to bring to the Board;

5) diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

6) commitment in respect of available time and relevant interest; and

7) in the case of selection for independent non-executive Directors, the independence of the proposed candidate.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

As of the end of the Reporting Period, the Nomination Committee comprised 3 independent non-executive Directors with Mr. WANG Zuwen being the Chairman.

The following table shows the attendance of members of the Nomination Committee during the Reporting Period:

Members of the Nomination Committee	**Rate of attendance**
Mr. WANG Zuwen (王祖溫) (Chairman)	3/3
Mr. Victor HUANG (黃偉德)	3/3
Mr. LI Runsheng (李潤生)	3/3

In 2024, the Nomination Committee held 3 meetings, during which it reviewed and considered 3 proposals. The proposals were as follows:

1) Proposal on Recommending Candidates for the eleventh session of the Board

2) Proposal on the Appointment of Mr. ZHANG Yong as Deputy General Manager of the Company

3) Proposal on the Appointment of Mr. WANG Shuqing as a Non-Executive Director of the Company

(4) Strategy Committee

The duties of the Strategy Committee mainly include review and evaluation of the Company's long-term development strategy, significant investment projects, financial budget and strategic plan of investment returns and submit its advice to the Board. As at the end of the Reporting Period, The Strategy Committee consisted of 7 Directors, including 2 executive Directors, 3 non-executive Directors and 2 independent non-executive Directors. Mr. REN Yongqiang was the Chairman. Independent non-executive Directors, namely Mr. LI Runsheng and Mr. ZHAO Jinsong leveraged their extensive professional expertise in petrochemical and maritime law domains, along with their distinguished work experience, to provide strategic counsel for the Company's sustainable development, serving as key advisors and think-tank contributors.

The following table shows the attendance of members of the Strategy Committee during the Reporting Period:

Members of the Strategy Committee	**Rate of attendance**
Executive Directors:	
Mr. REN Yongqiang (任永強) (Chairman)	2/2
Mr. ZHU Maijin (朱邁進)	2/2
Non-executive Directors:	
Mr. WANG Shuqing (汪樹青)	0/0
Mr. WANG Wei (王威)	2/2
Ms. WANG Songwen (王松文)	2/2
Independent non-executive Directors:	
Mr. LI Runsheng (李潤生)	2/2
Mr. ZHAO Jinsong (趙勁松)	2/2

Note: Non-executive Director Mr. WANG Shuqing assumed office on 30 December 2024.

In 2024, the Strategy Committee held 2 meetings, during which it reviewed and considered 4 proposals. The proposals were as follows:

1) Proposal on the Company's 2023 Sustainability Report

2) Proposal on the 2024 Annual Investment Plan and Disposal Plan of the Company

3) Proposal on the COSCO SHIPPING Energy Reform Deepening and Enhancement Implementation Plan (《中遠海運能源改革深化提升行動實施方案》) and Work Ledger

4) Proposal on the Mid-Term Revision of the COSCO SHIPPING Energy 14th Five-Year Plan (《中遠海運能源「十四五」規劃》)

The Strategy Committee and the Board formulates and reviews policies and routine matters related to the Company's sustainable development and ESG governance. It also monitors ESG material topics that may affect the Company's business, operations, and shareholders and other stakeholders' interests and assumes full responsibility for ESG strategies and reporting.

In 2024, given both internal and external changes and current development of the Company, the Strategy Committee and the Board re-evaluated material topics and their ranking, prioritized 2 material topics related to governance, economy, and environment, as well as society to address stakeholder concerns.

In addition, based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Strategy Committee and the Board focus on the key factors affecting climate change in the shipping industry to identify climate change-related risks and opportunities and their potential financial impact in the short, medium and long run; and ultimately, to enhance our adaptability to uncertain climatic conditions.

For more details of our ESG performance, please refer to the Company's 2024 Sustainability Report.

(5) Risk Control and Compliance Management Committee

In order to effectively to promote the rule of law of listed companies as required by supervisory agencies at home and abroad, and to give full play of the functions of special committees of the Board in the rule of law and risk control management, the Company has established the Risk Control and Compliance Management Committee under the Board. As of the end of the Reporting Period, the Risk Control and Compliance Management Committee consisted of three Directors, two of whom are independent non-executive Directors, with Mr. ZHAO Jinsong being the Chairman.

The following table shows the attendance of members of the Risk Control and Compliance Management Committee during the Reporting Period:

Members of the Risk Control Committee	**Rate of attendance**
Mr. ZHAO Jinsong (趙勁松) (Chairman)	3/3
Mr. REN Yongqiang (任永強)	3/3
Mr. WANG Zuwen (王祖溫)	3/3

In 2024, the Risk Control and Compliance Management Committee held a total of 4 meetings, during which it reviewed and considered 4 proposals. The proposals were as follows:

1) Proposal on the Company's 2023 Internal Control System Work Report

2) Proposal on the Company's 2023 Compliance Management Report

3) Proposal on the Company's 2024 Safety Work Report

4) Proposal on the Company's 2024 Forecast and Assessment Report on Major Operational Risks

5) Proposal on Amending the COSCO SHIPPING Energy Compliance Management Measures (《中遠海運能源合規管理辦法》)

6) Proposal on the Company's 2024 Plan for Currency Derivatives Business

7) Proposal on the Continuous Risk Assessment Report of COSCO SHIPPING Finance Co., Ltd.

8) Proposal on Amending the Internal Control and Risk Management Measures (《內部控制和風險管理辦法》)

10. Accountability and Audit

(1) Financial Reporting

The Board recognises the importance of integrity of financial information and acknowledges its responsibility for preparing interim financial information and annual consolidated financial statements that give a true and fair view of the Group's affairs and its consolidated financial performance and its consolidated cash flows in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and have been properly prepared in compliance with the disclosure requirements of Companies Ordinance (Cap. 622 of the Laws of Hong Kong) ("**Hong Kong Companies Ordinance**"). In presenting the financial information, as well as price-sensitive announcements and other financial disclosures as required by regulations, the Board endeavors to present in a timely manner to Shareholders and other stakeholders a balanced and understandable assessment of the Company's performance, position and prospects. Accordingly, appropriate accounting policies are selected and applied consistently, and judgements and estimates made by management for financial reporting purpose are prudent and reasonable. Prior to the adoption of the financial statements and the related accounting policies, the relevant financial information is discussed between the external auditors and management, and then submitted to the Audit Committee for review.

Management provides relevant explanations and information to the Board so that the Board can make informed assessments on the financial and other information submitted to it for approval.

The Board has confirmed its responsibility for preparing financial reports that can reflect the consolidated financial position of the Group in a true and fair way for each financial year. When submitting quarterly results, interim financial information and annual consolidated financial statements and announcement to Shareholders, Directors shall strive to submit a balanced and easily comprehensible assessment on the present conditions and prospects of the Group.

The Board is not aware of any material uncertainties on events or conditions which cast significant doubt on the sustained operating capability of the Group. Therefore, the Board will continue to adopt the sustained operating basis in preparation of the consolidated financial statements.

The Board has confirmed its responsibility for providing balanced, clear and easily comprehensible assessments in the Company's annual reports and interim reports, other price-sensitive announcements and other financial disclosures required by the Listing Rules and reporting to the regulatory bodies.

All Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2024. ShineWing Certified Public Accountants LLP ("**ShineWing**") and SHINEWING (HK) CPA Limited ("**SHINEWING Hong Kong**"), the domestic and international auditors of the Company respectively, acknowledge reporting responsibilities in the auditor's reports on the consolidated financial statements for the year ended 31 December 2024.

(2) Reappointment and Change of Auditors

In accordance with the relevant regulations of the State-owned Assets Supervision and Administration Commission of the State Council ("**SASAC**") of the PRC and the Ministry of Finance of the PRC, and pursuant to the resolution passed at the Company's 2023 Annual General Meeting held on June 29 2024, the Company reappointed ShineWing as its domestic auditor and PricewaterhouseCoopers ("**PwC**") as its overseas auditor.

During the Reporting Period, in consideration of the Company's current business conditions and future audit service needs, and in accordance with the resolution adopted at the Company's 2024 Third Extraordinary General Meeting held on 30 December 2024, the Company engaged SHINEWING Hong Kong as its overseas auditor for 2024.

From 2021 to 2023, the Company's domestic and overseas external auditors remained unchanged.

(3) External Auditors and Their Remuneration

External auditors provide an objective assessment of the financial information presented by management and are considered an essential element of effective corporate governance. The Company reappointed ShineWing as its domestic auditor and PwC as its overseas auditor for 2024. With the scope of review/audit remaining substantially unchanged from 2023, the Company's 2023 Annual General Meeting approved review/audit fees of RMB3.1 million for ShineWing and RMB3.5 million for PwC in 2024, resulting in total audit fees of RMB6.6 million (inclusive of tax) for both auditors in 2024.

Approved at the Company's 2024 Third Extraordinary General Meeting, the Company engaged SHINEWING Hong Kong as its overseas auditor for 2024. With no material changes to the scope of review/audit, the review/audit fees for SHINEWING Hong Kong in 2024 amounted to RMB1.9017 million (including tax) (excluding the interim review for 2024).

Following the appointment of SHINEWING Hong Kong as the overseas auditor for 2024, the Company's total domestic and overseas review/audit fees for 2024 decreased from RMB6.6 million in 2023 to RMB5.7017 million (including tax). This reduction was primarily due to SHINEWING Hong Kong being the Hong Kong branch of ShineWing, the Company's 2024 domestic auditor. By appointing it as the Company's overseas auditor for 2024, the Group achieved effective integration between the domestic and overseas audit teams in reviewing both H Shares and A Shares financial reports, enabling shared audit deliverables.

Based on the above agreement, in 2024, the Company paid RMB0.7 million to PwC for review/audit fees, RMB2.46 million to ShineWing for review/audit fees, RMB0.64 million to ShineWing for internal control audit fees, and RMB1.9017 million to SHINEWING Hong Kong for review/audit fees.

In addition to the above, the Company paid non-audit fees of RMB0.098 million to PwC and RMB0.35 million to ShineWing in 2024.

(4) Internal Control and Risk Management

The Board is responsible for maintaining an adequate system of internal control and risk management and reviewing its effectiveness. The internal control and risk management system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorized use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislation and regulations. Further, the internal control and risk management system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against any material misstatement or loss.

During the year, the Audit Committee, as delegated by the Board, has reviewed the adequacy and effectiveness of the Group's internal controls, risk management and internal audit function, including financial, operational and compliance controls and risk management. It has also considered the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting functions and their training programs and budgets.

The Company considers the risk management and internal control system effective and adequate during the Reporting Period.

(5) Internal Audit

The Group has continued to engage the Internal Audit Department to perform internal audits for the Group. The Internal Audit Department performs independent internal audit reviews for all business units and functions in the Group on a systematic and ongoing basis. The frequency of review of individual business units or functions is determined after an assessment of the risks involved. The Audit Committee endorses the internal audit plan annually. The internal audit department has unrestricted access to all parts of the business and direct access to any level of management including the chairman of the Company and the chairman of the Audit Committee as it considers necessary. It submits regular reports for the Audit Committee's review in accordance with the approved internal audit plan. Concerns which have been reported by the Internal Audit Department are monitored by management by taking appropriate remedial actions.

(6) Inside Information

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Company is aware of its obligations under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**") and the Listing Rules and has established the inside information disclosure policy with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission.

11. Delegation by the Board

Management is authorized to carry out daily management of the Company. Department heads are responsible for various aspects of the operations. The major corporate matters delegated by the Board to management include the preparation of quarterly results, interim and annual reports and announcements (for approval by the Board before publication), the execution of business strategies and measures adopted by the Board, the implementation of the internal control system and risk management procedure and compliance with relevant statutory requirements, rules and regulations.

12. Directors' and Company Secretary's Continuing Professional Development Program

Each newly appointed Director is provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statutes, laws, rules and regulations.

Directors' training is an ongoing process. During the year, Directors were provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

A summary of training received by the Directors since 1 January 2024 up to 31 December 2024 is as follows:

Directors	Continuous Professional Development Program
Executive Directors:	
Mr. REN Yongqiang (任永強) (Chairman)	A, B, C
Mr. ZHU Maijin (朱邁進) (CEO)	A, B, C
Non-executive Directors:	
Mr. WANG Shuqing (汪樹青)	A, B, C, D
Mr. WANG Wei (王威)	A, B, C
Ms. WANG Songwen (王松文)	A, B, C
Independent non-executive Directors:	
Mr. Victor HUANG (黃偉德)	A, B, C
Mr. LI Runsheng (李潤生)	A, B, C
Mr. ZHAO Jinsong (趙勁松)	A, B, C
Mr. WANG Zuwen (王祖溫)	A, B, C

Notes:

A: Literally learning the materials from the Company relating to latest regulatory information

B: Video training for Directors provided by Shanghai Bureau of the China Securities Regulatory Commission, the Shanghai Stock Exchange, and the Listed Companies Association

C: On-site training programs arranged by the Company and external service providers

D: During the induction training attended by Mr. WANG Shuqing (汪樹青) on 27 December 2024, an external legal adviser provided legal advice on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a non-executive Director of a listed company, his obligations as a Director, and the possible consequences of making false declarations or giving false information to regulators. Mr. WANG Shuqing (汪樹青) confirmed his understanding of the information provided by the legal adviser.

In 2024, the Company Secretary took no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

13. Directors' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against the Directors.

14. Supervisory Committee

As of the end of the Reporting Period, the Supervisory Committee consisted of 4 members, of whom two Supervisors were representatives of the employees. During the Reporting Period, the composition of the Supervisory Committee was as follows:

Mr. Weng Yi (翁羿) (Chairman)
Mr. Yang Lei (楊磊)
Ms. Chen Hua (陳華) (Employee representative)
Mr. Wang Zhenming (王振明) (Employee representative)

The Supervisory Committee is responsible for supervision over the Board and its members and senior management, so as to prevent them from abusing their authorities and violating the legal interests of the Shareholders, the Company and its staff. In 2024, the Supervisory Committee convened 9 meetings, at which the Company's financial position, connected transactions, legal compliance of cooperate operations and share option incentive scheme of the Company were reviewed. In 2024, the Supervisory Committee has complied with the principle of credibility to proactively perform their functions. For the details, please refer to the section headed "REPORT OF THE SUPERVISORY COMMITTEE" in the Report.

15. Dividend Policy

The Company seeks to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy. The Company's dividend policy aims to allow Shareholders to share the Company's profit and for the Company to retain adequate reserves for future growth. In proposing any dividend payout, the Company would consider various factors including the Company and the Group's actual and expected financial performance, general economic and financial conditions, business cycle of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and the Company's future expansion plan.

As at the date of the Report, the Company was not aware that any Shareholder had waived or agreed to waive any dividends of the Company.

16. Investor Relations

The Company has actively and faithfully performed its duties regarding disclosure of information and its work on investor relations. The Company has strictly abided by the principles of regular, accurate, complete and timely disclosure of information. The Company has established a designated department responsible for matters concerning investor relations and has formulated the "Investor Relations Management Measures" to regulate the relations with investors.

The Company has maintained on investor relations section on its website at http://energy.coscoshipping.com to disseminate information to its investors and shareholders on a timely basis. If shareholders and investment institutions need to conduct related exchanges with the Company, they can make enquiries through channels such as the Company's investor relations email address and telephone number, and the above contact information has been published in the Financial Report and website of the Company.

The Company has maintained open communication channels with the capital markets, upholding principles of integrity and professionalism to establish and reinforce a positive capital market image. During the Reporting Period, the Company conducted approximately 180 investor engagement activities through various formats including offline roadshows, conference calls, investors' visits to the Company, brokerage strategy sessions, and online results briefings, reaching a cumulative total of about 1,600 participants. The Company also secured coverage from over ten leading domestic and international brokerages, laying a solid foundation for effective value communication. Meanwhile, the Company maintained accessible communication channels through the SSE E-Interaction platform, dedicated IR phone lines, and IR email addresses to actively address the communication needs of retail investors.

During the reporting period, the Company collaborated with multiple prominent domestic and international brokerages to host results briefings, providing truthful and objective disclosures about the Company's performance and future market prospects. Furthermore, the Company actively organized online results briefings through the SSE Roadshow Center, conducted "I Am a Shareholder" investor visitation programs, and leveraged major events such as the COSCO SHIPPING Group Capital Markets Day. These initiatives aimed to comprehensively cover all investor segments, including both institutional investors and minority Shareholders.

Shareholders may direct enquiries about their shareholdings to the Company's Share Registrars. During the Reporting Period, having considered the above multiple channels of communication, the Company considers that it has strictly and effectively implemented such shareholders' communication policies according to the "Inventor Relations Management System" (《投資者關係管理制度》).

In order to further improve the information disclosure management system, to enhance the quality of annual report disclosure and transparency of the Company, the Company has, in accordance with relevant state laws and regulations, regulatory documents and the Articles, formulated the "Annual Report Disclosure of Major Accountability System for China Shipping Development" (《中遠海能年報資訊披露重大責任追究制度》). Accordingly, if there are significant errors in information disclosure of annual report, the person concerned should be held accountable and make the appropriate treatment.

REPORT OF THE DIRECTORS

The Board hereby presents their report and the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company's principal activities consist of investment holding, and/or oil shipment along the coast of the PRC and internationally, international LNG shipping, LPG shipping and/or vessel chartering.

The principal activities of the principal subsidiaries of the Company, associates and joint ventures of the Group are oil shipment, LNG shipment, LPG shipping, vessel chartering and banking and related financial services.

SUMMARY FINANCIAL INFORMATION

A summary of the consolidated results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and restated as appropriate, is set out below.

Results	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000 (Restated*)	RMB'000 (Restated*)	RMB'000	RMB'000
Continuing operations					
Revenues	**23,133,486**	22,553,451	19,081,551	12,644,700	16,268,197
Operating costs	**(16,890,079)**	(15,965,997)	(15,576,917)	(16,734,169)	(12,386,553)
Gross profit	**6,243,407**	6,587,454	3,504,634	(4,089,469)	3,881,644
Other income and net gains, net	**610,140**	887,087	352,372	403,695	12,100
Marketing expenses	**(83,908)**	(76,996)	(57,273)	(50,335)	(56,192)
Administrative expenses	**(1,127,066)**	(1,003,315)	(969,982)	(905,495)	(811,088)
Reversal of/(provision for) impairment losses on financial and contract assets	**3,612**	(225,300)	(4,656)	33,777	5,508
Other expenses	**(167,949)**	(110,551)	(43,180)	(61,824)	(25,925)
Share of profits of associates	**540,227**	457,602	317,497	254,727	247,150
Share of profits of joint ventures	**632,496**	730,288	725,255	714,288	690,558
Impairment losses on investment in joint ventures	**–**	(984,111)	–	–	–
Impairment loss on goodwill	**–**	(1,429)	–	–	–
Finance costs	**(1,407,861)**	(1,469,843)	(997,593)	(826,672)	(1,039,721)
Profit/(loss) before tax	**5,243,098**	4,790,886	2,827,074	(4,527,308)	2,904,034
Income tax expense	**(856,566)**	(1,093,692)	(973,701)	(139,800)	(272,590)
Profit/(loss) for the year	**4,386,532**	3,697,194	1,853,373	(4,667,108)	2,631,444
Profit/(loss) for the year attributable to:					
Equity holders of the Company	**4,038,089**	3,379,203	1,853,374	(4,985,386)	2,381,415
Non-controlling interests	**348,443**	317,991	333,995	318,278	250,029
	4,386,532	3,697,194	2,187,369	(4,667,108)	2,631,444
	RMB cents	RMB cents	RMB cents	RMB cents	RMB cents
Earnings per share					
Basic	**84.64**	70.83	38.88	(104.68)	52.00
Diluted	**84.64**	70.83	38.82	(104.68)	51.96

	For the year ended 31 December				
	2024	2023	2022	2021	2020
Assets, liabilities and non-controlling interests	**RMB'000**	RMB'000 (Restated*)	RMB'000 (Restated*)	RMB'000	RMB'000
Total assets	**81,042,317**	73,429,797	69,413,947	59,388,937	65,959,857
Total liabilities and non-controlling interests	**(45,175,408)**	(38,266,390)	(37,201,539)	(30,797,891)	(31,338,029)
Equity attributable to equity holders of the Company	**35,866,909**	35,163,407	32,212,408	28,591,046	34,621,828

This summary does not form part of the audited consolidated financial statements.

Notes:

1. The consolidated results of the Group for the years ended 31 December 2020 are extracted from the Company's 2021 annual report, the consolidated results of the Group for the years ended 31 December 2021 are extracted from the Company's 2022 annual report, the consolidated results of the Group for the years ended 31 December 2022 are restated based on the merger accounting for business combination involving entities under common control. While those for the years ended 31 December 2024 and 2023 were prepared based on the consolidated statement of profit or loss and other comprehensive income as set out on pages 123 to 124 of the consolidated financial statements.

2. The consolidated total assets, total liabilities and non-controlling interests of the Group as at 31 December 2020 were extracted from the Company's 2021 annual report, the consolidated total assets, total liabilities and non-controlling interests of the Group as at 31 December 2021 were extracted from the Company's 2022 annual report, while those as at 31 December 2024, 2023 and 2022 were prepared based on the consolidated statement of financial position as set out on pages 125 to 127 of the consolidated financial statements.

3. The calculation of basic earnings per share for the year ended 31 December 2024 is based on the earnings attributable to owners of the Company for that year of RMB4,038,089,000 and weighted average number of 4,770,776,000 ordinary shares.

4. The calculation of basic earnings per share for the year ended 31 December 2023 is based on the loss attributable to owners of the Company for that year of RMB3,379,203,000 and weighted average number of 4,770,776,000 ordinary shares.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2024 and the consolidated financial position of the Group at that date are set out in the consolidated financial statements on pages 125 to 127.

For the year ended 31 December 2024, no net profit has been transferred to the statutory surplus reserve as the Company's statutory surplus reserve has reached the statutory minimum standard. 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 RMB21 cents per share (before tax) in respect of the year ended 31 December 2024. None of the shareholders of the Company have waived or agreed to 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.

BUSINESS REVIEW

Under the Disclosure of Financial Information set out in Appendix D2 to the Listing Rules, the Company is required to include a business review in the Report of the Directors. According to Schedule 5 to the Hong Kong Companies Ordinance, a business review shall cover certain aspects, the details of which are as follows:

1. A Fair Review of the Group's Business

Please refer to the section of "ANALYSIS OF THE INTERNATIONAL AND DOMESTIC ENERGY TRANSPORTATION MARKET DURING THE REPORTING PERIOD" and "REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD" on pages 9 to 19 of the Report.

2. A Description of the Principal Risks and Uncertainties Facing the Group

(1) The Risk of Macroeconomic Fluctuations

The shipping of energy products, such as oil, LNG, LPG and chemicals operated by the Group are significantly affected by macroeconomic fluctuations. When the macro-economy is booming, the demand for energy products will increase rapidly, which will lead to the increment of the shipping demand for these products. On the contrary, when the macro-economy is in recession, the shipping demand for the aforesaid products will be affected inevitably. In addition, geopolitical events, natural disasters and accidents may possibly cause fluctuations in the shipping industry.

(2) The Risk of International Economy and Politics

The increasing uncertainties in the current global political and economic situation, such as geopolitical conflicts and trade frictions between major economies, will bring uncertainties to the global economy, and will also influence supply and demand, freight rates, safety of vessels and investment and financing of the global energy transportation.

(3) Risk of Change in Energy Structure

The global energy transition triggered by the carbon peaking and carbon neutrality targets, the gradual increase in worldwide environmental requirements such as the reduction of carbon emissions, and the rise of new energy sources such as clean energy. All of these will have a profound impact on the changes in energy transportation demand and bring challenges to the Company's business planning and business layout.

(4) The Risk of Fuel Price Fluctuations

The costs of principal operations of the Group mainly include, among other things, fuel costs, port charges, depreciation charges and crew expenses, of which fuel costs account for the largest proportion. In recent years, with greater crude oil price fluctuations in the international market, prices of bunker oil rendered more volatility, together with increasing revision and enhancement in new domestic and international requirements of vessel discharge; those would pose greater impact on the fuel costs of the Group. Therefore, future fluctuations in fuel prices will have considerable influence on the costs of principal operations and profitability level of the Group.

In recent years, the Group has reduced fuel consumption through various methods, including promoting the extensive utilization of vessel energy-saving technology and adopting economic shipping speed, and has reduced the fuel purchasing costs by enhancing fuel purchase and supply management, adopting diversified purchasing methods and responding timely to new conditions in the fuel market.

(5) The risk of safety in shipping

Ships may encounter various types of accidents, such as running aground, fire, collision, sinking, pirate, environmental incidents, in the course of shipping at sea, as well as the possibility of bad weather and natural disaster, these will cause losses to the vessels and the cargoes carried on board. The Group may face the risks of litigation and compensation as a consequence, the vessels and cargoes may also be seized as a result. Among these, the level of hazard caused by oil leakage leading to environmental pollution is particularly severe. Once an oil leakage has occurred causing pollution, the Group will face the risk of compensation in huge amount, which will have considerable impact on, among other things, the Group's reputation and normal operation. The Group has purchased insurance actively to control risk as far as possible.

Moreover, events such as changes in international relations, regional conflicts, wars and terrorist attacks may also have impact on the safety of shipping and normal operations of vessels. In recent years, pirate activities have been unusually frequent, pirate problems in the Somali seas have become a focus of global concern, and pirates pose a material danger to the safety of shipping.

3. Particulars of Important Events affecting the Group that have occurred since the end of the Reporting Period

Save and except for (i) the proposed issuance of A shares of the Company to specific target subscribers under a specific mandate, and (ii) the construction of six oil tankers, each as detailed in the announcements dated 24 January 2025 and 14 February 2025 and the circular dated 25 March 2025 of the Company, there were no other events affecting the Group which have occurred since the end of the Reporting Period. The above matters have been approved by the 2025 First Extraordinary General Meeting, 2025 First A Shares Class Meeting, and 2025 First H Shares Class Meeting of the Company.

4. An Indication of Potential Development in the Group's Business

Please refer to the section of "OUTLOOK AND HIGHLIGHTS FOR 2025" under the "MANAGEMENT DISCUSSION AND ANALYSIS" on pages 31 to 38 of the Report.

5. An Analysis using Financial Key Performance Indicators

(1) Revenue

Please refer to the section of "REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD" under the "MANAGEMENT DISCUSSION AND ANALYSIS" on pages 13 to 19 of the Report.

(2) Costs and Expenses

Please refer to the section of "COSTS AND EXPENSES ANALYSIS" under the "MANAGEMENT DISCUSSION AND ANALYSIS" on pages 20 to 21 of the Report.

(3) Other Income and Net Gains

Other income and net gains of the Group resulted from the continuing operations of 2024 was approximately RMB610 million (2023: restated approximately RMB887 million).

(4) Share of Profits of Associates and Joint Ventures

Please refer to the section of "OPERATING RESULTS OF THE JOINT VENTURES AND THE ASSOCIATES" under the "MANAGEMENT DISCUSSION AND ANALYSIS" on page 21 of the Report.

(5) Income Tax

Income tax of the Group resulted from the continuing operations of 2024 was approximately RMB857 million (2023: restated approximately RMB1,094 million).

6. The Company's Environmental Policies and Performance

The shipping industry serves as a critical pillar of global trade, with its development being intrinsically linked to climate change and ecological conservation. COSCO SHIPPING Energy has consistently upheld sustainable development principles, accelerating the transition of its fleet structure toward green and low-carbon vessel types. The Company is fully committed to advancing low- and zero-carbon shipping operations to establish competitive advantages in environmental performance, demonstrating its sustainability commitment through concrete actions. The Group has established long-term decarbonization targets: "Using 2020 as the baseline year, we aim to peak carbon emissions from our owned tanker fleet by 2030 and achieve carbon neutrality by 2050." In 2024, the Group made significant progress through biofuel pilot applications to test alternative fuel viability, investment in methanol-dual fuel VLCCs, completion of ammonia-dual fuel vessel designs. These initiatives represent concrete steps in the Group's continuous exploration of clean marine energy solutions to drive the green transformation of its fleet. Furthermore, the Company has formulated a Biodiversity Conservation Statement (《生物多樣性保護聲明》) to maximize protection of marine ecosystems.

7. Compliance with Relevant Laws and Regulations with a Significant Impact on the Company

The Group's main business is the shipping of crude oil, product oil, LNG, LPG and chemicals. The business of the Company and its subsidiaries is subject to a number of laws and regulations – mainly the Civil Code of the People's Republic of China, the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Maritime Law of the People's Republic of China, the Port Law of the People's Republic of China, the Work Safety Law of the People's Republic of China, the International Shipping Regulations of the People's Republic of China, the Regulations on the Administration of Domestic Waterway Transport, the Regulations on the Administration of Domestic Waterway Transport and other applicable regulations, policies and regulatory legal documents promulgated under or in relation to such laws and regulations. The Group has compliance procedures in place to ensure compliance with applicable laws, regulations and regulatory legal documents. The Group will inform its relevant staff and the relevant operating team from time to time of any changes to the applicable laws, regulations and regulatory legal documents in relation to its competent business.

In addition, provisions under other relevant laws and regulations are also applicable to the Group (e.g. the Labour Law of the People's Republic of China, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Listing Rules, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), etc.). The Group has committed specific resources at all levels of the Group to ensure compliance with these requirements through various measures such as internal controls and approval procedures, training and supervision of different business units. Although these measures require significant internal resources and incur additional operating costs, the Group takes seriously the importance of ensuring compliance with applicable laws and regulations.

During the Reporting Period, the Group was in compliance with relevant laws and regulations that have a significant impact on the Group.

8. **Key Relationships with Employees, Customers, Suppliers and Others**

The Group is not aware of any key relationships between itself and its employees, customers, suppliers and others that have a significant impact on the Company and on which the Company's success depends.

CHARITABLE DONATIONS

The Group made the donation of approximately RMB10 million during 2024 (2023: RMB10 million).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 35 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

According to the Articles, the existing Shareholders have pre-emptive rights to purchase Shares in any new issue of Shares of the Company in proportion to their shareholding.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at the end of the Reporting Period, the Company did not hold any treasury shares.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 36 to the consolidated financial statements and consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution, as determined based on the lower of the amount determined under SAC and the amount determined under HKFRS, amounted to RMB7,756,249,000 before the proposed final dividend.

In addition, according to the Company Law of the PRC, an amount of approximately RMB12,134,750,000 standing to the credit of the Company's share premium account was available for distribution by way of future capitalization issues.

BANK AND OTHER BORROWINGS

Details of the interest-bearing bank and other borrowings of the Group are set out in Note 32 to the consolidated financial statements.

MAJOR CUSTOMERS

During the Reporting Period, the five largest customers of the Group combined accounted for 52.6% of the Group's total turnover. The largest customer is China Petrochemical Corporation ("中國石油化工集團有限公司") and the sales to it accounted for 20.3% (in the year of 2023: China National Petroleum Corporation ("中國石油天然氣集團有限公司") was the largest customer of the Group and represented a sales percentage of 22.45%) (note: customers who are under the control of the same controller have been treated as one customer). None of the Directors, Supervisors, their close associates, or any Shareholders, which, to the best knowledge of the Directors and Supervisors, owns 5% or more of the Company's issued share capital, had any beneficial interest in the five largest customers of the Group.

MAJOR SUPPLIERS

During the Reporting Period, the five largest suppliers of materials and services to the Group combined accounted for 81.6% of the Group's total purchases. The largest supplier is COSCO SHIPPING, and the purchases from it accounted for 52.0% (in the year of 2023: COSCO SHIPPING was the largest supplier of the Group and representing a supply proportion of 50.06%) (note: suppliers who are under the control of the same supplier have been treated as one supplier). Except as mentioned above, none of the Directors, Supervisors, their close associates, or any Shareholders, who, to the best knowledge of the Directors and Supervisors, owns 5% or more of the Company's issued share capital, had any beneficial interests in the five largest suppliers of the Group.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors during the Reporting Period were:

Executive Directors:
Mr. REN Yongqiang (任永強)
Mr. ZHU Maijin (朱邁進)

Non-executive Directors:
Mr. WANG Shuqing (汪樹青) (Appointed on 30 December 2024[1])
Mr. WANG Wei (王威)
Ms. WANG Songwen (王松文)

Independent non-executive Directors:
Mr. Victor HUANG (黃偉德)
Mr. LI Runsheng (李潤生)
Mr. ZHAO Jinsong (趙勁松)
Mr. WANG Zuwen (王祖溫)

Supervisors:
Mr. WENG Yi (翁羿)
Mr. YANG Lei (楊磊)
Ms. CHEN Hua (陳華)
Mr. WANG Zhenming (王振明)

Pursuant to the Articles, all the Directors are appointed for a term of three years.

The Company has received annual confirmations of independence from, Mr. Victor HUANG, Mr. LI Runsheng, Mr. ZHAO Jinsong and Mr. WANG Zuwen as at the date of the Report and still considers them to be independent.

Note:

1. The Company's 2024 Third Extraordinary General Meeting of Shareholders held on 30 December 2024 approved the appointment of Mr. Wang Shuqing (汪樹青) as a non-executive Director, with his term commencing from the date of the Shareholders' resolution and continuing until the expiration of the eleventh session of the Board.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and Supervisors and the senior management of the Group are set out on pages 252 to 256 of the Report. Save as disclosed in the Report, no other changes in the information of Directors, Supervisors and CEO which shall be subject to disclosure according to Rule 13.51B(1) of the Listing Rules since the date of publication of 2024 interim report of the Company.

SERVICE CONTRACT OF DIRECTORS AND SUPERVISORS

Each Director and Supervisor has entered into a service contract with the Company, which will expire on 28 June 2027 (or the date of the Company's annual general meeting in 2027, whichever occurs earlier), except for Mr. Victor HUANG, Mr. LI Runsheng, and Mr. ZHAO Jinsong, whose terms will end on 22 June 2026, and is subject to termination by either party giving not less than three months' written notice.

No Director or Supervisor has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

REMUNERATION BY BANDS

The emoluments paid or payable to the Directors, Supervisors and senior management during the Reporting Period fell within the following bands:

Remuneration by bands	Number of Directors	Number of Supervisors	Number of Senior Management
RMBnil to RMB500,000	4	–	–
RMB500,001 to RMB1,000,000	–	1	–
RMB1,000,001 to RMB1,500,000	–	1	–
RMB1,500,001 to RMB2,000,000	–	–	5
RMB2,000,001 to RMB2,500,000	2	–	1
RMB2,500,001 to RMB3,000,000	–	–	–
RMB3,000,001 and above	–	–	–

Note: Certain member of senior management concurrently serves as executive Director. The amounts disclosed above represented emoluments paid or receivable in respect of the executive Directors' other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

REMUNERATION AND APPRAISAL COMMITTEE

The Remuneration and Appraisal Committee comprised 3 independent non-executive Directors with Mr. LI Runsheng being the Chairman. The Remuneration and Appraisal Committee has adopted terms of reference which are in line with the Code contained in Appendix C1 of the Listing Rules.

MANAGEMENT CONTRACTS

Pursuant to the services agreement as described in Note 44 to the consolidated financial statements, COSCO SHIPPING Group (excluding the Group) provided miscellaneous management and other services to the Group during the year for a total fee of RMB65,042,000 (2023: restated RMB58,073,000), for 3 years commencing from 1 January 2022 to 31 December 2024.

On 30 October 2024, the Group entered into a new round of agreements with COSCO SHIPPING (or its subsidiaries), including Vessel Services Framework Agreement, Sea Crew Framework Agreement, Lease Framework Agreement, Services Framework Agreement, Financial Services Framework Agreement and Trademark License Agreement. These agreements will govern the Group's routine connected transactions and be in effect for a three-year period from 1 January 2025 to 31 December 2027.

PERMITTED INDEMNITY PROVISIONS

No permitted indemnity provision is in force for the benefit of one or more Directors or Supervisors or the directors or supervisors of an associated company of the Company.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the 31 December 2024, so far as was known to the Directors, supervisors or chief executive(s) of the Company, the interests or short positions of the Shareholders who are entitled to exercise or control 5% or more of the voting power at any general meeting or other persons (other than a Director, supervisor or chief executive(s) of the Company) in the Shares or underlying Shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or which have been notified to the Company and the Stock Exchange were as follows:

Name of substantial shareholders	Class of Shares[1]	Number of Shares held[1]	Percentage of the total number Shares of the relevant class[2]	Percentage of the total number of issued Shares[2]
China Shipping[3]	A	1,536,924,595 (L)	44.23%	32.22%
COSCO SHIPPING[3]	A	2,212,250,254 (L)	63.67%	46.37%
Citigroup Inc.[4]	H	130,902,244 (L)	10.10%	2.74%
		1,396,000 (S)	0.11%	0.03%
		129,018,357 (P)	9.96%	2.70%
GIC Private Limited	H	89,980,455 (L)	6.94%	1.89%
BlackRock, Inc.	H	68,074,183 (L)	5.25%	1.43%
		29,336,000 (S)	2.26%	0.61%
Pacific Asset Management Co., Ltd.	H	65,032,000 (L)	5.02%	1.36%

Notes:

(1) A – A Shares
H – H Shares
L – Long position
S – Short position
P – Shares available for lending

(2) As at 31 December 2024, the total issued share capital of the Company was 4,770,776,395 Shares, of which 1,296,000,000 were H Shares and 3,474,776,395 were A Shares.

(3) China Shipping directly holds 1,536,924,595 A Shares in its capacity as beneficial owner. COSCO SHIPPING directly holds 675,325,659 A Shares in its capacity as beneficial owner, accounting for approximately 19.44% and 14.16% of the A Shares and of the total issued share capital of the Company as at 31 December 2024, respectively. COSCO SHIPPING is the sole shareholder of China Shipping. Therefore, COSCO SHIPPING (itself and through its subsidiaries) is interested in 2,212,250,254 A Shares in total.

(4) As at 31 December 2024, according to the information disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, Citigroup Inc. was interested in H Shares through certain subsidiaries, of which 130,902,244 H Shares (long position) and 1,396,000 H Shares (short position) were held by it in its capacity as a body corporate interest controlled by it, and 129,018,357 H Shares (Shares available for lending) were held in its capacity as an approved lending agent.

(5) As at 31 December 2024, according to the information disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, GIC Private Limited held 89,980,455 H Shares (long position) as an investment manager.

(6) As at 31 December 2024, according to the information disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, BlackRock, Inc. was interested in H Shares through certain subsidiaries, of which 68,074,183 H Shares (long position) and 29,336,000 H Shares (short position) were held by it in its capacity as a body corporate interest controlled by it.

(7) As at 31 December 2024, according to the information disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, Pacific Asset Management Co., Ltd. held 65,032,000 H Shares (long position) as the other capacity.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Save as disclosed in the report of the Directors (including but not limited to the connected transactions and continuing connected transactions stated below), during the Reporting Period and as at 31 December 2024, none of the Directors or Supervisors, or an entity connected with a Director or a Supervisor, had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its holding companies, subsidiaries or fellow subsidiaries was a party.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

As at 31 December 2024, the Directors, Supervisors and chief executive(s) of the Company who had an interest or a short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO that was required to be entered into the register kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

1. 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[3]	Approximate percentage of the total number of issued Shares[3]
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

(3) As at 31 December 2024, the total issued share capital of the Company was 4,770,776,395 Shares, of which 1,296,000,000 were H Shares and 3,474,776,395 were A Shares.

2. 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[1]	Number of shares held[2]	Approximate percentage of the number of shares of the relevant class of the relevant associated corporation[3]	Approximate percentage of the total number of issued shares of the relevant associated corporation[3]
COSCO SHIPPING Holdings Co., Ltd.	Yang Lei	Beneficial owner	H	106,900 (L)	0.00334%	0.00067%
		Interest of spouse[4]	H	2,000 (L)	0.00006%	0.00001%
		Interest of spouse[4]	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)	0.00072%	0.00072%
COSCO SHIPPING International (Hong Kong) Co., Ltd.	Yang Lei	Beneficial owner	Ordinary shares	660,000 (L)	0.04502%	0.04502%

Notes:

(1) A – A shares
H – H shares

(2) L – Long position

(3) As at 31 December 2024, the total issued share capital of COSCO SHIPPING Holdings Co., Ltd. was 15,960,826,685 shares, of which 3,199,780,000 were H shares and 12,761,046,685 were A shares.

As at 31 December 2024, the total issued share capital of COSCO SHIPPING Development Co., Ltd. was 13,575,938,612 shares, of which 3,676,000,000 were H shares and 9,899,938,612 were A shares (including 28,724,292 treasury A shares).

As at 31 December 2024, the total issued share capital of COSCO SHIPPING Ports Limited was 3,761,381,850 ordinary shares; and the total issued share capital of COSCO SHIPPING International (Hong Kong) Co., Ltd. was 1,465,971,429 ordinary shares.

(4) The 2,000 H shares and 8,000 A shares in COSCO SHIPPING Holdings Co., Ltd. were 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 2024, 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.

As at 31 December 2024, save as disclosed below, so far as is known to the Directors, no Director was a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	**Position held in COSCO SHIPPING and/or its subsidiaries**
WANG Shuqing	A director of each of COSCO SHIPPING Seafarer Management Co., Ltd. and COSCO SHIPPING (Korea) Co., Ltd.
WANG Wei	A director of each of COSCO SHIPPING Specialized Carriers Co., Ltd. (stock code: 601428.SH), COSCO SHIPPING Bulk Co., Ltd. and COSCO SHIPPING (North America) Co., Ltd., and a supervisor of COSCO SHIPPING Logistics Co., Ltd.
WANG Songwen	A full-time external director at the direct subsidiaries of COSCO SHIPPING

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or Supervisor or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or Supervisors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at 31 December 2024, none of the Directors had any interest in any business which competes or may compete with the business of the Group.

CONTINGENT LIABILITIES AND GUARANTEE

Details of the Group's contingent liabilities and guarantee as at 31 December 2024 are set out in Note 41 to the consolidated financial statements.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2024, the Group did not have any individual investment with a fair value of 5% or more of its total assets. Accordingly, during the Reporting Period, the Group did not hold any significant investments. As at 31 December 2024, the Group also did not have any immediate plans for material investments and capital assets.

CONNECTED TRANSACTIONS

Details of those related party transactions set forth under Note 44 to the consolidated financial statements, which also constitute non-exempt connected transactions or continuing connected transactions of the Company, are disclosed below, and are in compliance with Chapter 14A of the Listing Rules.

1. Major Transactions and Continuing Connected Transactions

(1) On 12 November 2021, the Company entered into the 2021 Financial Services Framework Agreement with COSCO SHIPPING whereby COSCO SHIPPING shall procure COSCO SHIPPING Finance Co., Ltd. ("**COSCO SHIPPING Finance**"), a company controlled by COSCO SHIPPING, to provide the Group, with a range of financial services during a term of 3 years ending on 31 December 2024. Subject to compliance with the Listing Rules, the 2021 Financial Services Framework Agreement may be renewed for another three years from 1 January 2025 upon written agreement by both parties. The 2021 Financial Services Framework Agreement became effective subsequent to the approval by independent Shareholders at the extraordinary general meeting held on 28 December 2021. Pursuant to the 2021 Financial Services Framework Agreement, COSCO SHIPPING Finance will provide the Group with a range of financial services including (1) deposit services; (2) loan services; (3) settlement services; (4) foreign exchange services; and (5) other financial services as approved by China Banking and Insurance Regulatory Commission ("**CBIRC**"). In 2022, 2023, and 2024, the annual cap of deposit services under the 2021 Financial Services Framework Agreement was RMB9 billion, and the annual cap for loan services was RMB3 billion.

On 30 May 2024, the Company entered into a Supplemental Agreement with COSCO SHIPPING Finance to increase the connected transaction loan quota by RMB3 billion, thereby raising the total connected transaction loan quota to RMB6 billion. The increased quota will be valid from 30 May 2024 to 31 December 2024.

The Company's independent non-executive Directors were of the opinion that the RMB3 billion increase in the loan quota for connected transactions with COSCO SHIPPING Finance would help the Company effectively implement its 2024 financing budget, reduce capital risks, better integrate internal resources, improve fund utilization efficiency, lower financing costs, and ultimately achieve the original intention of maximizing corporate benefits.

Under the 2021 Financial Services Framework Agreement:

1) COSCO SHIPPING Finance may accept deposits from the Group at interest rates not lower, and thus no less favorable to the Group, than (a) the relevant rates stipulated by the People's Bank of China (the "**PBC**") for similar type of deposits; and (b) the market interest rates (which refers to interest rates for similar type of deposits offered by independent third party commercial banks in their ordinary course of business in the same or neighboring areas under normal commercial terms); in addition, in determining the interest rates COSCO SHIPPING Finance should also make reference to the interest rates offered by COSCO SHIPPING Finance to similar companies of the COSCO SHIPPING Group (excluding the Group);

2) COSCO SHIPPING Finance may provide loans to the Group at interest rates not higher than (a) the upper limit of the relevant rates stipulated by the PBC for similar type of loans; and (b) the market interest rates (which refers to interest rates for similar type of loans offered by independent third party commercial banks in their ordinary course of business in the same or neighboring areas under normal commercial terms); in addition, the terms of the loans (a) shall be better than the terms offered to the Group by independent third parties for similar type of loans; and (b) the terms offered by COSCO SHIPPING Finance to independent third parties with same credit rating for similar type of loans;

3) COSCO SHIPPING Finance will not charge the Group any fees for the provision of settlement services for the time being; and

4) The fees charged by COSCO SHIPPING Finance for the provision of foreign exchange services and other financial services shall be (a) in accordance with the requirements stipulated by the PBC or CBIRC for similar type of services (if applicable); (b) not higher than the fees charged by independent third party commercial banks for similar type of services to the Group; and (c) the fees charged by COSCO SHIPPING Finance for similar type of services to an independent third party with the same credit rating.

(2) On 12 November 2021, the Company entered into the 2021 Shipping Materials and Services Framework Agreement with COSCO SHIPPING whereby the Company and COSCO SHIPPING agreed to provide to each other's group (and/or the associates of COSCO SHIPPING) certain supplies and services. The 2021 Shipping Materials and Services Framework Agreement became effective subsequent to the approval by independent Shareholders at the extraordinary general meeting held on 28 December 2021. Pursuant to the 2021 Shipping Materials and Services Framework Agreement, the Company and COSCO SHIPPING agreed to provide to each other's group (and/or the associates of COSCO SHIPPING) the necessary supporting shipping materials and services for the ongoing operations of the transportation business including supply of marine lubricant, supply of shipping fuel, supply of shipping materials and relevant repair services as well as other services for 3 years commencing from 1 January 2022 to 31 December 2024. Subject to compliance with the Listing Rules, the agreement may be renewed for another three years from 1 January 2025 upon written agreement by both parties. Under the 2021 Shipping Materials and Services Framework Agreement, the annual cap for provision of Shipping Materials and Services by the Group in 2022, 2023 and 2024 amounts to RMB100 million, RMB100 million and RMB150 million, respectively, and the annual cap for receipt of Shipping Materials and Services by the Group in 2022, 2023 and 2024 amounts to RMB6.8 billion, RMB6.8 billion and RMB8.4 billion, respectively.

The fees for the Shipping Materials and Services will be determined by reference to the prevailing market price for similar type of shipping materials and/or services.

(3) On 12 November 2021, the Company entered into the 2021 Sea Crew Framework Agreement with COSCO SHIPPING whereby COSCO SHIPPING (and/or the associates of COSCO SHIPPING) agreed to provide the Company with the crew management, training, hiring and related services. The 2021 Sea Crew Services Framework Agreement became effective subsequent to the approval by independent Shareholders at the extraordinary general meeting held on 28 December 2021. Pursuant to the 2021 Sea Crew Framework Agreement, COSCO SHIPPING (and/or the associates of COSCO SHIPPING) agreed to provide the Company with crew management, training, hiring and related services for 3 years commencing from 1 January 2022 to 31 December 2024. Subject to compliance with the Listing Rules, the agreement may be renewed for another three years from 1 January 2025 upon written agreement by both parties. Under the 2021 Sea Crew Framework Agreement, the annual cap for receipt of the Crew Services by the Group in 2022, 2023 and 2024 amounts to RMB2.2 billion, RMB2.2 billion and RMB2.4 billion, respectively.

The fees for the Crew Services will be determined by reference to the prevailing market price for similar type of crew services.

(4) On 12 November 2021, the Company entered into the 2021 Services Framework Agreement with COSCO SHIPPING whereby COSCO SHIPPING (and/or the associates of COSCO SHIPPING) agreed to provide the Company with miscellaneous services. The 2021 Services Framework Agreement became effective subsequent to the approval by independent Shareholders at the extraordinary general meeting held on 28 December 2021. Pursuant to the 2021 Services Framework Agreement, COSCO SHIPPING (and/or the associates of COSCO SHIPPING) agreed to provide the Company with the necessary supporting miscellaneous services, including computer and software maintenance services, accommodation, transportation and conference services as well as other services for 3 years commencing from 1 January 2022 to 31 December 2024. Subject to compliance with the Listing Rules, the agreement may be renewed for another three years from 1 January 2025 upon written agreement by both parties. In 2022, 2023 and 2024, the annual cap under the 2021 Services Framework Agreement for receipt of Miscellaneous Services by the Group amounts to RMB70 million each year.

The fees for the Miscellaneous Services will be determined by reference to the prevailing market price for similar type of services.

(5) On 12 November 2021, the Company entered into the 2021 Lease Framework Agreement with COSCO SHIPPING pursuant to which the Company and COSCO SHIPPING agreed to provide to each other's group (and/or the associates of COSCO SHIPPING) with property and land use right leasing services. Pursuant to the 2021 Lease Framework Agreement, the Company and COSCO SHIPPING agreed to provide to each other's group (and/or the associates of COSCO SHIPPING) with property and land use right leasing services for 3 years commencing from 1 January 2022 to 31 December 2024. Subject to compliance with the Listing Rules, the agreement may be renewed for another three years from 1 January 2025 upon written agreement by both parties. In 2022, 2023 and 2024, the annual cap under the 2021 Lease Framework Agreement for provision of the Leasing Services by the Group and for receipt of the Leasing Services by the Group amounts to RMB0.6 million and RMB10 million each year, respectively.

The rent for the leasing services will be determined by reference to the prevailing market price.

(6) On 12 November 2021, the Company entered into the 2021 Trademark License Agreement with COSCO SHIPPING whereby COSCO SHIPPING agreed to shall grant to the Company and its subsidiaries a non-exclusive license with rights to use certain trademarks at a rate of RMB1.00 per annum for 3 years commencing from 1 January 2022 to 31 December 2024.

As at 31 December 2024, COSCO SHIPPING holds approximately 46.37% of the issued share capital of the Company. COSCO SHIPPING is therefore the Company's controlling shareholders as defined under the Listing Rules. As such, COSCO SHIPPING is a connected person of the Company within the meaning of the Listing Rules.

COSCO SHIPPING Finance is a company controlled by COSCO SHIPPING and therefore a connected person of the Company. As such, the transactions pursuant to the 2021 Financial Services Framework Agreement constitute continuing connected transactions for the Company. The transactions pursuant to the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement, the 2021 Services Framework Agreement, the 2021 Lease Framework Agreement and 2021 Trademark License Agreement also constitute continuing connected transactions of the Company as such agreements were entered with COSCO SHIPPING.

The Group's treasury activities involve providing deposits and obtaining financial services to and from commercial banks from time to time to meet its business needs in the daily and normal course of business. The Board believes that by securing deposit and loan services from COSCO SHIPPING Finance for the three years ending 31 December 2024 would ensure availability of funds to the Group at reasonable costs and reduced working capital risks.

The terms of the 2021 Shipping Materials and Services Framework Agreement, the 2021 Sea Crew Framework Agreement and the 2021 Services Framework Agreement have been arrived at after arm's length negotiation. The Board believes that securing the shipping materials and services, crew services and miscellaneous services from the COSCO SHIPPING Group (excluding the Group), which is an experienced service provider in the shipping industry, and/or its associates will strengthen the competitiveness of the Group.

The reason for the bilateral arrangement in relation to the 2021 Lease Framework Agreement is mainly because of the geographical location of the leased properties. The Board considers that the 2021 Lease Framework Agreement can set up a framework and streamline the leasing procedures in respect of the leasing of properties between members of the Group and the COSCO SHIPPING Group (excluding the Group) and/or its associates.

The following table sets out the relevant annual caps and the actual transaction amounts for the year ended 31 December 2024 in relation to the non-exempt continuing connected transactions of the Group:

Transactions	Annual cap for the year ended 31 December 2024 (RMB'000)	Actual transaction amount for the year ended 31 December 2024 (RMB'000)
1. 2021 Financial Services Framework Agreement		
(a) Maximum daily outstanding balance of deposits (including accrued interest and handling fee) to be placed by the Group with COSCO SHIPPING Finance	9,000,000	4,446,288
(b) Maximum daily outstanding balance of loans (including accrued interest and handling fee) to be granted by COSCO SHIPPING Finance	6,000,000	5,951,874
2. 2021 Shipping Materials and Services Framework Agreement		
(a) Proposed annual caps for provision of the Shipping Materials and Services by the Group to the COSCO SHIPPING Group (excluding the Group) and/or its associates	150,000	43,766
(b) Proposed annual caps for receipt of the Shipping Materials and Services by the Group from the COSCO SHIPPING Group (excluding the Group) and/or its associates	8,400,000	8,319,970
3. 2021 Sea Crew Framework Agreement		
(a) Proposed annual caps for receipt of the Crew Services by the Group from the COSCO SHIPPING Group (excluding the Group) and/or its associates	2,400,000	2,241,632
4. 2021 Services Framework Agreement		
(a) Proposed annual caps for receipt of the Miscellaneous Services by the Group from the COSCO SHIPPING Group (excluding the Group) and/or its associates	70,000	65,042
5. 2021 Lease Framework Agreement		
(a) Proposed annual caps for provision of the Leasing Services by the Group to the COSCO SHIPPING Group (excluding the Group) and/or its associates	600	290
(b) Proposed annual caps for receipt of the Leasing Services by the Group from the COSCO SHIPPING Group (excluding the Group) and/or its associates	10,000	3,448
6. 2021 Trademark License Agreement		
COSCO SHIPPING granted to the Company and its subsidiaries a non-exclusive license with rights to use certain trademarks	RMB1.00	RMB1.00

The independent non-executive Directors have reviewed the connected transactions and continuing connected transactions set out in Note 44 to the consolidated financial statements, and have confirmed that, during the Reporting Period, such transactions were entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and

(3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Each of the independent non-executive Directors has further confirmed that, the values of all connected transactions and continuing connected transactions between the Group and its connected persons which are subject to annual caps have not exceeded their respective annual caps.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged its international auditor to perform certain factual finding procedures in respect of the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported the factual findings on these procedures to the Board and confirmed that in respect of the disclosed continuing connected transactions:

(1) nothing has come to the auditor's attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;

(2) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(3) nothing has come to the auditor's attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(4) with respect to the aggregate amount of each of the continuing connected transactions set out in Note 44 to the consolidated financial statements, nothing has come to the auditor's attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company and disclosed in the previous announcement dated 12 November 2021 made by the Company in respect of the disclosed continuing connected transactions.

In light of the Company's intention to continue entering into transactions of a similar nature from time to time after the expiration date, on 30 October 2024 (after trading hours), the Company entered into 2024 Financial Services Framework Agreement with COSCO SHIPPING Finance, and entered into (i) 2024 Vessel Services Framework Agreement, (ii) 2024 Crew Framework Agreement, (iii) 2024 Services Framework Agreement, (iv) 2024 Leasing Framework Agreement and (v) 2024 Trademark License Agreement with COSCO SHIPPING. These six agreements, which cover continuing connected transactions of the Company, shall remain in effect from 1 January 2025 to 31 December 2027.

The aforementioned framework agreements, the proposed transactions thereunder, and the recommended annual caps were duly approved by the Company's extraordinary general meeting held on 30 December 2024.

2. **Discloseable and Connected Transactions – Construction of Six Oil Tankers**

On 29 December 2023, the Group entered into the following shipbuilding contracts which constituted connected transactions of the Company. The construction of tankers will allow the Group to optimize the structure of the tanker fleet and improve the stable profitability.

As buyer	As seller	Subject matter
The Company	COSCO SHIPPING Heavy Industry (Dalian) Co., Ltd.* ("**COSCO SHIPPING Heavy Industry (Dalian)**")	Construction of a MR oil tanker with a consideration of RMB349 million
COSCO SHIPPING Energy Transportation (Hainan) Co., Ltd.* ("**COSCO SHIPPING Energy Transportation (Hainan)**"), a subsidiary of the Company	COSCO SHIPPING Heavy Industry (Yangzhou) Co., Ltd.* ("**COSCO SHIPPING Heavy Industry (Yangzhou)**")	Construction of three Aframax Green Methanol Dual Fuel crude oil tankers with an aggregate consideration of RMB1,737 million
COSCO SHIPPING Energy Transportation (Hainan)	COSCO SHIPPING Heavy Industry (Dalian)	Construction of two Panamax crude oil tankers with an aggregate consideration of RMB832 million

Details of the above transaction are set out in the announcements of the Company dated 29 December 2023, 26 February 2024 and the circular dated 2 February 2024 respectively. Each seller is a subsidiary of COSCO SHIPPING and thus a connected person of the Company.

3. **(1) Connected Transactions – Acquisition of Equity Interests and Assets**
(2) Continuing Connected Transactions – Entrusted Management Agreements

On 6 November 2024, (1) the Company entered into an Equity Transfer Agreement with COSCO Shipping (Shanghai) Co., Ltd. ("**Shanghai COSCO Shipping**"), pursuant to which Shanghai COSCO Shipping agreed to sell and the Company agreed to acquire: (i) 100% of the equity interests in China Shipping Chemical Carrier Co., Ltd. ("**COSCO SHIPPING Chemical Carrier**") for a consideration of RMB507,420,500; and (ii) 100% of the equity interests in Shanghai COSCO SHIPPING (Hong Kong) Co., Ltd. ("**Shanghai COSCO SHIPPING (Hong Kong)**") for a consideration of RMB112,816,500; and (2) the Company entered into an Entrusted Management Agreement with Shanghai COSCO Shipping, pursuant to which the Company agreed to manage the following companies held by Shanghai COSCO Shipping: Shanghai Yisheng Shipping Storage Co., Ltd., Shanghai COSCO Marine Transportation and Storage Co., Ltd., and Fujian COSCO SHIPPING Petrochemical Terminal Co., Ltd., with an entrusted management term of three years and an annual management fee of RMB2,600,000 (excluding VAT).

Note: COSCO SHIPPING Chemical Carrier has been renamed as Shanghai COSCO SHIPPING Chemical Carrier Co., Ltd.; Shanghai COSCO SHIPPING (Hong Kong) has been renamed as COSCO SHIPPING Energy Chemical Carrier (Hong Kong) Co., Ltd.

On 8 November 2024, (1) Dalian COSCO SHIPPING Energy Supply Chain Co., Ltd. ("**Dalian COSCO Energy**", a wholly-owned subsidiary of the Company) entered into an Equity Transfer Agreement with COSCO SHIPPING Investment Dalian Co., Ltd. ("**COSCO SHIPPING Investment Dalian**"), pursuant to which COSCO SHIPPING Investment Dalian agreed to sell and Dalian COSCO Energy agreed to acquire: (i) 70% of the equity interests in Shenzhen COSCO Longpeng LPG Transportation Co., Ltd. for a consideration of RMB277,334,700; (ii) 87% of the equity interests in Hainan Zhaogang Shipping Co., Ltd. for a consideration of RMB152,769,100; and (iii) 15% equity interest in Dalian Xizhong Island Zhonglian Port Limited for a consideration of RMB0; (2) Dalian COSCO Energy entered into an Asset Transfer Agreement with COSCO SHIPPING Investment Dalian, pursuant to which COSCO SHIPPING Investment Dalian agreed to sell and Dalian COSCO Energy agreed to acquire two vessels for a total consideration of RMB210,512,800 (excluding VAT); and (3) the Company entered into an Entrusted Management Agreement with COSCO SHIPPING, pursuant to which the Company agreed to manage COSCO SHIPPING Investment Dalian held by COSCO SHIPPING, with an entrusted management term of three years and an annual management fee of RMB8,000,000 (excluding VAT).

Both COSCO SHIPPING Investment Dalian and Shanghai COSCO Shipping are connected persons of COSCO SHIPPING and therefore are connected persons of the Company. As such, the acquisitions of equity interests and assets and the entrusted management agreements constitute connected transactions and continuing connected transactions of the Company, respectively.

Upon completion of the acquisitions, the Company will focus on integrating energy and chemical logistics resources, achieving synergistic development, and better serving customer needs. In the long run, it is expected to increase the Company's net profit attributable to shareholders of the parent company, improve the Company's overall operating performance, and have a positive impact on enhancing the Company's sustainable operating capabilities.

The entrusted management agreements primarily entrust the Company to manage and operate the energy and chemical logistics supply chain assets held by COSCO SHIPPING and Shanghai COSCO Shipping. The Company will leverage its professional management and operational advantages to improve the operational management quality of the entrusted targets, while achieving resource synergy with the entrusted targets to enhance control over relevant segments of the energy and chemical logistics supply chain, which is conducive to fully utilizing the Company's professional management and operational advantages.

The terms of the Shanghai COSCO Shipping Equity Transfer Agreement, Shanghai COSCO Shipping Entrusted Management Agreement, COSCO SHIPPING Investment Dalian Equity Transfer Agreement, COSCO SHIPPING Investment Dalian Asset Transfer Agreement, and COSCO SHIPPING Entrusted Management Agreement were agreed upon by the contracting parties after arm's length negotiations. The Directors (including the independent non-executive Directors) were of the view that although the acquisitions of equity interests and assets and the entrusted management agreements were not entered into in the ordinary and usual course of business of the Group, these were conducted on normal commercial terms that were fair and reasonable and in the overall interests of the Company and its Shareholders.

4. **Connected Transaction – Acquisition of Property**

On 14 November 2024, the Company and Guangzhou Hailong Real Estate Co., Ltd. ("**Guangzhou Hailong Real Estate**") entered into the Sales and Purchase Agreement, pursuant to which Guangzhou Hailong Real Estate agreed to dispose of, and the Company agreed to acquire Room 1701, 17/F Guangzhou International Shipping Tower, No. 8 Yuanhai Street, Haizhu District, Guangzhou, the PRC, at the aggregate consideration of RMB124,175,205 (tax inclusive).

This transaction is conducive to the servicing of the Company's strategic deployment by the Guangzhou centre, enhancing the level of customer services, contributing to the high-quality development of the business in South China and meeting the demand for crew services. The Company has conducted economic calculation and comparison between the plans of leasing and acquiring office, and considers that the plan of acquiring office is better than the plan of leasing.

The Directors (including the independent non-executive Directors) were of the view that the terms of the Sales and Purchase Agreement and the transactions contemplated thereunder are entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Guangzhou Hailong Real Estate is an indirectly wholly-owned subsidiary of COSCO SHIPPING and therefore constitutes a connected person of the Company. As such, the Sales and Purchase Agreement and the proposed transactions contemplated thereunder constitute a connected transaction of the Company.

Details of related party transactions carried out in the normal course of business are set out in Note 44 to the consolidated financial statements. Save as disclosed above, no related party transactions disclosed in Note 44 to the consolidated financial statements constitutes a connected transaction or a continuing connected transaction as defined under Chapter 14A of the Listing Rules. During the Reporting Period, the Company has fully complied with the disclosure requirements under Chapter 14A of the Listing Rules.

EMPLOYEES

As at the end of 2024, the Company had 7,854 employees. Adjustment 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 economic efficiency of the enterprise. Under this mechanism, management of employee remuneration will be more efficient while employees will be motivated to work hard to bring encouraging results to the Company. Save for the remuneration disclosed above and the incentive scheme, the Company does not maintain any share option scheme for its employees and the employees are not entitled to enjoy any bonus. The Company regularly provides for its administrative personnel training on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws. Trainings are provided in different forms including seminars, site visits and interview.

In 2024, the total staff costs were approximately RMB3.670 billion (2023: restated approximately RMB3.726 billion).

EMPLOYEE HOUSING

According to the relevant local laws and regulations in the PRC, both the Group and its employees in the PRC are required to contribute to an accommodation fund according to a certain percentage of the salaries and wages of the employees. There are no other significant contributory obligations beyond the contributions to the said fund.

MEDICAL INSURANCE SCHEME

As required by the regulations of the local government in the PRC effective from 1 July 2001, the Company participates in a defined contribution medical insurance scheme organized by local social security authorities. Under the scheme, the Company is required to make monthly contributions at the rate of 12% of the total salaries of the employees. In addition, 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.

PENSION AND ENTERPRISE ANNUITY SCHEMES

Details of the pension and enterprise annuity schemes of the Group are set out in Note 40 to the consolidated financial statements.

No forfeited contributions were available as at 31 December 2024 to reduce future contributions.

SHARE OPTION INCENTIVE SCHEME

The Incentive Scheme was approved and adopted at the Company's extraordinary general meeting and class meeting of shareholders held on 10 May 2024. Pursuant to the authorization granted by the general meeting, on 10 May 2024, the Board approved to grant 22,309,600 Share Options to 107 Participants who met the conditions for the Initial Grant at an Exercise price of RMB13.00 per A-share. On 30 December 2024, the Board approved to grant 4,635,800 Share Options to 24 Participants who met the conditions for the Reserved Grant at an Exercise price of RMB12.09 per A-share.

The Initial Grant of 22,309,600 Share Options and the Reserved Grant of 4,635,800 Share Options under the Incentive Scheme were registered with the China Securities Depository and Clearing Corporation Limited Shanghai Branch on 28 June 2024 and 14 February 2025 respectively.

1. Purpose of the Incentive Scheme

(1) to enhance Shareholders' value and safeguard equity owners' interest;

(2) to develop an interest and risk sharing mechanism between Shareholders, the Company and the employees, in order to sufficiently motivate the activeness of the middle and senior management members and core talents of the Company;

(3) to assist the management to balance short-term objectives and long-term objectives, to support the implementation of the Company's strategy and long-term sustainable development;

(4) to attract and retain quality management talents and essential business caliber, to ensure the long-term development of the Company.

The Incentive Scheme will automatically expire in 7 years from the date of the approval at the relevant general meeting. Accordingly, the remaining life of the Incentive Scheme as at the date of the Report is 6 years and 1 month.

2. Determination and Allocation of Participants of the Incentive Scheme

There are 131 Participants of the Incentive Scheme, including Directors (excluding independent non-executive Directors), senior management and other management and core technical personnel of the Group who have direct impact on the operation results and development of the Company. Such Participants do not include substantial Shareholders or controllers of the Company who individually or jointly hold 5% or more of the Shares, or their spouse, parents or children. Participants are not required to make any payment for the application or acceptance of the share option(s) under the Incentive Scheme; and there are no period within which payments or calls that must or may be made or loans for such purposes must be repaid.

The details of the Participants under the Initial Grant are set out below:

Names	Position(s)	Share Options Granted (ten thousands)	Proportion to the total Share Options in the Initial Grant	Proportion to the total share capital of the Company as of the date of the Report[2]
I. Directors, senior management				
Ren Yongqiang	Executive Director, Chairman, Secretary of Party Committee	28.32	1.269%	0.006%
Zhu Maijin	Executive Director, General Manager, Deputy Secretary of Party Committee	26.93	1.207%	0.006%
Qin Jiong	Deputy General Manager, Member of Party Committee	20.98	0.940%	0.004%
Yu Bozheng (retiring from 22 November 2024)	Deputy General Manager, Member of Party Committee	20.98	0.940%	0.004%
Tian Chao	Chief Accountant, Member of Party Committee	19.68	0.882%	0.004%
Chen Jianrong	Deputy General Manager, Member of Party Committee	19.42	0.870%	0.004%
Zhang Yong (appointed from 28 June 2024)	Deputy General Manager, Member of Party Committee	31.27	1.402%	0.007%
Ni Yidan	Secretary to the Board	16.49	0.739%	0.003%
Subtotal (8 persons)		184.07	8.251%	0.039%
II. Other Participants				
Core management at the headquarters (61 persons)		1,216.72	54.538%	0.255%
Core management of subsidiaries (38 persons)		830.17	37.211%	0.174%
Total Initial Grant (107 persons)		2,230.96	100.000%	0.468%

The details of the Participants under the Reserved Grant are set out below:

Position(s)	Share Options Granted (ten thousands)	Proportion to the total Share Options in the Reserved Grant	Proportion to the total share capital of the Company as of the date of the Report[(2)]
Core management at the headquarters (12 persons)	232.52	50.16%	0.049%
Core management of subsidiaries (12 persons)	231.06	49.84%	0.048%
Total Reserved Grant (24 persons)	463.58	100.00%	0.097%

Notes:

(1) Any discrepancy in the last digit of the above total amount and the sum of all breakdowns is a result of rounding.

(2) As of the date of the Report, the Company's total issued Shares (excluding treasury shares, if any) were 4,770,776,395.

3. The Number of Share Options Proposed to be Granted under the Incentive Scheme

The number of the subject shares involved in the total number of Share Options granted to the Participants under the Incentive Scheme is 26,945,400 Shares, representing approximately 0.565% of the total issued share capital of the Company of 4,770,776,395 Shares as of the date of the Report, not exceeding 10% of the total issued share capital and not exceeding 10% of the total number of A Shares of the Company as at the date of approval of the Incentive Scheme. Among which, the total number of Share Options granted initially is 22,309,600 Shares, representing approximately 0.642% and 0.468% of the A Shares and the total issued share capital of the Company, respectively, as of 10 May 2024, and representing 80% of the total number of Share Options under the Incentive Scheme. The total number of Reserved Options is 4,635,800 shares, representing approximately 0.133% and 0.097% of the A Shares and the total issued share capital of the Company, respectively, as of 30 December 2024, and representing 20% of the total number of Share Options under the Incentive Scheme.

As of 1 January 2024, there were no Share Options available for grant as the Incentive Scheme had not taken effect. As of 31 December 2024, there were no remaining Share Options available for grant under the Incentive Scheme; and the total number of A Shares available for issue under the Incentive Scheme is 26,945,400, which represent approximately 0.565% of the total share capital of the Company as at the date of the Report.

The A Shares that may be issued in respect of Share Options granted under the Incentive Scheme during the Reporting Period divided by the weighted average number of A Shares (being the Shares of the relevant class in issue) for the Reporting Period is 0.565%.

The number of the Share Options to be granted to each Participant under the Incentive Scheme shall not exceed 1% of the total share capital of the Company as of 10 May 2024. Unless approved by special resolution at a shareholders' meeting, the accumulated number of the Shares of the Company involved in the interest granted (including those exercised and not exercised) to any of the Participants under all equity incentive schemes within their validity period shall not exceed 1% of the total share capital of the Company and not exceed 1% of the total number of A Shares of the Company.

4. Maximum Entitlement of Each Participant

The number of Options to be granted to each participant under the Incentive Scheme shall not exceed 1% of the total share capital of the Company as of 10 May 2024.

5. Schedule of the Incentive Scheme

(1) Validity Period

The Validity Period for the exercise of the Share Options granted under the Incentive Scheme shall be seven years from the date of grant (the "**Date of Grant**"), which means that the employees can exercise on the pre-determined effective and exercise schedule within seven years from the Date of Grant. Share Options not exercised will lapse after seven years from the Date of Grant. In particular, the Exercise Periods for the Initial Grant and the Reserved Grant are from 11 May 2024 to 10 May 2031 and from 31 December 2024 to 30 December 2031, respectively.

(2) Vesting Period

Vesting Period represents the period from the Date of Grant to the Exercise Date of a Share Option, which shall be a period of 24 months pursuant to the relevant requirements of the SASAC.

(3) Exercise Date

Share Options for the Initial Grant and Reserved Grant can be exercised after 24 months from the Date of Grant. Exercise Date must be a trading day.

During the exercise period (as defined hereinafter), upon the fulfilment of effective conditions required by the Scheme, the Share Options granted to the Participants can be exercised in tranches according to the arrangement set out in the following table:

Exercise Period ("Exercise Period")	**Exercise Time**	**Exercise Proportion**
First Exercise Period	Commencing on the first trading day after expiry of 24 months (after the second full year) from the Date of Grant and ending on the last trading day of the 36 months from the Date of Grant	33%
Second Exercise Period	Commencing on the first trading day after expiry of 36 months (after the third full year) from the Date of Grant and ending on the last trading day of the 48 months from the Date of Grant	33%
Third Exercise Period	Commencing on the first trading day after expiry of 48 months (after the fourth full year) from the Date of Grant and ending on the last trading day of the 84 months from the Date of Grant	34%

If the current effective conditions are not fulfilled, the Share Options shall not be exercised or deferred to become exercisable in the next Exercise Period, and the respective Share Options shall be cancelled by the Company. The portion that fails to be exercised within each Exercise Period shall not be exercised subsequently. After the expiration of the current Exercise Period, all Share Options not exercised shall lapse, and shall be recalled and cancelled by the Company collectively.

6. Performance Conditions for the Share Options to become Effective

(1) Performance Conditions on Company Level

The number of the Share Options to be effective in each effective year under the Grant shall be adjusted according to the performance coefficient on company level for the last year: Number of actual effective Share Options on company level = Number of the Share Options planned to be effective for the period × performance coefficient of the Company.

Performance targets for each effective year are as follows:

Performance Targets	First Exercise Period (One year immediately preceding the Share Options coming into effect, being 2024)	Second Exercise Period (One year immediately preceding the Share Options coming into effect, being 2025)	Third Exercise Period (One year immediately preceding the Share Options coming into effect, being 2026)
EOE attributable to owners of the Company[1]	No less than 22.0%, and no less than the 75th percentile of Benchmark Enterprises	No less than 24.0%, and no less than the 75th percentile of Benchmark Enterprises	No less than 26.0%, and no less than the 75th percentile of Benchmark Enterprises
Compound growth rate of the total profit compared to 2022[2]	No less than 24.1%, and no less than the 75th percentile of Benchmark Enterprises	No less than 24.3%, and no less than the 75th percentile of Benchmark Enterprises	No less than 24.5%, and no less than the 75th percentile of Benchmark Enterprises
Economic value added (EVA)	Completion of targets delegated to the Group by the SASAC and disintegrated to the Company		

Notes:

(1) EOE attributable to owners of the Company, the formula is: EBITDA after extraordinary profit and loss for the period ÷ [(net assets attributable to shareholders of the listed company at the beginning of the period + net assets attributable to shareholders of the listed company at the end of the period) ÷ 2] × 100%.

(2) Compound growth rate of the total profit is calculated with the total profit of the Company for the period compared with that of the Company for the financial year ended 31 December 2022.

(2) Performance Targets of the Participants

Comprehensive appraisal and assessment ranking for the year immediately preceding the Share Options becoming effective	Excellent or qualified	Basically qualified	Unqualified
Individual performance coefficient	100%	80%	0

Number of individual actual effective Share Options = Number of individual expected effective Share Options for the period × Performance coefficient of the Company × Individual performance coefficient.

7. Exercise price of the Share Options and Basis of Determination

The Exercise Price of the Share Options granted initially shall be RMB13.00 per Share, and shall be determined based on the highest of the followings:

(1) the average trading price of the A Share on the last trading day immediately preceding 26 October 2023 (the date of the announcement of the Company in relation to the proposed adoption of the Incentive Scheme), being RMB12.91 per Share;

(2) one of the average trading prices of the A Share for the last 20/60/120 trading days immediately preceding 26 October 2023 (the average trading price of the preceding 20/60/120 trading days is RMB13.58 per Share, RMB13.55 per Share, RMB13.00 per Share respectively);

(3) unit nominal value of an A Share (RMB1).

The Exercise Price of the Reserved Options shall be RMB12.09 per Share, and shall be determined based on the highest of the following:

(1) the average trading price of the A Share on the last trading day immediately preceding 30 December 2024 (the date of the resolution of the Board to consider the Grant of Reserved Options), being RMB12.03 per Share;

(2) one of the average trading prices of the A Share for the last 20/60/120 trading days immediately preceding 30 December 2024 (the average trading price of the preceding 20/60/120 trading days is RMB12.09 per Share, RMB12.88 per Share, RMB13.24 per Share respectively);

(3) unit nominal value of an A Share (RMB1).

If before the date of exercising the Share Options by the Participants, in the event of any ex-rights and ex-dividend issues, such as capitalization issue, sub-division or consolidation of the Shares, rights issue or declaration of dividends of the Company, the Exercise Price of the Share Options shall be adjusted accordingly.

8. Movement of Options Granted under the Incentive Scheme

During the Reporting Period and up to the date of the Report, details of movement of the Options granted under the Incentive Scheme were as follows:

	Number of Share Options										
Name or category of Participants	As at 1 January 2024	Granted during the Reporting Period (ten thousands)	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Vested during the Reporting Period	Exercised during the Reporting Period	Outstanding options as at 31 December 2024 and as at the date of the Report	Date of Grant	Vesting period	Exercise period	Exercise Price (RMB)
I. Directors, chief executive and senior management											
REN Yongqiang (Executive Director)	-	28.32	-	-	-	-	28.32	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00
ZHU Maijin (Director and General Manager)	-	26.93	-	-	-	-	26.93	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00
QIN Jiong (Deputy General Manager)	-	20.98	-	-	-	-	20.98	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00
YU Bozheng (Deputy General Manager)[1]	-	20.98	-	-	-	-	20.98	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00
TIAN Chao (Chief Accountant)	-	19.68	-	-	-	-	19.68	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00
CHEN Jianrong (Deputy General Manager)	-	19.42	-	-	-	-	19.42	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00
ZHANG Yong (Deputy General Manager)[2]	-	31.27	-	-	-	-	31.27	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00
NI Yidan (Secretary to the Board)	-	16.49	-	-	-	-	16.49	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00
II. Other Participants											
Other essential management and core technical personnel (99 Participants)	-	2,046.89	-	-	-	-	2,046.89	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00
Other essential management and core technical personnel (24 Participants)	-	463.58	-	-	-	-	463.58	30 December 2024	2 years from the Date of Grant	31 December 2026 to 30 December 2031	12.09
Total	-	2,694.54	-	-	-	-	2,694.54				

Notes:

(1) Mr. YU Bozheng retired as a deputy general manager of the Company since 22 November 2024.

(2) Mr. Zhang Yong was appointed as a deputy general manager of the Company since 28 June 2024.

(3) All of the above grants made during the Reporting Period are subject to performance targets described under "6. Performance Conditions for the Share Options to become Effective" in the Report.

(4) The closing price per A Share underlying the Share Options granted during the Reporting Period immediately before 10 May 2024 and 30 December 2024 (i.e. the respective grant dates) quoted on the Shanghai Stock Exchange were RMB16.44 and RMB12.05, respectively.

(5) The fair value of the Share Options at the respective date of grant during the Reporting Period are RMB8.53 per Share and RMB4.92 per Share. The accounting standard, assumptions, inputs and policy adopted in the assessment of the aforementioned fair value are set out in Note 47 to the consolidated financial statements.

(6) Save for those listed above, there were no other Share Options granted or to be granted under the Incentive Scheme to (i) Directors, supervisors, chief executives or substantial Shareholders of the Company, or their respective associates; (ii) any Participant with Share Options granted and to be granted in excess of the aforesaid 1% limit; (iii) other employee Participants or any related entity participant and service provider during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of the Report.

By order of the Board
REN Yongqiang
Chairman

Shanghai, the PRC
26 March 2025

DUTY PERFORMANCE REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We, as independent non-executive Directors of COSCO SHIPPING Energy Transportation Co., Ltd., now prepare and disclose the Duty Performance Report of Independent Non-executive Directors in 2024 in accordance with the format and requirement provided in Shanghai Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies No. 1 – Standardized Operation (《上海證券交易所上市公司自律監管指引第1號－規範運作》) as below, and will report to the Shareholders at the annual general meeting of the Company.

I. PROFILE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

As independent non-executive Directors of the eleventh Board of the Company, we are familiar with the basic knowledge of the operation of listed companies and the relevant laws and regulations, and possess the work experience and qualification necessary for due performance of the duties as independent non-executive Directors. There is no relation with the Company which would impact our independence, and that none of us are identified by the China Securities Regulatory Commission as personnels whose entry into the securities market is banned and the ban has not been lifted so far. We undertake again that any one of us will voluntarily resign as an independent non-executive Director in case of any disqualification to act as an independent non-executive Director during our tenure.

As at 31 December 2024, the Board comprises 9 Directors, including 2 executive Directors, 3 non-executive Directors and 4 independent non-executive Directors. The constitution is in compliance with the minimum number of independent non-executive Directors required under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Listing Rules. The four independent non-executive Directors are Mr. Victor HUANG, Mr. LI Runsheng, Mr. ZHAO Jinsong and Mr. WANG Zuwen, and they are professionals with work experience in finance, business administration, maritime law, and marine engineering, respectively and meet with the duty requirement as verified and confirmed by the relevant securities regulatory institutions of independent directors. Mr. Victor HUANG, Mr. LI Runsheng, Mr. WANG Zuwen and Mr. ZHAO Jinsong act as Chairman of the relevant committee (as the case may be), in four professional committees, i.e., the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Risk Control and Compliance Management Committee under the Board, respectively. For further information of the biographical details of the four independent non-executive Directors, please refer to the section headed “BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT” disclosed in the Report.

II. PERFORMANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS' DUTIES

Our four independent non-executive Directors all earnestly performed their duties with independent judgment by fulfilling the statements and undertakings we made during selection since the date on which we were selected and appointed at the general meeting of the Company. We acted independently of the substantial shareholders and the ultimate controlling shareholder of the Company or other entities or individuals who have a stake in the Company, protecting the legitimate rights and interests of shareholders as a whole according to law.

1. Attendance of General Meetings and Board Meetings

In 2024, the Company convened a total of 4 general meetings, during which 26 proposals and their sub-proposals were reviewed and approved; additionally, convened 15 Board meetings (11 meetings of which were held via correspondence), resulting in the approval of 61 proposals. Our attendance in person at these general meetings and board meetings was as follows:

	Attendance record of Board meetings				Attendance record of general meetings		
Name of independent non-executive Director(s)	Required attendance	Attended in person	Attended by proxy	Absent	Required attendance	Attended in person	Absent
Victor HUANG (黃偉德)	15	15	0	0	4	4	0
LI Runsheng (李潤生)	15	15	0	0	4	4	0
ZHAO Jinsong (趙勁松)	15	15	0	0	4	4	0
WANG Zuwen (王祖溫)	15	15	0	0	4	4	0

At the general meetings, we diligently addressed the concerns raised by shareholders and inquiries regarding the Company's operational performance. These inputs were systematically analyzed as key focus areas in our duties, enabling a deeper understanding of the Company and more effective governance. At the Board meetings, we earnestly considered each proposal, actively participated in discussions with independent judgment, and provided professional and constructive opinions for the significant decisions of the Company. All proposals were voted upon in compliance with our mandate to safeguard the legitimate interests of the Company and all shareholders.

At the 2023 annual general meeting, we reported our annual duty performance reports, which were published on designated media including the Company's website and the Shanghai Stock Exchange disclosure platform.

II. PERFORMANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS' DUTIES (Continued)

2. Attendance at Board Professional Committees and Independent Directors' Special Meetings

In compliance with the Code Provisions set out in the Code in Appendix C1 of the Listing Rules, the Company has established five professional committees under the Board, namely, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Strategy Committee and the Risk Control and Compliance Management Committee. The table below outlines the positions held by our four independent non-executive Directors across these committees:

Board Committee / Director(s)	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategy Committee	Risk Control and Compliance Management Committee
Victor HUANG (黃偉德)	C	M	M		
LI Runsheng (李潤生)		C	M	M	
ZHAO Jinsong (趙勁松)	M			M	C
WANG Zuwen (王祖溫)		M	C		M

Notes:

C: Chairman of the relevant Board committee
M: Member of the relevant Board committee

We have strictly performed our duties in accordance with the relevant committee rules and regulations ("**Implementation Rules**"), gained comprehensive understanding of the Company's operational and financial status, and assisted the Board in improving the quality of financial reporting and strengthening the implementation of internal controls; reviewed compensation plans for Directors and senior management and the Incentive Schemes; evaluated the qualifications and appointment procedures for the proposed senior management; guided and oversaw compliance management, providing decision-making support to the Board regarding internal controls and strategic direction; researched the Company's long-term development strategies and major investment decisions. During the independent Directors' special meetings, we deliberated on matters requiring disclosure such as connected transactions.

II. PERFORMANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS' DUTIES (Continued)

2. Attendance at Board Professional Committees and Independent Directors' Special Meetings (Continued)

In 2024, the Audit Committee held a total of 7 meetings, reviewing 17 proposals (reports); the Remuneration and Appraisal Committee held a total of 4 meetings, reviewing 5 proposals; the Nomination Committee held a total of 3 meetings, reviewing 3 proposals; the Strategy Committee held a total of 2 meetings, reviewing 4 proposals; the Risk Control and Compliance Management Committee held a total of 4 meetings, reviewing 8 proposals. The independent Directors' special meetings held a total of 6 meetings, and we conducted pre-review of 7 proposals requiring Board consideration.

In all five Board committees and the independent Directors' special meetings, we performed our duties diligently and prudently, expressed agreement on all proposals, fully shared our opinions and suggestions, and exercised our voting rights independently, objectively and prudently. All our recommendations were adopted, contributing to the improvement of the Board's scientific decision-making. We attended all the above meetings without any unexcused absences.

3. Communication and Collaboration with Internal Audit and External Auditors of the Company

In 2024, we closely monitored the Company's internal audit activities, reviewing the Company's annual audit summary and audit plan. Meanwhile, we maintained regular communication with both domestic and international auditing institutions appointed by the Company. Through pre-audit meetings, reviews of key audit matters, and discussions on significant risks identified during audits, we effectively oversaw the quality and impartiality of external audits.

At the 2024 annual report communication meeting, the Audit Committee reviewed the integrated audit plan for A+H Shares presented by the annual auditor, held in-depth discussions with the certified public accountants in charge of the annual audit concerning all audit-related issues and reached consensus on the 2024 annual report audit arrangements.

4. Engagement with Minority Shareholders

In 2024, we actively communicated with minority Shareholders through general meetings and results briefings etc., safeguarded their legitimate rights and interests, and relayed their feedback to management.

II. PERFORMANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS' DUTIES (Continued)

5. Approach and Situation of On-site Work

In 2023, we maintained close contact with other Directors, senior management and relevant staff of the Company by attending meetings of the Board and its committees, general meetings and academic forums on-site or by video, exchanging information with the internal/external auditors, and exchanging emails, etc. We conducted thorough inspections of the Company's actual operating conditions, internal controls, and financial status, enabling us to stay informed about the progress of all major corporate matters and fully exercise our guidance and oversight responsibilities. Additionally, we participated in Directors' investigations organized by the Company, during which we actively engaged in discussions with the Company's subsidiaries, connected enterprises, and strategic partners regarding strategic planning and business development topics. We fully leveraged our professional expertise to share work experience and insights during these exchanges.

6. Training and Company Support for Independent Directors' Work

In 2024, we actively participated in both online and written training programs organized by the Shanghai Securities Regulatory Bureau, Shanghai Stock Exchange, and the Listed Companies Association. These trainings continuously enhanced our capabilities in compliance management, internal controls, transaction supervision, and anti-fraud measures, thereby strengthening the oversight role of independent Directors. Additionally, the Company coordinated with external institutions to conduct corporate governance and ESG training sessions which would better integrate ESG principles into the Company's strategy and actively respond to the ESG disclosure requirements of global investors and regulatory authorities.

In 2024, the Company fully supported the work of independent Directors by safeguarding our right to information. Prior to convening various meetings, the Company consistently provided us with meeting materials and relevant annexes in advance, ensuring us sufficient time for thorough analysis and understanding of related issues. The Company also engaged in necessary pre-meeting communications and responded truthfully to our inquiries, thereby facilitating and supporting the effective performance of our duties.

III. KEY CONCERNS IN THE ANNUAL DUTY PERFORMANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

1. Related Party Transactions

The Company strictly adheres to the Articles and COSCO SHIPPING Energy Related Party Transaction Management System (《中遠海能關聯交易管理制度》), pursuant to which, the related party (connected) transactions business was operated according to law and regulation. Relevant matters are reviewed and approved at duly convened Board meetings and general meetings at which the related directors and shareholders abstain from voting with relevant transactions approved by non-connected directors or shareholders. Independent non-executive Directors all make statements and express independent opinions, which eradicates the occurrence of related party (connected) transactions conducted by substantial shareholders in violation of relevant regulations. We confirm that all related party transactions of the Company follow the principles of fairness, impartiality, voluntariness, and good faith, complying with applicable laws and regulations, undergo legally valid review procedures, feature arm's length pricing and contain commercially reasonable terms. No transaction has been identified that would harm the interests of the Company or minority shareholders.

2. External Guarantees and Funds Occupation

The Company strictly complies with the Articles, COSCO SHIPPING Energy External Guarantee Management System (《中遠海能對外擔保管理制度》) and COSCO SHIPPING Energy Measures for the Administration of Preventing Funds Occupation by Controlling Shareholder and Related Parties (《中遠海能防範控股股東及關聯方資金佔用管理辦法》) in conducting external guarantee activities in accordance with laws and regulations, thereby ensuring the security of corporate funds. The Company rigorously implements approval procedures for external guarantees and diligently fulfills relevant information disclosure obligations. Upon verification, as of the date of the Report, the Company has not engaged in any non-compliant guarantee activities and no instances of fund occupation by controlling shareholders or other related parties have occurred. The Company's external guarantee activities arise from ordinary production and operational requirements, facilitating stable business development, and are conducted without detriment to the Company's or Shareholders' interests, demonstrated both necessity and commercial rationality.

3. Periodic Reports and Financial Information

In 2024, the Company simultaneously disclosed four periodic reports on both the Shanghai Stock Exchange and The Stock Exchange of Hong Kong, and released the 2023 annual profit forecast announcement and the 2024 interim results forecast.

We have conducted thorough reviews of the financial information contained in these financial reports and periodic reports. It is our professional opinion that the financial information presented in these reports and accounts is truthful, complete and accurate, fairly reflecting the Company's financial position and operating results for the relevant reporting periods and no false records, misleading statements or material omissions have been identified.

III. KEY CONCERNS IN THE ANNUAL DUTY PERFORMANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

4. Appointment or Replacement of Certified Public Accountants

In 2024, the Company reappointed ShineWing and PwC as its domestic and overseas auditors for the 2024. In the year, after considering the Company's current business situation and future audit service requirements, the Company subsequently engaged SHINEWING Hong Kong as its new overseas auditor for the 2024.

ShineWing possesses the securities and futures-related practice qualifications issued by competent national authorities and maintains a leading domestic position in business scale, professional quality, and social reputation, with extensive experience in providing high-quality audit services to the Company. PwC holds the registration certificate issued by the Hong Kong Institute of Certified Public Accountants and the business registration certificate from the Hong Kong Inland Revenue Department, is qualified to be appointed as the Company's auditor under Professional Accountants Ordinance pursuant to rule 4.03 of the Hong Kong Listing Rules and meets all requirements for auditing the Company's H Shares. SHINEWING Hong Kong demonstrates sufficient independence, professional competence, and investor protection capabilities, strictly complying with regulatory requirements for professional liability insurance. Neither SHINEWING Hong Kong nor its staff have violated the independence requirements of the Hong Kong Code of Ethics for Professional Accountants.

We confirm that the appointment of ShineWing and its member institution SHINEWING Hong Kong for the 2024 domestic and overseas financial statement audits facilitates audit resource integration, cost efficiency, and improved working processes; no disagreements or unresolved matters exist between the Company and PwC, and the change of overseas auditor did not materially impact the 2024 financial statement audit; the decision-making process complied fully with legal and regulatory requirements without compromising the interests of the Company or its minority shareholders.

5. Implementation of Internal Controls

The Company has established an internal control system that has been effectively implemented. The Company's 2024 Internal Control Evaluation Report comprehensively, truthfully and accurately reflects the actual status of the Company's internal controls. No violations of the Basic Standard for Enterprise Internal Control (《企業內部控制基本規範》) or the Company's relevant internal control policies were identified during the Reporting Period.

III. KEY CONCERNS IN THE ANNUAL DUTY PERFORMANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

5. Implementation of Internal Controls (Continued)

In 2024, the Company concentrated on enhancing internal control in critical areas. Firstly, it developed and released the Investment Management Compliance Guide to regulate investment activities, clarifying compliance requirements for all links of investment processes. Secondly, with adoption of checklist-based management, it enhanced the system implementation by streamlining and consolidating compliance requirements for all business lines and introducing the Negative Business List, to establish a robust institutional framework that offered strong support to address external challenges. Thirdly, the Company prioritized the digital transformation of internal control and compliance management, integrating compliance requirements for key areas into business systems, establishing quantitative risk assessment model and achieving online assessment and review, visualized dynamic monitoring and early warning for key risks, which significantly bolstered informed decision-making and efficient operation.

6. Nomination and Remuneration of Directors and Senior Management

In 2024, the Company appointed Mr. WANG Shuqing as the Non-executive Director of the eleventh Board and Mr. ZHANG Yong as Deputy General Manager. After verifying their personal resumes, professional experience, and other relevant materials, we confirm that the aforementioned individuals are not subject to any circumstances that would disqualify them from serving as directors or senior management under applicable laws and regulations; their qualifications and nomination procedures fully comply with laws, regulations, and the Articles.

In 2024, the Company's remuneration policies and framework for directors and senior management were formalized and transparent, with an incentive mechanism linked to operational performance. In accordance with the COSCO SHIPPING Energy Senior Management 2024 Operating Performance Responsibility Statement, the Company conducted annual performance evaluations for senior management. Based on our review of their 2024 performance and fulfillment of duties, we conclude that the performance-based incentive mechanism effectively motivates senior management, favorable to the Company's operational development.

III. KEY CONCERNS IN THE ANNUAL DUTY PERFORMANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

7. Implementation of the Incentive Scheme of the Company

The Incentive Scheme was approved and adopted at the Company's extraordinary general meeting and class meeting of shareholders held on 10 May 2024. The number of the subject shares involved in the total number of Share Options granted to the Participants under the Incentive Scheme is 26,945,400 Shares, consisting of RMB-denominated A-share ordinary Shares, representing approximately 0.565% of the total issued share capital of the Company of 4,770,776,395 Shares as of 10 May 2024.

In 2024, the Company completed the Initial Grant and Reserved Grant of Share Options to Participants under the Incentive Scheme. We confirm that all decision-making procedures and information disclosure requirements related to the Incentive Scheme have been fully and effectively executed, the relevant grant conditions have been satisfied. The Company's grants of Share Options to the Participants comply with the Administrative Measures for Share Option Incentives of Listed Companies (《上市公司股權激勵管理辦法》) and the provisions of the Incentive Scheme.

8. Cash Dividends and Other Investor Returns

In 2024, the Board proposed the 2023 final dividend and the 2024 interim dividend. We confirm that these profit distributions comply with the dividend policy stipulated in the Articles and the Company's disclosed shareholder return framework, serve the overall interests of all shareholders and contribute to the Company's sustainable long-term development.

9. Fulfillment of Undertakings by the Company and Shareholders

China Shipping, the direct controlling shareholder of the Company, and COSCO SHIPPING, the indirect controlling shareholder of the Company, successively made the commitments of non-competition, avoidance and reduction of related party transactions, profit forecasting and compensation, capital security, independence, etc. to the Company.

From then to date, no breach of the undertaking was committed.

III. KEY CONCERNS IN THE ANNUAL DUTY PERFORMANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

10. Implementation of Information Disclosure

The Company has earnestly fulfilled the obligation of information disclosure through better consideration of the difference in the areas of laws and regulations, listing rules, disclosure procedures, habit of domestic and overseas investors between Shanghai and Hong Kong to make information disclosure in a timely, legal, truthful and complete manner, which has effectively integrated the information disclosure between the PRC and Hong Kong. In the meantime, the Company has promoted the investor relations management and the exchange and communication with investors at home and abroad, and has disclosed information according to laws and regulations to improve the transparency of the Company, in order to ensure the informed right of the investors from domestic and abroad.

11. Operation of the Board and its Professional Committees

The Board features a well-structured composition with clearly defined responsibilities and robust governance systems. The independent director working mechanism has been effectively implemented, with all procedures, rules and systems stipulated in the COSCO SHIPPING Energy Rules and Procedures for Board Meetings (《中遠海能董事會議事規則》) strictly followed.

The Company has established the professional committees under the Board, namely, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Strategy Committee and the Risk Control and Compliance Management Committee. These committees convene regular and ad hoc meetings in accordance with their respective Implementation Rules, conduct specialized discussions and researches on major proposals prior to the Board for consideration and approval, which ensures the quality of matters submitted to the Board, enhances communication between the Company, independent non-executive Directors and relevant intermediaries, improves Board operation efficiency, facilitates scientific decision-making on significant matters, and promotes standardized operations of the Company.

IV. OVERALL ASSESSMENT AND RECOMMENDATIONS

In 2024, we maintained regular communication with management of the Company and, while attending relevant meetings held by the Company, developed a comprehensive understanding of the Company's production operations and standardised operation by talking with employees, paying site visits to the workplaces and communicating with accountants. We actively attended general meetings, Board meetings and meetings of professional committees of the Board, expressed fair and objective independent opinions on relevant significant matters discussed by the Board and fully leveraged our professional expertise, thereby giving our advice on the long-term development of the Company. Adhering to the principle of serving the interests of all shareholders of the Company, we performed our duties independently and diligently in strict compliance with the requirements of applicable laws and regulations.

IV. OVERALL ASSESSMENT AND RECOMMENDATIONS (Continued)

In 2025, we will continue to comply with the laws and regulations and the provisions of the Articles in the spirit of integrity and diligence, consistently study relevant regulatory documents, gain in-depth understanding of the Company's operational status, and leverage our professional knowledge and experience to provide constructive recommendations for ensuring the Company's compliant operations and sustainable development. We will be subject ourselves to the supervision of securities regulatory authorities, play the role of independent non-executive Directors and lawfully safeguard the legal interests of all shareholders, especially the minority shareholders of the Company.

We, the 4 independent non-executive Directors, unanimously consider that the Company comply with the requirements of relevant laws and regulations and other regulatory documents of the PRC in respect of standardised operation and corporate governance, and currently identify no matter which requires improvement. In 2024, we did not oppose any proposal discussed at Board meetings and other meetings of the Company. We will also continue to pay attention to the information disclosure work of the Company, and timely feedback to the Board the concerns of the public shareholders of the Company that we have learned through various channels, so as to protect the right to information of investors, especially small- and medium-sized shareholders, and to safeguard the interests of the Company and its shareholders.

We hope that in the coming year, the Company will further expand its market presence, strive to achieve stable development and reward its shareholders with excellent results.

We would like to take this opportunity to express our respect and gratitude to the Board, the management team and relevant staff of the Company for their positive and effective cooperation and support for our performance of duties.

Independent Non-executive Directors:
Victor HUANG
LI Runsheng
ZHAO Jinsong
WANG Zuwen

26 March 2025

REPORT OF THE SUPERVISORY COMMITTEE

I. WORK OF THE SUPERVISORY COMMITTEE

1. In 2024, the Supervisory Committee convened a total of 9 meetings through a combination of on-site and video-conference, and correspondence methods, considering 24 proposals, details of which were set out below:

Date	Proposals considered
28 March 2024	(1) Proposal on the Company's 2023 General Manager Work Report
	(2) Proposal on the Company's 2023 Supervisory Committee Work Report
	(3) Proposal on the Company's 2023 Annual Report (A Shares/H Shares)
	(4) Proposal on the Company's 2023 Financial and Audit Report
	(5) Proposal on the Company's 2023 profit Distribution Plan
	(6) Proposal on the Company's 2023 Internal Control System Work Report
	(7) Proposal on the Company's 2023 Connected Transactions Report
	(8) Proposal on the Company's 2024 Supervisors' Compensation Program
	(9) Proposal on the Company's 2024 Budget Report
26 April 2024	(1) Proposal on the Company's First Quarterly Report of 2024
10 May 2024	(1) Proposal on Adjustment of the Number of the Initial Grant of the 2023 Share Option Incentive Scheme
	(2) Proposal on Initial Grant of Share Options under the 2023 Share Option Incentive Scheme
30 May 2024	(1) Proposal on the Nomination of eleventh Supervisory Committee Members (non-employee representatives)
	(2) Proposal on Guarantee Quotas for Wholly-owned Subsidiaries for the second half of 2024 to the first half of 2025
28 June 2024	(1) Proposal on the Election of the Chairman of the New Session of Supervisory Committee

Date	Proposals considered
29 August 2024	(1) Proposal on the Company's General Manager Work Report of the first half of 2024
	(2) Proposal on the Company's Interim Report and Interim Results Announcement for 2024
	(3) Proposal on the Continuous Risk Assessment Report of COSCO SHIPPING Finance Co., Ltd.
14 October 2024	(1) Proposal on the Company's 2024 Interim profit Distribution Plan
	(2) Proposal on the Integration Plan for Controlling Shareholder's Chemical Logistics Supply Chain Equities and Assets
30 October 2024	(1) Proposal on the Company's Third Quarterly Report of 2024
	(2) Proposal on the Execution of 2025-2027 Continuing Connected Transaction Agreements for 2025-2027 and Approval of the Proposed Annual Caps
	(3) Proposal on the Appointment of Mr. SUN Xiaobin as the Supervisor of the Company
30 December 2024	(1) Proposal on the Grant of Reserved Options to the Participants of the 2023 Share Option Incentive Scheme

2. Composition of the Supervisory Committee and the attendance of Supervisors at the meetings in 2024:

		Attendance record of Supervisory Committee meetings				Attendance record of general meetings		
Supervisor Name(s)	Position	Required attendance	Attended in person	Attended by proxy	Absent	Required attendance	Attended in person	Absent
WENG Yi (翁羿)	Chairman	9	9	0	0	4	0	0
YANG Lei (楊磊)	Shareholder representative Supervisor	9	9	0	0	4	0	0
CHEN Hua (陳華)	Employee representative Supervisor	9	9	0	0	4	0	0
WANG Zhenming (王振明)	Employee representative Supervisor	9	9	0	0	4	0	0

In 2024, all members of the Supervisory Committee attended both the Supervisory Committee meetings and general meetings in person, with no instances of proxy attendance or absences.

II. PERFORMANCE OF THE SUPERVISORY COMMITTEE

1. Opinion on the Company's Legal Operations

The Supervisory Committee strictly exercised its statutory powers in accordance with laws, regulations and rules, diligently preparing and convening all meetings in 2024. It attended Board meetings and general meetings as observers, fulfilling its oversight responsibilities effectively.

The Supervisory Committee confirms that The Company's internal control systems are sound and complete, with legally valid decision-making procedures. The general meetings, the Board and its specialized committees, the Supervisory Committee and management team under the General Manager operate in coordinated and effectively balanced manner. The Board operates in full compliance with regulations, faithfully implementing resolutions of general meetings and fulfilling fiduciary duties. Directors, the General Manager, and other senior management of the Company performed their duties diligently, acting in strict accordance with resolutions of general meetings and the Board. In the execution of their corporate duties, no instances were identified where their actions violated applicable laws, regulations or the Articles, or where such actions compromised the Company's interests or infringed upon Shareholders' rights.

2. Opinion on the Company's Financial Status

After reviewing the Company's 2024 financial condition and periodic reports, the Supervisory Committee issued written assessment opinions confirming that the Company maintains standardized financial accounting practices and a robust internal control system. The financial reports objectively and truthfully present, in all material respects, the Company's financial position and operating results, with no false records, misleading statements, or material omissions. The 2024 consolidated financial statements of the Company fairly reflect the Group's consolidated financial position as of 31 December 2024 and its financial performance and cash flows for 2024. The 2024 consolidated financial statements have been audited by ShineWing and SHINEWING Hong Kong.

3. Opinion on the Company's Related Party Transactions

The Supervisory Committee carefully examined the Company's 2024 related party transactions and determined that all transactions with COSCO SHIPPING and its subsidiaries were necessary for normal business operations. Transaction pricing was fair and reasonable, with decision-making procedures complying fully with applicable Listing Rules. No violations of laws, regulations or the Articles were identified. Information disclosure was standardized and transparent, with no instances harming the Company's or shareholders' interests.

4. **Opinion on the Company's Internal Control Evaluation Report**

The Supervisory Committee has reviewed and overseen the Company's 2024 Internal Control System Work Report. It confirms that the Company's self-assessment of its internal controls truthfully, completely, and objectively reflects the establishment and operation of its internal control systems. The Company has developed a robust internal control framework that is effectively implemented.

5. **Opinion on the Implementation of the Incentive Scheme of the Company**

The Supervisory Committee examined matters related to the Initial Grant and Reserved Grant of Share Options under the Incentive Scheme of the Company. It confirms that the Company qualifies as an eligible entity to implement the Incentive Scheme; the Participants fall within the scope defined by the Incentive Scheme; The conditions for both the Initial Grant and Reserved Grant have been satisfied; The consideration process complies with all applicable laws and regulations; no circumstances exist that would harm the interests of the Company or all its Shareholders.

6. **Opinion on the Implementation of the Company's Insider Information Management System**

In 2024, the Company strictly executed and implemented insider information registrant management, standardizing information disclosure procedures. The Supervisory Committee confirms that Directors, supervisors, senior management, and other relevant personnel rigorously maintained the confidentiality of insider information; no illegal activities, such as trading Company Shares using insider information, were identified; the Company's insider information management system is comprehensive and effectively enforced.

7. **Opinion on the Fulfillment of the Company's Information Disclosure Management System**

In 2024, the Company has earnestly fulfilled the obligation of information disclosure through better consideration of the difference in the areas of laws and regulations, listing rules, disclosure procedures, habit of domestic and overseas investors between Shanghai and Hong Kong to make information disclosure in a timely, legal, truthful and complete manner, which has effectively integrated the information disclosure between the PRC and Hong Kong.

By order of the Supervisory Committee
WENG Yi
Chairman of the Supervisory Committee

Shanghai, the PRC
26 March 2025

INDEPENDENT AUDITOR'S REPORT

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

TO THE MEMBERS OF COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of COSCO SHIPPING Energy Transportation Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 123 to 249, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Freight revenue for vessel voyages

Refer to Note 5 to the consolidated financial statements and the accounting policies on pages 248 to 249.

Key Audit Matter

For year ended 31 December 2024, the Group recognises revenues of RMB23,133 million out of which RMB18,383 million was related to freight revenue.

The Group recognises freight revenue on a percentage of completion basis, which is determined on the time proportion method of each individual vessel voyage with reference to the voyage details such as freight rates, port loading and discharging information.

We focused on the recognition of freight revenue due to the calculations involved in the estimation of freight revenue for vessel voyages in progress.

How the Matter was Addressed in Our Audit

Our procedures in relation to management's estimation of freight revenue for vessel voyages included:

- Obtained an understanding of the management's process for freight revenue recognition and evaluated the design and effectiveness of the internal control systems;
- Obtained an understanding of the Group's operation system and financial system and assessed the consistency of revenue data between the two systems;
- Analysed the business data including vessel types, routes, and cargo volumes, and compared it with prior period data to check for anomalies or fluctuations. Additionally, examined the trends alongside publicly available industry reports and freight rate indices (WS) to assess the reasonableness of these change;
- Tested freight revenue transactions on a sample basis to verify them against supporting documentation, such as ullage reports;
- Recomputed the estimated freight revenue and calculations of vessels voyages in progress recorded in the Group's operation system and reconciled to the accounting records; and
- Obtained confirmations and checked to subsequent settlements to identify the fraud risks and cut-off errors.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2024.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with and our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kwan Chi Fung.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Kwan Chi Fung
Practising Certificate Number: P06614

Hong Kong
26 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	For the year ended 31 December 2024 RMB'000	2023 RMB'000 (Restated)
Revenues	5	**23,133,486**	22,553,451
Operating costs	8	**(16,890,079)**	(15,965,997)
Gross profit		**6,243,407**	6,587,454
Other income and other gains, net	6	**610,140**	887,087
Marketing expenses	8	**(83,908)**	(76,996)
Administrative expenses	8	**(1,127,066)**	(1,003,315)
Reversal of/(provision for) impairment losses on financial and contract assets		**3,612**	(225,300)
Other expenses		**(167,949)**	(110,551)
Share of profits of associates	19	**540,227**	457,602
Share of profits of joint ventures	20	**632,496**	730,288
Impairment losses on investment in joint ventures	9	**–**	(984,111)
Impairment loss on goodwill	18	**–**	(1,429)
Finance costs	7	**(1,407,861)**	(1,469,843)
Profit before tax		**5,243,098**	4,790,886
Income tax expense	10	**(856,566)**	(1,093,692)
Profit for the year		**4,386,532**	3,697,194
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, net of tax:			
Changes in the fair value of equity investments at fair value through other comprehensive income ("**FVOCI**")		**102,279**	(45,350)
Remeasurement of defined benefit plan payable		**(9,359)**	(30,230)
Exchange differences from retranslation of financial statements of subsidiaries		**23,180**	8,466
Items that may be reclassified subsequently to profit or loss, net of tax:			
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates		**191,074**	153,113
Net profit on cash flow hedges		**227,215**	30,111
Hedging loss reclassified to profit	7	**(98,187)**	(77,763)
Share of other comprehensive (expense)/income of associates		**(38,897)**	52,462
Share of other comprehensive income of joint ventures		**50,618**	89,310
Other comprehensive income for the year		**447,923**	180,119
Total comprehensive income for the year		**4,834,455**	3,877,313

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

For the year ended 31 December 2024

	Note	For the year ended 31 December 2024 RMB'000	2023 RMB'000 (Restated)
Profit for the year attributable to:			
Equity holders of the Company		**4,038,089**	3,379,203
Non-controlling interests		**348,443**	317,991
		4,386,532	3,697,194
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**4,359,927**	3,577,714
Non-controlling interests		**474,528**	299,599
		4,834,455	3,877,313
Earnings per share	14		
– Basic (RMB cents/share)		**84.64**	70.83
– Diluted (RMB cents/share)		**84.64**	70.83

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)	1 January 2023 RMB'000 (Restated)
NON-CURRENT ASSETS				
Investment properties	15	**2,050**	2,259	2,259
Property, plant and equipment	16	**54,512,197**	51,046,851	48,117,374
Right-of-use assets	17	**934,631**	741,627	835,536
Goodwill	18	**85,850**	85,850	87,280
Investments in associates	19	**5,983,345**	5,011,950	4,392,639
Investments in joint ventures	20	**6,572,370**	5,069,962	5,377,379
Loan receivables	22	**1,296,446**	1,301,256	1,293,889
Financial assets at FVOCI	23(a)	**412,123**	291,794	387,090
Deferred tax assets	24(a)	**33,502**	36,028	38,649
Derivative financial instruments	31	**202,052**	92,083	116,525
Other non-current assets	27	**1,472,037**	34,021	172,236
		71,506,603	63,713,681	60,820,856
CURRENT ASSETS				
Current portion of loan receivables	22	**20,603**	18,979	19,046
Inventories	25	**1,333,724**	1,160,522	1,296,488
Contract assets	26	**883,802**	1,557,572	1,645,416
Trade and bills receivables	26	**609,630**	617,550	586,026
Prepayments, deposits and other receivables	27	**1,023,814**	603,279	750,079
Tax recoverable		**1,624**	7,790	468
Restricted bank deposits	28	**783**	781	778
Cash and bank	28	**5,661,734**	5,749,643	4,294,790
		9,535,714	9,716,116	8,593,091
TOTAL ASSETS		**81,042,317**	73,429,797	69,413,947

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)	1 January 2023 RMB'000 (Restated)
NON-CURRENT LIABILITIES				
Provision and other liabilities		**87,720**	29,613	19,596
Derivative financial instruments	31	**–**	9,426	–
Interest-bearing bank and other borrowings	32	**27,039,085**	23,071,633	21,108,304
Other loans	33	**2,224,590**	907,941	945,044
Employee benefits payable	34	**238,746**	201,743	159,908
Lease liabilities	17	**619,344**	810,765	1,086,924
Deferred tax liabilities	24(b)	**1,627,214**	1,468,403	1,146,905
		31,836,699	26,499,524	24,466,681
CURRENT LIABILITIES				
Trade and bills payables	29	**1,977,008**	1,743,216	1,976,707
Other payables and accruals	30	**1,539,476**	1,429,539	1,007,414
Contract liabilities		**102,615**	99,780	18,894
Current portion of interest-bearing bank and other borrowings	32	**5,483,647**	4,888,447	7,035,470
Current portion of other loans	33	**234,143**	52,069	48,678
Current portion of employee benefits payable	34	**19,827**	11,790	30,521
Current portion of lease liabilities	17	**564,815**	406,736	370,983
Current tax liabilities		**298,930**	337,137	168,635
		10,220,461	8,968,714	10,657,302
TOTAL LIABILITIES		**42,057,160**	35,468,238	35,123,983

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2024

	Notes	**31 December 2024 RMB'000**	31 December 2023 RMB'000 (Restated)	1 January 2023 RMB'000 (Restated)
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	35	**4,770,776**	4,770,776	4,770,776
Reserves	36	**31,096,133**	30,392,631	27,441,632
		35,866,909	35,163,407	32,212,408
Non-controlling interests		**3,118,248**	2,798,152	2,077,556
TOTAL EQUITY		**38,985,157**	37,961,559	34,289,964

The consolidated financial statements on pages 123 to 249 were approved and authorised for issue by the board of directors on 26 March 2025 and are signed on its behalf by:

REN Yongqiang
Director

ZHU Maijin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY														
	Share capital RMB'000	Share premium RMB'000	Revaluation reserve RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Safety fund reserve RMB'000	General surplus reserve RMB'000	Hedging reserve RMB'000	FVOCI revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023, as previously reported	4,770,776	12,143,367	273,418	99,081	(286,027)	2,877,435	4,014	93,158	341,240	79,637	172,391	11,001,993	31,570,483	1,999,907	33,570,390
Effect of change in accounting policy	–	–	–	–	–	–	–	–	–	–	–	188	188	183	371
Adoption of merger accounting (Note 39)	–	–	–	–	476,242	–	499	–	–	–	1,436	163,560	641,737	77,466	719,203
At 1 January 2023, as restated	4,770,776	12,143,367	273,418	99,081	190,215	2,877,435	4,513	93,158	341,240	79,637	173,827	11,165,741	32,212,408	2,077,556	34,289,964
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	3,379,203	3,379,203	317,991	3,697,194
Changes in the fair value of equity investments at FVOCI	–	–	–	–	–	–	–	–	–	(23,129)	–	–	(23,129)	(22,221)	(45,350)
Remeasurement of defined benefit plan payable	–	–	–	–	–	–	–	–	–	–	–	(30,230)	(30,230)	–	(30,230)
Currency translation differences	–	–	–	–	–	–	–	–	–	–	153,113	–	153,113	8,466	161,579
Net profit on cash flow hedges	–	–	–	–	–	–	–	–	11,441	–	–	–	11,441	18,670	30,111
Hedging loss reclassified to profit or loss	–	–	–	–	–	–	–	–	(43,009)	–	–	–	(43,009)	(34,754)	(77,763)
Share of other comprehensive profit of associates	–	–	–	–	–	–	–	–	36,987	(476)	4,504	–	41,015	11,447	52,462
Share of other comprehensive profit of joint ventures	–	–	–	–	–	–	–	–	72,822	–	16,488	–	89,310	–	89,310
Total comprehensive income for the year	–	–	–	–	–	–	–	–	78,241	(23,605)	174,105	3,348,973	3,577,714	299,599	3,877,313
Acquisition of equity interests from non-controlling shareholders	–	(263)	–	–	–	–	–	–	–	–	–	–	(263)	–	(263)
Accrual of safety fund reserve	–	–	–	–	–	–	163,623	–	–	–	–	(170,834)	(7,211)	7,211	–
Utilisation of safety fund reserve	–	–	–	–	–	–	(165,641)	–	–	–	–	172,701	7,060	(7,060)	–
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(265,067)	(265,067)
Dividends paid to shareholders of the Company	–	–	–	–	–	–	–	–	–	–	–	(715,616)	(715,616)	–	(715,616)
Fair value of share options granted	–	–	–	(9,635)	–	–	–	–	–	–	–	–	(9,635)	–	(9,635)
Effect of acquisition of subsidiaries under common control (Notes 2 and 39)	–	–	–	–	98,950	–	–	–	–	–	–	–	98,950	–	98,950
Contribution from non-controlling interests of the subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	685,913	685,913
At 31 December 2023, as restated	4,770,776	12,143,104	273,418	89,446	289,165	2,877,435	2,495	93,158	419,481	56,032	347,932	13,800,965	35,163,407	2,798,152	37,961,559

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2024

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY														
	Share capital RMB'000	Share premium RMB'000	Revaluation reserve RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Safety fund reserve RMB'000	General surplus reserve RMB'000	Hedging reserve RMB'000	FVOCI revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024, as previously reported	4,770,776	12,143,104	273,418	89,446	(286,027)	2,877,435	1,996	93,158	419,481	56,032	345,766	13,606,919	34,391,504	2,711,819	37,103,323
Adoption of merger accounting (Note 39)	-	-	-	-	575,192	-	499	-	-	-	2,166	194,046	771,903	86,333	858,236
At 1 January 2024, as restated	4,770,776	12,143,104	273,418	89,446	289,165	2,877,435	2,495	93,158	419,481	56,032	347,932	13,800,965	35,163,407	2,798,152	37,961,559
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	4,038,089	4,038,089	348,443	4,386,532
Changes in the fair value of equity investments at FVOCI	-	-	-	-	-	-	-	-	-	52,162	-	-	52,162	50,117	102,279
Remeasurement of defined benefit plan payable	-	-	-	-	-	-	-	-	-	-	-	(9,359)	(9,359)	-	(9,359)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	191,074	-	191,074	23,180	214,254
Net profit on cash flow hedges	-	-	-	-	-	-	-	-	120,049	-	-	-	120,049	107,166	227,215
Hedging loss reclassified to profit or loss	-	-	-	-	-	-	-	-	(52,569)	-	-	-	(52,569)	(45,618)	(98,187)
Share of other comprehensive profit of associates	-	-	-	-	-	-	-	-	(53,373)	4,080	19,156	-	(30,137)	(8,760)	(38,897)
Share of other comprehensive profit of joint ventures	-	-	-	-	-	-	-	-	(34,890)	-	85,508	-	50,618	-	50,618
Total comprehensive income for the year	-	-	-	-	-	-	-	-	(20,783)	56,242	295,738	4,028,730	4,359,927	474,528	4,834,455
Accrual of safety fund reserve	-	-	-	-	-	-	234,646	-	-	-	-	(242,165)	(7,519)	7,519	-
Utilisation of safety fund reserve	-	-	-	-	-	-	(234,776)	-	-	-	-	240,599	5,823	(5,823)	-
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(287,934)	(287,934)
Dividends paid to shareholders of the Company	-	-	-	-	-	-	-	-	-	-	-	(2,719,343)	(2,719,343)	-	(2,719,343)
Fair value of share options granted	-	-	-	39,963	-	-	-	-	-	-	-	-	39,963	-	39,963
Effect of acquisition of subsidiaries under common control (Notes 2 and 39)	-	-	-	-	(975,349)	-	-	-	-	-	-	-	(975,349)	-	(975,349)
Contribution from non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	131,806	131,806
At 31 December 2024	4,770,776	12,143,104	273,418	129,409	(686,184)	2,877,435	2,365	93,158	398,698	112,274	643,670	15,108,786	35,866,909	3,118,248	38,985,157

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	For the year ended 31 December 2024 RMB'000	2023 RMB'000 (Restated)
NET CASH GENERATED FROM OPERATING ACTIVITIES	38	**8,625,286**	8,931,569
INVESTING ACTIVITIES			
Interest received		**89,102**	106,025
Purchases of property, plant and equipment		**(7,875,356)**	(5,723,249)
Investments in associates		**(781,345)**	(332,084)
Investments in joint ventures		**(1,222,368)**	(513,804)
Proceeds from disposal of property, plant and equipment		**225,194**	885,186
Collection of loan receivables from associates		**21,672**	19,277
Collection of loan receivables from joint venture		**–**	62,801
Dividends received from associates		**311,280**	222,838
Dividends received from joint ventures		**403,074**	449,082
Dividends received from financial assets at FVOCI		**20,149**	17,730
Other investing activities		**49,849**	–
Increase in restricted bank deposits		**(2)**	(3)
NET CASH USED IN INVESTING ACTIVITIES		**(8,758,751)**	(4,806,201)

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
		(Restated)
FINANCING ACTIVITIES		
Interest paid	**(1,507,351)**	(1,499,500)
Proceeds from derivative financial instruments	**99,359**	77,763
Dividends paid to the Company's shareholders	**(2,719,343)**	(715,616)
Dividends paid to non-controlling interests of subsidiaries	**(195,486)**	(164,904)
Proceeds from other loans	**1,522,765**	–
Repayment of other loans	**(39,186)**	(49,266)
Increase in interest-bearing bank and other borrowings	**10,659,734**	11,195,949
Repayment of interest-bearing bank and other borrowing	**(6,424,949)**	(11,783,803)
Contribution from non-controlling interests of the subsidiary	**39,358**	585,750
Principal elements of lease payments	**(536,443)**	(470,490)
Borrowings acquisition costs	**(24,760)**	(1,174)
Acquisition of subsidiaries under common control	**(1,050,341)**	–
Other financing activities	**74,435**	98,950
NET CASH USED IN FINANCING ACTIVITIES	**(102,208)**	(2,726,341)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(235,673)**	1,399,027
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**5,745,255**	4,293,816
Effect of foreign exchange rate changes, net	**151,412**	52,412
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**5,660,994**	5,745,255

1. CORPORATE INFORMATION

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

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

(a) investment holding; and/or

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

(c) vessel chartering; and/or

(d) liquefied natural gas ("**LNG**") shipping; and/or

(e) liquefied petroleum gas ("**LPG**") transportation; and/or

(f) chemical transportation.

The board of directors of the Company ("**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 26 March 2025.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets and liabilities (including derivative instruments) and investment property measured at fair value or revalued amount.

Merger accounting for business combination involving entities under common control

On 14 October 2024, the Board approved a plan to integrate the controlling shareholder's chemical logistics and supply chain businesses from COSCO SHIPPING Investment Dalian Co., Ltd.* ("中遠海運大連投資有限公司" or "**COSCO SHIPPING Investment Dalian**"), which focuses on LPG transportation, and COSCO Shipping (Shanghai) Co., Ltd.* ("中遠海運(上海)有限公司" or "**COSCO Shipping (Shanghai)**"), which specializes in chemical material transportation.

1. The Company acquired 100% equity interests in China Shipping Chemical Carrier Co., Ltd.* ("中海化工運輸有限公司" or "**COSCO SHIPPING Chemical Carrier**") (Note) and 100% equity interests in Shanghai COSCO SHIPPING (Hong Kong) Co., Ltd.* ("上海中遠海運(香港)有限公司" or "**Shanghai COSCO SHIPPING (Hong Kong)**") from COSCO Shipping (Shanghai); and

2. The Company's wholly-owned subsidiary, Dalian COSCO SHIPPING Energy Supply Chain Co., Ltd.* ("大連中遠海運能源供應鏈有限公司" or "**Dalian COSCO Energy**") acquired 70% equity interests in Shenzhen COSCO Longpeng LPG Transportation Co., Ltd.* ("深圳中遠龍鵬液化氣運輸有限公司" or "**Shenzhen Longpeng**") and 87% equity interests in Hainan Zhaogang Shipping Co., Ltd.* ("海南招港海運有限公司" or "**Hainan Zhaogang**") from COSCO SHIPPING Investment Dalian.

Note: COSCO SHIPPING Chemical Carrier completed the change of company name on 25 December 2024 from "中海化工運輸有限公司" to "上海中遠海能化工運輸有限公司", and the English name was changed from "China Shipping Chemical Carrier Co., Ltd.*" to "Shanghai COSCO SHIPPING Chemical Carrier Co., Ltd.*" ("**Shanghai COSCO Chemical Carrier**").

The total consideration for the acquisitions of the above equity interests is in aggregate approximately RMB1,050,341,000.

* For identification purpose only.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

Merger accounting for business combination involving entities under common control (Continued)

The acquisitions mentioned above were completed on 31 October 2024. As COSCO SHIPPING Investment Dalian and COSCO Shipping (Shanghai) are ultimately controlled by COSCO SHIPPING, the acquisition of Shenzhen Longpeng, Hainan Zhaogang, Shanghai COSCO Chemical Carrier and Shanghai COSCO SHIPPING (Hong Kong) (together the "**Acquired Entities**") were regarded as business combination under common control.

The net assets of the Acquired Entities are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The adjustments to eliminate share/registered capital of the combining entity or business against the related investment costs have been made to merger reserve in the consolidated statement of changes in equity. The details of the restated balances have been disclosed in Note 39.

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows for the prior periods have been restated to include the operating results of the Acquired Entities as if those acquisitions had been completed on 1 January 2023.

2.2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

2.2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

The application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective for annual periods beginning on or after a date to be determined

The directors of the Company ("**Directors**") anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments include cash and bank, derivative financial instruments and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise fund for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, contract assets and trade and bills payables, which arise directly from its operations.

The Group also enters into interest rate swap transactions. The purpose is to manage the interest rate risk arising from the Group's operations and its sources of finance. It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Management regularly manages the financial risks of the Group. Management identifies, evaluates and mitigates financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign currency risk

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.

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk

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 2024 and 31 December 2023.

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 2024, 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 RMB182,207,000 lower/higher (31 December 2023: RMB150,952,000 lower/higher), mainly as a result of higher/lower interest income on loan receivables and interest expenses on borrowings issued at floating rates.

Instruments used by the Group

Swaps currently in place cover approximately 16.68% (31 December 2023: 20%) of the variable loan principal outstanding. The fixed interest rates of the swaps range between 3.82% and 6.40% (31 December 2023: 4.45% and 6.40%) and the variable rates of the loans are between 1.66% and 2.45% above 3-month Secured Overnight Financing Rate ("**SOFR**") which at the end of the reporting period was 4.69% (31 December 2023: between 1.66% and 2.45% above 3-month SOFR which at the end of 31 December 2023 was 5.38%).

The swap contracts require settlement of net interest receivable or payable every 90 days. The settlement dates of swap contract amount of USD585,414,000 (equivalent to approximately RMB4,208,190,000) coincide with the dates on which interest is payable on the underlying debt. The settlement dates of swap contract amount of USD248,129,000 (equivalent to approximately RMB1,783,648,000) are incoincident with the dates on which interest is payable on the underlying debt.

3. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk (Continued)

Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	2024	2023
	RMB'000	RMB'000
Interest rate swaps		
Carrying amount	**202,052**	82,657
Principal amount	**4,809,357**	4,984,351
Maturity year	**2031-2035**	2031-2035
Hedge ratio	**1:1**	1:1
Change in fair value of outstanding hedging instruments since 1 January	**119,395**	(35,672)
Change in value of hedged item used to determine hedge in effectiveness	**(131,486)**	47,652
Weighted average hedged rate for the year	**4.90%**	4.47%

(iii) Price risk

As at 31 December 2024, the Group's financial assets at FVOCI amounted to RMB412,123,000 (31 December 2023: RMB291,794,000) as disclosed in Note 23 to the consolidated financial statements are measured at fair value at the end of each reporting period. The Group closely monitors the pricing trends in the open market in determining their long-term strategic stockholding decisions.

3. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Credit risk is managed on a group basis. The Group's credit risk mainly arises from trade and bills receivables, contract assets, deposits and other receivables, loan receivables, financial guarantees, restricted bank deposits and cash and bank. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

The Group has put in place policies to ensure that provision of shipping services are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances. The Group's exposure to credit risk arising from default of counterparties is limited as most of the counterparties are large state-owned enterprises with good credit standing and the Group does not expect any significant loss from trade debtors and for uncollected advances to those entities that have not been provided for other than impairment of trade receivables and contract assets and impairment of other receivables as set out in Note 26 and Note 27 to the consolidated financial statements.

As at 31 December 2024, trade and bills receivables due from the top five debtors amounted to RMB239,906,000 (31 December 2023: RMB200,723,000), representing 39% (31 December 2023: 34%) of the total trade and bills receivables.

The Group has provided guarantees for ship building and lease contracts entered into by certain joint ventures in the normal course of their business operations. The Group controls its credit risk to non-performance by its counterparties through monitoring the credit rating of these counterparties. As at 31 December 2024, the Directors are of the opinion that the credit risk is minimal as the associates and joint ventures have good credit standing.

As at 31 December 2024 and 31 December 2023, the Group maintains most of its bank deposits in several major government-related financial institutions in the PRC and a financial institution which is an associate of the Group. In view of strong state support provided to those government-related financial institutions, the Directors are of the opinion that there is no significant credit risk on such assets being exposed.

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the respective balance sheet dates to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows, except that the amount for derivative financial instruments is the fair value.

	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000	Total RMB'000
At 31 December 2024				
Trade and bills payables	**1,977,008**	**–**	**–**	**1,977,008**
Other payables and accruals	**1,539,476**	**–**	**–**	**1,539,476**
Interest payable in relation to bank and other borrowings	**133,475**	**–**	**–**	**133,475**
Lease liabilities*	**602,972**	**458,896**	**179,040**	**1,240,908**
Interest-bearing bank and other borrowings	**6,552,551**	**9,049,507**	**24,570,241**	**40,172,299**
Other loans	**333,622**	**325,436**	**2,219,913**	**2,878,971**
Financial guarantee	**–**	**–**	**1,872,295**	**1,872,295**
	11,139,104	**9,833,839**	**28,841,489**	**49,814,432**

3. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000	Total RMB'000
At 31 December 2023 (Restated)				
Trade and bills payables	1,743,216	–	–	1,743,216
Other payables and accruals	1,429,539	–	–	1,429,539
Interest payable in relation to bank and other borrowings	114,888	–	–	114,888
Derivative financial instruments	–	–	9,426	9,426
Lease liabilities*	431,318	372,593	402,597	1,206,508
Interest-bearing bank and other borrowings	6,042,797	4,673,897	24,227,780	34,944,474
Other loans	104,413	104,440	1,028,830	1,237,683
Financial guarantee	–	–	2,002,549	2,002,549
	9,866,171	5,150,930	27,671,182	42,688,283

* The amounts disclosed for the lease liabilities include cash flows relating to extension options if they have been included in the lease term, and therefore the measurement of the lease liability as disclosed in Note 48.21.

3. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations:	Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
Level 2 valuations:	Fair value measured using Level 2, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
Level 3 valuations:	Fair value measured using significant unobservable inputs.

3. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value measurement (Continued)

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

Fair value hierarchy (Continued)

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2024				
Financial assets:				
Derivative financial instruments	**–**	**202,052**	**–**	**202,052**
Financial assets at FVOCI	**412,123**	**–**	**–**	**412,123**
At 31 December 2023				
Financial assets:				
Derivative financial instruments	–	92,083	–	92,083
Financial assets at FVOCI	291,794	–	–	291,794
Financial liabilities:				
Derivative financial instruments	–	9,426	–	9,426

3. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value measurement (Continued)

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

Fair value hierarchy (Continued)

During the years ended 31 December 2024 and 31 December 2023, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

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

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

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values as at 31 December 2024 and 31 December 2023.

3. FINANCIAL RISK MANAGEMENT (Continued)

(e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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 2024 and 31 December 2023 is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Total debts	**36,165,624**	30,147,017
Less: cash and bank	**(5,661,734)**	(5,749,643)
Net debt	**30,503,890**	24,397,374
Total equity	**38,985,157**	37,961,559
Net debt-to-equity ratio	**78%**	64%

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4.1 Impairment of vessels

The Group's major operating assets represent vessels in property, plants and equipment and right-of-use assets. Management performs review for impairment of the vessels whenever events or changes in circumstances indicate that the carrying amounts of the vessels may not be recoverable. If there is any indication of impairment of an asset, its recoverable amount shall be estimated.

The recoverable amount shall be determined based on the higher of the net fair value of the asset after deducting disposal costs ("**FVLCD**") and the present value of the expected future cash flow ("**VIU**") of the asset. In case that the recoverable amount of the asset group is lower than the book value, the amount representing the difference between the recoverable amount of the asset group and the book value is recognised as asset impairment.

Determination of recoverable amounts of vessels, which is higher of FVLCD and VIU, involves significant management judgements and assumptions in particular forecast utilisation, daily time-charter equivalent ("**TCE**") rates, cost inflation rates and discount rates applied to the future cash flows forecasts which have been prepared according to the asset grouped at the lowest level (cash-generating units).

4.2 Freight revenue for vessel voyages

The Group recognises freight revenue on a percentage of completion basis, which is determined on the time proportion method of each individual vessel voyage with reference to the voyage details such as freight rates, port loading and discharging information.

4.3 Impairment of investments in joint ventures

The Group determines whether investments in joint ventures have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group defines the recoverable amounts as the higher of an asset's cash-generating unit's fair value less costs of disposal and its value in use. The determination of impairment indication requires significant judgment, and the calculations require the use of estimates which are subject to change of economic environment in future.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.4 Estimated useful lives and residual values of vessels

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

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

Had the useful lives been extended/shortened by 10% from management's estimates as at 31 December 2024 with all other variables held constant, the estimated depreciation expenses of vessels for the year ended 31 December 2024 would have been decreased by RMB300,424,000 (for the year ended 31 December 2023: RMB318,108,000) or increased by RMB367,185,000 (for the year ended 31 December 2023: RMB388,799,000).

Had the residual values been increased/decreased by 10% from management's estimates as at 31 December 2024 with all other variables held constant, the estimated depreciation expenses of vessels for the year ended 31 December 2024 would have been decreased or increased by RMB39,068,000 (for the year ended 31 December 2023: RMB42,156,000).

4.5 Income taxes and withholding taxes

The Group is subject to income taxes and withholding taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes and withholding taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the year in which such determination is made.

Recognition of deferred tax assets, which principally relate to temporary differences, depend on the management's expectation of the timing of reversal and the taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation or reversal may be different (see Note 24).

4. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.6 Provision for impairment losses on trade and other receivables, contract assets, loan receivables and financial guarantee

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. For other receivables and loan receivables, management makes periodic assessments on a portfolio basis on the recoverability based on historical settlement records and past experiences and adjusts for forward looking information.

Management generally assesses whether, other receivables and loan receivables, have not had a significant increase in credit risks since initial recognition, if not, a 12 month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management.

The Group applies the HKFRS 9 to measure expected credit losses for financial guarantee. For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, cash shortfalls are the expected payments to reimburse the guarantor for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor.

As at 31 December 2024, allowance for trade and other receivables, contract assets and loan receivables amounted to RMB247,523,000 (31 December 2023: RMB252,011,000).

5. REVENUES AND SEGMENT INFORMATION

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

The Group's business segments are categorised as follows:

(a) Oil transportation

- oil shipment
- vessel chartering

(b) LNG shipping

(c) LPG transportation

(d) Chemical transportation

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.

5. REVENUES AND SEGMENT INFORMATION (Continued)

Business segments

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

	For the year ended 31 December			
	2024		2023	
	Revenues RMB'000	**Contribution RMB'000**	Revenues RMB'000 (Restated)	Contribution RMB'000 (Restated)
By principal activity:				
Oil transportation				
– Oil shipment	**17,863,640**	**4,015,894**	17,780,411	4,711,714
– Vessel chartering	**2,521,139**	**1,047,451**	2,311,164	924,245
	20,384,779	**5,063,345**	20,091,575	5,635,959
LNG shipping	**2,229,170**	**1,075,550**	1,820,881	859,131
LPG transportation	**205,910**	**51,929**	253,162	56,895
Chemical transportation	**313,627**	**52,583**	387,833	35,469
	23,133,486	**6,243,407**	22,553,451	6,587,454
Other income and other gains, net		**610,140**		887,087
Marketing expenses		**(83,908)**		(76,996)
Administrative expenses		**(1,127,066)**		(1,003,315)
Reversal of/(provision for) impairment losses on financial and contract assets		**3,612**		(225,300)
Other expenses		**(167,949)**		(110,551)
Share of profits of associates		**540,227**		457,602
Share of profits of joint ventures		**632,496**		730,288
Impairment losses on investment in joint ventures		**–**		(984,111)
Impairment loss on goodwill		**–**		(1,429)
Finance costs		**(1,407,861)**		(1,469,843)
Profit before tax		**5,243,098**		4,790,886

5. REVENUES AND SEGMENT INFORMATION (Continued)

Business segments (Continued)

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, impairment loss on goodwill, 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 2024 and 2023, total segment revenue represents total consolidated revenue as there were no inter-segment transactions between the business segments.

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Total segment assets		
Oil transportation	**52,872,579**	45,222,488
LNG shipping	**23,284,330**	24,166,954
LPG transportation	**1,277,104**	524,137
Chemical transportation	**888,792**	822,048
Others	**2,719,512**	2,694,170
	81,042,317	73,429,797
Total segment liabilities		
Oil transportation	**25,016,592**	21,842,913
LNG shipping	**16,254,537**	13,130,904
LPG transportation	**370,752**	125,350
Chemical transportation	**410,933**	362,599
Others	**4,346**	6,472
	42,057,160	35,468,238

5. REVENUES AND SEGMENT INFORMATION (Continued)

Business segments (Continued)

As at 31 December 2024, the total net carrying amount of the Group's oil tankers, LNG vessels, LPG tankers and chemical tankers were RMB31,103,146,000 (31 December 2023: RMB32,149,153,000), RMB15,851,670,000 (31 December 2023: RMB13,375,820,000), RMB476,894,000 (31 December 2023: RMB282,677,000) and RMB622,595,000 (31 December 2023: RMB644,722,000) respectively.

Geographical segments

	For the year ended 31 December			
	2024		2023	
	Revenues	**Contribution**	Revenues	Contribution
	RMB'000	**RMB'000**	RMB'000	RMB'000
			(Restated)	(Restated)
By geographical area:				
Domestic	**6,101,998**	**1,518,415**	6,479,188	1,536,576
International	**17,031,488**	**4,724,992**	16,074,263	5,050,878
	23,133,486	**6,243,407**	22,553,451	6,587,454

Geographical segments information is not presented by country, as the Group's main business are shipping with routes all over the world, precluding a meaningful allocation of operating profit to specific country segments.

5. REVENUES AND SEGMENT INFORMATION (Continued)

Other information

	Oil transportation RMB'000	LNG shipping RMB'000	LPG transportation RMB'000	Chemical transportation RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2024						
Additions to non-current assets	**2,037,091**	**4,330,877**	**208,715**	**315,567**	**–**	**6,892,250**
Depreciation and amortisation	**2,974,901**	**535,007**	**23,546**	**34,352**	**343**	**3,568,149**
Gains/(losses) on disposals of property, plant and equipment, net	**143,243**	**(10)**	**383**	**(23)**	**–**	**143,593**
Interest income	**160,590**	**18,693**	**2,785**	**216**	**158**	**182,442**
Year ended 31 December 2023 (Restated)						
Additions to non-current assets	1,220,020	4,594,210	136,029	95,155	–	6,045,414
Depreciation and amortisation	2,712,195	440,370	64,076	25,696	5,448	3,247,785
Gains on disposals of property, plant and equipment, net	402,975	–	–	10	–	402,985
Interest income	175,225	31,679	650	940	150	208,644

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 2024 and 2023.

6. OTHER INCOME AND OTHER GAINS, NET

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
		(Restated)
Other income		
Interest income from loan receivables	**89,990**	88,050
Bank interest income	**92,452**	120,594
Dividends received from financial assets at FVOCI	**20,149**	17,730
Rental income from investment properties	**261**	265
Subsidies	**104,992**	93,230
Others	**11,402**	61,218
	319,246	381,087
Other gains, net		
Exchange gains, net	**159,565**	90,867
Gains on disposal of property, plant and equipment, net	**143,593**	402,985
Others	**(12,264)**	12,148
	290,894	506,000
	610,140	887,087

7. FINANCE COSTS

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
		(Restated)
Interest expenses on:		
– bank and other borrowings and other loans	**1,499,115**	1,488,775
– interest rate swaps: cash flow hedges, reclassified from other comprehensive income	**(98,187)**	(77,763)
– lease liabilities	**47,775**	57,065
– exchange losses, net	**20,056**	35,206
	1,468,759	1,503,283
Less: interest capitalised	**(60,898)**	(33,440)
	1,407,861	1,469,843

During the year, the capitalisation rates applied to funds borrowed and utilised for the vessels under construction were at rates of 2.25% to 6.19% (2023: 3.00% to 7.03%) per annum.

8. EXPENSES BY NATURE

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
		(Restated)
Bunker oil inventories consumed	**5,420,305**	5,149,460
Staff costs (a)	**3,669,844**	3,726,963
Depreciation of property, plant and equipment	**3,260,044**	2,978,287
Amortisation of right-of-use assets	**308,105**	269,498
Vessel operating lease rentals	**2,595,363**	2,050,556
Port fees	**897,588**	884,906
Repairs	**635,808**	715,149
Auditors' remuneration		
– Audit services	**5,702**	6,600
– Non-audit services	**1,691**	1,752
Other expenses	**1,306,603**	1,263,137
Total operating costs, marketing expenses and administrative expenses	**18,101,053**	17,046,308

(a)

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
		(Restated)
Staff costs		
Wages, salaries, crew expenses and related expenses (including bonus and share-based payments)	**3,583,243**	3,676,431
Costs for defined benefit plan (Note 34)	**42,420**	7,898
Pension scheme contributions	**44,181**	42,634
	3,669,844	3,726,963

9. IMPAIRMENT LOSSES ON INVESTMENTS IN JOINT VENTURES

In 2023, certain joint ventures' operation environment incurred significant changes which have a significant impact on the estimated future returns from the net investment. Accordingly, the Group performed impairment test for these investment in joint ventures, and estimated its share of the present value of the estimated future cash flows expected to be generated by the joint ventures, and the present value of the estimated future cash flows expected to arise from dividends to be received from the investments and from its ultimate disposal. Based on the impairment testing result, the Group recorded impairment loss on investment in joint ventures amounting to RMB984,111,000 (2024: Nil) in 2023.

10. INCOME TAX EXPENSE

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income

		For the year ended 31 December	
		2024	2023
	Notes	**RMB'000**	RMB'000
			(Restated)
Current income tax			
PRC			
– provision for the year	(i)	**797,453**	789,328
– adjustments for current tax of prior periods		**(88,764)**	(72,341)
Hong Kong			
– provision for the year		**2,573**	1,437
Other districts			
– provision for the year	(ii)	**2,017**	1,204
		713,279	719,628
Deferred income tax			
Increase in deferred tax assets (Note 24)		**(13,100)**	(24,208)
Increase in deferred tax liabilities (Note 24)		**156,387**	398,272
		143,287	374,064
Total income tax expense		**856,566**	1,093,692

10. INCOME TAX EXPENSE (Continued)

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income (Continued)

Notes:

(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% (2023: 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.

(b) The taxation on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
		(Restated)
Profit before tax	**5,243,098**	4,790,886
Calculated at a tax rate of 25% (for the year ended 31 December 2023: 25%)	**1,310,775**	1,197,722
Tax effect of difference tax rates of subsidiaries operating in other jurisdictions	**(106,036)**	(46,657)
Adjustments for current tax of prior periods	**(88,764)**	(72,341)
Tax effect of share of profits of associates	**(125,947)**	(108,509)
Tax effect of share of profits of joint ventures	**(158,124)**	(182,572)
Tax effect of income not subject to tax	**(142,676)**	(261,923)
Tax effect of expenses not deductible for tax	**27,155**	2,602
Tax effect of temporary differences not recognised	**770**	200,147
Tax effect of utilisation of temporary differences previously not recognised	**(123,880)**	(127,913)
Tax effect of utilisation of tax losses previously not recognised	**–**	(28)
Tax effect of tax losses not recognised	**2,421**	–
Tax effect of different tax rate of dividends received from joint ventures	**87,589**	112,270
Tax effect of unremitted earnings	**173,283**	380,894
Income tax expense	**856,566**	1,093,692

10. INCOME TAX EXPENSE (Continued)

(b) **The taxation on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:** (Continued)

Accounting for research and development tax credit

Companies within the Group are entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure under the Research and Development Tax Incentive regime in China. The Group accounts for these allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

Implications of the Pillar Two

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released Tax Challenges Arising from the Digitalisation of the Economy-Global Anti-Base Erosion Model Rules ("**GloBE**" or "**the Pillar Two Model Rules**") to reform international corporate taxation. Large multinational enterprises with consolidated revenue of over EUR750 million are subject to the rules. They are required to calculate their GloBE effective tax rate for each jurisdiction where they operate and will be liable to pay a minimum effective tax rate of 15%.

The Group is within the scope of the GloBE and certain jurisdictions where the Group has operations, such as the United Kingdom. The Group has no significant tax exposure for the relevant jurisdictions.

The Group would continue to assess the full impact from the Pillar Two legislation in those jurisdictions in which the Group has operations and for when it comes into effect.

11. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the remuneration of directors, supervisors and senior management are disclosed as follows:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Independent non-executive directors (a)		
– fees	**868**	814
Executive and non-executive directors (excluded independent non-executive directors) (b)		
– salaries, allowances and benefits in kind	**1,402**	1,421
– discretionary bonus	**3,642**	2,896
– pension scheme contributions	**142**	136
– share-based payment expenses	**989**	–
	6,175	4,453
Supervisors (b)		
– salaries, allowances and benefits in kind	**1,544**	4,091
– discretionary bonus	**561**	1,172
– pension scheme contributions	**137**	267
	2,242	5,530
Senior management		
– salaries, allowances and benefits in kind	**3,885**	3,937
– discretionary bonus	**7,643**	6,287
– pension scheme contributions	**401**	434
– share-based payment expenses	**2,307**	–
	14,236	10,658
Total	**23,521**	21,455

11. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

Certain senior management are also executive directors and supervisors. The amounts disclosed above represented emoluments paid or receivable in respect of the executive directors and supervisors' other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

For the years ended 31 December 2024 and 2023, no share options of directors, supervisors and senior management were exercised.

(a) **Details of the fees paid to each of the independent non-executive directors during the year were as follows:**

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Mr. Victor Huang	**331**	317
Mr. Li Runsheng	**177**	165
Mr. Zhao Jinsong	**181**	167
Mr. Wang Zuwen	**179**	165
	868	814

There were no other emoluments payable to the independent non-executive directors during the year (for the year ended 31 December 2023: Nil).

11. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

(b) Details of the remuneration paid to each of the executive, non-executive directors (excluded independent non-executive directors) and supervisors during the year were as follows:

	Fees RMB'000	Salaries, allowance and benefits in kind RMB'000	Discretionary bonus RMB'000	Pension scheme contributions RMB'000	Share-based payments RMB'000	Total remuneration RMB'000
Year ended 31 December 2024						
Executive directors						
Mr. Ren Yongqiang	–	730	1,792	71	507	3,100
Mr. Zhu Maijin	–	672	1,850	71	482	3,075
	–	1,402	3,642	142	989	6,175
Non-executive directors						
Mr. Wang Shuqing (i)	–	–	–	–	–	–
Mr. Wang Wei	–	–	–	–	–	–
Ms. Wang Songwen	–	–	–	–	–	–
	–	–	–	–	–	–
Supervisors						
Mr. Yang Lei	–	–	–	–	–	–
Mr. Weng Yi	–	–	–	–	–	–
Mrs. Chen Hua (ii)	–	878	214	71	–	1,163
Mr. Wang Zhenming (iii)	–	666	347	66	–	1,079
	–	1,544	561	137	–	2,242

11. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

(b) **Details of the remuneration paid to each of the executive, non-executive directors (excluded independent non-executive directors) and supervisors during the year were as follows:** (Continued)

	Fees RMB'000	Salaries, allowance and benefits in kind RMB'000	Discretionary bonus RMB'000	Pension scheme contributions RMB'000	Share-based payments RMB'000	Total remuneration RMB'000
Year ended 31 December 2023						
Executive directors						
Mr. Ren Yongqiang	–	728	1,477	68	–	2,273
Mr. Zhu Maijin	–	693	1,419	68	–	2,180
	–	1,421	2,896	136	–	4,453
Non-executive directors						
Mr. Wang Wei	–	–	–	–	–	–
Ms. Wang Songwen	–	–	–	–	–	–
	–	–	–	–	–	–
Supervisors						
Mr. Yang Lei	–	–	–	–	–	–
Mr. Weng Yi	–	–	–	–	–	–
Mr. Xu Yifei (iv)	–	1,366	420	68	–	1,854
Mr. Zeng Xiangfeng (v)	–	1,080	391	68	–	1,539
Mrs. Chen Hua (ii)	–	932	108	68	–	1,108
Mr. Wang Zhenming (iii)	–	713	253	63	–	1,029
	–	4,091	1,172	267	–	5,530

11. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (Continued)

(b) Details of the remuneration paid to each of the executive, non-executive directors (excluded independent non-executive directors) and supervisors during the year were as follows: (Continued)

Notes:

(i) Appointed on 30 December 2024.

(ii) Appointed on 1 September 2023.

(iii) Appointed on 1 September 2023.

(iv) Resigned on 1 September 2023.

(v) Resigned on 1 September 2023.

There were no arrangement under which a director or supervisor waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023.

(c) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2023: Nil).

(d) Directors' termination payments or benefits

No payment was made or benefit provided to directors as compensation for the early termination of the appointment or in respect of termination of the services of directors during the year (2023: Nil).

(e) Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by any third party for making available the services of a person as a director of a company, or in any other capacity while as a director during the year (2023: Nil).

(f) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors during the year (2023: Nil).

(g) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: Nil).

12. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included two (for the year ended 31 December 2023: two) directors and zero (for the year ended 31 December 2023: one) supervisors, details of whose emoluments are set out in Note 11 to the consolidated financial statements. Details of the emoluments of the remaining three (for the year ended 31 December 2023: two) highest paid non-director and non-supervisor individuals for the year were as follows:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**1,995**	1,130
Discretionary bonus	**4,141**	2,222
Pension scheme contributions	**212**	136
Share-based payment expenses	**1,284**	–
	7,632	3,488

The emoluments of the three (for the year ended 31 December 2023: two) highest paid non-director and non-supervisor individuals fell within the following bands:

	Number of individuals For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
RMB1,368,000 to RMB1,824,000 (2023: RMB1,351,000 to RMB1,801,000) (equivalent to HKD1,500,000 to HKD2,000,000)	**–**	2
RMB1,824,001 to RMB2,279,000 (2023: RMB1,801,001 to RMB2,251,000) (equivalent to HKD2,000,001 to HKD2,500,000)	**–**	–
RMB2,279,001 to RMB2,735,000 (2023: RMB2,251,001 to RMB2,701,000) (equivalent to HKD2,500,001 to HKD3,000,000)	**3**	–

During the year, no remuneration were paid by the Group to any of the Directors, supervisors and senior management or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (for the year ended 31 December 2023: Nil).

13. DIVIDENDS

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Final dividend for 2023 – RMB0.35 (31 December 2023: Final dividend for 2022 – RMB0.15) per share	**1,669,772**	715,616
Interim profit distribution for 2024 – RMB0.22 (2023: Nil) per share	**1,049,571**	–
	2,719,343	715,616

At the Board meeting held on 26 March 2025, the Board proposed a final dividend of RMB1,001,863,000 representing RMB0.21 per share, in respect of the profits for the year ended 31 December 2024. This proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting, and accordingly has not been recognised as a liability at the end of the year.

14. EARNINGS PER SHARE

(a) Basic

	For the year ended 31 December	
	2024	2023 (Restated)
Profit attributable to equity holders of the Company (RMB'000)	**4,038,089**	3,379,203
Weighted average number of ordinary shares in issue (thousand)	**4,770,776**	4,770,776
Basic earnings per share (RMB cents/share)	**84.64**	70.83

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.

14. EARNINGS PER SHARE (Continued)

(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 share options.

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the year ended 31 December 2024. For the year ended 31 December 2023, the equity incentive plan does not meet the exercise conditions and the Company cancelled all share options granted but not exercised. The diluted earnings per share is equal to the basic earnings per share for both years.

15. INVESTMENT PROPERTIES

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are presented in profit or loss as part of other income.

As at 31 December 2024 and 31 December 2023, the Group's properties are leased to other parties under operating leases to earn rental income and are measured using the fair value model. As a result, these properties are classified and accounted for as investment properties. Movements of the investment properties during the year are set out below:

	31 December 2024 RMB'000	31 December 2023 RMB'000
At the beginning of the year	**2,259**	2,259
Net loss on revaluation recognised in profit or loss	**(209)**	–
At the end of the year	**2,050**	2,259

The Group's investment properties comprise certain commercial buildings located in the PRC, held under medium term lease. As at 31 December 2024 and 31 December 2023, the fair value of their investment properties is based on level 2 fair value hierarchy.

The fair value of these investment properties was determined based on the present value of the excepted cash flow and expected return. In estimating the fair value of these investment properties, the highest and best use of these investment properties is their current use.

The Group classifies cash outflows to acquire or construct investment property as investing and rental inflows as operating cash flows.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Vessels RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2024							
Cost							
At 1 January 2024 (restated)	45,506	76,998,995	106,109	17,886	1,473,640	3,426,522	82,068,658
Additions	1,397	207,013	8,478	1,255	117,340	6,014,712	6,350,195
Transfer in/(out)	–	4,258,041	8,459	–	–	(4,266,500)	–
Disposals	–	(464,589)	(1,179)	(978)	–	–	(466,746)
Currency translation differences	40	821,884	207	9	–	42,755	864,895
At 31 December 2024	46,943	81,821,344	122,074	18,172	1,590,980	5,217,489	88,817,002
Accumulated depreciation and impairment							
At 1 January 2024 (restated)	42,454	30,546,623	81,899	15,489	335,342	–	31,021,807
Charge for the year	1,968	3,195,483	11,471	719	50,403	–	3,260,044
Disposals	–	(334,166)	(1,133)	(962)	–	–	(336,261)
Currency translation differences	37	359,099	70	9	–	–	359,215
At 31 December 2024	44,459	33,767,039	92,307	15,255	385,745	–	34,304,805
Net book amount							
At 31 December 2024	2,484	48,054,305	29,767	2,917	1,205,235	5,217,489	54,512,197
At 31 December 2023 (restated)	3,052	46,452,372	24,210	2,397	1,138,298	3,426,522	51,046,851

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold improvements RMB'000	Vessels RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2023							
Cost							
At 1 January 2023 (restated)	43,686	73,423,040	114,640	24,726	1,473,640	1,449,808	76,529,540
Additions	1,775	150	2,746	266	–	5,881,757	5,886,694
Transfer in/(out)	–	3,929,447	2,100	–	–	(3,931,527)	20
Disposals	–	(992,877)	(13,462)	(7,117)	–	–	(1,013,456)
Currency translation differences	45	639,235	85	11	–	26,484	665,860
At 31 December 2023 (restated)	45,506	76,998,995	106,109	17,886	1,473,640	3,426,522	82,068,658
Accumulated depreciation and impairment							
At 1 January 2023 (restated)	38,835	27,979,931	83,297	21,917	288,186	–	28,412,166
Charge for the year	3,602	2,914,914	11,973	642	47,156	–	2,978,287
Disposals	–	(548,207)	(13,428)	(7,080)	–	–	(568,715)
Currency translation differences	17	199,985	57	10	–	–	200,069
At 31 December 2023 (restated)	42,454	30,546,623	81,899	15,489	335,342	–	31,021,807
Net book amount							
At 31 December 2023 (restated)	3,052	46,452,372	24,210	2,397	1,138,298	3,426,522	51,046,851
At 31 December 2022 (restated)	4,851	45,443,109	31,343	2,809	1,185,454	1,449,808	48,117,374

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 31 December 2024, the Group's certain vessels are leased to other parties under operating leases. Further details of the vessels under operating lease arrangements are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Cost	**11,132,166**	9,769,448
Accumulated depreciation and impairment	**(4,179,556)**	(3,657,516)
Net carrying amount	**6,952,610**	6,111,932

Further details of the Group's operating lease arrangements as lessor are disclosed in Note 42 to the consolidated financial statements.

As at 31 December 2024, the Group's certain vessels and vessels under construction were pledged to secure general banking facilities granted to the Group (see Note 32).

During the year, interest expense capitalised in vessel costs were RMB60,898,000 (for the year ended 31 December 2023: RMB33,440,000).

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Leasehold improvements	Over the shorter of the remaining useful life or the lease term
Vessels	22-30 years (Note)
Machinery and equipment	3-5 years
Motor vehicles	8 years
Buildings	8-40 years

Note: Used vessel acquired is depreciated over its estimated remaining useful life.

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date. Costs incurred on subsequent dry-docking of vessels are capitalised and depreciated over the period to the next estimated dry-docking date. When significant dry-docking costs incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Vessels are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

See Note 48.6 for the other accounting policies relevant to property, plant and equipment.

17. LEASE

This Note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Right-of-use assets		
Vessels	**836,124**	685,150
Prepaid land lease payments	**28,433**	29,731
Properties	**69,763**	26,293
Vehicles	**311**	453
	934,631	741,627
Lease liabilities		
Current	**564,815**	406,736
Non-current	**619,344**	810,765
	1,184,159	1,217,501

Additions to the right-of-use assets during the 2024 financial year were RMB542,055,000 (2023: RMB158,720,000).

17. LEASE (Continued)

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2024	2023
	RMB'000	RMB'000
		(Restated)
Depreciation charge of right-of-use assets		
Vessels	**297,842**	263,630
Prepaid land lease payments	**1,297**	1,297
Properties	**8,629**	4,298
Vehicles	**337**	273
	308,105	269,498
Interest expense (included in finance cost)	**47,775**	57,065
Expense relating to short-term leases (included in operating costs and administrative expenses)	**2,612,718**	2,068,867

The total cash outflow for leases in 2024 was RMB3,091,748,000 (2023: RMB2,531,383,000).

See Note 48.21 for accounting policies relevant to leases.

18. GOODWILL

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Cost		
At the beginning of the financial year and the end of the financial year	**87,279**	87,279
Accumulated impairment losses		
At the beginning of the financial year	**1,429**	–
Impairment loss recognised during the year	**–**	1,429
At the end of the financial year	**1,429**	1,429
Carrying amount		
At the end of the financial year	**85,850**	85,850

There were three cash generating units ("**CGU**") in the year related to oil shipment, vessel chartering services and LPG transportation. For the purpose of impairment testing, the recoverable amount of the CGU is determined based on a value in use calculation separately prepared for goodwill impairment assessment relating to Guangzhou Sanding Oil-Shipping Co., Ltd. of RMB58,168,000 (31 December 2023: RMB58,168,000), COSCO PetroChina SHIPPING Co., Ltd. ("**COSCO PetroChina SHIPPING**") of RMB15,157,000 (31 December 2023: RMB15,157,000) and Hainan Zhaogang of RMB12,525,000 (31 December 2023: RMB12,525,000) and calculation uses cash flow projections based on the most recent financial budgets of 5 years approved by management, cash flows beyond the 5-year-on-year are extrapolated using nil growth rate, and a discount rate of 7.74%-8.02% (31 December 2023: 5.61%-5.79%). The growth rate for the extrapolation year is based on management's best estimates with consideration of both internal and external factors relating to the CGU. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of these subsidiaries to exceed their recoverable amount.

19. INVESTMENTS IN ASSOCIATES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Share of net assets	**5,148,240**	4,176,845
Goodwill	**835,105**	835,105
	5,983,345	5,011,950

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 10% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

See Note 48.1 for the other accounting policies relevant to equity accounting.

As at 31 December 2024, the Group had investments in the following associates which are all unlisted corporate entities whose quoted market price is not available:

Name	Place of incorporation and operating/legal status	Issued/registered capital	Proportion of ownership interests held by the Group		Proportion of voting power held by the Group		Principal activities
			31 December 2024	31 December 2023	**31 December 2024**	31 December 2023	
Shanghai Beihai Shipping Company Limited ("**Shanghai Beihai**")	The PRC/ Limited liability company	RMB763,750,000	**40%**	40%	**29%**	29%	Petroleum product transportation and vessel chartering
COSCO Shipping Finance Co., Ltd. ("**COSCO SHIPPING Finance**")	The PRC/ Limited liability company	RMB19,500,000,000	**11%**	11%	**10%**	10%	Banking and related finance service
Aquarius LNG Shipping Limited ("**Aquarius LNG**")	Hong Kong/ Limited liability company	USD1,000	**30%**	30%	**33%**	33%	LNG vessel chartering
Aries LNG Shipping Limited ("**Aries LNG**")	Hong Kong/ Limited liability company	USD1,000	**30%**	30%	**33%**	33%	LNG vessel chartering
Capricorn LNG Shipping Limited ("**Capricorn LNG**")	Hong Kong/ Limited liability company	USD1,000	**30%**	30%	**33%**	33%	LNG vessel chartering

19. INVESTMENTS IN ASSOCIATES (Continued)

Name	Place of incorporation and operating/legal status	Issued/registered capital	Proportion of ownership interests held by the Group		Proportion of voting power held by the Group		Principal activities
			31 December 2024	31 December 2023	**31 December 2024**	31 December 2023	
Gemini LNG Shipping Limited ("**Gemini LNG**")	Hong Kong/ Limited liability company	USD1,000	**30%**	30%	**33%**	33%	LNG vessel chartering
TRADEGO PTE. LTD. ("**TRADEGO**")	Singapore/ Limited liability company	USD15,000,010 (2023: USD1,650,001)	**11%**	11%	**10%**	10%	Development of Other Software and Programming Activities N.E.C.
Huaqiang LNG Transport Pte. Limited ("**Huaqiang LNG**")	Singapore/ Limited liability company	EUR50,000,000	**25%**	25%	**25%**	25%	LNG vessel chartering
Huafu LNG Transport Pte. Limited ("**Huafu LNG**")	Singapore/ Limited liability company	EUR51,000,000	**25%**	25%	**25%**	25%	LNG vessel chartering
Huawen LNG Transport Pte. Limited ("**Huawen LNG**")	Singapore/ Limited liability company	EUR50,000,000 (2023: EUR17,600,000)	**25%**	25%	**25%**	25%	LNG vessel chartering
Huaming LNG Transport Pte. Limited ("**Huaming LNG**")	Singapore/ Limited liability company	EUR50,000,000 (2023: EUR17,600,000)	**25%**	25%	**25%**	25%	LNG vessel chartering
Huahe LNG Transport Pte. Limited ("**Huahe LNG**")	Singapore/ Limited liability company	EUR35,600,000 (2023: EUR17,600,000)	**25%**	25%	**25%**	25%	LNG vessel chartering
Huaping LNG Transport Pte. Limited ("**Huaping LNG**")	Singapore/ Limited liability company	EUR35,600,000 (2023: EUR17,600,000)	**25%**	25%	**25%**	25%	LNG vessel chartering
VEGA Ocean Transport Company ("**VEGA**")	Liberia/Limited liability company	USD55,000,500	**49%**	-	**50%**	-	LNG vessel chartering
ALTAIR Ocean Transport Company ("**ALTAIR**")	Liberia/Limited liability company	USD55,000,500	**49%**	-	**50%**	-	LNG vessel chartering
DENEB Ocean Transport Company ("**DENEB**")	Liberia/Limited liability company	USD55,000,500	**49%**	-	**50%**	-	LNG vessel chartering
Dalian Xizhong Island Zhonglian Port Limited ("**Xizhong Island Port**")	The PRC/ Limited liability company	RMB75,000,000	**15%**	-	**20%**	-	Port and shipping facilities engineering construction

All of the above associates are accounted for using the equity method in the consolidated financial statements.

The Company has significant influence even though it holds less than 20% of the voting rights of COSCO SHIPPING Finance, TRADEGO and Xizhong Island Port as the Group's holding seats in the boards of these companies and participation in the financial and operating activities of these companies.

19. INVESTMENTS IN ASSOCIATES (Continued)

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

	Shanghai Beihai	
	31 December 2024	31 December 2023
	RMB'000	RMB'000
Non-current assets	**3,030,320**	2,707,747
Current assets	**968,948**	793,129
Non-current liabilities	**(1,028,684)**	(750,897)
Current liabilities	**(221,294)**	(198,539)
Net assets	**2,749,290**	2,551,440
Proportion of the Group's ownership interest	**40%**	40%
The Group's share of net assets	**1,099,716**	1,020,576
Goodwill	**835,105**	835,105
Carrying amount of the Group's interest in the associate	**1,934,821**	1,855,681

	2024	2023
	RMB'000	RMB'000
For the year ended 31 December		
Revenues	**2,435,806**	2,185,020
Profit for the year	**789,216**	644,143
Other comprehensive profit	**8,633**	8,053
Total comprehensive income for the year	**797,849**	652,196
Dividends received from the associate	**240,000**	200,000

19. INVESTMENTS IN ASSOCIATES (Continued)

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

	2024	2023
	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**4,048,524**	3,156,269
For the year ended 31 December		
Aggregate amounts of the Group's share of:		
Profit for the year	**224,540**	201,717
Other comprehensive (expense)/income	**(42,350)**	49,240
Total comprehensive income for the year	**182,190**	250,957

20. INVESTMENTS IN JOINT VENTURES

	31 December 2024	31 December 2023
	RMB'000	RMB'000
Share of net assets	**7,084,109**	5,576,968
Less: impairment losses on investment in joint venture	**(988,844)**	(984,111)
Goodwill	**477,105**	477,105
	6,572,370	5,069,962

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method (see Note 19), after initially being recognised at cost in the consolidated balance sheet.

20. INVESTMENTS IN JOINT VENTURES (Continued)

As at 31 December 2024, the Group had investments in the following joint ventures which are all unlisted corporate entities whose quoted market price is not available:

Name	Place of incorporation and operating/legal status	Issued/registered capital	Proportion of ownership interest, voting power and profit sharing attributable to the Group		Principal activities
			31 December 2024	31 December 2023	
China LNG Shipping (Holdings) Limited ("**CLNG**")	Hong Kong/ Limited liability company	USD687,419,346 (2023: USD602,885,382)	**50%**	50%	Investment holding
Arctic Blue LNG Shipping Limited	Hong Kong/ Limited liability company	USD1,000	**50%**	50%	Vessel holding
Arctic Green LNG Shipping Limited	Hong Kong/ Limited liability company	USD1,000	**50%**	50%	Vessel holding
Arctic Purple LNG Shipping Limited	Hong Kong/ Limited liability company	USD1,000	**50%**	50%	Vessel holding
Arctic Red LNG Shipping Limited	Hong Kong/ Limited liability company	EUR 37,441,000 and USD1,000 (2023: USD1,000)	**50%**	50%	Vessel holding
Arctic Orange LNG Shipping Limited	Hong Kong/ Limited liability company	EUR 37,861,000 and USD1,000 (2023: USD1,000)	**50%**	50%	Vessel holding
Arctic Yellow LNG Shipping Limited	Hong Kong/ Limited liability company	EUR 37,701,000 and USD1,000 (2023: USD1,000)	**50%**	50%	Vessel holding
Arctic Indigo LNG Shipping Limited	Hong Kong/ Limited liability company	EUR 37,940,000 and USD1,000 (2023: USD1,000)	**50%**	50%	Vessel holding

20. INVESTMENTS IN JOINT VENTURES (Continued)

Name	Place of incorporation and operating/legal status	Issued/registered capital	Proportion of ownership interest, voting power and profit sharing attributable to the Group		Principal activities
			31 December 2024	31 December 2023	
Arctic Gold LNG Shipping Limited	Hong Kong/ Limited liability company	USD93,075,962	**50%**	50%	Vessel holding
Arctic Silver LNG Shipping Limited	Hong Kong/ Limited liability company	USD93,075,962	**50%**	50%	Vessel holding
Arctic Bronze LNG Shipping Limited	Hong Kong/ Limited liability company	USD93,075,962	**50%**	50%	Vessel holding
ORYX LNG NO.1 Shipping Corporation	Liberia/ Limited liability company	USD47,100,000	**50%**	–	Vessel holding
ORYX LNG NO.2 Shipping Corporation	Liberia/ Limited liability company	USD46,000,000	**50%**	–	Vessel holding
ORYX LNG NO.3 Shipping Corporation	Liberia/ Limited liability company	USD45,000,000	**50%**	–	Vessel holding
ORYX LNG NO.4 Shipping Corporation	Liberia/ Limited liability company	USD45,500,000	**50%**	–	Vessel holding
ORYX LNG NO.5 Shipping Corporation	Liberia/ Limited liability company	USD25,000,000	**50%**	–	Vessel holding
ORYX LNG NO.6 Shipping Corporation	Liberia/ Limited liability company	USD25,000,000	**50%**	–	Vessel holding
ORYX LNG NO.7 Shipping Corporation	Liberia/ Limited liability company	USD25,000,000	**50%**	–	Vessel holding

20. INVESTMENTS IN JOINT VENTURES (Continued)

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

	CLNG	
	31 December 2024	31 December 2023
	RMB'000	RMB'000
Non-current assets	**10,803,572**	9,757,312
Current assets	**850,904**	1,128,949
Cash and bank	**830,240**	1,111,747
Other current assets	**20,664**	17,202
Non-current liabilities	**(1,608,294)**	(1,572,618)
Current liabilities	**(656,009)**	(953,698)
Net assets	**9,390,173**	8,359,945
Non-controlling interests	**(1,230,319)**	(1,157,085)
	8,159,854	7,202,860
Proportion of the Group's ownership interest	**50%**	50%
The Group's share of net assets	**4,079,927**	3,601,430
Goodwill	**477,105**	477,105
Carrying amount of the Group's interest in the joint venture	**4,557,032**	4,078,535

20. INVESTMENTS IN JOINT VENTURES (Continued)

For the year ended 31 December	2024	2023
	RMB'000	RMB'000
Revenues	**1,278,553**	1,243,310
Profit for the year	**907,025**	1,177,330
Other comprehensive income	**144,078**	41,732
Total comprehensive income for the year	**1,051,103**	1,219,062
Dividends received from the joint ventures	**350,357**	253,119

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

	2024	2023
	RMB'000	RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**2,015,338**	991,427
For the year ended 31 December		
Aggregate amounts of the Group's share of:		
Profit for the year	**178,984**	239,192
Other comprehensive income	**(21,422)**	68,444
Total comprehensive income for the year	**157,562**	307,636

21. FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

Financial assets	Notes	**2024 RMB'000**	2023 RMB'000 (Restated)
Financial assets at amortised cost			
Trade and bills receivables	26	**609,630**	617,550
Loan receivables	22	**1,317,049**	1,320,235
Cash and bank	28	**5,661,734**	5,749,643
Restricted bank deposits	28	**783**	781
Financial assets at FVOCI	23(a)	**412,123**	291,794
Derivative financial instruments	31	**202,052**	92,083
		8,203,371	8,072,086

Financial liabilities	Notes	**2024 RMB'000**	2023 RMB'000 (Restated)
Financial liabilities at amortised cost			
Trade and bills payables	29	**1,977,008**	1,743,216
Other payables and accruals	30	**1,539,476**	1,429,539
Interest-bearing bank and other borrowings	32	**32,522,732**	27,960,080
Other loans	33	**2,458,733**	960,010
Lease liabilities	17	**1,184,159**	1,217,501
Derivative financial instruments	31	**–**	9,426
		39,682,108	33,319,772

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

22. LOAN RECEIVABLES

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
Loans to associates	(i)	**318,978**	335,865
Loans to joint ventures	(ii)	**998,071**	984,370
		1,317,049	1,320,235
Less: current portion		**(20,603)**	(18,979)
Non-current portion		**1,296,446**	1,301,256

Notes:

(i) As at 31 December 2024 and 31 December 2023, loans to associates are at a weighted average rate of SOFR plus 2.26% and fixed rate of 6.70% and 6.50% per annum and repayable in 2030 and 2031.

(ii) As at 31 December 2024 and 31 December 2023, loans to joint ventures are SOFR plus 1.56% per annum, interest-bearing at 3-month LIBOR plus 0.80% per annum and Euro Interbank Offered Rate plus 0.50% per annum, unsecured, and repayable within 20 years after the joint ventures' vessels construction projects are completed

As at 31 December 2024 and 31 December 2023, all loan receivables are denominated in USD.

In determining the expected credit losses for loan receivables, the Directors have taken into account the credit rating of the counterparties in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. As at 31 December 2024 and 2023, the Directors are of the opinion that the credit risk is minimal as the associates and joint ventures have good credit standing.

23. FINANCIAL ASSETS AT FVOCI

(a) Equity investments at FVOCI

	31 December 2024 RMB'000	31 December 2023 RMB'000
Listed equity investments in the PRC	**412,123**	291,794

(b) Amounts recognised in profit or loss and other comprehensive income

During the year, the following profit/(loss) was recognised in other comprehensive income.

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Profit/(loss) recognised in other comprehensive income	**120,329**	(95,296)

24. DEFERRED TAX ASSETS AND LIABILITIES

(a) Components of deferred tax assets (prior to offsetting balances within the same taxation jurisdiction) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Lease liabilities RMB'000	Impairment loss on financial and contract assets RMB'000	Revaluation of investment properties RMB'000	Accrued expenses but not yet paid RMB'000	Accelerated tax depreciation RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023 (restated)	2,046	–	–	–	37,998	276	40,320
(Charge)/credit to profit or loss (restated)	26,614	12	–	–	(2,389)	(29)	24,208
At 31 December 2023 and 1 January 2024 (restated)	**28,660**	**12**	**–**	**–**	**35,609**	**247**	**64,528**
(Charge)/credit to profit or loss	**(11,257)**	**125**	**727**	**26,114**	**(2,389)**	**(220)**	**13,100**
At 31 December 2024	**17,403**	**137**	**727**	**26,114**	**33,220**	**27**	**77,628**

24. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

(b) Components of deferred tax liabilities (prior to offsetting balances within the same taxation jurisdiction) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Right-of-use assets RMB'000	Revaluation of investment properties RMB'000	Fair value change on FVOCI RMB'000	Accelerated tax deprecation RMB'000	Unremitted earnings RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023 (restated)	1,672	728	89,129	176,636	876,459	3,953	1,148,577
Charge/(credit) to profit or loss (restated)	26,865	(261)	–	(9,045)	380,894	(181)	398,272
Credit to other comprehensive income	–	–	(49,946)	–	–	–	(49,946)
At 31 December 2023 and 1 January 2024 (restated)	**28,537**	**467**	**39,183**	**167,591**	**1,257,353**	**3,772**	**1,496,903**
Charge/(credit) to profit or loss	**(11,409)**	**(467)**	**–**	**(5,020)**	**173,283**	**–**	**156,387**
Charge to other comprehensive income	**–**	**–**	**18,050**	**–**	**–**	**–**	**18,050**
At 31 December 2024	**17,128**	**–**	**57,233**	**162,571**	**1,430,636**	**3,772**	**1,671,340**

24. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

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

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Deferred tax assets	**33,502**	36,028
Deferred tax liabilities	**(1,627,214)**	(1,468,403)
	(1,593,712)	(1,432,375)

As at 31 December 2024, the Group has unused estimated tax losses of approximately RMB9,684,000 (31 December 2023: RMB2,585,000). No deferred tax assets have been recognised as at 31 December 2024 and 2023 in respect of the estimated tax losses due to the unpredictability of future profit streams.

As at 31 December 2024, the Group has deductible temporary differences of approximately RMB4,108,551,000 (31 December 2023: RMB4,600,991,000). No deferred tax assets have been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

25. INVENTORIES

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Bunker oil inventories	**1,085,994**	909,864
Ship stores and spare parts	**247,730**	250,658
	1,333,724	1,160,522

26. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Trade and bills receivables from third parties	**612,590**	619,561
Trade receivables from related companies (Note)	**3,657**	6,067
	616,247	625,628
Less: allowance for doubtful debts (b)	**(6,617)**	(8,078)
	609,630	617,550
Current contract assets relating to oil shipment contracts	**889,798**	1,568,602
Less: allowance (b)	**(5,996)**	(11,030)
Total contract assets	**883,802**	1,557,572

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

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 20 days and therefore all classified as current.

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

As at 31 December 2024, trade and bills receivables and contract assets of RMB1,120,645,000 (31 December 2023: RMB1,817,264,000) are denominated in USD.

26. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS (Continued)

(a) **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 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Within 1 year	**600,619**	608,516
1–2 years	**8,551**	8,909
Over 2 years	**460**	125
	609,630	617,550

(b) **Impairment of trade receivables and contract assets**

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled service provided and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2024 or 31 December 2023 respectively and the corresponding historical credit losses experienced within this year. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and Producer Price Index (PPI) to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

26. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS (Continued)

(b) Impairment of trade receivables and contract assets (Continued)

On that basis, the loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows for both trade receivables and contract assets:

At 31 December 2024	**Within 6 months RMB'000**	**7–12 months RMB'000**	**Over 1 year RMB'000**	**Total RMB'000**
Expected loss rate	**0.71%**	**3.60%**	**9.45%**	**0.84%**
Gross carrying amount – trade receivables	**570,668**	**35,627**	**9,952**	**616,247**
Gross carrying amount – contract assets	**889,798**	**–**	**–**	**889,798**
Loss allowance	**10,390**	**1,283**	**940**	**12,613**

At 31 December 2023 (Restated)	Within 6 months RMB'000	7–12 months RMB'000	Over 1 year RMB'000	Total RMB'000
Expected loss rate	0.70%	3.60%	9.57%	0.87%
Gross carrying amount – trade receivables	519,166	96,473	9,989	625,628
Gross carrying amount – contract assets	1,568,602	–	–	1,568,602
Loss allowance	14,679	3,473	956	19,108

26. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS (Continued)

(b) Impairment of trade receivables and contract assets (Continued)

The closing loss allowances for the trade receivables and contract assets as at 31 December 2024 reconcile to the opening loss allowances as follows:

	Trade receivables and Contract assets	
	31 December 2024	31 December 2023
	RMB'000	RMB'000 (Restated)
At the beginning of the year	**19,108**	11,328
(Reversal of)/provision for impairment losses recognised	**(6,510)**	7,754
Exchange realignment	**15**	26
At the end of the year	**12,613**	19,108

27. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND OTHER NON-CURRENT ASSETS

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Current portion		
Prepayments	**118,584**	61,939
Deposits and other receivables	**785,296**	334,733
Due from fellow subsidiaries	**103,522**	177,886
Due from joint ventures	**203,628**	203,869
Due from related companies (Note)	**47,694**	57,755
	1,258,724	836,182
Less: allowance for other receivables (Note 27(a))	**(234,910)**	(232,903)
	1,023,814	603,279
Non-current portion		
Prepayment for acquisition of properties	**–**	25,115
Prepayment for vessels construction	**1,472,037**	8,906
	1,472,037	34,021

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

The amounts due from fellow subsidiaries, joint ventures and related companies are unsecured, non-interest-bearing and repayable on demand.

As at 31 December 2024, deposits and other receivables of RMB599,381,000 (31 December 2023: RMB208,314,000) are denominated in USD.

27. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND OTHER NON-CURRENT ASSETS (Continued)

(a) Impairment of other receivables

The movement of the impairment of other receivables during the year is as follows:

	Trade receivables and Contract assets	
	31 December 2024	31 December 2023
	RMB'000	RMB'000 (Restated)
At the beginning of the year	**232,903**	14,276
Impairment losses recognised (Note)	**2,898**	217,546
Exchange realignment	**(891)**	1,081
At the end of the year	**234,910**	232,903

Note: For the year ended 31 December 2023, the Group recognises expected credit loss for other receivables of certain joint ventures amounted to RMB203,869,000 (2024: Nil), due to significant changes on the operation environment.

Management makes periodic assessment on a portfolio basis on the recoverability of other receivables based on historical settlement records, past experiences and adjusts for forward looking information in determining the impairment of other receivables.

28. RESTRICTED BANK DEPOSITS AND CASH AND BANK

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Restricted bank deposits	**783**	781
Balances placed with COSCO SHIPPING Finance (Note)	**4,446,288**	4,050,815
Unrestricted bank balances and cash	**1,214,706**	1,694,440
Cash and cash equivalents	**5,660,994**	5,745,255
Interest receivable	**740**	4,388
Total restricted bank deposits and cash and bank	**5,662,517**	5,750,424

Note: COSCO SHIPPING Finance is an associate of the Company, and balances placed bear interest of prevailing market rates.

As at 31 December 2024, cash and cash equivalents of RMB3,129,996,000 (31 December 2023: RMB3,692,640,000) are denominated in USD.

29. TRADE AND BILLS PAYABLES

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Trade and bills payables to third parties	**1,108,230**	895,013
Trade payables to fellow subsidiaries	**848,743**	821,340
Trade payables to an associate	**2,023**	5,692
Trade payables to related companies (Note)	**18,012**	21,171
	1,977,008	1,743,216

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 2024, trade and bills payables of RMB1,182,361,000 (31 December 2023: RMB831,437,000) 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 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Within 1 year	**1,860,665**	1,618,942
1–2 years	**17,777**	66,412
Over 2 years	**98,566**	57,862
	1,977,008	1,743,216

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

30. OTHER PAYABLES AND ACCRUALS

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Accruals	**527,829**	601,349
Other payables	**595,484**	462,509
Due to ultimate holding company	**–**	5,246
Due to fellow subsidiaries	**382,228**	325,146
Due to joint ventures	**234**	4,101
Due to associates	**12**	3,965
Due to other related companies (Note)	**33,689**	27,223
	1,539,476	1,429,539

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

The amounts due to the ultimate holding company, the immediate holding company, fellow subsidiaries, an associate, and other related parties are unsecured, non-interest-bearing and repayable on demand.

Other payables and accruals are non-interest-bearing and are normally settled in 1 to 3 months.

As at 31 December 2024, financial liabilities included in other payables and accruals of RMB385,864,000 (31 December 2023: RMB344,278,000) are denominated in USD.

31. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2024, the Group had interest rate swap agreements with total principal amount of approximately USD669,044,000 (equivalent to RMB4,809,357,000) (31 December 2023: approximately USD703,736,000 (equivalent to RMB4,984,351,000)) which will mature in 2031, 2032, 2033, 2034 and 2035 (31 December 2023: 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 2024, the floating interest rates of the bank borrowings were 3-month SOFR plus 1.66% and 3-month SOFR plus 2.45% (31 December 2023: 3-month SOFR plus 1.66% and 3-month SOFR plus 2.45%).

31. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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 2024 RMB'000	31 December 2023 RMB'000
Non-current assets		
Interest rate swaps – cash flow hedges	**202,052**	92,083
Total non-current derivative financial instrument assets	**202,052**	92,083
Non-current liabilities		
Interest rate swaps – cash flow hedges	**–**	9,426
Total non-current derivative financial instrument liabilities	**–**	9,426

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

(a) As at 31 December 2024 and 31 December 2023, details of the interest-bearing bank and other borrowings are as follows:

	Maturity	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Current liabilities			
(i) Bank borrowings			
Secured	2025	**1,340,323**	1,646,908
Unsecured	2025	**2,224,211**	2,995,425
		3,564,534	4,642,333
(ii) Other borrowings			
Unsecured	2025	**1,898,004**	246,114
Secured	2025	**21,109**	–
		1,919,113	246,114
Interest-bearing bank and other borrowing – current portion		**5,483,647**	4,888,447
Non-current liabilities			
(i) Bank borrowings			
Secured	2026 to 2040	**17,151,465**	14,691,393
Unsecured	2026 to 2035	**4,737,417**	5,323,728
		21,888,882	20,015,121
(ii) Other borrowings			
Unsecured	2026 to 2032	**4,150,843**	2,889,952
Secured	2026 to 2041	**999,360**	166,560
		5,150,203	3,056,512
Interest-bearing bank and other borrowing – non-current portion		**27,039,085**	23,071,633

As at 31 December 2024, the Group's interest-bearing bank borrowings were secured by pledges of the Group's 41 (31 December 2023: 36) vessels and 4 (31 December 2023: 3) vessels under construction with total net carrying amount of RMB25,635,276,000 (31 December 2023: RMB23,073,377,000) and RMB3,110,012,000 (31 December 2023: RMB1,328,920,000) respectively. Save as aforesaid, there were no other charges on the assets of the Group during the year ended 31 December 2024.

As at 31 December 2024, secured bank borrowings of RMB16,986,862,000 (31 December 2023: RMB15,895,152,000), unsecured bank borrowings of RMB2,579,198,000 (31 December 2023: RMB3,891,235,000) and unsecured other borrowings of RMB143,768,000 (31 December 2023: RMB166,306,000) are denominated in USD.

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

(b) As at 31 December 2024 and 31 December 2023, the interest-bearing bank and other borrowings were repayable as follows:

	Bank borrowings RMB'000	Other borrowings RMB'000	Total RMB'000
At 31 December 2024			
Current portion			
Within one year	**3,564,534**	**1,919,113**	**5,483,647**
Non-current portion			
In the second year	**6,621,234**	**1,310,670**	**7,931,904**
In the third to fifth years, inclusive	**4,335,344**	**2,887,364**	**7,222,708**
Over five years	**10,932,304**	**952,169**	**11,884,473**
	21,888,882	**5,150,203**	**27,039,085**
	25,453,416	**7,069,316**	**32,522,732**
At 31 December 2023 (Restated)			
Current portion			
Within one year	4,642,333	246,114	4,888,447
Non-current portion			
In the second year	2,026,699	1,558,284	3,584,983
In the third to fifth years, inclusive	8,337,245	1,210,821	9,548,066
Over five years	9,651,177	287,407	9,938,584
	20,015,121	3,056,512	23,071,633
	24,657,454	3,302,626	27,960,080

As at 31 December 2024 and 2023, no other borrowings were borrowed from the Company's immediate holding company or ultimate holding company.

33. OTHER LOANS

(a) As at 31 December 2024 and 31 December 2023, details of other loans are as follows:

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
Kantons International Investment Limited ("**Kantons International**")	(i)	**611,407**	627,372
Mitsui O.S.K. Lines, Ltd. ("**MOL**")	(ii)	**335,673**	321,744
PetroChina International Co., Limited ("**PetroChina International**")	(iii)	**9,688**	10,894
Janxin Jin 138 Leasing (Tianjin) Co., Ltd * ("建信津一百三十八租賃(天津)有限公司") ("**Janxin Jin 138**")	(iv)	**1,501,965**	–
		2,458,733	960,010
Less: current portion		**(234,143)**	(52,069)
Non-current portion		**2,224,590**	907,941

* For identification purpose only

Notes:

(i) As at 31 December 2024, other loans amounted to RMB28,428,000 (31 December 2023: RMB32,056,000) was borrowed by East China LNG Shipping Investment Co., Limited ("**ELNG**"), a non-wholly-owned subsidiary of the Company, from its non-controlling shareholder, Kantons International, to finance certain vessels construction projects being carried out by the associates held by ELNG. As at 31 December 2024, the loans are interest-bearing at a weighted average of SOFR plus 2.26% and fixed rate of 6.70% (31 December 2023: weighted average of SOFR plus 2.26% and fixed rate of 6.70%) per annum, unsecured, and repayable within 20 years after the aforementioned vessels construction projects are completed.

As at 31 December 2024, other loans amounted to RMB582,979,000 (31 December 2023: RMB595,316,000) was borrowed by China Energy Shipping Investment Co., Limited ("**China Energy**"), an indirect and non-wholly-owned subsidiary of the Company, from its non-controlling shareholder, Kantons International, to finance certain vessels construction projects being carried out by the subsidiaries of China Energy. As at 31 December 2024, the loans are interest-bearing at a weighted average of SOFR plus 2.45% and fixed rate of 4.80% (31 December 2023: weighted average of SOFR plus 2.45% and fixed rate of 4.80%) per annum, unsecured, and repayable within 15 years after the aforementioned vessels construction projects are completed.

33. OTHER LOANS (Continued)

(a) **As at 31 December 2024 and 31 December 2023, details of other loans are as follows:** (Continued)

Notes: (Continued)

(ii) As at 31 December 2024, other loans were borrowed by the subsidiaries of China Energy from their non-controlling shareholder, MOL, to finance certain vessels construction projects being carried out by them. As at 31 December 2024, the loans are interest-bearing at a weighted average of SOFR plus 2.45% and fixed rate of 4.80% (31 December 2023: weighted average of SOFR plus 2.45% and fixed rate of 4.80%) per annum, unsecured, and repayable within 15 years after the aforementioned vessels construction projects are completed.

(iii) As at 31 December 2024, other loans were borrowed by North China LNG Shipping Investment Co., Limited ("**NLNG**"), a non-wholly-owned subsidiary of the Company, from its non-controlling shareholder, PetroChina International, to finance certain vessels construction projects being carried out by the associates held by NLNG. As at 31 December 2024, the loans are interest-bearing at a weighted average of SOFR plus 2.26% and fixed rate of 6.50% (31 December 2023: weighted average of SOFR plus 2.26% and fixed rate of 6.50%) per annum, unsecured, and repayable within 20 years after the aforementioned vessels construction projects are completed.

(iv) As at 31 December 2024, the Company borrowed RMB1,500,000,000 in other loans from an independent third party Jianxin Jin 138. This loan was secured by five vessels owned by the Group with an aggregate net book value of RMB1,047,304,000, and is repayable over a period of 10 years. As at 31 December 2024, the loans are interest-bearing at above five-year Loan Prime Rate applicable on the charter date minus 1.55% per annum.

As at 31 December 2024 and 31 December 2023, all other loans are denominated in USD except for the loan from Janxin Jin 138 is denominated in RMB.

(b) **As at 31 December 2024 and 31 December 2023, the Group's other loans were repayable as follows:**

	31 December 2024	31 December 2023
	RMB'000	RMB'000
Current portion		
Within one year	**234,143**	52,069
Non-current portion		
In the second year	**233,635**	54,950
In the third to fifth years, inclusive	**703,184**	183,784
Over five years	**1,287,771**	669,207
	2,224,590	907,941
	2,458,733	960,010

34. EMPLOYEE BENEFITS PAYABLE

	31 December 2024 RMB'000	31 December 2023 RMB'000
Defined benefit plan payable	**258,573**	213,533
	258,573	213,533
Less: current portion	**(19,827)**	(11,790)
Non-current portion	**238,746**	201,743

(a) Details of defined benefit plan payable are as follows:

Defined benefit plan payable represents post-employment benefit plan for current civil retirees and current retirees which are measured by using projected unit credit actuarial cost method. Independent actuarial valuation has been carried out by an independent firm, Towers Waston, with chartered actuarial certification.

The plan exposes the Group to actuarial risks, such as interest rate risk and longevity risk. Information about the plan is disclosed as follows:

(i) The amounts recognised in the consolidated statement of financial position are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Present value of unfunded obligations	**258,573**	213,533
Less: current portion	**(19,827)**	(11,790)
Non-current portion	**238,746**	201,743

Current portion of defined benefits plan payable represents the amount expected to be paid by the Group in the next 12 months.

34. EMPLOYEE BENEFITS PAYABLE (Continued)

(a) **Details of defined benefit plan payable are as follows:** (Continued)

(ii) Movements in the present value of the defined benefit plan payable are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
At the beginning of the year	**213,533**	190,429
Remeasurement for the year	**9,359**	30,230
Benefits paid	**(11,941)**	(15,024)
Past service cost	**42,420**	–
Interest cost	**5,202**	7,898
At the end of the year	**258,573**	213,533

The weighted average duration of the defined benefit plan is 8.82 (31 December 2023: 9.5) years.

(iii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Past service cost	**42,420**	–
Net interest on net defined benefit liability	**5,202**	7,898
Total amounts recognised in profit or loss	**47,622**	7,898
Actuarial loss recognised in other comprehensive income	**9,359**	30,230
Total defined benefits costs	**56,981**	38,128

The past service cost and the net interest on net defined benefit liability totaling RMB47,622,000 (31 December 2023: RMB7,898,000) were recognised in the other expenses and administrative expenses for the year.

34. EMPLOYEE BENEFITS PAYABLE (Continued)

(a) **Details of defined benefit plan payable are as follows:** (Continued)

(iv) Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Discount rate	**1.75%**	2.50%
Average annual increase rate of supplemental medical benefits	**8.00%**	8.00%

Mortality rate adopted for the defined benefit plan payable as at 31 December 2024 was based on the China Life Insurance Mortality Table 2010-2013-CL5/CL6 up 2 years issued by the China Life Insurance Regulatory Commission of the PRC.

The below analysis shows how the defined benefit plan payable would have increased/(decreased) as a result of 0.5% change of discount rate in the significant actuarial assumptions:

	Effect of payable	
	31 December 2024 RMB'000	31 December 2023 RMB'000
Increase in 0.5%	**(4,690)**	(4,851)
Decrease in 0.5%	**4,953**	5,133

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

35. SHARE CAPITAL

	2024		2023	
	Number of shares (thousand)	**Nominal value RMB'000**	Number of shares (thousand)	Nominal value RMB'000
Registered, issued and fully paid				
Listed H – Shares of RMB1 each	**1,296,000**	**1,296,000**	1,296,000	1,296,000
Listed A – Shares of RMB1 each	**3,474,776**	**3,474,776**	3,474,776	3,474,776
At the beginning and end of the year	**4,770,776**	**4,770,776**	4,770,776	4,770,776

36. RESERVES

(a) The Group

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

36. RESERVES (Continued)

(b) The Company

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out as follows:

	Share premium RMB'000	Revaluation reserve RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve RMB'000	Safety fund reserve RMB'000	General surplus reserve RMB'000	FVOCI revaluation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2023	12,134,750	270,254	29,974	2,580,077	2,877,435	1,495	93,158	1,019	7,357,803	25,345,965
Profit for the year	-	-	-	-	-	-	-	-	1,502,556	1,502,556
Remeasurement of defined benefit plan payable	-	-	-	(7,800)	-	-	-	-	-	(7,800)
Dividends paid to shareholders of the Company	-	-	-	-	-	-	-	-	(715,616)	(715,616)
Accruals of safety fund reserve	-	-	-	-	-	108,062	-	-	(108,062)	-
Utilisation of safety fund reserve	-	-	-	-	-	(108,625)	-	-	108,625	-
Fair value of share options granted	-	-	9,635	-	-	-	-	-	-	9,635
At 31 December 2023	12,134,750	270,254	39,609	2,572,277	2,877,435	932	93,158	1,019	8,145,306	26,134,740
At 1 January 2024	**12,134,750**	**270,254**	**39,609**	**2,572,277**	**2,877,435**	**932**	**93,158**	**1,019**	**8,145,306**	**26,134,740**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,329,354**	**2,329,354**
Remeasurement of defined benefit plan payable	**-**	**-**	**-**	**(3,800)**	**-**	**-**	**-**	**-**	**-**	**(3,800)**
Effect of acquisition of subsidiaries under common control	**-**	**-**	**-**	**(132,920)**	**-**	**-**	**-**	**-**	**-**	**(132,920)**
Dividends paid to shareholders of the Company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,719,343)**	**(2,719,343)**
Accruals of safety fund reserve	**-**	**-**	**-**	**-**	**-**	**142,267**	**-**	**-**	**(142,267)**	**-**
Utilisation of safety fund reserve	**-**	**-**	**-**	**-**	**-**	**(143,199)**	**-**	**-**	**143,199**	**-**
Fair value of share options granted	**-**	**-**	**39,963**	**-**	**-**	**-**	**-**	**-**	**-**	**39,963**
At 31 December 2024	**12,134,750**	**270,254**	**79,572**	**2,435,557**	**2,877,435**	**-**	**93,158**	**1,019**	**7,756,249**	**25,647,994**

36. RESERVES (Continued)

(b) The Company (Continued)

In accordance with the Company Law of the PRC and the Company's articles of association, the Company is required to allocate 10% of its profit after tax, as determined in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and relevant regulations ("**PRC GAAP**") and regulations applicable to the Company, to the Statutory Surplus Reserve (the "**SSR**") until the SSR reaches 50% of the registered capital of the Company.

According to the relevant regulations in the PRC, the reserves available for distribution is the lower of the amount determined under PRC GAAP and the amount determined under HKFRS. On this basis, as at 31 December 2024, before the proposed final dividend, the Company had reserve of RMB7,756,249,000 (31 December 2023: RMB8,145,306,000).

In addition, in accordance with the Company Law of the PRC, an amount of RMB12,134,750,000 (31 December 2023: RMB12,134,750,000) standing to the credit of the Company's share premium account was available for distribution by way of future capitalisation issues.

(c) Nature and purposes of reserves

(i) Share premium

Share premium arised from the issuance of shares at prices in excess of their par value.

(ii) Revaluation reserve

The revaluation reserve has been accounted for in accordance with the accounting policies adopted for the measurement of the assets at fair value.

(iii) Capital reserve

The reserve arised from the acquisition of additional interests in a subsidiary and revaluation of assets arising from capital restructuring of a subsidiary.

(iv) Merger reserve

The reserve arised from business combination involving entities under common control.

(v) Statutory surplus reserve

The Company is required to transfer 10% of its net profit as determined in accordance with PRC Accounting Rules and Regulations to its statutory surplus reserve. The transfer to this reserve must be before distribution of a dividend to shareholders.

36. RESERVES (Continued)

(c) Nature and purposes of reserves (Continued)

(vi) Safety fund reserve

According to CaiQi [2022] No.16 "Measures for the Extraction and Management of the Production Safety Fund for the enterprises" issued by the Ministry of Finance and the Safety Production General Bureau, the Group is required to accrue production safety fund to improve the production safety.

The accrued expenses will be transferred to production safety fund surplus reserve under equity attributable to owners of the Company for the year. When its cost being measured, within the special use conditions, full amount of relevant incurred fund recorded as production safety fund surplus reserve will be recognised in the cost of sales simultaneously. Pursuant to HKFRS, these expenditures should be recognised when incurred according to the respective accounting policy.

(vii) General surplus reserve

When the public welfare fund is utilised, an amount equal to the lower of either the cost of the assets and the balance of the public welfare fund is transferred from public welfare fund to the general surplus reserve.

(viii) Hedging reserve

Changes in the fair values of derivative financial instruments are to be charged directly and transferred to hedging reserve.

(ix) FVOCI revaluation reserve

The FVOCI revaluation reserve comprises the cumulative net change in the fair value of FVOCI held at the end of the year.

(x) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

(xi) Other reserve

The reserve arised from the acquisition of subsidiary under common control and remeasurement of post-employment benefit obligations.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS		
Investment properties	**162,085**	162,293
Property, plant and equipment	**9,912,341**	10,428,252
Right-of-use assets	**6,715,745**	7,414,412
Investments in subsidiaries	**24,372,242**	20,091,925
Investments in associates	**3,163,022**	4,202,980
Investments in a joint venture	**4,381,837**	3,038,577
Loan receivables	**3,762,048**	4,037,139
Other non-current assets	**–**	25,115
	52,469,320	49,400,693
CURRENT ASSETS		
Current portion of loan receivables	**2,693**	1,785
Inventories	**290,814**	287,814
Contract assets	**128,689**	148,128
Trade and bills receivables	**397,471**	698,028
Prepayments, deposits and other receivables	**1,799,387**	1,336,167
Cash and bank	**2,608,703**	2,417,096
	5,227,757	4,889,018
TOTAL ASSETS	**57,697,077**	54,289,711

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT LIABILITIES		
Provision and other liabilities	**46,126**	2,173
Interest-bearing bank and other borrowings	**6,363,164**	4,663,778
Other loans	**1,321,960**	–
Employee benefits payable	**31,638**	41,091
Lease liabilities	**6,457,571**	7,288,675
Deferred tax liabilities	**197,787**	169,221
	14,418,246	12,164,938
CURRENT LIABILITIES		
Trade and bills payables	**1,177,961**	1,297,413
Other payables and accruals	**5,681,734**	5,868,078
Current portion of interest-bearing bank and other borrowings	**4,314,838**	2,543,680
Current portion of other loans	**180,005**	–
Contract liabilities	**–**	5,646
Current portion of employee benefits payable	**7,040**	–
Current portion of lease liabilities	**1,359,556**	1,361,541
Current tax liabilities	**138,927**	142,899
	12,860,061	11,219,257
TOTAL LIABILITIES	**27,278,307**	23,384,195
EQUITY		
Share capital	**4,770,776**	4,770,776
Reserves	**25,647,994**	26,134,740
TOTAL EQUITY	**30,418,770**	30,905,516

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) **Reconciliation from profit before tax to net cash generated from operating activities is as follows:**

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
		(Restated)
Profit before tax	**5,243,098**	4,790,886
Adjustments for:		
Finance costs	**1,407,861**	1,469,843
Interest income	**(89,990)**	(88,050)
Gain on disposal of property, plant and equipment, net	**(143,593)**	(402,985)
Loss on impairment of investments in joint ventures	**–**	984,111
Impairment loss on goodwill	**–**	1,429
Dividends received from financial assets at FVOCI	**(20,149)**	(17,730)
(Reversal of)/provision for impairment losses on trade receivables and contract assets	**(6,510)**	7,754
Provision for impairment losses on other receivables	**2,898**	217,546
Deprecation of property, plant and equipment	**3,260,044**	2,978,287
Depreciation of right-of-use assets	**308,105**	269,498
Fair value adjustment to derivatives	**12,091**	(11,980)
Loss on fair value changes of investment properties	**209**	–
Share of profits of associates	**(540,227)**	(457,602)
Share of profits of joint ventures	**(632,496)**	(730,288)
Share-based payment expense	**39,963**	–
Operating profit before working capital changes	**8,841,304**	9,010,719
(Increase)/decrease in inventories	**(173,202)**	127,645
Decrease in trade and bills receivables and contract assets	**688,185**	281,425
Decrease in prepayments	**6,535**	7,920
Increase in deposits and other receivables	**(498,167)**	(18,636)
Increase in amounts due from associates	**–**	(94)
Decrease in amounts due from joint ventures	**241**	387
Decrease in amounts due from fellow subsidiaries	**74,364**	139,538
Decrease/(increase) in amounts due from related companies	**10,061**	(4,221)
Increase/(decrease) in trade and bills payables and contract liabilities	**236,627**	(148,856)
Increase in other payables	**113,908**	144,271
(Decrease)/increase in accruals	**(73,520)**	70,284
Decrease in amount due to the ultimate holding company	**(5,246)**	(2,434)
(Decrease)/increase in amount due to an associate	**(3,953)**	2,825
Decrease in amounts due to joint ventures	**(3,867)**	(19)
Increase in amount due to other related parties	**6,466**	13,059
Increase in amounts due to fellow subsidiaries	**57,082**	184,905
Increase in provision and other liabilities	**58,107**	10,773
Increase in employee benefits payable	**35,681**	23,104
Cash generated from operations	**9,370,606**	9,842,595
Income tax paid	**(745,320)**	(911,026)
Net cash generated from operating activities	**8,625,286**	8,931,569

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities

	Derivative financial instruments (Note 31) RMB'000	Lease liabilities (Note 17) RMB'000	Interest bearing bank and other borrowings (Note 32) RMB'000	Other loans (Note 33) RMB'000	Total liabilities from financing activities RMB'000
At 31 December 2023 and 1 January 2024 (restated)	9,426	1,217,501	27,960,080	960,010	30,147,017
Changes from financing cash flows:					
Interest paid	–	(47,775)	(1,403,374)	(56,202)	(1,507,351)
Proceeds from derivative financial instruments	–	–	–	–	–
Increase in interest-bearing bank and other borrowings	–	–	10,659,734	1,522,765	12,182,499
Repayment of interest-bearing bank and other borrowings	–	–	(6,424,949)	–	(6,424,949)
Repayment of other loans	–	–	–	(39,186)	(39,186)
Lease payment	–	(473,263)	–	–	(473,263)
	–	(521,038)	2,831,411	1,427,377	3,737,750
Other changes:					
Interest expenses	–	47,775	1,438,159	56,202	1,542,136
Net change in fair value	(9,232)	–	–	–	(9,232)
Lease arrangement and modification	–	424,033	–	–	424,033
Currency translation differences	(194)	15,888	293,082	15,144	323,920
	(9,426)	487,696	1,731,241	71,346	2,280,857
At 31 December 2024	–	1,184,159	32,522,732	2,458,733	36,165,624

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities (Continued)

	Derivative financial instruments (Note 31) RMB'000	Lease liabilities (Note 17) RMB'000	Interest bearing bank and other borrowings (Note 32) RMB'000	Other loans (Note 33) RMB'000	Total liabilities from financing activities RMB'000
At 31 December 2022 and 1 January 2023 (restated)	–	1,457,905	28,143,775	993,722	30,595,402
Changes from financing cash flows:					
Interest paid	–	(57,066)	(1,385,213)	(57,221)	(1,499,500)
Proceeds from derivative financial instruments	77,763	–	–	–	77,763
Increase in interest-bearing bank and other borrowings	–	–	11,195,949	–	11,195,949
Repayment of interest-bearing bank and other borrowings	–	–	(11,783,803)	–	(11,783,803)
Repayment of other loans	–	–	–	(49,266)	(49,266)
Lease payment	–	(470,490)	–	–	(470,490)
	77,763	(527,556)	(1,973,067)	(106,487)	(2,529,347)
Other changes:					
Interest expenses	(77,763)	57,065	1,432,608	56,167	1,468,077
Net change in fair value	(30,111)	–	–	–	(30,111)
New lease arrangement	–	132,610	–	–	132,610
Currency translation differences	39,537	97,477	356,764	16,608	510,386
	(68,337)	287,152	1,789,372	72,775	2,080,962
At 31 December 2023 (restated)	9,426	1,217,501	27,960,080	960,010	30,147,017

39. BUSINESS COMBINATION UNDER COMMON CONTROL

On 31 October 2024, the Group completed the acquisitions from COSCO SHIPPING of the equity interests in the Acquired Entities for considerations as set out below:

(a) The Group completed the acquisition of 70% and 87% equity interests of Shenzhen Longpeng and Hainan Zhaogang separately at the consideration of RMB277,335,000 and RMB152,769,000 respectively. The principle activity of Shenzhen Longpeng and Hainan Zhaogang is LPG transportation.

(b) The Group completed the acquisition of 100% equity interests of Shanghai COSCO Chemical Carrier and Shanghai COSCO SHIPPING (Hong Kong) at the consideration of RMB507,421,000 and RMB112,816,000 respectively. The principle activity of Shanghai COSCO Chemical Carrier and Shanghai COSCO SHIPPING (Hong Kong) is chemical transportation.

Acquired Entities	**Considerations**
	RMB'000
Shenzhen Longpeng	277,335
Hainan Zhaogang	152,769
Shanghai COSCO Chemical Carrier	507,421
Shanghai COSCO SHIPPING (Hong Kong)	112,816
	1,050,341

For the years ended 31 December 2024 and 2023, the amounts of capital injection net off dividends paid to former shareholders were approximately RMB74,435,000 and RMB98,950,000 respectively.

As the Acquired Entities are ultimately controlled by COSCO SHIPPING, the aforesaid transactions were regarded as business combinations under common control. The comparative information in these consolidated financial statements has been restated accordingly under merger accounting.

39. BUSINESS COMBINATION UNDER COMMON CONTROL (Continued)

The summarised results of operations for the year ended 31 December 2023 and the financial position as at 31 December 2023 and 1 January 2023 are set out below:

	As previously reported RMB'000	Acquired Entities RMB'000	Notes	Adjustments RMB'000	Total RMB'000
Year ended 31 December 2023					
Revenues	21,912,456	653,048	(i)	(12,053)	22,553,451
Profit before tax	4,740,196	52,119	(ii)	(1,429)	4,790,886
Income tax expense	1,082,355	11,337		–	1,093,692
Profit for the year	3,657,841	40,782		(1,429)	3,697,194
As at 31 December 2023					
ASSETS					
Non-current assets	62,614,423	1,109,292	(iii) & (iv)	(10,034)	63,713,681
Current assets	9,469,189	250,679	(iv)	(3,752)	9,716,116
Total assets	72,083,612	1,359,971		(13,786)	73,429,797
EQUITY					
Capital and reserves					
Share capital	4,770,776	448,034	(iii)	(448,034)	4,770,776
Reserves	29,620,728	397,677	(iii)	374,226	30,392,631
Non-controlling interests	2,711,819	–	(iii)	86,333	2,798,152
Total equity	37,103,323	845,711		12,525	37,961,559
LIABILITIES					
Non-current liabilities	26,253,957	268,126	(iv)	(22,559)	26,499,524
Current liabilities	8,726,332	246,134	(iv)	(3,752)	8,968,714
Total liabilities	34,980,289	514,260		(26,311)	35,468,238
Total equity and liabilities	72,083,612	1,359,971		(13,786)	73,429,797

39. BUSINESS COMBINATION UNDER COMMON CONTROL (Continued)

	The Group before the Acquired Entities RMB'000	Acquired Entities RMB'000	Notes	Adjustments RMB'000	Total RMB'000
As at 1 January 2023					
ASSETS					
Non-current assets	59,867,867	939,034	(iii) & (iv)	13,955	60,820,856
Current assets	8,382,586	210,505		–	8,593,091
Total assets	68,250,453	1,149,539		13,955	69,413,947
EQUITY					
Capital and reserves					
Share capital	4,770,776	349,084	(iii)	(349,084)	4,770,776
Reserves	26,799,895	356,164	(iii)	285,573	27,441,632
Non-controlling interests	2,000,090	–	(iii)	77,466	2,077,556
Total equity	33,570,761	705,248		13,955	34,289,964
LIABILITIES					
Non-current liabilities	24,089,175	377,506		–	24,466,681
Current liabilities	10,590,517	66,785		–	10,657,302
Total liabilities	34,679,692	444,291		–	35,123,983
Total equity and liabilities	68,250,453	1,149,539		13,955	69,413,947

Notes:

(i) Adjustments to eliminate the inter-group transactions for the year ended 31 December 2023.

(ii) Adjustments to adjust the profit and tax in relation to reclassification of certain investments after acquisition of the Acquired Entities.

(iii) Adjustments to eliminate the investment costs and share capital of the Acquired Entities against reserves and non-controlling interests.

(iv) Adjustments to eliminate the inter-group balance as at 1 January 2023 and 31 December 2023.

No other significant adjustments were made to the profit of any entities as a result of the common control combinations to achieve consistency of accounting policies.

40. PENSION AND ENTERPRISE ANNUITY SCHEMES

The PRC (other than Hong Kong)

(i) 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 existing retired and future retiring employees except for the medical expenses to retired employees, are limited to its annual contributions equivalent approximately to 16% (2023: 16%) of the basic salaries of the Group's employees. Contributions made by the Group to the Scheme for the year ended 31 December 2024 amounted to RMB44,194,000 (2023: RMB42,879,000).

(ii) Enterprise annuity scheme

In 2008, the representatives of the Group's Labor 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 employee's 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 2024 amounted to RMB38,617,000 (2023: RMB36,841,000).

41. CONTINGENT LIABILITIES AND GUARANTEE

(a) Four associates of ELNG and 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 RMB58,945,000). 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 2024, the amount of the guarantees provided to the shipbuilders was USD276,120,000 (equivalent to approximately RMB1,984,864,000) and the aggregate amount of the guarantees provided to the lessees was USD6,400,000 (equivalent to approximately RMB46,006,000) and EUR4,500,000 (equivalent to approximately RMB33,866,000). The guarantee periods are limited to the lease periods.

41. CONTINGENT LIABILITIES AND GUARANTEE (Continued)

(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 RMB2,713,621,000) 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 2024, the balance of the guarantees was USD260,461,000 (equivalent to approximately RMB1,872,295,000).

42. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its vessels under operating lease arrangements, with leases negotiated for an initial year of 1 to 7 (31 December 2023: 1 to 7) years.

As at 31 December 2024, the Group had total future minimum lease rental receivables under non-cancellable operating leases falling due as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Within one year	**1,187,392**	949,011
In the second to fifth years, inclusive	**1,345,307**	1,190,785
	2,532,699	2,139,796

43. CAPITAL COMMITMENTS

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Authorised and contracted but not provided for:		
Construction and purchases of vessels (Note)	**17,330,060**	14,243,776

Note: According to the construction and purchase agreements entered into by the Group, these capital commitments will fall due in 2025 to 2028.

44. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

The Directors believe that the information of related party transactions has been adequately disclosed in the consolidated financial statements.

44. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	31 December 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Transactions with fellow subsidiaries and the related entities of COSCO SHIPPING		
Revenues		
Shipping services and ship charter services	**43,766**	93,268
Rental income, including surcharge	**290**	529
Expenses		
Supply of marine lubricant, fuel, material, painting, spare part and ship equipment etc.	**5,790,810**	5,057,508
Electrical, telecommunication, ship repair and technical improvements services etc.	**2,307,543**	1,589,681
Ship and related business insurance and insurance brokerage services	**86,588**	54,313
Ship and shipping agency services	**135,029**	98,493
Management service of sea crew	**2,241,632**	2,200,000
Vessels under construction	**725,176**	–
Rental expense	**3,448**	4,153
Miscellaneous services	**65,042**	58,073
Transactions with joint ventures of the Group		
Revenues		
Interest income from joint ventures	**71,069**	64,837
Transactions with associates of the Group		
Revenues		
Interest income from associates	**82,198**	91,113
Vessel chartering income	**126,688**	122,425
Expense		
Interest expense to an associate	**87,057**	85,463

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

As at 31 December 2024 and 31 December 2023, except for deposits placed in COSCO SHIPPING Finance, majority of the Group's bank balances and bank borrowings are with state-owned banks.

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES

As at 31 December 2024, particulars of the Group's principal subsidiaries are as follows:

Name	Place of incorporation and operations/legal status	Issued/ registered capital	Class of shares in issue	Proportion of ownership interest held by the Company				Principal activities
				Direct		Indirect		
				2024	2023	**2024**	2023	
Guangzhou Sanding Oil Shipping Co., Ltd.	The PRC/Limited liability company	RMB299,017,680	Ordinary	**51%**	51%	**-**	-	Oil transportation and vessel chartering
COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd.	The PRC/Limited liability company	RMB4,141,000,000	Ordinary	**100%**	100%	**-**	-	Investment holding
Offshore Oil (Yangpu) Shipping Co., Ltd.	The PRC/Limited liability company	RMB20,000,000	Ordinary	**43%**	43%	**-**	-	Oil transportation and vessel chartering
Huahai Petrol Transportation & Trading Co., Limited	The PRC/Limited liability company	RMB56,879,168	Ordinary	**-**	-	**51%**	51%	Oil transportation and vessel chartering
COSCO PetroChina SHIPPING	The PRC/Limited liability company	RMB496,067,600	Ordinary	**51%**	51%	**-**	-	Oil transportation and vessel chartering
China Shipping Development (Hong Kong) Marine Co., Limited	Hong Kong/Limited liability company	USD100,000,000	Ordinary	**100%**	100%	**-**	-	Investment holding
ELNG	Hong Kong/Limited liability company	USD5,000,000	Ordinary	**70%**	70%	**-**	-	Investment holding
NLNG	Hong Kong/Limited liability company	USD5,000,000	Ordinary	**90%**	90%	**-**	-	Investment holding
COSCO SHIPPING Tanker (Singapore) Pte. Ltd.	Singapore/Limited liability company	USD2,000,000	Ordinary	**100%**	100%	**-**	-	Oil transportation and vessel chartering

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation and operations/legal status	Issued/ registered capital	Class of shares in issue	Proportion of ownership interest held by the Company				Principal activities
				Direct		Indirect		
				2024	2023	**2024**	2023	
COSCO SHIPPING TANKER (Britain) Company Limited	Britain/Limited liability company	GBP800,000	Ordinary	**80%**	80%	**-**	-	Provision of agency services
China Energy	Hong Kong/Limited liability company	USD173,137,000 (2023: USD146,888,000)	Ordinary	**-**	-	**51%**	51%	Investment holding
COSCO SHIPPING Tanker (USA) Company Limited	The United States of America/Limited liability company	USD400,000	Ordinary	**80%**	80%	**-**	-	Provision of agency services
COSCO SHIPPING Energy Transportation (Hainan) Co., Ltd.	The PRC/Limited liability company	RMB10,772,152,557 (2023: RMB9,272,152,557)	Ordinary	**100%**	100%	**-**	-	Oil transportation and vessel chartering
United Liquefied Gas Shipping (Hong Kong) Co., Limited	Hong Kong/Limited liability company	USD371,547,157	Ordinary	**-**	-	**71%**	71%	Investment holding
Dalian COSCO Energy	The PRC/Limited liability company	RMB800,000,000	Ordinary	**100%**	100%	**-**	-	LPG transportation
Shanghai COSCO Chemical Carrier	The PRC/Limited liability company	RMB404,849,200	Ordinary	**100%**	100%	**-**	-	Chemical transportation

The above table lists the subsidiaries which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

The Directors considered the Group did not have any subsidiary with material non-controlling interests. The accumulated non-controlling interests and relevant movements relating to these subsidiaries were reflected in the consolidated statement of changes in equity.

46. COMPARATIVE FIGURES

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

47. SHARE OPTIONS SCHEME

2023 Share Option Incentive Scheme (the "Incentive Scheme") adopted on 10 May 2024

The Company's Incentive Scheme was adopted pursuant to a resolution passed on 10 May 2024 for the primary purpose of providing incentives to directors and eligible employees. Under the Incentive Scheme, the Board may grant options to eligible employees, including directors of the Company and management of its subsidiaries, to subscribe for shares in the Company.

As at 31 December 2024, the number of shares in respect of which options had been granted and remained outstanding under the Incentive Scheme was 26,945,400 shares, representing 0.565% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Incentive Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

No consideration is payable on the grant of an option. The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

On 10 May 2024, the Group granted 22,309,600 shares of Share Options to certain employees and directors of the Group under the Incentive Scheme. The estimated fair values of the options granted at RMB8.53.

On 30 December 2024, the Group granted 4,635,800 shares of Share Options to certain employees and directors of the Group under the Incentive Scheme. The estimated fair values of the options granted at RMB4.92.

47. SHARE OPTIONS SCHEME (Continued)

Details of specific categories of share options are as follows:

Exercise period	Exercise time
First exercise period	Commencing on the first trading day after expiry of 24 months (after the second full year) from the date of grant and ending on the last trading day of the 36 months from the date of grant.
Second exercise period	Commencing on the first trading day after expiry of 36 months (after the third full year) from the date of grant and ending on the last trading day of the 48 months from the date of grant.
Third exercise period	Commencing on the first trading day after expiry of 48 months (after the fourth full year) from the date of grant and ending on the last trading day of the 84 months from the date of grant.

The performance targets for each effective year have been disclosed in the Company's announcements dated 10 May 2024 and 30 December 2024.

The following table discloses movements of the Company's share options held by employees and directors during the year:

Grantees	Outstanding at 1/1/2024	Granted during the year	Outstanding at 31/12/2024
Directors, senior management (8 persons)	–	1,840,700	1,840,700
Core management at the headquarters (61 persons)	–	12,167,200	12,167,200
Core management of subsidiaries (38 persons)	–	8,301,700	8,301,700
Core management at the headquarters (12 persons)	–	2,325,200	2,325,200
Core management of subsidiaries (12 persons)	–	2,310,600	2,310,600
Total	–	26,945,400	26,945,400
Exercisable at the end of the year			Nil
Weighted average exercise price			12.84

47. SHARE OPTIONS SCHEME (Continued)

The Company has selected the internationally adopted Black-Scholes Option Pricing Model to measure the fair value of the Share Options granted on 10 May 2024 and 30 December 2024, being the date of grant. The values of all parameters of the valuation model and descriptions are as follows:

	10 May 2024	30 December 2024
Weighted average share price	17.15	11.95
Exercise price	13.00	12.09
Expected volatility	51.77%	53.76%
Expected life	3.83	3.83

For the share options granted on 10 May 2024 and 30 December 2024, expected volatility was determined by using the historical volatility of the Company's share price over the previous 3.83 years.

The Group recognised the total expense of approximately RMB39,963,000 for the year ended 31 December 2024 in relation to share options granted by the Company.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

48.1 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 48.2).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.1 Principles of consolidation and equity accounting (Continued)

(ii) Equity method

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 48.8.

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.2 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.2 Business combinations (Continued)

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.3 Merger accounting for business combination involving entities under common control

The consolidated financial statements include the financial statements items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses incurred in relation to the common control combination that are to be accounted for by using merger accounting are recognised as expenses in the year in which they were incurred.

48.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.5 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in RMB, which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as FVOCI are recognised in other comprehensive income.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.5 Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

48.6 Property, plant and equipment

The Group's accounting policy for vessel is explained in note 16. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.6 Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 48.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

48.7 Goodwill

Goodwill is measured as described in Note 48.2 Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

48.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.9 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.9 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.9 Investments and other financial assets (Continued)

(iii) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 26 for further details.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.10 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial instruments, and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

48.11 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 31.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.11 Derivatives and hedging activities (Continued)

Cash flow hedge that quantity for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other gains/(losses).

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ("**aligned time value**") are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ("**aligned forward element**") is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.11 Derivatives and hedging activities (Continued)

Cash flow hedge that quantity for hedge accounting (Continued)

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

48.12 Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 26 for further information about the Group's accounting for trade receivables and Note 4.6 for a description of the Group's impairment policies.

48.13 Cash and bank

For the purpose of presentation in the statement of cash flows, cash and bank includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

48.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

48.16 Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.17 Current and deferred income tax (Continued)

Deferred income tax (Continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

48.18 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefits obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.18 Employee benefits (Continued)

(ii) Other long-term employee benefits obligations (Continued)

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Certain defined benefit schemes require employees to contribute to reduce the cost of the benefits to the Group. Contributions from employees are linked to service and hence, the contributions reduce service cost.

The Group attributes the contributions from employees to periods of service on a straight-line basis.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.18 Employee benefits (Continued)

(iii) Post-employment obligations (Continued)

Pension obligations (Continued)

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other post-employment obligations

Some group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.18 Employee benefits (Continued)

(v) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

48.19 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.20 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

48.21 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group, as lessor, allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.21 Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.21 Leases (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.
- If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.21 Leases (Continued)

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

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

The Group leases various buildings, vessels, and vehicles. Rental contracts are typically made for fixed periods of 2 years to 16 years, but may have extension options as described in (ii) below.

(ii) Extension and termination options

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

48.22 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

48.23 Subsidies

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Note 6 provides further information on how the group accounts for subsidies.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.24 Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income, see Note 6.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

48.25 Revenue recognition

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer, and it should be presented separately. A contract asset becomes a receivable when receipt of the consideration is conditional only on the passage of time.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost.

Trade receivables and contract assets expected to be recovered in one year or less are classified as current assets. If not, they are represented as non-current assets.

Contract liabilities are recognised for advance from customers with contracts.

There is no material contract fulfillment cost or cost of obtaining contracts of the Group.

The Group do not have any significant variable consideration such as discounts, refunds, rebates, credits, penalties, performance bonuses or royalties.

The Group assesses, and includes in the transaction price at contract inception, the amount of variable, consideration to which it expects to be entitled.

48. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

48.25 Revenue recognition (Continued)

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.

The following is a description of accounting policy for the revenue streams of the Group:

(i) Revenue from vessel voyage

Freight revenue from transportation business on voyage charter, recognised on a percentage-of-completion basis, which is determined on the time proportion method of each individual voyage.

(ii) Revenue from vessel chartering

Revenue from vessel chartering are mainly derived from time charter of vessels recognised on a straight-line basis over the year of each charter.

(iii) Other revenue is recognised when the services are rendered.

Other income

(i) rental income arising from assets leased out under operating leases are recognised on a straight-line basis over the year of each lease

(ii) interest income, on an accrual basis using the effective interest method, and

(iii) dividend income, when the shareholders' right to receive payment has been established.

CORPORATE INFORMATION

Legal name:	中遠海運能源運輸股份有限公司
English name:	COSCO SHIPPING Energy Transportation Co., Ltd.*
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Business address:	670 Dongdaming Road, Hongkou District, Shanghai, The PRC
Postal Code:	200080
Tel:	(8621) 65967678
Place of business in Hong Kong:	RMS 3601-3602, 36/F West Tower, Shun Tak CTR 168-200 Connaught RD Central, Hong Kong
Legal representative:	REN Yongqiang
Secretary of the Board:	NI Yidan
Company Secretary:	NI Yidan
Unified Social Credit Code:	91310000132212734C
Principal bankers:	Bank of Communications China Merchants Bank Bank of China Agriculture Bank of China The Industrial and Commercial Bank of China China Construction Bank
Hong Kong auditor:	SHINEWING (HK) CPA Limited 17th Floor, AIA Tower, Royal Plaza, 311 Gloucester Road, Causeway Bay, Hong Kong

PRC auditor:	ShineWing Certified Public Accountants LLP Fuhua Mansion, North AVE #8 Chaoyangmen, Dongcheng District, Beijing, the PRC
Legal advisors:	Grandall Law Firm (Shanghai Office) 23-25th floor, Garden Square 968 West Beijing Road, Shanghai, The PRC Paul Hastings 22/F Bank of China Tower, 1 Garden Road, Central, Hong Kong
H share registrar and transfer office:	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Place of listing:	H Shares The Stock Exchange of Hong Kong Limited Stock code: 01138 A Shares Shanghai Stock Exchange Stock code: 600026
Corporate information is available at	Office of the Board of Directors COSCO SHIPPING Energy Transportation Co., Ltd. 7th Floor, 670 Dongdaming Road, Hongkou District, Shanghai, The PRC
Company's website:	https://energy.coscoshipping.com

* For identification purposes only

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

REN Yongqiang

Mr. REN Yongqiang, born in December 1973, holds a doctoral degree in political economy and is a senior engineer. He is currently the Secretary of the Party Committee, an executive director, the chairman, the chairman of the Strategy Committee and a member of the Risk Control Committee of the Company and the Assistant to the General Manager of China COSCO SHIPPING Group Co., Ltd. Mr. REN served in the Transport Department of Tibet Autonomous Region, the Trading Department of Tibet Autonomous Region, the Ministry of Internal Trade, the Bureau of Internal Trade, the State Economic and Trade Commission, the State-owned Assets Supervision and Administration Commission of the State Council, China Shipping (Group) Company Limited and China COSCO SHIPPING Corporation Limited.

ZHU Maijin

Mr. ZHU Maijin, born in October 1970, holds a master's degree in management and is a senior captain. He is currently an executive director, a member of the Strategy Committee and the President of the Company. Mr. ZHU served as the deputy general manager (acting general manager), the general manager of the Maritime Management Department and the assistant to general manager of China Shipping Development Co., Ltd. Tanker Company, the vice general manager of China Shipping Tanker Company Limited and the general manager of COSCO SHIPPING Tanker (Shanghai) Co., Ltd.

WANG Shuqing

Mr. WANG Shuqing, born in February 1967, holds a master of arts and is a senior political engineer. He is currently a non-executive director and a member of the Strategy Committee of the Company, a director of each of COSCO SHIPPING Seafarer Management Co., Ltd. and COSCO SHIPPING (Korea) Co., Ltd. He previously held various positions at China Shipping (Group) Company (now known as China Shipping Group Company Limited) and its subsidiaries. He has successively served in roles including the director of the Party Group Office of China Shipping (Group) Company, the secretary of the party committee and the deputy general manager of China Shipping International Ship Management Co., Ltd., as well as the secretary of the party committee and the deputy general manager, and the vice chairman and the deputy secretary of the party committee of COSCO SHIPPING Property Co., Ltd.

WANG Wei

Mr. WANG Wei, born in June 1971, holds a master's degree in engineering. He is currently a non-executive director and a member of the Strategy Committee of the Company, a director of each of COSCO SHIPPING Specialized Carriers Co., Ltd. (stock code: 601428.SH), COSCO SHIPPING Bulk Co., Ltd. and COSCO SHIPPING (North America) Co., Ltd., and a supervisor of COSCO SHIPPING Logistics Co., Ltd. He previously held various positions at China Ocean Shipping (Group) Company Limited and its subsidiaries. He was the head of organization department of China Ocean Shipping (Group) Company Limited and vice general manager of COSCO SHIPPING (Hong Kong) Co., Ltd. He also served as vice general manager of COSCO SHIPPING International (Hong Kong) Co., Ltd. (stock code: 00517.HK) from April 2018 to April 2022.

WANG Songwen

Ms. WANG Songwen, born in July 1969, holds a bachelor's degree in medicine and is a senior economist. She is currently a non-executive director and a member of the Strategy Committee of the Company. She used to work at China Shipping (Group) Company (now known as China Shipping Group Company Limited) and its subsidiaries. She has successively served as the general manager of Container Management Department, Transshipment Department, Marketing Department III and Asia Pacific Department of China Shipping Container Lines Company Limited (now known as COSCO SHIPPING Development Co., Ltd., Stock Code: 601866.SH and 02866.HK); the vice president of Operations Management Department of China Shipping (Group) Company; and vice president of China Shipping (Europe) Co., Ltd.. She also served as the vice president of COSCO SHIPPING (Europe) GmbH from June 2016 to May 2022.

Victor HUANG

Mr. Victor HUANG, born in May 1971, holds a bachelor's degree in economics and is a Hong Kong Institute of Certified Public Accountants member. He is currently an independent non-executive Director, the chairman of the Audit Committee, a member of the Nomination Committee and the Remuneration and Appraisal Committee of the Company. He serves as an independent non-executive director to Manpower Group Greater China Limited (stock code: 02180.HK), Scholar Education Group (stock code: 01769.HK), Topsports International Holdings Limited (stock code: 06110.HK), Newtimes Energy (stock code: 00166.HK), Shandong Hi-Speed New Energy Group Limited (stock code: 01250.HK) and Giordano International Limited (stock code: 00709.HK). Mr. HUANG had been a former partner of PricewaterhouseCoopers and KPMG. He served as an independent non-executive director to LBX Pharmacy Chain Co., Ltd. (stock code: 603883.SH) from February 2021 to February 2024 and to Qingdao Haier Biomedical Co., Ltd. (stock code: 688139.SH) from August 2018 to July 2024.

LI Runsheng

Mr. LI Runsheng, born in June 1952, holds a master's degree in public administration and is a professor-level senior economist. He is currently an independent non-executive Director, the chairman of the Remuneration and Appraisal Committee, a member of the Strategy Committee and the Nomination Committee of the Company. He serves as an independent non-executive director of Lihuayi Weiyuan Chemical Co., Ltd (stock code: 600955.SH) and T-ALL Inspection Co., Ltd. Mr. LI had been the director of the Policy and Regulation Department of the former State Bureau of Petroleum and Chemical Industry, the Party Secretary and the deputy general manager of China Petroleum Refining and Sales Company, the director of the General Office, assistant to the general manager and deputy director of the Consulting Center of China National Petroleum Corporation, and a vice chairman, the deputy Party Secretary and the director to the Expert Committee of China Petroleum and Chemical Industry Federation.

ZHAO Jinsong

Mr. ZHAO Jinsong, born in November 1963, holds a PhD in Ship Science and Maritime Law, and is a PRC lawyer and maritime arbitrator. He is currently an independent non-executive Director, the chairman of the Risk Control and Compliance Management Committee, a member of the Strategy Committee and the Audit Committee of the Company. He serves as the director of the Sanya Cruise Yacht Research Institute and the director of the Research Institute of Shipping, Trade and Finance of Qingdao Shibei District, and the professor at the Hong Kong University of Education. Mr. ZHAO had been a deck officer at sea, and worked in maritime law firms, including Hill Taylor Dickson and Holman Fenwick Willan and Lawrence K. Y. Lo & Co. in the United Kingdom and in Hong Kong, respectively. He was a professor of maritime law at Koguan School of Law and professor of international maritime transportation at School of Naval Architecture, Ocean & Civil Engineering of Shanghai Jiao Tong University, professor and the dean of the International Shipping Law School of the East China University of Political Science and Law, the director of the Qianhai Shenzhen-Hongkong Institute of International Finance (Shenzhen) Co., Ltd, senior partner and PRC lawyer to Allbright Law Office (Shenzhen), professor to the Intelligent Marine Institute of Harbin Institute of Technology, Shenzhen. Mr. Zhao had been a visiting professor to several universities at home and abroad, the director of the Legal Centre of the China Shipowners' Association, a director of the China Ship Fund and Legal Consultant of the China Classification Society.

WANG Zuwen

Mr. WANG Zuwen, born in November 1955, holds a doctorate degree in engineering. He is currently an independent non-executive Director, the chairman of the Nomination Committee, a member of the Remuneration and Appraisal Committee, and the Risk Control and Compliance Management Committee of the Company, and an independent director of Machinery Industry Ninth Design Institute Co., Ltd and Dalian Aeon Life Insurance Co., Ltd. Mr. WANG had successively been an associate professor, a professor, a doctoral advisor and a vice chancellor of Harbin Institute of Technology and a professor and the chancellor of Dalian Maritime University. He also served as an independent director of Jinzhou Port Company Limited (stock code: 600190.SH) from August 2020 to May 2024.

SUPERVISORIES

WENG Yi

Mr. WENG Yi, born in July 1967, holds a master's degree in management, and is a senior captain and a professor-level senior engineer. He is currently the chairman of Supervisor Committee of the Company, the safety director and general manager of the Safety Supervision division of China COSCO SHIPPING Corporation Limited, the chairman of the Supervisor Committee of COSCO SHIPPING Bulk Co., Ltd., and the director of COSCO SHIPPING Ferry Co., Ltd. Mr. WENG served as a captain in Guangzhou Maritime Transport (Group) Co., Ltd., the deputy chief of the Sailing Department and the deputy chief of the Shipping Department of China Shipping Development Co., Ltd. Tramp Company, the deputy director of the Shipping Department of China Shipping (Group) Company Limited, the general manager of Zhuhai New Century Shipping Company Limited, the deputy general manager of China Shipping Development Co., Ltd. Tramp Company, the general manager of the Shipping Department and the general manager of the Operations Department of China Shipping (Group) Company Limited and a chief captain and general manager of the Safety Supervision department of China Shipping (Group) Company Limited.

YANG Lei

Mr. YANG Lei, born in December 1971, holds a bachelor's degree in law and is a senior economist. He is currently a supervisor of the Company and the vice president of COSCO Shipping (Australia) Limited. Mr. YANG served as the deputy general manager of Strategic Development Department of COSCO Container Lines Co., Ltd., the deputy general manager of Legal and Risk Management Department of China Ocean Shipping (Group) Company and the deputy general manager of Legal and Risk Management Department of China COSCO SHIPPING Corporation Limited.

CHEN Hua

Ms. CHEN Hua, born in May 1971, holds a master's degree of professional accounting and is a senior accountant. She is currently a senior commissioner of the Finance and Accounting Department of the Company and an employee representative supervisor of the Company. Ms. CHEN served as the deputy director and the general manager of the Financial Department of China Shipping Development Co., Ltd. Tanker Company, the general manager of the Financial Department of China Shipping Development Co., Ltd. and the general manager of the Financial Department of the Company.

WANG Zhenming

Mr. WANG Zhenming, born in June 1978, holds a master's degree in management. He is currently the manager of Discipline Inspection and Supervision Office of the Tanker Fleet Management Department of the Company and an employee representative supervisor of the Company. Mr. Wang served as a secretary of Political Affairs Department and the Secretary of the Youth League Committee of Dalian Ocean Shipping Company, and the deputy director (presiding over the work) of the Discipline Inspection Department/Supervision and Audit Department General Affairs Division/Supervision Division of the Company.

SENIOR MANAGEMENTS

ZHU Maijin

Mr. ZHU Maijin, born in October 1970, holds a master's degree in management and is a senior captain. He is currently an executive director, a member of the Strategy Committee and the President of the Company. Mr. ZHU served as the deputy general manager (acting general manager), the general manager of the Maritime Management Department and the assistant to general manager of China Shipping Development Co., Ltd. Tanker Company, the vice general manager of China Shipping Tanker Company Limited and the general manager of COSCO SHIPPING Tanker (Shanghai) Co., Ltd.

QIN Jiong

Mr. QIN Jiong, born in September 1968, is a marine captain. He is currently a vice president of the Company. Mr. QIN was formerly a marine captain of Shanghai Maritime Bureau, the deputy general manager of Container Transport Division I and the director of the Dock Planner Center of China Shipping Container Line Company Limited, the director of the Dock Planner Center of China Shipping (Europe) Holding GmbH, the deputy general manager and the general manager of Container Transportation Division II, the general manager of European Division of China Shipping Container Line Company Limited, the general manager of China Shipping (Netherlands) Agency Co., Ltd., the general manager of China Shipping South American Holding Co., LTD., the general manager of the Operation Management Department of China Shipping Group Company Limited.

TIAN Chao

Mr. TIAN Chao, born in May 1977, holds a doctorate degree in accounting and financial management and is a professor of senior accountant, senior economist, certified public accountant of China, Fellow of the Chartered Certified Accountants (FCCA) and Fellow of the Chartered Institute of Management Accountants (FCMA). He is currently the Chief Financial Officer of the Company, and has been the financial officer of the financial department of China Ocean Shipping (Group) Company, director and general manager of the financial department of Port Of Antwerp Co., Ltd., general manager of the financial department of COSCO SHIPPING (Europe) GmbH, as well as assistant to the president and general manager of the financial department of Piraeus Port Authority S.A.

CHEN Jianrong

Mr. CHEN Jianrong, born in November 1969, holds a bachelor's degree in engineering and is a senior captain. He is currently a vice president of the Company. Mr. CHEN used to serve as the deputy chief of the Ship Management Department of China Shipping Development Co., Ltd. Tanker Company and China Shipping Tanker Company Limited, the chief of the Ship Management Department of China Shipping Tanker Company Limited, the chief of the Safety Supervision Department and the chief of the Ship Management Unit of the Company.

ZHANG Yong

Mr. ZHANG Yong, born in March 1972, holds a bachelor's degree in engineering and is a senior economist. He is currently a vice president of the Company. He previously served as a deputy general manager of the VLCC department of COSCO SHIPPING Energy Transportation Co., Ltd. (presiding), the general manager of the VLCC department of COSCO SHIPPING Energy Transportation Co., Ltd., the general manager of CHINA POOL Operation Management Company, etc.

NI Yidan

Ms. NI Yidan, born in February 1985, holds a bachelor's degree in management, a senior economic engineer and a member of The Hong Kong Chartered Governance Institute. She is currently the Secretary of the Board of the Company and the Company Secretary. Ms. Ni was the manager assistant of the commercial division of production and operation department of China Shipping Development Co., Ltd. Tanker Company, deputy general of the public relations division and assistant director of the Board/Managing Director's Office, vice director (acting director) of Office of Board and manager of public relations division of the Company.

中遠海運能源運輸股份有限公司
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