



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

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

(Hong Kong Stock Exchange Stock Code: 01138)

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INTERIM REPORT 2024



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MANAGEMENT DISCUSSION AND ANALYSIS

I. THE MAIN BUSINESSES, OPERATING MODEL OF COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD. (THE “COMPANY”, AND TOGETHER WITH ITS SUBSIDIARIES, THE “GROUP”) AND CONDITIONS OF THE INDUSTRY DURING THE SIX MONTHS ENDED 30 JUNE 2024 (THE “REPORTING PERIOD”)

1. Industry and characteristics

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

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

The LNG carriers have been recognized internationally as ‘three high’ products with high technology, high difficulty and high added value. With the increasing maturity of LNG shipping technology and management expertise, natural gas transportation has shown a clear trend of declining pipeline transportation and rising seaborne LNG transportation in the past decade, and the LNG transportation industry has entered a period of rapid development and stable income. Nowadays, the majority of vessels 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.

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

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

In terms of fleet size, the Group is the world’s largest oil tanker owner, covering all mainstream tanker types, and stands out globally with its complete type of vessels. As of 30 June 2024, the Group owned and controlled 154 oil tankers with a total capacity of 22.43 million Dead Weight Tonnage (“DWT”).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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 30 June 2024, the Group had invested in 85 LNG carriers, all of which are Project Vessels with relatively stable income. Among them, 45 LNG carriers with a capacity of 7.55 million cubic meters have been put into operation; 40 LNG carriers with a capacity of 7.15 million cubic meters are under construction. In recent years, as the LNG carriers, for which the Group is involved in investment and construction, are put into operation, the Group's LNG transportation business has entered the harvest period.

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

China COSCO SHIPPING Corporation Limited (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".

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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

In the overall business structure of the Group, except 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. Meanwhile, the international (foreign trade) oil transportation business provides cyclical elasticity in the Group's operating results.

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

1. International oil shipping market

In the first half of 2024, the growth momentum of global oil demand moderated. According to the U.S. Energy Information Administration (EIA), global oil demand during the Reporting Period was approximately 102 million barrels per day, representing a year-on-year increase of approximately 850,000 barrels per day, with the incremental demand coming mainly from non-Organization for Economic Co-operation and Development (non-OECD) countries. Oil supply was approximately 102 million barrels per day, representing a year-on-year increase of approximately 630,000 barrels per day, with non-Organization of the Petroleum Exporting Countries ("**non-OPEC**") countries leading the growth in global oil supply, offsetting the decline in oil production of Saudi Arabia.

In terms of demand for tanker transportation, in the first half of 2024, the international geopolitics turmoil and the changing global oil trading landscape exerted a continuous impact on oil shipping demand, among which:

Crude oil shipping segment: In the first half of 2024, the volume of global seaborne crude oil transportation trade remained basically flat year-on-year. Although the continued output cuts in Organization of the Petroleum Exporting Countries ("**OPEC**") countries have weighed on oil shipping demand, the steady crude oil exports from the U.S. and Russia, as well as the incremental exports from Brazil and Guyana, have largely compensated for the shortfall in crude oil supply caused by OPEC's output cuts. Meanwhile, the outbreak of the Red Sea crisis has hampered a portion of the Middle East's crude oil trade flowing west of Suez, with small and medium-sized crude oil tankers detouring around the Cape of Good Hope, resulting in a corresponding increase in tonne-mile demand. According to Clarksons, in June 2024, the number of crude oil tankers passing through the Suez Canal fell by approximately 20% compared to the beginning of the year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Product oil shipping segment: In the first half of 2024, the growth of global oil demand and refining capacity slowed down, and the seaborne trade volume of product oil shipping increased slightly by 0.8% year-on-year. Impacted by the Red Sea incident, a large number of product oil tankers worldwide detour around the Cape of Good Hope, driving a significant increase in tonne-mile demand. According to Clarksons, in June 2024, the number of product oil tankers passing through the Suez Canal fell by approximately 40% compared to the beginning of the year.

In terms of tanker supply, the tanker fleet maintained its growth at a low rate. In the first half of 2024, a total of 29 tankers of over 10,000 DWT each, totaling 2.7 million DWT were delivered globally, representing a significant year-on-year decrease in deliveries, of which 1 Very Large Crude Carriers (“VLCC”) was delivered. A total of 4 tankers were demolished globally, one of which was a VLCC. Moreover, as of the end of June 2024, there were 647 new-building orderbooks of tankers, and the orderbook-to-fleet ratio was about 11%. Among them, the new-building order for VLCC only accounted for 7% of that type of vessel. Meantime, the proportion of global tankers over 15 years was as high as 43%, and the global tanker fleet presented a picture of further aging and a lack of investment in new tankers.

From the perspective of freight rate performance, revenue from all types of tankers was at a historically high range, with product oil tankers performing better than crude oil tankers. During the Reporting Period, the overall trend of VLCC freight rates combined the characteristics of seasonality and the optimization of fundamentals. In the first quarter, as the phased tightness of capacity distribution for the Middle East led to a sharp rise in freight rates, accompanied by the continuous export of Atlantic cargoes, the freight rates performed brilliantly; in the second quarter, as refineries entered into the maintenance period, the performance of domestic crude oil imports weakened, overlaid with the continued impact of OPEC’s output cuts, the freight rates gradually declined, but still have a strong bottoming support. According to the Baltic Exchange data, in the first half of 2024, the average daily Time Charter Equivalent (“TCE”) of the VLCC Middle East – China route (TD3C) was 41,629 USD/day, down by 4% compared with that for the corresponding period of last year. In terms of product oil shipping, the detour triggered by the Red Sea incident significantly boosted the tonne-mile demand for product oil tankers and the revenue from LR2 vessels remained at a historically high range. According to the Baltic Exchange data, in the first half of 2024, the average TCE of the LR2 Middle East-Japan route (TC1) was 55,867 USD/day, up by 52% compared with that for the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

2. Domestic oil shipping market

Crude oil shipping: In the first half of 2024, the total volume of the domestic crude oil market was approximately 42.22 million tonnes, representing a year-on-year decrease of approximately 8.85 million tonnes. The volume of offshore oil and pipeline oil remained basically flat year-on-year, and the decrease was mainly reflected in domestic second-range transshipment oil, which was mainly attributable to the following factors: (1) three 100,000-tonne terminals at Dongying Port were put into operation, enabling the local refineries to reduce the demand for transportation from major transshipment ports, such as Qingdao, Dalian, and Ningbo, to Dongying; (2) in the first half of 2024, the overall production profitability of the refineries was poor, and the processing willingness was weakening in phases, and the processing load continued to be low, resulting in a corresponding decrease in demand for raw materials.

Product oil shipping: The total volume of the transportation market declined as a result of the downsizing of domestic product oil trade. In the meantime, the rapid development and increasing market penetration rate of new energy vehicles have had a structural impact on the social consumption of gasoline. As a result of the above factors, the overall domestic product oil transportation market was under pressure.

3. LNG shipping market

During the Reporting Period, the global LNG supply and demand situation remained generally stable. According to Drewry, in the first half of 2024, the global LNG export volume of major export countries amounted to approximately 204 million tons, representing a year-on-year decrease of approximately 2.7%.

According to Drewry, in the first half of 2024, 19 LNG supply and purchase agreements (“SPAs”) were signed globally, which was beneficial for LNG export projects and the LNG shipping market in general. A total of 3 LNG projects completed their final investment decisions (“FIDs”) globally in the first half of the year, namely Marsa LNG, Ruwais LNG and Cedar LNG. In the short term, the slowdown in completion of FIDs delayed the commissioning of those projects, which in turn led to a parallel slowdown in liquefaction capacity growth, with a liquefaction capacity of 13.9 million tonnes/year recorded in the first half of the year falling short of expectations. However, in the medium to long term, the strong demand will continue to support healthy growth in global LNG liquefaction capacity. Overall, the increase in LNG liquefaction capacity and the number of SPAs will continue to boost the LNG transportation business.

As of the end of June 2024, the global LNG fleet consisted of a total of 657 LNG carriers (excluding LNG bunkering vessels, Floating Storage and Regasification Unit (FSRU), Floating Storage Unit (FSU) and Floating Liquefaction Natural Gas (FLNG)), with a total capacity of approximately 108.29 million cubic meters. In the first half of 2024, 24 LNG carriers, each with a capacity of more than 40,000 cubic meters, were delivered worldwide and approximately 68 new orders were placed.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

III. REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD

As of the end of June 2024, the Group held 154 oil tankers with 22.43 million DWT, representing a decrease of 2 vessels with 0.63 million DWT as compared with that as of the end of 2023; and 45 of the LNG carriers with a capacity of 7.55 million cubic meters, for which the Group is involved in investment, have been put into operation.

In the first half of 2024, the Group realized a transportation volume (excluding time charters) of 82.65 million tonnes with a year-on-year decrease of 4.1%; transportation turnover (excluding time charters) of 287.4 billion tonne-miles with a year-on-year increase of 7.5%; revenues from principal operations of RMB11.57 billion with a year-on-year increase of 0.8%; cost of principal operations of RMB7.80 billion with a year-on-year increase of 4.5%, and gross profit margin decreased by 2.4 percentage points year-on-year. The net profit attributable to equity holders of the Company was RMB2.63 billion with a year-on-year decrease of 9.0%, and earnings before interest, taxes, depreciation and amortization (EBITDA) of RMB5.71 billion with a year-on-year decrease of 7.6%.

In the first half of 2024, under the complicated and volatile geopolitical circumstances and oil trading landscape, the Group prepared for steady and solid business performance mainly by working on the following six aspects:

The first aspect is to constantly enrich the structure of customers and routes, so as to grasp business opportunities in the Atlantic market under the changing global trading landscape, and to strengthen the global vessel layouts; the second aspect is to pursue flexible linkage of domestic and international voyages and scientific domestic-to-international voyage transition, so as to realize an organic integration and overall optimization of domestic and international trading businesses; the third aspect is to consolidate and expand stable co-operation with key customers, while developing new customers and exploring growth points of cargo sources and routes; the fourth aspect is to actively pursue international LNG transportation projects, focusing on developing the capacity of stable efficiency in the LNG segment; the fifth aspect is to actively promote technological innovation, empowering operation and management with digitalization, and roll out the application of eco-friendly materials on board; and the sixth aspect is to persist in the compliance risk control and safety management, and to facilitate the realization of a comprehensive coverage of the compliance management system, so as to strictly ensure the safety of vessels in operation and on voyage.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

1. Revenue from principal operations

For the six months ended 30 June 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 the same period in 2023	Increase/ (decrease) in operating costs as compared with the same period in 2023	Increase/ (decrease) in gross profit margin as compared with the same period in 2023 (percentage points)
	(RMB'000)	(RMB'000)	(%)	(%)	(%)	
Domestic crude oil	1,593,965	1,104,350	30.7	(7.2)	(12.2)	3.9
Domestic refined oil	1,245,947	1,017,675	18.3	(2.4)	0.3	(2.2)
Domestic vessel chartering	62,509	60,541	3.1	6.6	16.4	(8.1)
Domestic Oil Shipping Sub-Total	2,902,421	2,182,566	24.8	(4.9)	(6.1)	0.9
International crude oil	4,925,548	3,660,965	25.7	(2.4)	9.7	(8.2)
International refined oil	1,430,618	783,920	45.2	11.2	2.2	4.9
International vessel chartering	1,354,698	714,548	47.3	10.2	14.8	(2.1)
International Oil Shipping Sub-Total	7,710,864	5,159,433	33.1	2.0	9.1	(4.4)
Oil Shipping Sub-Total	10,613,285	7,341,999	30.8	0.0	4.1	(2.7)
International LNG Shipping	958,442	459,864	52.0	10.1	11.1	(0.4)
Total	11,571,727	7,801,863	32.6	0.8	4.5	(2.4)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Principal operations by geographical regions

Geographical regions	Revenue	Operating costs	Gross profit margin	Increase/ (decrease) in revenue as compared with the same period in 2023	Increase/ (decrease) in operating costs as compared with the same period in 2023	Increase/ (decrease) in gross profit margin as compared with the same period in 2023
				(%)	(%)	(percentage points)
Domestic shipping	2,902,421	2,182,566	24.8	(4.9)	(6.1)	0.9
International shipping	8,669,306	5,619,297	35.2	2.8	9.3	(3.8)
Total	11,571,727	7,801,863	32.6	0.8	4.5	(2.4)

2. Shipping business – oil and gas shipping

(1) International oil shipment business

In the first half of 2024, the international tanker fleet of the Group achieved revenue from international oil shipping of RMB7.71 billion, representing a year-on-year increase of 2.0%; gross profit for the segment was RMB2,551 million, representing a year-on-year decrease of 9.9%; and gross profit margin was 33.1%, representing a year-on-year decrease of 4.4 percentage points.

VLCC fleet: In the first half of 2024, the freight rates fluctuated frequently and the pace changed rapidly. In order to enhance the overall fleet efficiency, the Group continued to expand the western markets, seized market opportunities to build triangular routes, balanced the layout of eastern and western routes, 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

International small and medium-sized fleet: Faced with structural changes in international oil trade, the Group formulated corresponding business strategies after keeping a close eye on the trend of the market and grasping the market fluctuation window so as to improve its overall operating efficiency, which mainly includes the following:

- 1) The Group deepened the close co-operation with large international oil companies and traders, enhanced the globalization of fleet capacity layout, paid close attention to the expansion of the Trans Mountain pipeline in Canada and proactively took on incremental cargoes. The Group also actively built triangular routes around high-value-added Oceania routes.
- 2) The Group leveraged the advantages of the fleet in both domestic and foreign trade, focused on enhancing efficiency and effectiveness, and implemented domestic-to-foreign coordination based on domestic and foreign trade market dynamics.

(2) *Domestic oil shipping business*

In the first half of 2024, the domestic oil shipping market generally remained stable. The Group recorded domestic oil shipping revenue of RMB2.90 billion with a year-on-year decrease of 4.9%, gross profit of RMB720 million with a year-on-year decrease of 1.2%, and gross profit margin of 24.8% with a year-on-year increase of 0.9 percentage point.

Operational highlights are as follows:

- 1) The Group signed COA contracts with several key customers and locked more than 90% of the base cargo source. The Group also strengthened the development of new customers and the acquisition of long routes, continuously diversifying customer resources and route structure.
- 2) The Group collaborated with industry partners to adjust the pace of fleet capacity layout, promote the optimization of the business ecosystem and ensure the demand for offshore oil shipping capacity. The Group continued to promote the short routes time charter mode, effectively increasing the average TCE of the fleet.

(3) *LNG shipping business*

In the first half of 2024, the Group realized a net profit attributable to equity shareholders of the Company from the LNG shipping segment of RMB401 million, basically flat year-on-year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Operational highlights are as follows:

- 1) With the LNG long-term contract business as the cornerstone of development, the Group steadily promoted the implementation of LNG shipping projects. During the Reporting Period, CSLNG, a wholly-owned subsidiary of the Group, completed the equity acquisition of seven LNG transportation vessels of Qatar Energy and three LNG transportation vessels of ENN, and CLNG, a joint venture, signed a long-term charter contract with Qatar Energy for two QC MAX ultra-large LNG transportation vessels. As of the end of the Reporting Period, the Group had invested in 85 LNG carriers, representing an increase of 12 vessels as compared to the end of 2023, and the scale of LNG carriers continued to expand.
- 2) Focusing on vessel management, the Group further enhanced its ability to operate and control 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 two LNG carriers of 174,000 cubic meters ahead of schedule and of high quality, creating favorable benefits. COSCO SHIPPING LNG (Hong Kong) Ship Management Co., Ltd, a wholly-owned subsidiary of the Group, successfully acquired one LNG carrier for the PetroChina International LNG Project, and continued to provide customers with safe and efficient transportation services, continuously enhancing its independent ship management capability. At the same time, the Group strengthened the construction of the crew pool, comprehensively selected and trained LNG crews, and built a high-quality crew team and LNG management talent team by focusing on the construction of LNG ordering classes and promoting the transformation of crew into key positions.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

IV. COSTS AND EXPENSES ANALYSIS

For the six months ended 30 June 2024, the composition of the operating costs of the Group's main businesses is as follows:

	For the six months ended 30 June 2024 (RMB'000)	For the six months ended 30 June 2023 (RMB'000)	Increase/ (decrease) (%)	Composition ratio in the six months ended 30 June 2024 (%)
Oil shipping operating costs				
Items				
Fuel costs	2,536,452	2,579,249	(1.7)	34.5
Port costs	369,043	451,297	(18.2)	5.0
Sea crew costs	1,129,978	1,226,838	(7.9)	15.4
Lubricants expenses	160,728	153,007	5.0	2.2
Depreciation	1,426,884	1,279,890	11.5	19.4
Insurance expenses	97,323	94,370	3.1	1.3
Repair expenses	179,322	200,254	(10.5)	2.4
Charter costs	1,212,380	799,574	51.6	16.5
Others	229,889	266,961	(13.9)	3.1
Sub-total	7,341,999	7,051,440	4.1	100.0
LNG shipping operating costs				
Items				
Sea crew costs	116,415	89,870	29.5	25.3
Lubricants expenses	15,432	9,952	55.1	3.4
Depreciation	251,621	211,917	18.7	54.7
Insurance expenses	18,059	12,550	43.9	3.9
Repair expenses	106,113	71,867	47.7	23.1
Others	(47,776)	17,905	(366.8)	(10.4)
Sub-total	459,864	414,061	11.1	100.0
Total	7,801,863	7,465,501	4.5	100.0

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Reasons of the changes in cost and expenses:

(1) *Oil shipping costs*

- 1) Port costs: Port charges decreased by 18.2% year-on-year, mainly due to the year-on-year decrease in domestic fleet capacity layout, and changes in the operating mode of international fleet and route port calls.
- 2) Depreciation: Depreciation increased by 11.5% year-on-year, mainly due to the increase in the depreciation and amortization of ship technical transformation and docking repair and the significant increase in the exchange rate of the U.S. dollar.
- 3) Charter costs: Charter costs increased by 51.6% year-on-year, mainly due to the successive addition of a number of VLCC capacity of CHINA POOL.

(2) *LNG shipping costs*

- 4) LNG shipping operating costs increased by 11.1% year-on-year, mainly due to the put into operation successively of the Project Vessels for PetroChina's project, and the year-on-year increase of the depreciation, sea crew costs and engine expenses.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

V. OPERATING RESULTS OF THE JOINT VENTURES AND THE ASSOCIATES

In the first half of 2024, the two major joint venture and associated shipping companies of the Group realized a total operating revenue of approximately RMB1,801 million and a total net profit attributable to the parent of approximately RMB885 million with a year-on-year increase of 14.1%. The Group recognized investment income from joint ventures and associates of approximately RMB609 million with a year-on-year increase of 7.0%.

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 turnover (billion tonne-miles)	Operating revenue (RMB'000)	Net profit (attributed to the parent) (RMB'000)
CLNG	50%	38.78	611,886	475,694

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 turnover (billion tonne-miles)	Operating revenue (RMB'000)	Net profit (attributed to the parent) (RMB'000)
Shanghai Beihai Shipping Company Limited	40%	9.71	1,188,682	409,650

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

VI. FINANCIAL ANALYSIS

1. Net cash generated from operating activities

The Group's principal sources of liquidity are cash flow from operating activities and bank borrowings. The Group's cash is mainly used for operating expenses, repayment of loans, construction of new vessels. The net cash generated from operating activities of the Group for the Reporting Period was approximately RMB3,586,631,000, representing a decrease of approximately 22% as compared to approximately RMB4,607,220,000 for the six months ended 30 June 2023. The decrease in net cash generated from operating activities compared to the previous period was due to new short-term vessel charter expenses and increased taxes paid. The Group expects that capital needs for regular working capital and capital expenditure can be funded by the internal cash flow of the Group or external financing.

2. Capital commitments

		30 June 2024 RMB'000	31 December 2023 RMB'000
	Note		
Authorised and contracted but not provided for:			
Construction and purchases of vessels	(i)	<u>11,263,717</u>	<u>13,735,816</u>
		<u>11,263,717</u>	<u>13,735,816</u>

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

3. Capital structure

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

It is the intention of the Group to maintain an appropriate composition of equity and debt to constantly achieve an effective capital structure.

The Group's net debt-to-equity ratio as at 30 June 2024 and 31 December 2023 is as follows:

	30 June 2024 RMB'000	31 December 2023 RMB'000
Total debts	29,958,445	29,720,403
Less: cash and bank	(4,305,733)	(5,627,218)
Net debt	25,652,712	24,093,185
Total equity	38,422,714	37,103,323
Net debt-to-equity ratio	67%	65%

As at 30 June 2024, the balance of cash and bank amounted to RMB4,305,733,000, representing a decrease of RMB1,321,485,000 and by 23% 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 30 June 2024, the Group's net gearing ratio (i.e. net debts over total equity) was 67%, which was 2% higher than that as at 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

4. Trade and bills receivables and contract assets

	30 June 2024 RMB'000	31 December 2023 RMB'000
Trade and bills receivables from third parties	1,303,689	585,971
Trade receivables from related companies (Note)	173,001	4,000
	<u>1,476,690</u>	<u>589,971</u>
Less: allowance for doubtful debts	<u>(9,211)</u>	<u>(7,370)</u>
	<u>1,467,479</u>	<u>582,601</u>
Current contract assets relating to oil shipment contracts	1,267,047	1,562,196
Less: allowance	<u>(11,394)</u>	<u>(11,030)</u>
Total contract assets	<u>1,255,653</u>	<u>1,551,166</u>

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

	30 June 2024 RMB'000	31 December 2023 RMB'000
Within 1 year	1,454,099	573,567
1–2 years	13,380	8,909
Over 2 years	–	125
	<u>1,467,479</u>	<u>582,601</u>

5. Trade and bills payables

	30 June 2024 RMB'000	31 December 2023 RMB'000
Trade and bills payables to third parties	1,026,318	887,735
Trade payables to fellow subsidiaries	662,312	795,895
Trade payables to associates	5,911	5,692
Trade payables to related companies (Note)	23,779	18,554
	<u>1,718,320</u>	<u>1,707,876</u>

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

	30 June 2024 RMB'000	31 December 2023 RMB'000
Within 1 year	1,601,212	1,583,641
1–2 years	36,431	66,373
Over 2 years	80,677	57,862
	<u>1,718,320</u>	<u>1,707,876</u>

6. Derivative financial instruments

As at 30 June 2024, the Group had interest rate swap agreements with total notional principal amount of approximately USD686,578,000 (equivalent to approximately RMB4,893,104,000) (31 December 2023: approximately USD703,736,000 (equivalent to RMB4,984,351,000)) which will be matured 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.

During the period, the floating interest rates of the bank borrowings were SOFR plus 2.45% and SOFR plus 1.66% (six months ended 30 June 2023: 3-month LIBOR plus 2.20% and 3-month LIBOR plus 1.40%) per annum.

As at 30 June 2024 and 31 December 2023, the Group has the following derivative financial instruments:

	30 June 2024 RMB'000	31 December 2023 RMB'000
Non-current assets		
Interest rate swaps-cash flow hedges	<u>279,024</u>	<u>92,083</u>
Total non-current derivative financial instrument assets	<u>279,024</u>	<u>92,083</u>
Non-current liabilities		
Interest rate swaps-cash flow hedges	<u>–</u>	<u>9,426</u>
Total non-current derivative financial instrument liabilities	<u>–</u>	<u>9,426</u>

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

7. Interest-bearing bank and other borrowings

As at 30 June 2024 and 31 December 2023, details of the interest-bearing bank and other borrowings are as follows:

		30 June 2024	31 December 2023
	Maturity	RMB'000	RMB'000
Current liabilities			
(i) Bank borrowings			
Secured	2024 to 2025	1,416,433	1,632,026
Unsecured	2024 to 2025	2,748,068	2,995,425
		<u>4,164,501</u>	<u>4,627,451</u>
(ii) Other borrowings			
Unsecured	2024 to 2025	<u>108,292</u>	<u>79,801</u>
Interest-bearing bank and other borrowings – current portion		<u><u>4,272,793</u></u>	<u><u>4,707,252</u></u>
Non-current liabilities			
(i) Bank borrowings			
Secured	2025 to 2037	14,881,453	14,536,846
Unsecured	2025 to 2026	<u>4,834,953</u>	<u>5,323,728</u>
		<u>19,716,406</u>	<u>19,860,574</u>
(ii) Other borrowings			
Secured	2025 to 2041	832,800	166,560
Unsecured	2025 to 2032	<u>3,227,804</u>	<u>2,889,952</u>
		<u>4,060,604</u>	<u>3,056,512</u>
Interest-bearing bank and other borrowings – non-current portion		<u><u>23,777,010</u></u>	<u><u>22,917,086</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

As at 30 June 2024, the Group's interest-bearing bank borrowings were secured by pledges of the Group's 35 (31 December 2023: 34) vessels and 3 (31 December 2023: 3) vessels under construction with total net carrying amount of RMB23,730,579,000 (31 December 2023: RMB22,716,424,000) and RMB1,949,448,000 (31 December 2023: RMB1,328,920,000) respectively.

As at 30 June 2024, secured bank borrowings denominated in USD amounted to RMB15,922,817,000 (31 December 2023: RMB15,725,723,000) and unsecured bank borrowings denominated in USD amounted to RMB3,058,110,000 (31 December 2023: RMB3,891,235,000).

8. Contingent liabilities and guarantee

- (1) 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 lessees 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 RMB58,440,000). The guarantee period is limited to the lease period.
- (2) 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 30 June 2024, the aggregate amount of the guarantees provided to the shipbuilders and lessees was USD276,120,000 (equivalent to approximately RMB1,967,852,000) and USD11,238,000 (equivalent to approximately RMB80,091,000) respectively, and the guarantee periods are limited to the lease periods.
- (3) 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 RMB2,690,367,000) 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 30 June 2024, the balance of the guarantees was USD273,629,000 (equivalent to approximately RMB1,950,102,000).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

9. Foreign exchange risk management

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

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

As at 30 June 2024, if USD had strengthened or weakened by 1% against RMB with all other variables held constant, profit before tax for the year would have been RMB46,574,000 higher/lower (31 December 2023: RMB52,347,000 higher/lower), mainly as a result of foreign exchange gains or losses on translation of USD denominated cash and bank, receivables, payables and borrowings.

10. Interest rate risk management

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

VII. FLEET DEVELOPMENT

For the six months ended 30 June 2024, the cash expenditure for the construction and purchase of new vessels, was approximately RMB2.217 billion.

In terms of fleet development, for the six months ended 30 June 2024, the Group's subsidiaries received 2 LNG carriers with a total capacity of 348,000 cubic meters.

As at 30 June 2024, the specific composition of the Group's, and joint ventures' and associates' fleet was as follows:

Oil and chemical tanker fleet	Vessels in operation			Vessels under construction	
	Number	'0000 DWT	Average age	Number	'0000 DWT
Oil tankers of the Group	148	2,083	12.4	6	52.3
Chemical tankers of the Group	0	0	–	2	1.3
Long-term charter-in oil tankers	6	159	11.1	–	–
Oil tankers of the joint ventures and associates	16	99	10.7	1	15.0
Total	170	2,342	12.2	9	68.6

LNG carrier fleet	Vessels in operation			Vessels under construction	
	Number	'0000 cubic meters	Average age	Number	'0000 cubic meters
LNG carriers of the Group	11	192	4.2	8	139.5
LNG carriers of the joint ventures and associates	34	563	7.2	32	575.8
Total	45	755	6.5	40	715.3

VIII. OUTLOOK AND HIGHLIGHTS OF THE SECOND HALF OF 2024

1. Landscape and trends in the industry

(1) *International oil shipping market*

In the second half of 2024, the supply and demand fundamentals will remain at a healthy level, supporting the boom in the oil shipping industry. The international geopolitical situation, as well as changes in the global oil trade, will increase the volatility of freight rates.

Global oil demand is expected to maintain a growth trend, but under the impact of the overall recovery of the global economy under pressure, the growth rate of oil consumption shows signs of slowing down, with the incremental growth mainly from China and India. Oil supply is expected to maintain moderate growth, and although OPEC announced that it would gradually withdraw 2.2 million barrels per day of voluntary production cuts from October, the impact of OPEC output cuts will still act on the oil market in the short term, with supply increase coming from non-OPEC countries, primarily in Brazil, Guyana and other Atlantic regions.

In terms of transportation demand, based on the forecast of Clarksons, the crude oil tonne-mile demand and product oil tonne-mile demand is expected to grow by 3.3% and 7.5%, respectively year-on-year in 2024. The Red Sea crisis will determine the direction of oil trade through the Suez Canal, and the detours of small and medium-sized tankers will increase the overall transport distance. At the same time, in the context of the growth of oil exports from the United States, Brazil and Guyana, the Atlantic-Asia oil trade will bring longer distance routes to the transportation market. Based on the forecast of the National Oceanic and Atmospheric Administration (NOAA), four to seven severe hurricanes are predicted in 2024, which are more active than historical averages and will create uncertainty in the oil transportation market.

In terms of tonnage supply, based on the report of Clarksons, in 2024, the crude oil tanker tonnage is expected to grow at a rate of -0.1% and the product oil tanker tonnage is expected to grow at a rate of 1.8%, with the growth rate of transport demand being greater than the growth rate of tonnage supply. In particular, VLCC tonnage continues to maintain a low growth trend, with one new ship expected to be delivered in the second half of 2024 and five new ships expected to be delivered in 2025.

Looking ahead, the aging global fleet, uncertain fuel technology paths, high new-building prices, tight shipyard production capacity in the short term, and the ongoing implementation of environmental protection policies are all contributing to a tense situation of “the growth rate of new ships is not as fast as the aging rate” on the tonnage supply. The development trend of global refining “from west to east” will also drive longer oil trade routes, which will in turn increase the demand for oil tanker transportation. Supported by the above fundamental factors, the oil shipping market will enter a sustained boom cycle.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(2) *Domestic oil shipping market*

In the second half of the year, domestic demand for crude oil transportation is still under downward pressure. The sluggish consumption of refined oil and chemical products may persistently affect refinery efficiency, leading to further downward pressure on transportation demand. However, with the arrival of the traditional peak season at the end of the third quarter, the market is expected to see a short-term boost. In addition, in terms of offshore oil terminal production, although the commissioning of the new Wushi terminal in the South China Sea had positively impacted the market, its relatively small output contribution to transportation increase remains limited.

Under the background that the layout optimization of domestic refineries has been formed, the demand for long routes and trade-oriented product oil transportation will be greatly reduced, and domestic product oil transportation is expected to be under pressure.

(3) *LNG shipping market*

According to the forecast of Drewry, global LNG trade volume will reach 424 million tons in 2024, representing a year-on-year increase of 3.9%, mainly due to the strong demand from China and other Asian countries, as well as the active trade between the United States, Asia and Europe. In the second half of 2024, the market will enter the traditional peak season supported by the demand for replenishment before the heating season. The La Nina phenomenon may cause low temperature in winter, which may expand the demand for LNG. However, with healthy stocks and sufficient renewable energy generation in Europe, the peak season demand growth rate of the LNG shipping market is projected to be more moderate compared to last year.

In the medium to long term, the outlook for LNG trade remains positive. The current global LNG production capacity is about 485.3 million tons/year, and it is expected to reach nearly 826.4 million tons/year in 2029, with an average compound annual growth rate of approximately 11%. A significant amount of new liquefaction capacity will enter the market in the next few years, and most of the increase will be provided by the United States. In the first half of 2024, about 19 LNG supply and sales agreements have been signed worldwide, with a total capacity of about 14.90 million tons/year. A number of projects in the planning stage are expected to reach final investment decisions (FIDs) in the second half of 2024. Meanwhile, the increase in the number of long-distance LNG trading projects will also benefit the LNG shipping market, pushing traders to lock in more shipping capacity in advance.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

2. Highlights for the second half of 2024

In the second half of 2024, in the face of the complex and volatile international trade and geopolitical situation, the Group will continue to provide a solid transportation guarantee for the global energy supply chain and continuously improve the customer-oriented global service network. Meanwhile, the Group will closely follow the development trend of the global energy transportation industry chain, optimize and adjust the strategic layout, enhance the business resilience of the Company in the face of changes in the external environment, and promote the steady improvement of sustainable development capabilities.

(1) Promote the overall improvement of business effectiveness and efficiency

- 1) In terms of international oil transportation, the Group will closely monitor the changes in the international oil trade pattern, optimize global capacity layout, and enhance its global operation capability. Moreover, the Group will fully utilize the resource and layout advantages of its overseas marketing outlets, plow into the Atlantic market, focus on the development of new customers and new routes, and focus on the development of high-profit cargoes and establishment of triangle routes with an efficiency-oriented view. The Group will pay close attention to the market trends of the domestic and foreign trade, and take the opportunity to implement the business linkage of domestic and international transportation, and crude oil and product oil transportation.
- 2) In terms of domestic oil transportation, the Group will continue to give play to its leading advantages in the domestic market, strengthen the efficiency and profitability of the fleet, maintain co-operation with important customers, and improve the quality of transportation services; develop high-quality new customers, pay attention to the development scale of private enterprises, and further enhance the ability to control market cargo sources.
- 3) The Group will closely track key LNG projects and actively match the potential needs of important customers; strictly monitor ship construction and optimize LNG independent ship management capability; consolidate and develop the innovative mode of ordering class for LNG crew, accelerate the construction of LNG senior crew team and management personnel team, and enhance the overall strength of LNG shipping.
- 4) The Group will carry out lean management and promote cost control as a whole, focus on total factor labor productivity, further reduce and control the cost of fuel procurement, and strengthen the control of port fees.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(2) *Accelerate digital upgrading and scientific and technological innovation fostering*

- 1) The Group will coordinate the overall transformation and upgrade of digital intelligence. With the help of external combing and diagnosis, the Group will complete the evaluation of digital transformation maturity, the identification and combing of opportunities for digital scenarios of technological innovation, and the design of application architecture. Driven by internal independent demand, the Group will focus on navigation safety, equipment safety, cost control and other key points, so as to promote the second phase of the ship intelligent management platform project. At the same time, the Group will accelerate the digital construction of compliance risk control and enhance the efficiency, accuracy and pertinence of compliance risk control. The Group will accelerate the research and promotion of projects such as the digitalization of integrated management system, the construction of customer service and management system, and the construction of the LNG operation platform.
- 2) The Group will focus on key areas such as artificial intelligence, environmental protection and energy conservation, and new energy fuels to strengthen basic research and technology application. The Group will analyze and summarize the real ship verification of the propeller skin drag reduction material to form the landing mode experience and strengthen the product application and promote the research results. The Group will strengthen external communication with universities and research institutes, promote the establishment of a long-term scientific research co-operation mechanism, and strengthen the deep integration of “production, learning, research and application” in various forms such as entrusted research and development and joint development, so as to accelerate the application and transformation of scientific and technological innovation achievements.

(3) *Stick to intrinsic safety and improve the level of safety risk management*

- 1) The Group will strengthen pre-control management, especially the tracking and prevention of disastrous weather, key ships, ships in key areas and key periods. The Group will use information technology to improve the implementation of safety measures such as collision prevention, piracy prevention, work injury prevention, pollution prevention, fire prevention and explosion prevention.
- 2) The Group will establish a sound coordination mechanism for compliance and risk control. The Group will closely follow the changes in the global policy situation, strengthen the study of rules in key areas such as international trade, and dynamically adjust the risk control mechanism; ensure compliance management, enhance coordination and communication with upstream and downstream entities in the industrial chain, and enhance the ability to deal with risks jointly.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

IX. OTHER MATTERS

1. Changes in directors (the “Directors”), supervisors (the “Supervisors”) and senior management of the Company

(1) Appointment of Mr. Zhang Yong (“Mr. Zhang”)

At the board (the “Board”) meeting of the Company held on 28 June 2024, the appointment of Mr. Zhang as a deputy general manager of the Company was approved by the Board of Directors. Mr. Zhang’s term of office has commenced from the date of approval by the Board to April 2025. For further details, please refer to the announcement of the Company dated 28 June 2024.

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

2. Substantial shareholders’ and other persons’ interests in shares and underlying shares

As at 30 June 2024, so far as was known to the Directors, Supervisors or chief executive(s) of the Company, the interests or short positions of the shareholders who are entitled to exercise or control 5% or more of the voting power at any general meeting or other persons (other than a Director, supervisor or chief executive(s) of the Company) in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) were as follows:

Name of substantial shareholders	Class of shares ⁽¹⁾	Number of shares held ⁽¹⁾	Percentage of the total number shares of the relevant class ⁽²⁾	Percentage of the total number of issued shares ⁽²⁾
China Shipping Group Company Limited (“China Shipping”) ⁽³⁾	A	1,536,924,595 (L)	44.23%	32.22%
COSCO SHIPPING ⁽³⁾	A	2,156,350,790 (L)	62.06%	45.20%
Citigroup Inc. ⁽⁴⁾	H	89,871,735 (L)	6.93%	1.88%
		2,420,591 (S)	0.19%	0.05%
		86,912,474 (P)	6.71%	1.82%

Notes:

- A – A share
H – H share
L – Long position
S – Short position
P – Lending pool

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

2. As at 30 June 2024, the total issued share capital of the Company was 4,770,776,395 shares of which 1,296,000,000 were H shares and 3,474,776,395 were A shares.
3. China Shipping directly held 1,536,924,595 A shares in its capacity as beneficial owner. COSCO SHIPPING directly held 619,426,195 A shares in its capacity as beneficial owner, accounting for approximately 17.83% and 12.98% of the A shares and of the total issued share capital of the Company as at 30 June 2024, respectively. COSCO SHIPPING is the sole shareholder of China Shipping. Therefore, COSCO SHIPPING (itself and through its subsidiaries) was deemed to be interested in the 1,536,924,595 A shares held by China Shipping by virtue of the SFO, and was interested in 2,156,350,790 shares in total.
4. As at 30 June 2024, in accordance with the information disclosed to the Company by Divisions 2 and 3 of Part XV of the SFO, Citigroup Inc. held the H shares of the Company through a number of subsidiaries, of which 2,959,261 H shares (long position) and 2,420,591 H shares (short position) are held by it as interest of corporation controlled by it, 86,912,474 H shares (long position) are held in the capacity as approved lending agent.

Save as disclosed above, as at 30 June 2024, no other person (other than Directors, Supervisors or chief executive(s) of the Company) had any interests or short positions in any shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or any interests or short positions recorded in the register kept by the Company pursuant to Section 336 of the SFO or any interests or short positions which have been notified to the Company and the Hong Kong Stock Exchange.

3. Directors' and Supervisors' interests in contracts

As at 30 June 2024 or during the Reporting Period, none of the Directors or Supervisors, or an entity connected with a Director or a Supervisor, had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party.

4. Incentive scheme

On 10 May 2024, an A share option incentive scheme (the **"2023 Share Option Incentive Scheme"**) was approved by shareholders at the extraordinary general meeting and class meetings of, and adopted by, the Company. Pursuant to the authorization granted by the general meeting of the Company, the Board approved 10 May 2024 as the date of initial grant (the **"Initial Grant"**) and agreed to grant 22,309,600 share options (the **"Share Option(s)"**) as Initial Grant under the 2023 Share Option Incentive Scheme to 107 participants who met the conditions for grant at an exercise price of RMB13.00 per A share. On 28 June 2024, the registration procedure for the Initial Grant under the 2023 Share Option Incentive Scheme at the China Securities Depository and Clearing Corporation Limited Shanghai Branch was completed.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The participants under the 2023 Share Option Incentive Scheme include Directors (excluding independent non-executive Directors), senior management and the essential management and technical caliber of the Group who have direct impact on the operating performance and sustainable development of the Company. Such participants do not include Supervisors, independent Directors, non-executive Directors, shareholders or de facto controllers of the Company who individually or collectively hold 5% or more of the Shares, or their spouses, parents or children. There were no participants with share options granted and to be granted in excess of the individual limit of 1% and no related entity participants or service providers.

The details of the participants for the Initial Grant are set out in the table below:

Name	Position(s)	Share Options granted (ten thousands)	Proportion to the total Share Options in the Initial Grant
I. Directors, chief executive and senior management			
Ren Yongqiang	Executive Director, Chairman, Secretary of Party Committee	28.32	1.269%
Zhu Maijin	Executive Director, General Manager, Deputy Secretary of Party Committee	26.93	1.207%
Qin Jiong	Deputy General Manager, Member of Party Committee	20.98	0.940%
Yu Bozheng	Deputy General Manager, Member of Party Committee	20.98	0.940%
Tian Chao	Chief Accountant, Member of Party Committee	19.68	0.882%
Chen Jianrong	Deputy General Manager, Member of Party Committee	19.42	0.870%
Zhang Yong (appointed from 28 June 2024)	Deputy General Manager, Member of Party Committee	31.27	1.402%
Ni Yidan	Secretary to the Board	16.49	0.739%
Subtotal (8 persons)		184.07	8.251%
II. Other participants			
Core management at the headquarters (61 persons)		1,216.72	54.538%
Core management of subsidiaries (38 persons)		830.17	37.211%
Total Initial Grant (107 persons)		2,230.96	100.000%

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Details of movement of share options granted under the 2023 Share Option Incentive Scheme during the Reporting Period were as follows:

Name or category of participants	Number of share options						Date of grant	Vesting period ⁽¹⁾	Exercise period ⁽²⁾⁽³⁾	Exercise price (RMB)
	As at 1 January 2024	Granted during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Exercised during the Reporting Period	Outstanding as at 30 June 2024 (ten thousands)				
		(ten thousands)	Period	Period	Period	thousands)				
I. Directors, chief executive and senior management										
Ren Yongqiang (Executive Director)	-	28.32	-	-	-	28.32	10 May 2024	2 years from date of grant	11 May 2026 to 10 May 2031	13.00
Zhu Majjin (Director and General Manager)	-	26.93	-	-	-	26.93	10 May 2024	2 years from date of grant	11 May 2026 to 10 May 2031	13.00
Qin Jiong (Deputy General Manager)	-	20.98	-	-	-	20.98	10 May 2024	2 years from date of grant	11 May 2026 to 10 May 2031	13.00
Yu Bozheng (Deputy General Manager)	-	20.98	-	-	-	20.98	10 May 2024	2 years from date of grant	11 May 2026 to 10 May 2031	13.00
Tian Chao (Chief Accountant)	-	19.68	-	-	-	19.68	10 May 2024	2 years from date of grant	11 May 2026 to 10 May 2031	13.00
Chen Jianrong (Deputy General Manager)	-	19.42	-	-	-	19.42	10 May 2024	2 years from date of grant	11 May 2026 to 10 May 2031	13.00
Zhang Yong (Deputy General Manager) ⁽⁴⁾	-	31.27	-	-	-	31.27	10 May 2024	2 years from date of grant	11 May 2026 to 10 May 2031	13.00
Ni Yidan (Secretary to the Board)	-	16.49	-	-	-	16.49	10 May 2024	2 years from date of grant	11 May 2026 to 10 May 2031	13.00
II. Other participants										
Other essential management and core technical personnel (99 participants)	-	2,046.89	-	-	-	2,046.89	10 May 2024	2 years from date of grant	11 May 2026 to 10 May 2031	13.00
Total	-	2,230.96	-	-	-	2,230.96				

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Notes:

- (1) Vesting period represents the period from the date of grant to the exercise date of a Share Option, which shall be a period of 24 months pursuant to the relevant requirements of the State-owned Assets Supervision and Administration Commission of the State Council, the PRC (“**SASAC**”).
- (2) Share Options can be exercised after 24 months from the grant. Exercise date must be a trading day. Upon fulfillment of effective conditions and during the exercise period, the first 33% of the total Share Options granted to the participants can be exercised on the first trading day after expiry of 24 months (after the second full year) from the date of grant and ending on the last trading day of the 36 months from the date of grant (i.e., from 11 May 2026 to 10 May 2027). The second 33% of the total Share Options granted to the participants can be exercised on the first trading day after expiry of 36 months (after the third full year) from the date of grant and ending on the last trading day of the 48 months from the date of grant (i.e., from 11 May 2027 to 10 May 2028). The third 34% of the total Share Options granted to the participants can be exercised on the first trading day after expiry of 48 months (after the fourth full year) from the date of grant and ending on the last trading day of the 84 months from the date of grant (i.e., from 11 May 2028 to 10 May 2031).
- (3) The 2023 Share Option Incentive Scheme includes performance conditions based on the growth of the future performance targets of the Company. Upon the fulfilment of the relevant conditions by all performance indicators, the Share Options can become effective according to the effectiveness arrangement only when there is no occurrence of circumstance which has prohibited the effectiveness of the Share Options as set out by the requirements of the SASAC and the China Securities Regulatory Commission (“**CSRC**”). Such specific effective conditions comprise (i) performance conditions on company level, which include targets of EOE attributable to owners of the Company, compound growth rate of the total profit compared with that of the Company for the financial year ended 31 December 2022, and economic value added (EVA); and (ii) individual comprehensive appraisal and assessment results of the participants under the 2023 Share Option Incentive Scheme. Only the effective Share Options can be exercised, the portion not effective cannot be exercised. For further details of the specific effective conditions, please refer to the section headed “G. CONDITIONS OF GRANT AND EFFECTIVENESS UNDER THE SCHEME – 3. Performance conditions for the Share Options to become effective” in Appendix I to the circular of the Company dated 23 April 2024.
- (4) Mr. Zhang Yong was appointed as a deputy general manager of the Company since 28 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

The closing price of A Shares immediately before the date on which the Share Options were granted on 10 May 2024 was RMB17.01 per A Share. The fair value of the Share Options granted on 10 May 2024 was RMB17.15 per A Share at the date of grant. In accordance with the “Accounting Standards for Enterprises No. 11 – Share-based Payments and Accounting Standards for Enterprises” and “Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments” issued by the Ministry of Finance of the People’s Republic of China and the requirements of the SASAC, the Company selected the internationally adopted Black-Scholes Option Pricing Model to measure the fair value of the Share Options granted on 10 May 2024, being the date of grant. The values of all parameters of the valuation model and descriptions are as follows:

Valuation factor	Value of factors	Brief description
Expected volatility	51.77%	Historical share price volatility of the Company in the same period
Expected dividend yield	0%	According to valuation principles and the regulatory requirements of the SASAC, if a share option scheme has stipulated the principle for adjustment to the exercise price after distribution of dividends by the Company, the expected dividend rate will no longer be considered in the fair value valuation of a share option and 0% will be used as an input
Risk-free interest rate	2.0589%	According to the 3.83-year national bond rate linearly simulated from the yield of the 3-year and 5-year PRC treasury bond as at the valuation benchmark date
Expected life	3.83 years	Expected life = $0.5 \times (\text{weighted expected effective period} + \text{total effective life})$, being: $0.5 \times [33\% \times (2 + 3) + 33\% \times (3 + 4) + 34\% \times (4 + 7)] = 3.83 \text{ (years)}$
Exercise price	RMB13.00	The relevant exercise price required by the CSRC and the SASAC
Market price of A Shares	RMB17.15	The closing price of A Shares of the Company on 10 May 2024

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Based on the valuation model and the measurement of various data as at 10 May 2024, the unit cost of the Share Options granted is RMB8.53 and the total cost of the 22,309,600 Share Options granted is RMB190,300,888.

During the Reporting Period, there were no lapses or cancellations of the Share Options under the 2023 Share Option Incentive Scheme.

During the Reporting Period and as at the date of this report, apart from the 2023 Share Option Incentive Scheme, the Company had no other effective share schemes. On 10 May 2024, the Board considered and approved the Proposal on Adjustment of the Number of the Initial Grant of the 2023 Share Option Incentive Scheme at the fourth meeting of the Board in 2024. Given the internal adjustment of some participants proposed to be granted Share Options under the 2023 Share Option Incentive Scheme, the Board has adjusted the number of Share Options granted under the 2023 Share Option Incentive Scheme according to the authorization of the general meeting. After the adjustment, the total number of Share Options of the Initial Grant is reduced from 22,465,500 to 22,309,600. Accordingly, the total number of options available for grant under the scheme mandate of the 2023 Share Option Incentive Scheme as at the date of grant (10 May 2024) and as at the end of the Reporting Period (30 June 2024) were 27,926,000 (comprising 22,309,600 Share Options under the Initial Grant and 5,616,400 Share Options reserved under the 2023 Share Option Scheme) and 5,616,400 (being the Share Options reserved under the 2023 Share Option Incentive Scheme), respectively. The total number of A shares that may be issued in respect of Share Options granted under the 2023 Share Option Incentive Scheme during the Reporting Period is 22,309,600 A Shares, representing 0.64% of the weighted average number of A shares in issue during the Reporting Period.

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

As at 30 June 2024, the Directors, Supervisors and chief executive(s) of the Company who had an interest or a short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO that was required to be entered into the register kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules were as follows:

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

Name of Director	Nature of interest	Class of shares ⁽¹⁾	Number of shares held ⁽²⁾	Approximate percentage of the total number of shares of the relevant class ⁽³⁾	Approximate percentage of the total number of issued shares ⁽³⁾
Zhu Maijin	Beneficial owner	A	102,980 (L)	0.00296%	0.00216%
Zhao Jinsong	Beneficial owner	H	6,000 (L)	0.00046%	0.00013%

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Notes:

1. A – A shares
H – H shares
2. L – Long position
3. As at 30 June 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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

3. As at 30 June 2024, the total issued share capital of COSCO SHIPPING Holdings Co., Ltd. was 15,960,605,965 shares, of which 3,199,780,000 were H shares and 12,760,825,965 were A shares.

As at 30 June 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 30 June 2024, the total issued share capital of COSCO SHIPPING Ports Limited was 3,672,260,399 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 30 June 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.

6. Directors' and Supervisors' rights to acquire shares or debentures

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

7. 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.

8. 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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 strategy committee (the “**Strategy Committee**”), a nomination committee (the “**Nomination Committee**”) and a risk control and compliance management committee (the “**Risk Control and Compliance Management Committee**”) with defined terms of reference.

9. Audit Committee

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 three independent non-executive Directors, namely Mr. Victor Huang (chairman), Mr. Wang Wei and Mr. Zhao Jinsong.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 and this interim results announcement and has met with the independent auditor, PricewaterhouseCoopers, who has reviewed the interim financial information in accordance with Hong Kong Standard on Review Engagements 2410. 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.

10. 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.

11. 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

12. Strategy Committee

The Strategy Committee of the Company comprises six members (including two executive Directors, two non-executive Directors, and two independent non-executive Directors), namely Mr. Ren Yongqiang (chairman), Mr. Zhu Maijin, 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.

13. Risk Control and Compliance Management Committee

The Risk Control and Compliance Management Committee of the Company consists of three members (including 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.

14. 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.

15. 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 30 June 2024, the Group had 7,711 (as at 30 June 2023: 8,339) employees. During the Reporting Period, the total staff costs was approximately RMB1,697 million (for the same period in 2023: approximately RMB1,736 million).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

16. Investor relations

The Company has actively and faithfully performed its duties regarding disclosure of information and its work on investor relations. The Company has strictly abided by the principles of regular, accurate, complete and timely disclosure of information. The Company has established a designated department responsible for matters concerning investor relations and has formulated the “Investor Relations Management Measures” to regulate the relations with investors. Through various approaches and channels such as organizing results presentation, roadshow, telephone conference, corporate website, investors’ visits to the Company and answering investors’ enquires, the Company strengthens its communication and relationship with investors and analysts, thereby enhancing investors’ recognition of the Company.

The Company has maintained an investor relations section on its website at energy.coscoshipping.com to disseminate information to its investors and shareholders on a timely basis.

If shareholders and investment institutions need to conduct related exchanges with the Company, they can make enquiries through channels such as the Company’s investor relations email address and telephone number, and the above contact information has been published in the Financial Report and website of the Company.

17. Material acquisition and disposal

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

18. Significant investments and future plans for material investments or capital assets

As at 30 June 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.

19. Events after the Reporting Period

Due to update on industrial and commercial registration system, the registered address of the Company has been changed to “Room A-1015, No. 188 Ye Sheng Road, China (Shanghai) Pilot Free Trade Zone Lingang Special Area, the People’s Republic of China”. The expressions of “Lingang Special Area” have been added to the registered address of the Company in its new business licence, but the actual location of the Company’s registered address remains unchanged. For details, please refer to the announcement of the Company dated 1 August 2024.

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

Shanghai, the PRC
29 August 2024

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION



羅兵咸永道

To the Board of Directors of COSCO SHIPPING Energy Transportation Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 42 to 92, which comprises the interim condensed consolidated statement of financial position of COSCO SHIPPING Energy Transportation Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2024 and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	Note	(Unaudited) RMB'000	(Unaudited) RMB'000
Revenues	5	11,571,727	11,483,491
Operating costs	8	(7,801,863)	(7,465,501)
Gross profit		3,769,864	4,017,990
Other income and other gains, net	6	237,973	704,184
Marketing expenses	8	(32,231)	(28,987)
Administrative expenses	8	(498,768)	(479,330)
Provision for impairment losses on financial and contract assets		(2,202)	(14,226)
Other expenses		(51,920)	(70,711)
Share of profits of associates		260,465	212,474
Share of profits of joint ventures		348,577	356,844
Finance costs	7	(688,243)	(754,807)
Profit before tax		3,343,515	3,943,431
Income tax expense	9	(545,703)	(854,166)
Profit for the period		2,797,812	3,089,265
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss, net of tax:</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income/(loss)		54,976	(34,010)
Remeasurement of defined benefit plan payable		–	2,442
Exchange differences from retranslation of financial statements of subsidiaries		15,803	35,539
<i>Items that may be reclassified to profit or loss, net of tax:</i>			
Exchange differences from retranslation of financial statements of subsidiaries, joint ventures and associates		48,078	382,797
Net profit/(loss) on cash flow hedges		253,114	(25,040)
Hedging loss reclassified to profit or loss		(52,137)	(12,760)
Share of other comprehensive (loss)/income of associates		(32,137)	52,852
Share of other comprehensive income of joint ventures		33,464	179,107
Other comprehensive income for the period		321,161	580,927
Total comprehensive income for the period		3,118,973	3,670,192

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

For the six months ended 30 June 2024

		Six months ended 30 June	
	Note	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Profit for the period attributable to:			
Equity holders of the Company		2,634,620	2,894,849
Non-controlling interests		163,192	194,416
Profit for the period		2,797,812	3,089,265
Total comprehensive income for the period attributable to:			
Equity holders of the Company		2,826,254	3,459,893
Non-controlling interests		292,719	210,299
		3,118,973	3,670,192
Earnings per share			
	10		
– Basic (RMB cents/share)		55.22	60.68
– Diluted (RMB cents/share)		55.22	60.60

The notes on pages 50 to 92 form an integral part of this interim condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
	Note		
NON-CURRENT ASSETS			
Investment properties		2,259	2,259
Property, plant and equipment	12	51,112,002	50,050,525
Right-of-use assets	13	544,741	651,392
Goodwill		73,325	73,325
Investments in associates	14	5,603,945	5,011,950
Investments in joint ventures	15	6,225,551	5,069,962
Loan receivables	16	1,298,345	1,301,256
Financial assets at fair value through other comprehensive income	17	356,473	291,794
Deferred tax assets	18	20,918	35,856
Derivative financial instruments	23	279,024	92,083
Other non-current assets		522,686	34,021
		66,039,269	62,614,423
CURRENT ASSETS			
Current portion of loan receivables	16	19,751	18,979
Inventories	19	1,208,101	1,149,827
Contract assets	20	1,255,653	1,551,166
Trade and bills receivables	20	1,467,479	582,601
Prepayments, deposits and other receivables	21	1,109,156	531,186
Taxes recoverable		1,047	7,431
Pledged bank deposits	22	782	781
Cash and bank	22	4,305,733	5,627,218
		9,367,702	9,469,189
TOTAL ASSETS		75,406,971	72,083,612

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2024

	Note	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Provision and other liabilities		15,286	29,407
Derivative financial instruments	23	–	9,426
Interest-bearing bank and other borrowings	24	23,777,010	22,917,086
Other loans	25	894,675	907,941
Employee benefits payable		197,318	201,743
Lease liabilities	13	542,649	733,727
Deferred tax liabilities	18	1,623,193	1,454,627
		27,050,131	26,253,957
CURRENT LIABILITIES			
Trade and bills payables	26	1,718,320	1,707,876
Other payables and accruals	27	3,120,323	1,421,214
Contract liabilities		68,788	99,780
Current portion of interest-bearing bank and other borrowings	24	4,272,793	4,707,252
Current portion of other loans	25	76,060	52,069
Current portion of employee benefits payable		11,790	11,790
Current portion of lease liabilities	13	395,258	392,902
Taxes payable		270,794	333,449
		9,934,126	8,726,332
TOTAL LIABILITIES		36,984,257	34,980,289
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	28	4,770,776	4,770,776
Reserves		30,780,559	29,620,728
		35,551,335	34,391,504
Non-controlling interests		2,871,379	2,711,819
TOTAL EQUITY		38,422,714	37,103,323

Ren Yongqiang
Director

Zhu Maijin
Director

The notes on pages 50 to 92 form an integral part of this interim condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY											
	Share capital	Share premium	Share Revaluation reserve	Capital reserve	Merger reserve	Statutory reserve	Safety fund reserve	General surplus reserve	FVOCI revaluation reserve	Translation reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023	4,770,776	12,143,104	273,418	89,446	(286,027)	2,877,435	1,996	93,158	419,481	56,032	13,606,919	37,103,323
Profit for the period	-	-	-	-	-	-	-	-	-	-	2,534,620	2,534,620
Currency translation differences	-	-	-	-	-	-	-	-	-	48,078	-	48,078
Net profit on cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-
Hedging loss reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Fair value income on financial assets at fair value through other comprehensive income ("FVOCI")	-	-	-	-	-	-	-	-	28,038	-	-	28,038
Share of other comprehensive loss of associates	-	-	-	-	-	-	-	-	3,222	5,380	-	(24,771)
Share of other comprehensive profit of joint ventures	-	-	-	-	-	-	-	-	30,503	2,961	-	33,464
Total comprehensive income for the period	-	-	-	-	-	-	-	-	103,955	56,419	2,634,620	2,826,254
Accrual of safety fund reserve	-	-	-	-	-	-	97,647	-	-	-	(101,407)	3,760
Utilisation of safety fund reserve	-	-	-	-	-	-	(72,004)	-	-	-	73,404	(1,400)
Dividends paid to shareholders of the Company	-	-	-	-	-	-	-	-	-	-	(1,669,772)	(1,669,772)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(135,519)
Fair value of share options granted	-	-	-	5,709	-	-	-	-	-	-	-	5,709
At 30 June 2024 (unaudited)	4,770,776	12,143,104	273,418	95,155	(286,027)	2,877,435	27,639	93,158	523,436	87,292	14,543,764	38,422,714

(Continued)

For the six months ended 30 June 2024

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY														
	Share capital RMB'000	Share premium RMB'000	Share Revaluation reserve RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Safety fund reserve RMB'000	General surplus reserve RMB'000	Hedging reserve RMB'000	FVOCI Revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2022 (as previously reported)	4,770,776	12,143,367	273,418	99,081	(286,027)	2,877,435	4,014	93,158	341,240	79,637	172,391	11,001,993	31,570,483	1,999,907	33,570,390
Effect of change in accounting policy	-	-	-	-	-	-	-	-	-	-	-	188	188	183	371
At 1 January 2023 (restated)	4,770,776	12,143,367	273,418	99,081	(286,027)	2,877,435	4,014	93,158	341,240	79,637	172,391	11,002,181	31,570,671	2,000,090	33,570,761
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	2,894,849	2,894,849	194,416	3,089,265
Remeasurement of defined benefit plan payable	-	-	-	-	-	-	-	-	-	-	-	2,442	2,442	-	2,442
Currency translation differences	-	-	-	-	-	-	-	-	-	-	382,797	-	382,797	35,539	418,336
Net loss on cash flow hedges	-	-	-	-	-	-	-	-	(22,402)	-	-	-	(22,402)	(2,638)	(25,040)
Hedging loss reclassified to profit or loss	-	-	-	-	-	-	-	-	(2,427)	-	-	-	(2,427)	(10,333)	(12,760)
Fair value loss on FVOCI	-	-	-	-	-	-	-	-	-	(17,345)	-	-	(17,345)	(16,665)	(34,010)
Share of other comprehensive profit of associates	-	-	-	-	-	-	-	-	25,049	(163)	17,986	-	42,872	9,980	52,852
Share of other comprehensive profit of joint ventures	-	-	-	-	-	-	-	-	142,640	-	36,467	-	179,107	-	179,107
Total comprehensive income for the period	-	-	-	-	-	-	-	-	142,860	(17,508)	437,250	2,897,291	3,459,893	210,299	3,670,192
Accrual of safety fund reserve	-	-	-	-	-	-	153,768	-	-	-	-	(157,471)	(3,703)	3,703	-
Utilisation of safety fund reserve	-	-	-	-	-	-	(67,366)	-	-	-	-	68,859	1,493	(1,493)	-
Dividends paid to shareholders of the Company	-	-	-	-	-	-	-	-	-	-	-	(715,616)	(715,616)	-	(715,616)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(113,337)	(113,337)
Contribution from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	26,640	26,640
At 30 June 2023 (unaudited)	4,770,776	12,143,367	273,418	99,081	(286,027)	2,877,435	90,416	93,158	484,100	62,129	609,641	13,095,244	34,312,738	2,125,902	36,438,640

The notes on pages 50 to 92 form an integral part of this interim condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	3,604,963	4,607,220
INVESTING ACTIVITIES		
Interest received	101,535	95,339
Payments for construction in progress	(2,931,671)	(1,627,485)
Purchases of property, plant and equipment	(3,944)	(909)
Investments in a joint venture	(1,218,710)	(310,911)
Investments in associates	(671,286)	(300,354)
Proceeds from disposal of property, plant and equipment	5	875,594
Collection of loan receivables from associates	19,427	10,182
Collection of loan receivables from joint ventures	34,259	28,735
Dividends received from associates	187,619	208,362
Dividends received from joint ventures	144,986	253,119
Increase in pledged bank deposits	(1)	(1)
NET CASH USED IN INVESTING ACTIVITIES	(4,337,781)	(768,329)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
FINANCING ACTIVITIES		
Interest paid	(667,976)	(706,263)
Proceeds from derivative financial instruments	52,137	12,760
Dividends paid to non-controlling interests of subsidiaries	(135,519)	(114,034)
Repayment of other loans	(21,681)	(24,106)
Increase in interest-bearing bank and other borrowings	3,840,267	4,980,777
Repayment of interest-bearing bank and other borrowings	(3,521,092)	(6,968,576)
Lease payments	(216,691)	(213,009)
Contribution from non-controlling interests of a subsidiary	–	26,640
Share issue cost and borrowings acquisition cost	–	(603)
	<hr/>	<hr/>
NET CASH USED IN FINANCING ACTIVITIES	(670,555)	(3,006,414)
	<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,403,373)	832,477
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,622,916	4,238,365
	<hr/>	<hr/>
Effect of foreign exchange rate changes, net	80,986	182,597
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4,300,529	5,253,439
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 50 to 92 form an integral part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

1. CORPORATE INFORMATION

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

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

- (1) investment holding;
- (2) oil shipment along the PRC coast and international shipment;
- (3) vessel chartering; and/or
- (4) liquefied natural gas (“**LNG**”) shipping.

The Board regards China COSCO SHIPPING Corporation Limited (“**COSCO SHIPPING**”), a state-owned enterprise established in the PRC, as being the Company’s 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 of Exchange of Hong Kong Limited (the “**Stock Exchange**”) respectively.

This condensed consolidated interim financial information for the six months ended 30 June 2024 (the “**Interim Financial Information**”) is presented in Renminbi (“**RMB**”), which is the functional currency of the Company, and all values are rounded to the nearest thousand except where otherwise indicated.

The Interim Financial Information was approved for issue by the Board on 29 August 2024.

The Interim Financial Information has not been audited.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

2. BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023 and any public announcements made by the Group during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(1) New and amended standards adopted by the Group for the six months ended 30 June 2024

The Group has applied the following amendments for the first time from 1 January 2024:

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

As a result of the adoption of the amendments to HKAS 1, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.”

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.

Except for those as mentioned above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or revised interpretation.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

2. BASIS OF PREPARATION OF HALF-YEAR REPORT (Continued)

(2) Impact of standards issued but not yet applied by the Group for the six months ended 30 June 2024

In September 2023, HKICPA amended HKAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The Group does not expect these amendments to have a material impact on its operations or financial statements.

3. ESTIMATES

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

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

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

In addition to above, in preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

4. FINANCIAL RISK MANAGEMENT

(1) Financial risk factors

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2023.

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

(2) Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Over 2 years RMB'000	Total RMB'000
As at 30 June 2024				
Trade and bills payables	1,718,320	–	–	1,718,320
Financial liabilities included in other payables and accruals	3,120,323	–	–	3,120,323
Interest payable in relation to borrowings	112,679	–	–	112,679
Lease liabilities	433,970	374,879	404,999	1,213,848
Interest-bearing bank and other borrowings	5,612,590	3,879,958	31,691,729	41,184,277
Other loans	127,668	127,317	971,088	1,226,073
Financial guarantee	–	–	1,950,102	1,950,102
	11,125,550	4,382,154	35,017,918	50,525,622

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

4. FINANCIAL RISK MANAGEMENT (Continued)

(2) Liquidity risk (Continued)

	Within 1 year RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000	Total RMB'000
At 31 December 2023				
Trade and bills payables	1,707,876	–	–	1,707,876
Financial liabilities included in other payables and accruals	1,421,214	–	–	1,421,214
Interest payable in relation to borrowings	112,679	–	–	112,679
Derivative financial instruments	–	–	9,426	9,426
Lease liabilities	431,318	372,593	402,597	1,206,508
Interest-bearing bank and other borrowings	5,852,179	4,650,615	24,041,520	34,544,314
Other loans	104,413	104,440	1,028,830	1,237,683
Financial guarantee	–	–	2,002,549	2,002,549
	<u>9,629,679</u>	<u>5,127,648</u>	<u>27,484,922</u>	<u>42,242,249</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

4. FINANCIAL RISK MANAGEMENT (Continued)

(3) Fair value estimation

1) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 30 June 2024				
Financial assets:				
Derivative financial instruments	–	279,024	–	279,024
Financial assets at FVOCI	<u>356,473</u>	<u>–</u>	<u>–</u>	<u>356,473</u>
Financial liabilities:				
Derivative financial instruments	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2023				
Financial assets:				
Derivative financial instruments	–	92,083	–	92,083
Financial assets at FVOCI	<u>291,794</u>	<u>–</u>	<u>–</u>	<u>291,794</u>
Financial liabilities:				
Derivative financial instruments	<u>–</u>	<u>9,426</u>	<u>–</u>	<u>9,426</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

4. FINANCIAL RISK MANAGEMENT (Continued)

(3) Fair value estimation (Continued)

1) *Financial assets and liabilities measured at fair value (Continued)*

Fair value hierarchy (Continued)

Fair value hierarchy has been defined in the Group's consolidated financial statements disclosed in the Company's 2023 annual report. There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 in the current and prior periods.

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

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

2) *Fair value of financial assets and liabilities carried at other than fair value*

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 30 June 2024 and 31 December 2023.

5. REVENUES AND SEGMENT INFORMATION

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

The Group's business segments are categorised as follows:

(1) Oil transportation

- oil shipment
- vessel chartering

(2) LNG shipping

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

5. REVENUES AND SEGMENT INFORMATION (Continued)

Business segments

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

	Six months ended 30 June			
	2024		2023	
	Revenues RMB'000	Contribution RMB'000	Revenues RMB'000	Contribution RMB'000
By principal activity:				
Oil transportation				
– Oil shipment	9,196,078	2,629,168	9,324,770	2,947,856
– Vessel chartering	1,417,207	642,118	1,288,278	613,752
	10,613,285	3,271,286	10,613,048	3,561,608
LNG shipping	958,442	498,578	870,443	456,382
	<u>11,571,727</u>	<u>3,769,864</u>	<u>11,483,491</u>	<u>4,017,990</u>
Other income and other gains, net		237,973		704,184
Marketing expenses		(32,231)		(28,987)
Administrative expenses		(498,768)		(479,330)
Provision for impairment losses on financial and contract assets		(2,202)		(14,226)
Other expenses		(51,920)		(70,711)
Share of profits of associates		260,465		212,474
Share of profits of joint ventures		348,577		356,844
Finance costs		(688,243)		(754,807)
Profit before tax		<u>3,343,515</u>		<u>3,943,431</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

5 REVENUES AND SEGMENT INFORMATION (Continued)

Business segments (Continued)

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

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

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

During the periods ended 30 June 2024 and 2023, total segment revenue represents total consolidated revenue as there were no inter-segment transactions between the business segments.

	30 June 2024 RMB'000	31 December 2023 RMB'000
Total segment assets		
Oil transportation	44,314,275	45,222,488
LNG shipping	28,367,343	24,166,954
Others	2,725,353	2,694,170
	75,406,971	72,083,612
Total segment liabilities		
Oil transportation	22,340,700	21,842,913
LNG shipping	14,637,390	13,130,904
Others	6,167	6,472
	36,984,257	34,980,289

As at 30 June 2024, the total net carrying amounts of the Group's oil tankers and LNG vessels were RMB31,232,792,000 (31 December 2023: RMB32,149,153,000) and RMB14,609,136,000 (31 December 2023: RMB13,375,820,000) respectively.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

5 REVENUES AND SEGMENT INFORMATION (Continued)

Geographical segments

	Six months ended 30 June			
	2024		2023	
	Revenues RMB'000	Contribution RMB'000	Revenues RMB'000	Contribution RMB'000
By geographical area:				
Domestic	2,902,421	719,855	3,053,121	728,608
International	8,669,306	3,050,009	8,430,370	3,289,382
	<u>11,571,727</u>	<u>3,769,864</u>	<u>11,483,491</u>	<u>4,017,990</u>

Other information

	Oil transportation RMB'000	LNG shipping RMB'000	Others RMB'000	Total RMB'000
Six months ended 30 June 2024				
Additions to non-current assets	433,510	1,996,196	–	2,429,706
Depreciation and amortisation	1,424,196	252,707	3,421	1,680,324
Gains on disposal of property, plant and equipment, net	4	–	–	4
Interest income	<u>74,696</u>	<u>23,653</u>	<u>144</u>	<u>98,493</u>

Six months ended 30 June 2023

Additions to non-current assets	472,645	1,349,299	–	1,821,944
Depreciation and amortisation	1,310,534	212,980	2,568	1,526,082
Gains on disposal of property, plant and equipment, net	397,765	–	–	397,765
Interest income	<u>68,796</u>	<u>17,993</u>	<u>42</u>	<u>86,831</u>

The principal assets employed by the Group are located in the PRC and, accordingly, no geographical segment analysis of assets and expenditure has been prepared for the six months ended 30 June 2024 and 2023.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

6. OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Other income		
Government subsidies (Note)	46,412	46,679
Interest income from loan receivables	50,288	43,031
Bank interest income	48,205	43,800
Rental income from investment properties	156	128
Others	21,214	28,826
	166,275	162,464
Other gains, net		
Exchange gains, net	77,448	140,679
Gains on disposal of property, plant and equipment, net	4	397,765
Others	(5,754)	3,276
	71,698	541,720
	237,973	704,184

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

7. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Interest expenses on:		
– bank loans and other borrowings	747,322	717,688
– interest rate swaps: cash flow hedges, reclassified from other comprehensive income	(52,137)	(12,760)
– lease liabilities	21,339	28,362
– exchange (gains)/loss, net	(2,102)	41,321
	<hr/>	<hr/>
	714,422	774,611
Less: interest capitalised	(26,179)	(19,804)
	<hr/>	<hr/>
	688,243	754,807
	<hr/>	<hr/>

During the period, the capitalisation rate applied to funds borrowed and utilised for the vessels under construction were at rates of 2.60% to 7.03% (six months ended 30 June 2023: 3.00% to 6.88%) per annum.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

8. EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Bunker oil inventories consumed	2,536,452	2,579,249
Staff costs (a)	1,696,984	1,735,777
Depreciation of property, plant and equipment	1,567,444	1,415,780
Vessel operating lease rentals	1,212,380	799,574
Port fees	369,043	451,297
Repairs	285,435	272,121
Ship insurance premiums	115,382	106,919
Amortisation of right-of-use assets	112,880	110,302
Commissions	65,771	73,031
Other expenses	371,091	429,768
	<hr/>	<hr/>
Total operating costs, marketing expenses and administrative expenses	8,332,862	7,973,818

(a)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Staff costs		
Wages, salaries, crew expenses and related expenses (including bonus and share-based payments)	1,657,287	1,693,262
Costs for defined benefit plan	2,545	6,189
Pension scheme contributions	37,152	36,326
	<hr/>	<hr/>
	1,696,984	1,735,777

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

9. INCOME TAX EXPENSE

		Six months ended 30 June	
	Note	2024 RMB'000	2023 RMB'000
Current income tax			
PRC			
– provision for the period	(i)	460,377	581,336
– adjustments for current tax of prior periods		(88,764)	(47,083)
Other districts			
– provision for the period	(ii)	286	850
		371,899	535,103
Deferred income tax			
Decrease in deferred tax assets (Note 18)		15,490	1,454
Increase in deferred tax liabilities (Note 18)		158,314	317,609
		173,804	319,063
Total income tax expense		545,703	854,166

Note:

(i) PRC Corporate Income Tax

Under the Law of the PRC on Corporate Income Tax Law (the “CIT Law”) and Implementation Regulation of the CIT Law, the tax rate of the entities within the Group established in the PRC is 25% (six months ended 30 June 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

9. INCOME TAX EXPENSE (Continued)

The Group is within the scope of the OECD Pillar Two model rules and applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes in the amendments to HKAS12. Pillar Two legislation is not yet announced, substantively enacted or enacted in jurisdictions where the Group operates. However, certain jurisdictions are in the process of issuing legislation on this, including Hong Kong, expecting the introduction of Pillar Two legislation in 2025. Since there is no Pillar Two legislation effective at the reporting date, the Group has no related current tax exposure.

Under the expected legislation, the Group may be liable to pay a top-up tax for the difference between its Global Anti-Base Erosion Proposal (“**GloBE**”) effective tax rate per jurisdiction and the 15% minimum rate. The Group is in the process of assessing the full impact of this.

10. EARNINGS PER SHARE

(1) Basic

	Six months ended 30 June	
	2024	2023
Profit attributable to equity holders of the Company (RMB'000)	2,634,620	2,894,849
Weighted average number of ordinary shares in issue	4,770,776,395	4,770,776,395
Basic earnings per share (RMB cents/share)	55.22	60.68

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

10. EARNINGS PER SHARE (Continued)

(2) 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.

	Six months ended 30 June	
	2024	2023
Profit attributable to equity holders of the Company (RMB'000)	2,634,620	2,894,849
Weighted average number of ordinary shares in issue	4,770,776,395	4,770,776,395
Adjustments for share options	–	5,811,172
Weighted average number of ordinary shares for diluted earnings per share	4,770,776,395	4,776,587,567
Diluted earnings per share (RMB cents/share) (Note)	55.22	60.60

Note:

For the six months ended 30 June 2024, the share options granted by the Company don't have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options granted by the Company.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

11. DIVIDENDS

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Ordinary shares		
Dividends provided for or paid during the period	1,669,772	715,616

Final dividend of RMB0.35 per share in respect of the year ended 31 December 2023 was approved by shareholders at the annual general meeting held on 28 June 2024 and no payment was paid during the reporting period.

The annual general meeting of the Company held on 28 June 2024 has authorized the Board to determine the 2024 interim profit distribution plan and to handle the relevant matters of interim profit distribution at its sole discretion, which means that the Board may decide to distribute the 2024 interim profit through cash dividend if the conditions for distribution of cash dividend under the Articles of Association then in force are fulfilled. The total amount of cash dividend would be 30% to 50% of the net profit attributable to shareholders realized by the Company in the first half of 2024, provided that the particular distribution plan including whether to implement the interim profit distribution and the particular amount thereon is subject to the decision of the Board in accordance with the 2024 interim results and cash requirements of the Company.

The Board resolved to postpone the consideration of specific plan for the 2024 interim profit distribution to a Board meeting to be held by the end of October 2024. Relevant information will be further announced by the Company in due course.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Vessels RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Construction in progress RMB'000	Total RMB'000
At 30 June 2024							
Cost							
At 1 January 2024	45,506	77,396,526	55,933	13,141	1,467,525	3,359,601	82,338,232
Additions	-	-	478	-	-	2,429,228	2,429,706
Transfer in/(out)	-	1,670,356	4,897	-	-	(1,675,253)	-
Disposals	(363)	-	-	(595)	-	-	(958)
Currency translation differences	17	456,119	34	4	-	15,107	471,281
At 30 June 2024	45,160	79,523,001	61,342	12,550	1,467,525	4,128,683	85,238,261
Accumulated depreciation and impairment							
At 1 January 2024	42,454	31,871,553	33,348	11,123	329,229	-	32,287,707
Charge for the year	757	1,537,837	4,993	283	23,574	-	1,567,444
Disposals	(24)	-	-	(595)	-	-	(619)
Currency translation differences	13	271,683	27	4	-	-	271,727
At 30 June 2024	43,200	33,681,073	38,368	10,815	352,803	-	34,126,259
Net book amount							
At 30 June 2024	<u>1,960</u>	<u>45,841,928</u>	<u>22,974</u>	<u>1,735</u>	<u>1,114,722</u>	<u>4,128,683</u>	<u>51,112,002</u>
At 31 December 2023	<u>3,052</u>	<u>45,524,973</u>	<u>22,585</u>	<u>2,018</u>	<u>1,138,296</u>	<u>3,359,601</u>	<u>50,050,525</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 30 June 2024, the Group's certain vessels are leased to other parties under operating leases. Further details of the vessels under operating lease arrangements are as follows:

	30 June 2024 RMB'000	31 December 2023 RMB'000
Cost	31,386,048	25,352,684
Accumulated depreciation	(7,831,205)	(5,814,539)
Net carrying amount	23,554,843	19,538,145

Further details of the Group's operating lease arrangements as lessee are disclosed in Note 13 to the condensed consolidated financial statements.

13. LEASE

This note provides information for leases where the Group is a lessee.

(1) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	30 June 2024 RMB'000	31 December 2023 RMB'000
Right-of-use assets		
Vessels	492,031	595,274
Prepaid land lease payments	29,082	29,731
Properties	23,311	25,934
Vehicles	317	453
	544,741	651,392
Lease liabilities		
Current	395,258	392,902
Non-current	542,649	733,727
	937,907	1,126,629

Additions to the right-of-use assets during the period were nil (for the year ended 31 December 2023: RMB22,708,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

13. LEASE (Continued)

(2) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Vessels	109,463	107,739
Properties	2,632	1,779
Prepaid land lease payments	649	649
Vehicles	136	135
	<u>112,880</u>	<u>110,302</u>
Interest expense (included in finance cost)	21,339	28,362
Expense relating to short-term leases (included in operating costs and expenses)	<u>9,127</u>	<u>8,078</u>

The total cash outflow for leases during the period was RMB216,691,000 (for the six months ended 30 June 2023: RMB213,009,000).

14. INVESTMENTS IN ASSOCIATES

	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Share of net assets	4,768,840	4,176,845
Goodwill	<u>835,105</u>	<u>835,105</u>
	<u>5,603,945</u>	<u>5,011,950</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

14. INVESTMENTS IN ASSOCIATES (Continued)

As at 30 June 2024, the Group had investments in the following associates which are all unlisted corporate entities whose quoted market price is not available:

Name	Place of incorporation and operations/legal status	Issued/ registered capital	Proportion of ownership interest held		Proportion of voting power held		Principal activities
			by the Group	2023	by the Group	2023	
Shanghai Beihai Shipping Company Limited ("Shanghai Beihai")	The PRC/Limited liability company	RMB763,750,000	40%	40%	40%	40%	Petroleum product transportation and vessel chartering
COSCO Shipping Finance Co., Limited ("CS Finance")	The PRC/Limited liability company	RMB19,500,000,000	11%	11%	11%	11%	Banking and related financial services
Aquarius LNG Shipping Limited ("Aquarius LNG")	Hong Kong/Limited liability company	USD1,000	21%	21%	30%	30%	LNG vessel chartering
Aries LNG Shipping Limited ("Aries LNG")	Hong Kong/Limited liability company	USD1,000	27%	27%	30%	30%	LNG vessel chartering
Capricorn LNG Shipping Limited ("Capricorn LNG")	Hong Kong/Limited liability company	USD1,000	27%	27%	30%	30%	LNG vessel chartering
Gemini LNG Shipping Limited ("Gemini LNG")	Hong Kong/Limited liability company	USD1,000	21%	21%	30%	30%	LNG vessel chartering
TRADEGO. PTE. LTD. ("TRADEGO")	Singapore/Limited liability company	USD15,000,010	11%	11%	10%	10%	Development Of Other Software and Programming Activities N.E.C
Huaqiang LNG Transport Pte. Limited ("Huaqiang LNG")	Singapore/Limited liability company	EUR50,000,000	25%	25%	25%	25%	LNG vessel chartering
Huafu LNG Transport Pte. Limited ("Huafu LNG")	Singapore/Limited liability company	EUR51,000,000	25%	25%	25%	25%	LNG vessel chartering
Huawen LNG Transport Pte. Limited ("Huawen LNG")	Singapore/Limited liability company	EUR50,000,000 (2023: EUR17,600,000)	25%	25%	25%	25%	LNG vessel chartering
Huaming LNG Transport Pte. Limited ("Huaming LNG")	Singapore/Limited liability company	EUR35,600,000 (2023: EUR17,600,000)	25%	25%	25%	25%	LNG vessel chartering

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

14. INVESTMENTS IN ASSOCIATES (Continued)

Name	Place of incorporation and operations/legal status	Issued/ registered capital	Proportion of ownership interest held		Proportion of voting power held		Principal activities
			2024	2023	2024	2023	
Huahe LNG Transport Pte. Limited ("Huahe LNG")	Singapore/Limited liability company	EUR17,600,000	25%	25%	25%	25%	LNG vessel chartering
Huaping LNG Transport Pte. Limited ("Huaping LNG")	Singapore/Limited liability company	EUR17,600,000	25%	25%	25%	25%	LNG vessel chartering
VEGA Ocean Transport Company ("VEGA")	Liberia/Limited liability company	USD50,000,500	49%	-	49%	-	LNG vessel chartering
ALTAIR Ocean Transport Company ("ALTAIR")	Liberia/Limited liability company	USD50,000,500	49%	-	49%	-	LNG vessel chartering
DENEB Ocean Transport Company ("DENEB")	Liberia/Limited liability company	USD50,000,500	49%	-	49%	-	LNG vessel chartering

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

The Company has significant influence even though it holds less than 20 per cent of the voting rights of CS Finance and TRADEGO.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

14. INVESTMENTS IN ASSOCIATES (Continued)

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

	Shanghai Beihai	
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Non-current assets	2,698,609	2,707,747
Current assets	849,200	793,129
Non-current liabilities	(678,490)	(750,897)
Current liabilities	(502,080)	(198,539)
Net assets	2,367,239	2,551,440
Proportion of the Group's ownership interest	40%	40%
Group's share of net assets	946,896	1,020,576
Goodwill	835,105	835,105
Carrying amount of the Group's interest in the associate	1,782,001	1,855,681

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenues	1,188,682	1,054,945
Profit for the period	409,650	302,698
Other comprehensive income	3,293	17,059
Total comprehensive income for the period	412,943	319,757
Dividends received from the associate	240,000	200,000

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

14. INVESTMENTS IN ASSOCIATES (Continued)

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

	30 June 2024 RMB'000	31 December 2023 RMB'000
Aggregate carrying amount of individually immaterial associates in the condensed consolidated financial statements	<u>3,821,945</u>	<u>3,156,269</u>
	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Aggregate amounts of the Group's share of:		
Profit for the period	95,463	90,112
Other comprehensive (loss)/income	<u>(33,454)</u>	<u>46,028</u>
Total comprehensive income for the period	<u>62,009</u>	<u>136,140</u>

15. INVESTMENTS IN JOINT VENTURES

	30 June 2024 RMB'000	31 December 2023 RMB'000
Share of net assets	6,743,447	5,576,968
Less: impairment losses on investment in joint ventures	(995,001)	(984,111)
Goodwill	<u>477,105</u>	<u>477,105</u>
	<u>6,225,551</u>	<u>5,069,962</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

15. INVESTMENTS IN JOINT VENTURES (Continued)

As at 30 June 2024, the Group had investments in the following joint ventures which are all unlisted corporate entities whose quoted market price is not available:

Name	Place of incorporation and operations/legal status	Issued/registered capital	Proportion of ownership interest, voting power and profit sharing attributable to the Group		Principal activities
			2024	2023	
China LNG Shipping (Holdings) Limited ("CLNG")	Hong Kong/Limited liability company	USD602,885,382	50%	50%	Investment holding
Arctic Blue LNG Shipping Limited	Hong Kong/Limited liability company	USD1,000	50%	50%	Vessel holding
Arctic Green LNG Shipping Limited	Hong Kong/Limited liability company	USD1,000	50%	50%	Vessel holding
Arctic Purple LNG Shipping Limited	Hong Kong/Limited liability company	USD1,000	50%	50%	Vessel holding
Arctic Red LNG Shipping Limited ("Red LNG")	Hong Kong/Limited liability company	EUR 37,441,859	50%	50%	Vessel holding
Arctic Orange LNG Shipping Limited ("Orange LNG")	Hong Kong/Limited liability company	EUR 37,861,859	50%	50%	Vessel holding
Arctic Yellow LNG Shipping Limited ("Yellow LNG")	Hong Kong/Limited liability company	EUR 37,701,859	50%	50%	Vessel holding
Arctic Indigo LNG Shipping Limited ("Indigo LNG")	Hong Kong/Limited liability company	EUR 37,940,859	50%	50%	Vessel holding
Arctic Gold LNG Shipping Limited ("Gold LNG")	Hong Kong/Limited liability company	USD93,075,962	50%	50%	Vessel holding

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

15. INVESTMENTS IN JOINT VENTURES (Continued)

Name	Place of incorporation and operations/legal status	Issued/registered capital	Proportion of ownership interest, voting power and profit sharing attributable to the Group		Principal activities
			2024	2023	
Arctic Silver LNG Shipping Limited ("Silver LNG")	Hong Kong/Limited liability company	USD93,075,962	50%	50%	Vessel holding
Arctic Bronze LNG Shipping Limited ("Bronze LNG")	Hong Kong/Limited liability company	USD93,075,962	50%	50%	Vessel holding
ORYX LNG NO.1 Shipping Corporation	Liberia/Limited liability company	USD47,100,000	50%	–	Vessel holding
ORYX LNG NO.2 Shipping Corporation	Liberia/Limited liability company	USD46,000,000	50%	–	Vessel holding
ORYX LNG NO.3 Shipping Corporation	Liberia/Limited liability company	USD45,000,000	50%	–	Vessel holding
ORYX LNG NO.4 Shipping Corporation	Liberia/Limited liability company	USD45,500,000	50%	–	Vessel holding
ORYX LNG NO.5 Shipping Corporation	Liberia/Limited liability company	USD25,000,000	50%	–	Vessel holding
ORYX LNG NO.6 Shipping Corporation	Liberia/Limited liability company	USD25,000,000	50%	–	Vessel holding
ORYX LNG NO.7 Shipping Corporation	Liberia/Limited liability company	USD25,000,000	50%	–	Vessel holding

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

15. INVESTMENTS IN JOINT VENTURES (Continued)

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

	CLNG	
	30 June 2024	31 December 2023
Non-current assets	10,591,958	9,757,312
Current assets	907,461	1,128,949
Cash and bank	893,956	1,111,747
Other current assets	13,505	17,202
Non-current liabilities	(1,776,824)	(1,572,618)
Current liabilities	(1,105,184)	(953,698)
Net assets	8,617,411	8,359,945
Non-controlling interests	(1,126,088)	(1,157,085)
	7,491,323	7,202,860
Proportion of the Group's ownership interest	50%	50%
Group's share of net assets	3,745,662	3,601,430
Goodwill	477,105	477,105
Carrying amount of the Group's interest in the joint venture	4,222,767	4,078,535

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenues	611,886	638,113
Profit for the period	575,837	572,596
Other comprehensive income	102,743	172,289
Total comprehensive income for the period	678,580	744,885
Dividends received from the joint venture	144,986	253,119

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

15. INVESTMENTS IN JOINT VENTURES (Continued)

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

	30 June 2024 RMB'000	31 December 2023 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the condensed consolidated financial statements	2,997,785	1,975,538

	Six months ended 30 June 2024 RMB'000	2023 RMB'000
Aggregate amounts of the Group's share of:		
Profit for the period	110,730	120,244
Other comprehensive (loss)/income	(17,907)	92,962
Total comprehensive income for the period	92,823	213,206

16. LOAN RECEIVABLES

		30 June 2024 RMB'000	31 December 2023 RMB'000
Loans to associates	(i)	327,756	335,865
Loans to joint ventures	(ii)	990,340	984,370
		1,318,096	1,320,235
Less: current portion		(19,751)	(18,979)
Non-current portion		1,298,345	1,301,256

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

16. LOAN RECEIVABLES (Continued)

Note:

- (i) As at 30 June 2024, loans to associates are unsecured, interest-bearing at a weighted average rate of Secured Overnight Financing Rate (“SOFR”) plus 2.26% and fixed rate of 6.70% and 6.50% (31 December 2023: a weighted average rate of SOFR plus 2.26% and fixed rate of 6.70% and 6.50%) per annum and repayable in 2030 and 2031.
- (ii) As at 30 June 2024 and 31 December 2023, loans to joint ventures are SOFR plus 1.56% per annum and repayable within 20 years after the joint ventures’ vessels construction projects are completed.

As at 30 June 2024 and 31 December 2023, all loan receivables are denominated in USD.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

- (1) Equity investments at FVOCI comprise the following investments in listed equity:

	30 June 2024 RMB'000	31 December 2023 RMB'000
Listed equity investments in the PRC	<u>356,473</u>	<u>291,794</u>

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

	Six months ended 30 June 2024 RMB'000	2023 RMB'000
Profit/(loss) recognised in other comprehensive income	<u>64,679</u>	<u>(34,010)</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

18. DEFERRED TAX ASSETS AND LIABILITIES

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

	30 June 2024 RMB'000	31 December 2023 RMB'000
Deferred tax assets	20,918	35,856
Deferred tax liabilities	(1,623,193)	(1,454,627)
	<u>(1,602,275)</u>	<u>(1,418,771)</u>

As at 30 June 2024, there were no unrecognised deferred income tax liabilities (31 December 2023: Nil).

- (2) Components of deferred tax assets (prior to offsetting balances within the same taxation jurisdiction) recognised in the condensed consolidated statement of financial position and the movements during the period are as follows:

	Lease liabilities RMB'000	Accelerated tax depreciation RMB'000	Others RMB'000	Total RMB'000
At 31 December 2022 (as previously reported)	–	37,998	276	38,274
Effect of change in accounting policy	1,845	–	–	1,845
At 1 January 2023 (restated)	<u>1,845</u>	<u>37,998</u>	<u>276</u>	<u>40,119</u>
Credit/(charge) to profit or loss (restated)	4,097	(2,389)	(34)	1,674
Exchange realignment	<u>–</u>	<u>–</u>	<u>5</u>	<u>5</u>
At 31 December 2023	<u>5,942</u>	<u>35,609</u>	<u>247</u>	<u>41,798</u>
At 1 January 2024	<u>5,942</u>	<u>35,609</u>	<u>247</u>	<u>41,798</u>
Charge to profit or loss	(529)	(14,961)	–	(15,490)
Exchange realignment	<u>–</u>	<u>–</u>	<u>2</u>	<u>2</u>
At 30 June 2024	<u>5,413</u>	<u>20,648</u>	<u>249</u>	<u>26,310</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

18. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

- (3) Components of deferred tax liabilities (prior to offsetting balances within the same taxation jurisdiction) recognised in the condensed consolidated statement of financial position and the movements during the period are as follows:

	Right-of-use assets RMB'000	Revaluation of investment properties RMB'000	Fair value change on FVOCI RMB'000	Accelerated tax depreciation RMB'000	Unremitted earnings RMB'000	Others RMB'000	Total RMB'000
At 31 December 2022 (as previously reported)	-	728	89,129	162,044	876,459	3,953	1,132,313
Effect of change in accounting policy	1,474	-	-	-	-	-	1,474
At 1 January 2023 (restated)	1,474	728	89,129	162,044	876,459	3,953	1,133,787
Charge/(credit) to profit or loss (restated)	4,504	(261)	-	(8,228)	380,894	(181)	376,728
Credit to other comprehensive income	-	-	(49,946)	-	-	-	(49,946)
At 31 December 2023	5,978	467	39,183	153,816	1,257,353	3,772	1,460,569
At 1 January 2024	5,978	467	39,183	153,816	1,257,353	3,772	1,460,569
(Credit)/charge to profit or loss	(586)	(176)	-	(2,741)	161,817	-	158,314
Charge to other comprehensive income	-	-	9,702	-	-	-	9,702
At 30 June 2024	5,392	291	48,885	151,075	1,419,170	3,772	1,628,585

19. INVENTORIES

	30 June 2024 RMB'000	31 December 2023 RMB'000
Bunker oil inventories	956,309	901,712
Ship stores and spare parts	251,792	248,115
	1,208,101	1,149,827

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

20. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS

	30 June 2024 RMB'000	31 December 2023 RMB'000
Trade and bills receivables from third parties	1,303,689	585,971
Trade receivables from related companies (Note)	173,001	4,000
	<u>1,476,690</u>	<u>589,971</u>
Less: allowance for doubtful debts	<u>(9,211)</u>	<u>(7,370)</u>
	<u><u>1,467,479</u></u>	<u><u>582,601</u></u>
Current contract assets relating to oil shipment contracts	1,267,047	1,562,196
Less: allowance	<u>(11,394)</u>	<u>(11,030)</u>
Total contract assets	<u><u>1,255,653</u></u>	<u><u>1,551,166</u></u>

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

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

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

	30 June 2024 RMB'000	31 December 2023 RMB'000
Within 1 year	1,454,099	573,567
1 – 2 years	13,380	8,909
Over 2 years	<u>–</u>	<u>125</u>
	<u><u>1,467,479</u></u>	<u><u>582,601</u></u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2024 RMB'000	31 December 2023 RMB'000
Deposits and other receivables	345,309	315,643
Prepayments	98,638	69,420
Due from fellow subsidiaries	232,361	126,832
Due from joint ventures	506,737	203,869
Due from associates	120,000	203
Due from related companies (Note)	40,311	48,121
	1,343,356	764,088
Less: impairment of other receivables	(234,200)	(232,902)
	1,109,156	531,186

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

22. PLEDGED BANK DEPOSITS AND CASH AND BANK

	30 June 2024 RMB'000	31 December 2023 RMB'000
Pledged bank deposits	782	781
Balances placed with CS Finance (Note)	2,991,380	3,928,572
Unpledged bank balances and cash	1,309,149	1,694,344
Cash and cash equivalents	4,300,529	5,622,916
Interest receivable	5,204	4,302
Total pledged bank deposits and cash and bank	4,306,515	5,627,999

Note:

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

23. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2024, the Group had interest rate swap agreements with total notional principal amount of approximately USD686,578,000 (equivalent to approximately RMB4,893,104,000) (31 December 2023: approximately USD703,736,000 (equivalent to RMB4,984,351,000)) which will be matured 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.

During the period, the floating interest rates of the bank borrowings were SOFR plus 2.45% and SOFR plus 1.66% (six months ended 30 June 2023: 3-month London Inter-bank offered Rate ("LIBOR") plus 2.20% and 3-month LIBOR plus 1.40%) per annum.

As at 30 June 2024 and 31 December 2023, the Group has the following derivative financial instruments:

	30 June 2024 RMB'000	31 December 2023 RMB'000
Non-current assets		
Interest rate swaps – cash flow hedges	279,024	92,083
Total non-current derivative financial instrument assets	279,024	92,083
Non-current liabilities		
Interest rate swaps – cash flow hedges	–	9,426
Total non-current derivative financial instrument liabilities	–	9,426

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 30 June 2024 and 31 December 2023, details of the interest-bearing bank and other borrowings are as follows:

		30 June 2024 RMB'000	31 December 2023 RMB'000
	Maturity		
Current liabilities			
(i) Bank borrowings			
Secured	2024 to 2025	1,416,433	1,632,026
Unsecured	2024 to 2025	2,748,068	2,995,425
		4,164,501	4,627,451
(ii) Other borrowings			
Unsecured	2024 to 2025	108,292	79,801
Interest-bearing bank and other borrowings – current portion		4,272,793	4,707,252
	Maturity	30 June 2024 RMB'000	31 December 2023 RMB'000
Non-current liabilities			
(i) Bank borrowings			
Secured	2025 to 2037	14,881,453	14,536,846
Unsecured	2025 to 2026	4,834,953	5,323,728
		19,716,406	19,860,574
(ii) Other borrowings			
Secured	2025 to 2041	832,800	166,560
Unsecured	2025 to 2032	3,227,804	2,889,952
		4,060,604	3,056,512
Interest-bearing bank and other borrowings – non-current portion		23,777,010	22,917,086

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

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

As at 30 June 2024, the Group's interest-bearing bank borrowings were secured by pledges of the Group's 35 (31 December 2023: 34) vessels and 3 (31 December 2023: 3) vessels under construction with total net carrying amount of RMB23,730,579,000 (31 December 2023: RMB22,716,424,000) and RMB1,949,448,000 (31 December 2023: RMB1,328,920,000) respectively.

As at 30 June 2024, secured bank borrowings of RMB15,922,817,000 (31 December 2023: RMB15,725,723,000) and unsecured bank borrowings of RMB3,058,110,000 (31 December 2023: RMB3,891,235,000) are denominated in USD.

25. OTHER LOANS

	Note	30 June 2024 RMB'000	31 December 2023 RMB'000
Kantons International Investment Limited ("Kantons International")	(i)	618,941	627,372
Mitsui O.S.K. Lines, Ltd. ("MOL")	(ii)	341,460	321,744
Petrochina International Co., Limited ("Petrochina International")	(iii)	10,334	10,894
		970,735	960,010
Less: current portion		(76,060)	(52,069)
Non-current portion		894,675	907,941

Note:

- (i) As at 30 June 2024, other loans amounted to RMB30,433,000 (31 December 2023: RMB32,056,000) was borrowed by East China LNG Shipping Investment Co., Limited ("ELNG"), a non-wholly-owned subsidiary of the Company, from its non-controlling shareholder, Kantons International, to finance certain vessels construction projects being carried out by the associates held by ELNG. As at 30 June 2024, the loan is unsecured, interest-bearing at a weighted average of SOFR plus 2.26% and fixed rate of 6.70% (31 December 2023: SOFR plus 2.26% and fixed rate of 6.70%) per annum and repayable within 20 years after the aforementioned vessels construction projects are completed.

As at 30 June 2024, other loans amounted to RMB588,508,000 (31 December 2023: RMB595,316,000) was borrowed by China Energy Shipping Investment Co., Limited ("China Energy"), an indirect and non-wholly-owned subsidiary of the Company, from its non-controlling shareholder, Kantons International, to finance certain vessels construction projects being carried out by the subsidiaries of China Energy. As at 30 June 2024, the loan is unsecured, interest-bearing at a weighted average of SOFR plus 2.45% and fixed rate of 4.80% (31 December 2023: SOFR plus 2.45% and fixed rate of 4.80%) per annum and repayable within 15 years after the aforementioned vessels construction projects are completed.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

25. OTHER LOANS (Continued)

Note: (Continued)

- (ii) As at 30 June 2024, other loans was borrowed by the subsidiaries of China Energy from their non-controlling shareholder, MOL, to finance certain vessels construction projects being carried out by them. As at 30 June 2024, the loans are unsecured, interest-bearing at a weighted average of SOFR plus 2.45% and fixed rate of 4.80% (31 December 2023: SOFR plus 2.45% and fixed rate of 4.80%) per annum and repayable within 15 years after the aforementioned vessels construction projects are completed.
- (iii) As at 30 June 2024, other loans was borrowed by North China LNG Shipping Investment Co., Limited (“NLNG”), a non-wholly-owned subsidiary of the Company, from its non-controlling shareholder, Petrochina International, to finance certain vessels construction projects being carried out by the associates held by NLNG. As at 30 June 2024, the loan is unsecured, interest-bearing at a weighted average of SOFR plus 2.26% and fixed rate of 6.50% (31 December 2023: SOFR plus 2.26% and fixed rate of 6.50%) per annum and repayable within 20 years after the aforementioned vessels construction projects are completed.

26. TRADE AND BILLS PAYABLES

	30 June 2024 RMB'000	31 December 2023 RMB'000
Trade and bills payables to third parties	1,026,318	887,735
Trade payables to fellow subsidiaries	662,312	795,895
Trade payables to associates	5,911	5,692
Trade payables to related companies (Note)	23,779	18,554
	1,718,320	1,707,876

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

26. TRADE AND BILLS PAYABLES (Continued)

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

	30 June 2024 RMB'000	31 December 2023 RMB'000
Within 1 year	1,601,212	1,583,641
1 – 2 years	36,431	66,373
Over 2 years	80,677	57,862
	1,718,320	1,707,876

27. OTHER PAYABLES AND ACCRUALS

	30 June 2024 RMB'000	31 December 2023 RMB'000
Accruals	614,575	596,829
Other payables	2,067,719	464,249
Due to fellow subsidiaries	423,640	325,975
Due to joint ventures	–	4,101
Due to associates	12	2,837
Due to other related companies (Note)	14,377	27,223
	3,120,323	1,421,214

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

The amounts due to fellow subsidiaries, joint ventures, associates and other related companies are unsecured, non-interest-bearing and repayable on demand.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

28. SHARE CAPITAL

	30 June 2024		31 December 2023	
	Number of shares (thousand)	Nominal value RMB'000	Number of shares (thousand)	Nominal value RMB'000
Registered, issued and fully paid:				
Listed H-Shares of RMB1 each	1,296,000	1,296,000	1,296,000	1,296,000
Listed A-Shares of RMB1 each	3,474,776	3,474,776	3,474,776	3,474,776
Total	<u>4,770,776</u>	<u>4,770,776</u>	<u>4,770,776</u>	<u>4,770,776</u>

29. CONTINGENT LIABILITIES AND GUARANTEE

- (1) Four associates of ELNG, 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 lessees 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 RMB58,440,000). The guarantee period is limited to the lease period.
- (2) 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 30 June 2024, the aggregate amount of the guarantees provided to the shipbuilders and lessees was USD276,120,000 (equivalent to approximately RMB1,967,852,000) and USD 11,238,000 (equivalent to approximately RMB80,091,000) respectively, and the guarantee periods are limited to the lease periods.
- (3) 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 RMB2,690,367,000) 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 30 June 2024, the balance of the guarantees was USD 273,629,000 (equivalent to approximately RMB1,950,102,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

30 OPERATING LEASE ARRANGEMENTS

The Group leases certain of its vessels and buildings under operating lease arrangements, with leases negotiated for an initial period of one to twenty (31 December 2023: one to twenty) years.

As at 30 June 2024, the Group had total future minimum lease rental receivables under non-cancellable operating leases falling due as follows:

	30 June 2024 RMB'000	31 December 2023 RMB'000
Within one year	2,939,307	2,696,121
In the second to fifth years, inclusive	9,151,200	8,584,259
Over five years	16,905,960	21,011,745
	28,996,467	32,292,125

31 CAPITAL COMMITMENTS

	30 June 2024 RMB'000	31 December 2023 RMB'000
Authorised and contracted but not provided for:		
Construction and purchases of vessels	11,263,717	13,735,816
	11,263,717	13,735,816

Note:

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

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

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Transactions with fellow subsidiaries and the related entities of COSCO SHIPPING		
Revenues		
Shipping services and ship charter services	5,138	18,059
Rental income, including surcharge	194	295
Expenses		
Supply of marine lubricant, fuel, material, painting, spare part and ship equipment etc.	2,647,485	2,781,132
Electrical, telecommunication, ship repair and technical improvements services etc.	593,092	520,121
Ship and related business insurance and insurance brokerage services	47,381	49,252
Ship and shipping agency services	59,128	48,021
Management services of sea crew	1,066,232	1,099,414
Rental expenses	1,861	1,634
Miscellaneous services	20,983	15,541

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2024

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Transactions with joint ventures of the Group		
Revenues		
Interest income from joint ventures	37,985	30,289
Transactions with associates of the Group		
Revenues		
Interest income from associates	39,002	37,832
Vessel chartering income	63,766	58,753
Key management compensation		
Salaries, bonuses and other allowances	5,099	5,892
Share options	391	–

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

As at 30 June 2024 and 31 December 2023, majority of the Group's bank balances and bank borrowings are with state-owned banks.