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

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1138)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenues of the Group increased by approximately RMB580 million and by 2.57% from RMB22,553 million (restated) in 2023 to RMB23,133 million in 2024
- Profit for the year attributable to equity holders of the Company was RMB4,038 million in 2024 as compared to profit for the year attributable to equity holders of the Company of RMB3,379 million (restated) in 2023
- The basic and diluted earnings per share for 2024 were RMB84.64 cents as compared to basic and diluted earnings per share of RMB70.83 cents (restated) for 2023

The board (the "**Board**") of directors (the "**Directors**") of COSCO SHIPPING Energy Transportation Co., Ltd. (the "**Company**") is pleased to announce the annual results of the Company and its subsidiaries (together referred to as the "**Group**") for the year ended 31 December 2024 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2023.

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	*3*	**23,133,486**	22,553,451
Operating costs		**(16,890,079)**	(15,965,997)
Gross profit		**6,243,407**	6,587,454
Other income and other gains, net	*4*	**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	*5*	**(1,407,861)**	(1,469,843)
Profit before tax		**5,243,098**	4,790,886
Income tax expense	*6*	**(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		**(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

	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	*8*		
– Basic (RMB cents/share)		**84.64**	70.83
– Diluted (RMB cents/share)		**84.64**	70.83

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

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

	31 December 2024	31 December 2023	1 January 2023
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
NON-CURRENT LIABILITIES			
Provision and other liabilities	**87,720**	29,613	19,596
Derivative financial instruments	**–**	9,426	–
Interest-bearing bank and other borrowings	**27,039,085**	23,071,633	21,108,304
Other loans	**2,224,590**	907,941	945,044
Employee benefits payable	**238,746**	201,743	159,908
Lease liabilities	**619,344**	810,765	1,086,924
Deferred tax liabilities	**1,627,214**	1,468,403	1,146,905
	31,836,699	26,499,524	24,466,681
CURRENT LIABILITIES			
Trade and bills payables	**1,977,008**	1,743,216	1,976,707
Other payables and accruals	**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	**5,483,647**	4,888,447	7,035,470
Current portion of other loans	**234,143**	52,069	48,678
Current portion of employee benefits payable	**19,827**	11,790	30,521
Current portion of lease liabilities	**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
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	**4,770,776**	4,770,776	4,770,776
Reserves	**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

NOTES

1. CORPORATE INFORMATION

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

During the Reporting Period, the Group was involved in the following principal activities:

(a) investment holding; and/or

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

(c) vessel chartering; and/or

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

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

(f) chemical transportation.

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

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

These consolidated financial statements are presented in Renminbi ("**RMB**"), which is the functional currency of the Company, and all values are rounded to the nearest thousand except where otherwise indicated.

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

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 recognized 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 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 Reporting Period, 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

The application of the amendments to HKFRSs in the Reporting Period 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 application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUES AND SEGMENT INFORMATION

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

The Group's business segments are 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.

Business segments

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

	For the year ended 31 December			
	2024		2023	
	Revenues	**Contribution**	Revenues	Contribution
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
			(Restated)	(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

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	31 December 2023
	RMB'000	*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

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.

Other information

	Oil transportation	**LNG shipping**	**LPG transportation**	**Chemical transportation**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*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.

4. 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

5. FINANCE COSTS

	For the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Interest expenses on:		
– bank and other borrowing 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 Reporting Period, 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.

6. INCOME TAX EXPENSE

	Notes	For the year ended 31 December 2024 RMB'000	2023 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		**(13,100)**	(24,208)
Increase in deferred tax liabilities		**156,387**	398,272
		143,287	374,064
Total income tax expense		**856,566**	1,093,692

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.

7. 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 Reporting Period.

8. 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.

(b) Diluted

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 m3 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 2023** *(%)*
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**	**Operating revenue**	**Net profit attributed to the parent company**
		(billion tonne-miles)	*(RMB'000)*	*(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**	**Operating revenue**	**Net profit attributed to the parent company**
		(billion tonne-miles)	*(RMB'000)*	*(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 an 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	31 December 2023
	RMB'000	*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	31 December 2023
	RMB'000	*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.

(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:

Oil tanker fleet	**Vessels in operation**			**Vessels under construction**	
	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**

LNG carrier fleet	**Vessels in operation**			**Vessels under construction**	
	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**

LPG carrier fleet	Vessels in operation			Vessels under construction	
	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**

Chemical tanker fleet	Vessels in operation			Vessels under construction	
	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.

OTHER SIGNIFICANT EVENTS

I. Results, dividends and closure of the H Share register

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 waive any dividend arrangement. The payment of this final dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting and therefore the dividend has not been recognised as a liability at the end of the Reporting Period.

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

II. Medical insurance scheme

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

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

III. Pension and Enterprise annuity schemes

1. The PRC (Mainland) pension scheme

The Group is required to contribute to a pension scheme (the "**Scheme**") for its eligible employees.

Under the Scheme, the Group's retirement benefit obligations to its retired and future retiring employees except for the medical expenses to retired employees, are limited to its annual contributions equivalent to approximately 16% (2023: 16%) of the basic salaries of the Group's employees. Contributions made by the Group to the Scheme for the Reporting Period amounted to RMB44,194,000 (2023: restated RMB42,879,000).

2. 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 employees' contributions will be 2% of their income from the previous year and the employer's contributions for the management staff should not be five times more than the staff average.

The enterprise annuity scheme became effective on 1 January 2008. Under the scheme, actual amount incurred as labor cost in 2024 amounted to RMB38,617,000 (2023: restated RMB36,841,000).

IV. Share option incentive scheme

On 26 October 2023, the Company convened the Eighth Meeting of the Board of 2023 and the Sixth Meeting of the Supervisory Committee of 2023, at which the relevant proposals, including considering and approving the Proposal on the "2023 Share Option Incentive Scheme (Draft) of COSCO SHIPPING Energy Transportation Co., Ltd." and its summary. The Board agreed to the implementation of the 2023 Share Option Incentive Scheme (the "**Incentive Scheme**") by the Company and agreed to submit the proposals to the General Meeting and Class Meeting of the Company for consideration. The connected directors, who are the Participants of the Incentive Scheme, abstained from voting on the proposals.

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 shares of Share Options to 107 Participants who met the conditions for Grant at an 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 Grant and agreed to grant 4,635,800 shares of Share Options to 24 Participants who met the conditions for 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.

V. 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 Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**") that was required to be entered into the register kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") were as follows:

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.

VI. Purchase, sale or redemption of the Company's listed securities

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

VII. Compliance with the Corporate Governance Code

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

In the opinion of the Directors, 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 Listing Rules.

The Company has established five professional committees under the Board, including an audit committee (the "**Audit Committee**"), a remuneration and appraisal committee (the "**Remuneration and Appraisal Committee**"), a nomination committee (the "**Nomination Committee**"), a strategy committee (the "**Strategy Committee**") and a risk control and compliance management committee (the "**Risk Control and Compliance Management Committee**") with defined terms of reference.

VIII. Audit Committee

The Board of the Company has established the Audit Committee to review the financial reporting procedures and internal control of the Group and to provide guidance thereto. The Audit Committee of the Company comprises two independent non-executive Directors and one non-executive Director, namely Mr. Victor HUANG (chairman), Mr. WANG Wei and Mr. ZHAO Jinsong.

The Audit Committee has reviewed the annual results of the Company for the Reporting Period. The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2024 as set out above in this preliminary announcement, being agreed by the Group's auditor SHINEWING (HK) CPA Limited, are consistent with the amounts set out in the Group's consolidated financial statements for 2024. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with the senior management members of the Group.

IX. Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee of the Company comprises three independent non-executive Directors, namely Mr. LI Runsheng (chairman), Mr. Victor HUANG and Mr. WANG Zuwen. The Remuneration and Appraisal Committee has adopted terms of reference which are in line with the Corporate Governance Code contained in Appendix C1 of the Listing Rules.

X. Nomination Committee

The Nomination Committee of the Company comprises three independent non-executive Directors, namely Mr. WANG Zuwen (chairman), Mr. Victor HUANG and Mr. LI Runsheng. The Nomination Committee reviews the structure, the size and the composition of the Board and the policy regarding Board diversity, and identifies individuals suitably qualified to become Board members, makes recommendations to the Board and assesses the independence of all independent non-executive Directors. The Nomination Committee has adopted terms of reference which are in line with the Corporate Governance Code contained in Appendix C1 of the Listing Rules.

XI. Strategy Committee

The Strategy Committee of the Company comprises two executive Directors, three non-executive Directors, and two independent non-executive Directors, namely Mr. REN Yongqiang (chairman), Mr. ZHU Maijin, Mr. WANG Shuqing, Mr. WANG Wei, Ms. WANG Songwen, Mr. LI Runsheng and Mr. ZHAO Jinsong. It is responsible for the consideration, evaluation and review of investment projects and making recommendations to the Board on proposed major investments, acquisitions and disposals, and conducting post-investment evaluation of investment projects. It also reviews and considers the overall strategy, which covers the strategies of sustainable development, environment, social and governance and business development of the Company.

XII. Risk Control and Compliance Management Committee

The Risk Control and Compliance Management Committee of the Company comprises one executive Director and two independent non-executive Directors, namely Mr. ZHAO Jinsong (chairman), Mr. REN Yongqiang and Mr. WANG Zuwen. The major terms of reference of the Risk Control and Compliance Management Committee are to consider risk control strategies and major risk control solutions, to review the effectiveness of the Company's risk management, to consider major decisions and risk assessment report of major projects, to guide and promote the legal construction of the Company, and supervise the legal operation of the Company by the management and other risk control matters authorized by the Board.

XIII. Compliance with the Model Code as set out in Appendix C3 to the Listing Rules

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors' securities transactions.

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

XIV. Employees

The adjustments of employee remuneration are calculated in accordance with the Company's turnover and profitability and is determined by assessing the correlation between the total salary paid and the operational efficiency of the Company. Under this mechanism, management of employees' remuneration will be more efficient while employees will be motivated to work hard to bring encouraging results for the Company. Save for the remuneration policy disclosed above and the Incentive Scheme, the Company does not maintain any other share option scheme for its employees and the employees do not receive any bonus. The Company regularly provides its operational management personnel with training on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws. Such training may be in different forms, such as seminars, site visits and study tours.

As at 31 December 2024, the Company had 7,854 (31 December 2023: 7,911) employees. During the Reporting Period, the total staff costs was approximately RMB3,670 million (2023: restated approximately RMB3,726 million).

XV. Material acquisition and disposal of subsidiaries, associates and joint ventures

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

XVI. 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 and did not have any immediate plans for material investments and capital assets.

XVII. Events after 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, 14 February 2025 and the circular of the Company dated 25 March 2025, there were no other events affecting the Group which have occurred since the end of the Reporting Period.

XVIII. Publication of annual results on the website of the Stock Exchange

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

The financial information set out above is derived from the consolidated financial statements for the years ended 31 December 2024 and 2023 prepared in accordance with accounting principles generally accepted in Hong Kong and complies with accounting standards issued by the Hong Kong Institute of Certified Public Accountants, but does not constitute the Company's statutory financial statements for the Reporting Period and the year ended 31 December 2023. Those consolidated financial statements for the Reporting Period, which will contain an unqualified auditors' report, will be delivered to the Companies Registry of Hong Kong, and delivered to shareholders as well as made available on the Company's website at http://energy.coscoshipping.com.

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

Shanghai, the PRC
26 March 2025

As at the date of this announcement, the Board comprises Mr. REN Yongqiang and Mr. ZHU Maijin as executive directors, Mr. WANG Shuqing, Mr. WANG Wei and Ms. WANG Songwen as non-executive directors, Mr. Victor HUANG, Mr. LI Runsheng, Mr. ZHAO Jinsong and Mr. WANG Zuwen as independent non-executive directors.

* *For identification purposes only*