



中遠海運能源運輸股份有限公司

COSCO SHIPPING Energy Transportation Co., Ltd.

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



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

2025 INTERIM REPORT

CONTENT

Management Discussion and Analysis

The Main Business, Operating Model of the Group and Conditions of the Industry during the Reporting Period	2
Analysis of the International and Domestic Energy Transportation Market during the Reporting Period	6
Review of Operating Results during the Reporting Period	10
Costs and Expenses Analysis	16
Operating Results of the Joint Ventures and the Associates	18
Financial Analysis	19
Fleet Development	27
Outlook and Highlights for the Second Half of 2025	29
Other Matters	34

Financial Statement

Report on Review of Condensed Consolidated Interim Financial Information	49
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	51
Condensed Consolidated Statement of Financial Position	53
Condensed Consolidated Statement of Changes in Equity	55
Condensed Consolidated Statement of Cash Flows	57
Notes to the Interim Financial Information	59

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 2025 (THE “REPORTING PERIOD”)

1. Industry and characteristics

The Group is mainly engaged in the shipping of crude oil, product oil, Liquefied Natural Gas (“LNG”), Liquefied Petroleum Gas (“LPG”), chemicals and other bulk liquid hazardous cargo. With oil tanker and LNG transportation as its two core businesses, the Group possesses extensive management experience and strong brand recognition, maintaining a solid corporate image within the industry.

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

The Group takes ships as its core assets, with a high-quality crew workforce and safety management system as its core competencies, providing maritime energy transportation services to global customers. The shipping industry is characterized by the following key features:

- 1) **High cyclicality:** The shipping industry is highly dependent on trade development, which is closely linked to economic conditions. As a result, transportation demand in the shipping industry is easily influenced by economic cycles.
- 2) **High volatility:** The supply of transportation capacity in the market is difficult to perfectly align with transportation demand at all times and in all locations. On the one hand, as transportation demand fluctuates, adjusting global shipping capacity cannot be accomplished instantly. On the other hand, the addition and removal of vessels from the market require a certain amount of time. As a result, the imbalance between the supply of transportation capacity and transportation demand often leads to significant uncertainty and volatility in freight rates.
- 3) **High capital intensity:** The shipping industry is a capital-intensive sector. The construction, maintenance and operation of vessels require substantial investment. Furthermore, the long lifespan of vessels often results in prolonged investment return periods.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

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

- 1) **Oil transportation:** Global oil resources are primarily concentrated in regions such as the Middle East, Africa, and South America, while consumption markets are widely distributed across Asia, Europe, and other regions. Crude oil is unrefined natural petroleum, with trade flows primarily from the Middle East, West Africa, and the United States to the Far East. Product oil, including gasoline, diesel, and naphtha, is derived from crude oil through refining and processing, and mostly traded between the Middle East and Asia, as well as along routes connecting Southeast Asia and the Atlantic region. The types of oil tankers mainly include very large crude carriers (“VLCC”), Suezmax (“Suezmax”), Aframax (“Aframax”)/Long Range 2 (“LR2”), Panamax (Panamax)/Long Range 1 (LR1) and Medium Range (“MR”).
- 2) **LNG transportation:** LNG is natural gas liquefied at an ultra-low temperature of -162°C, shrinking its volume to approximately 1/600 of its original size. During transportation, it must be maintained at low temperatures, requiring exceptionally high insulation performance for transportation equipment. Additionally, LNG transportation requires stringent safety measures to prevent leaks, fires, and other accidents. As a result, LNG carriers have been recognised internationally as “three high” products with high technology, high difficulty and high added value. In the current global LNG fleet, the majority of vessels enter into long-term time charters with charterers, which brings stable freight and investment returns for transportation enterprises while ensuring reliable energy supply to energy traders.
- 3) **LPG transportation:** LPG is a by-product of petroleum extraction, refining and natural gas production, primarily composed of propane and butane, and may also include petrochemical products such as ethylene, propylene, and butylene, with trade flows primarily from regions such as the Middle East and the United States to consumption markets such as Asia and Europe. Based on different liquefaction conditions during transportation, LPG carriers are mainly classified into fully pressurized, semi-refrigerated and fully refrigerated types.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

- 4) **Chemical transportation:** Chemicals are generally classified into organic chemicals, inorganic chemicals and vegetable oils, which have diverse production sources, subcategories and end uses. The maritime trade of chemicals is primarily concentrated in three major regions, namely Europe, Asia and North America, which include key trade flows such as intra-Northeast Asia routes, European continental routes, and Southeast Asia – Northeast Asia routes. Chemical tankers are generally classified into IMO1, 2, and 3 types based on the level of environmental and safety hazards posed by the chemicals, with IMO 1 being the most hazardous and IMO 3 the least.

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

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

In terms of fleet size, the Group is the world's largest oil tanker owner, covering all mainstream tanker types, and stands out globally with its complete type of vessels. As of 30 June 2025, the Group owned and controlled 157 oil tankers with a total capacity of 23.448 million Dead Weight Tonnage (“DWT”); 18 oil tankers with a total capacity of 2.961 million DWT are under construction. As the tanker owner with the most comprehensive vessel portfolio, the Group executes oil transportation business through diversified operational models including spot market chartering, time chartering, signing contracts of affreightment (“COA”) with cargo owners, and entering associated operating entities (“POOL” or “CHINA POOL”) using its self-owned and controlled tankers. By implementing the integration of domestic and international voyages by employing crude and product tankers across different sizes, The Group gives full play to the advantages of its vessel types and shipping route networks to provide customers with whole-process logistics solutions involving materials import in international trade, transshipment, and lightering in domestic trade, product oil transport and export, and downstream chemicals transportation, etc., to help customers with means to reduce logistics costs and therefore realize win-win cooperation.

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

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 2025, the Group had invested in 87 LNG carriers. Among them, 52 LNG carriers with a total capacity of 8.763 million cubic meters have been put into operation; 35 LNG carriers with a total capacity of 6.285 million cubic meters are under construction; and bareboat chartered in 1 LNG carrier with a capacity of 174 thousand cubic meters which has also been put into operation. The commissioned vessels are all engaged in long-term charters, providing relatively stable income. In recent years, as the LNG carriers, for which the Group is involved in investment and construction, are put into operation, the Group's LNG transportation business has entered the harvest period.

The Group's LPG transportation business is operated by its subsidiary, Dalian COSCO SHIPPING Energy Supply Chain Co., Ltd.* ("大連中遠海運能源供應鏈有限公司" or "**Dalian COSCO Energy**"), which is primarily engaged in domestic coastal and international LPG shipping. The cargoes transported include LPG, propylene, and butadiene, and business activities are driven by diverse operational strategies including spot charters and time charters. As of 30 June 2025, the Group owned and controlled 12 LPG carriers with a total capacity of 0.126 million cubic meters (including 1 bareboat chartered vessel, with a capacity of 0.083 million cubic meters), with an additional 2 LPG carriers under construction, with a total capacity of 0.015 million cubic meters.

The Group's chemical transportation business is primarily operated by its subsidiary, Shanghai COSCO SHIPPING Chemical Carrier Co., Ltd.* ("上海中遠海能化工運輸有限公司" or "**Shanghai COSCO Chemical Carrier**"), which is primarily engaged in international and domestic bulk chemical shipping. It specializes in foreign trade routes in Southeast Asia and Northeast Asia, as well as domestic coastal shipping, with extensive experience in managing chemical tankers. As of 30 June 2025, the Group owned 8 chemical tankers with a total capacity of 0.073 million DWT, with an additional 2 chemical tanker under construction, with a total capacity of 0.021 million DWT.

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

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

1. International oil shipping market

In the first half of 2025, the overall oil supply and demand showed a trend of "increased supply and stable demand". On the supply side, the Organization of the Petroleum Exporting Countries and its allies ("**OPEC+**") confirmed a gradual phase-out of its previous voluntary production cuts of 2.2 million barrels per day ("**bpd**") starting from April, with cumulative quota increases reaching 1.37 million bpd from April to July; non-OPEC+ supply continued to grow, with the U.S. and Brazil contributing the majority of the supply increase. According to the U.S. Energy Information Administration ("**EIA**"), global oil supply increased by 1.58 million bpd in the first half of the year. On the demand side, growth in global oil consumption slowed due to the energy transition and the impact of U.S. tariff policies. According to the EIA, global oil consumption increased by 660,000 bpd in the first half of the year.

International crude oil shipping market:

In terms of shipping demand, the seaborne crude oil transportation trade remained stable during the Reporting Period. On the export side, Middle Eastern crude oil exports continued to dominate the global market, accounting for 42% of the global share, with major export destinations including China, India, Japan and South Korea; Russia maintained seaborne oil exports of 3.5 million bpd, accounting for approximately 12% of the global share, which primarily exported to India and China; the long-haul trade from the Atlantic region to Asia was subject to cross-regional arbitrage opportunities, resulting in periodic fluctuations. On the import side, China's seaborne crude oil imports remained basically flat year-on-year, with insufficient operating rates at local refineries suppressing some procurement demand; Europe saw a decline in crude oil imports amid refining capacity adjustments; India's share of Russian crude oil imports continued to rise.

In terms of tanker supply, VLCC newbuild deliveries remained limited during the Reporting Period, while the scrapping momentum stayed subdued. According to Clarksons ("**Clarksons**"), 2 new VLCC were delivered and 2 were scrapped in the first half of 2025. As of the end of June 2025, there were 104 new shipbuilding orders for VLCC globally, representing 11.5% of the worldwide VLCC fleet.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

In terms of freight rate performance, affected by U.S. tariffs, escalating sanctions against Iran and Russia by Europe and the U.S., and geopolitical events such as the Israel-Iran conflict, the freight rates of crude oil tankers experienced multiple fluctuations and increases, with the freight rates of VLCC showing particularly significant fluctuations in the first half of 2025. During the Reporting Period, freight rates showed “high-frequency, wide-range, short-term” fluctuations. According to the Baltic Exchange, in the first half of 2025, the average Time Charter Equivalent (“TCE”, also known as average daily earnings) for VLCC on the typical route TD3C (Middle East – China) amounted to USD40,370 per day, down by 2% compared with that for the corresponding period of last year and up by 41% compared with that for the second half of last year.

International product oil shipping market:

In terms of shipping demand, the flow of product oil trade continued to be reshaped, with new refining capacity being released in Asia in contrast to the closure of refineries in Europe and the U.S. According to Kpler, the overall decline in the volume of seaborne product oil transportation trade in the first half of the year was around 4.5%. China’s export volume fell by 8%, mainly consisting of gasoline and diesel. Europe increased its procurement of diesel from the Middle East and India; West Africa’s import demand continued to decline due to the commissioning of refineries. Overall, policy and energy transition had become the core drivers of trade flow restructuring.

In terms of tanker supply, LR2/Aframax and MR tankers dominated new deliveries. According to Clarksons, in the first half of 2025, 31 LR2/Aframax and 36 MR tankers were delivered respectively, accounting for 2.6% and 2.0% of the total number of their respective tanker types; with 5 and 4 tankers being scrapped, respectively. As of the end of June 2025, global new orders for LR2/Aframax and MR oil tankers amounted to 205 and 288, respectively, accounting for 17.3% and 16.0% of the total number of their respective tanker types.

In terms of freight rate performance, considering the outbreak of Red Sea crisis during the same period last year, which drove a significant increase in the freight rates of product oil tankers at the time, as well as a year-on-year increase in new tanker deliveries, the freight rates of product oil tankers recorded a year-on-year decline during the Reporting Period. According to the Baltic Exchange, the average TCE for the LR2 typical route TC1 (Middle East – Japan) in the first half of 2025 was approximately USD29,636 per day, representing a decrease of 47% compared to the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

2. Domestic oil shipping market

Crude oil shipping market:

In the first half of 2025, the total volume of domestic crude oil transportation (MR and above) was approximately 47 million tons, representing a year-on-year increase of approximately 11%, among which, the volume of offshore oil increased by approximately 350,000 tons and driven by expanded production at the Shenghong Refinery and offshore operations of the Shengli Oilfield in Dongying, transshipment oil increased by approximately 6 million tons year-on-year.

Product oil shipping market:

The product oil transportation market witnessed shrinking transport volumes as structural changes in domestic gasoline consumption continued to weigh on seaborne product oil transportation trade dynamics.

3. LNG shipping market

In the first half of 2025, the volume of global LNG trade increased slightly to 208 million tons, representing a year-on-year increase of approximately 1.7%. Overall import demand in the first half of the year showed a pattern of “rising in the west and falling in the east.” The Asian market saw a total import volume of approximately 61.96 million tons in the first six months of this year, representing a year-on-year decrease of 13.7%. In Europe, following the end of the heating season, inventories dropped to a five-year low, coupled with the suspension of Russian gas supplies via the Ukraine pipelines, leading to a significant increase in LNG import to 56.12 million tons, representing a year-on-year increase of 34.4%. The U.S. remained the world’s largest LNG exporter. With the steady increase in production capacity of the Plaquemines LNG and Corpus Christi LNG Phase 3 projects, LNG exports of the U.S. reached a record 51.21 million tons, up 19.6% year-on-year.

On the LNG vessel supply side, driven by environmental regulations and operational pressures in the spot market, the scrapping of aging vessels accelerated, with a total of 7 steam-powered old vessels exiting service in the first half of the year. Meanwhile, supported by the acceleration of vessel deliveries, a total of 28 LNG carriers were delivered in the first half of the year, representing a year-on-year increase of 47%. As of the end of June, there were a total of 710 LNG carriers globally (excluding LNG bunkering vessels, Floating Storage and Regasification Unit (FSRU), Floating Storage Unit (FSU) and Floating Liquefaction Natural Gas (FLNG)).

The LNG chartering market continued to show a divergent landscape, with the spot market under pressure and the medium-to-long-term chartering market remaining relatively stable. So far this year, approximately 70% of U.S. LNG exports have been absorbed by the European market, with shorter shipping distances. Coupled with a limited growth in the overall trade volume and continued fleet expansion, these factors have hindered the recovery of spot market charter rates. In the medium-to-long-term chartering market, charter rates remained relatively stable due to high new shipbuilding prices and financing costs, as well as shipowners’ optimistic expectations towards tonnage demand in 2027 and beyond.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

4. LPG shipping market

International shipping market:

In the first half of 2025, overall supply and demand remained generally stable. Increased supply from the Middle East boosted LPG shipping demand globally. Major exporting countries such as Qatar, Saudi Arabia, and the United Arab Emirates have successively launched a series of capacity expansion projects. It is estimated that the Middle East will see an increase in LPG production capacity of between 1.4 million and 1.6 million tons per year in 2025 and 2026, representing a significant increase of nearly 10% in the global LPG supply system. On the demand side, China commissioned 3 propane dehydrogenation (PDH) facilities in the first half of 2025, adding 2.56 million tons per year of new capacity.

Domestic shipping market:

In the first half of 2025, China's demand for LPG witnessed a slight increase, leading to a stabilization of LPG shipment from major domestic refineries. In the first half of the year, the total shipment volume of domestic LPG, butadiene, and propylene reached 2.7278 million tons, representing a year-on-year increase of 8.3%. Compared to the international trade market, the coastal domestic shipping market was less directly affected by international trade and regional policies. The transshipment trade due to the impact of tariffs will boost demand for small and medium-sized carriers within the region, thereby providing some support to the market.

5. Chemical shipping market

In the first half of 2025, the domestic chemical shipping market faced overall pressure due to weak market demand in the petrochemical industry and rising costs for petrochemical companies.

In terms of international shipping, according to Drewry ("**Drewry**"), chemical shipping freight rates were under pressure in the first half of 2025, primarily due to a sluggish trade growth and new tanker deliveries. It is anticipated that freight rates may rebound in the second half of the year, driven by seasonal increases. As of the end of June 2025, there were a total of 1,457 stainless steel chemical tankers globally, representing an increase of 18 vessels compared to the end of 2024.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

III. REVIEW OF OPERATING RESULTS DURING THE REPORTING PERIOD

As of 30 June 2025, the Group owned and controlled 157 oil tankers with a total capacity of 23.448 million DWT. Among the 87 LNG carriers that the Group has invested in and constructed, 52 LNG carriers with a total capacity of 8.763 million cubic meters have been put into operation, and 1 bareboat-chartered LNG vessel with a capacity of 174 thousand cubic meters has also been put into operation. The Group also owned and controlled 12 LPG carriers with a total capacity of 0.126 million cubic meters and owned 8 chemical tankers with a total capacity of 0.073 million DWT.

In the first half of 2025, the Group realized a transportation volume (excluding time charters) of 94.48 million tons with a year-on-year increase of 13.1%; transportation turnover (excluding time charters) of 342.7 billion tonne-miles with a year-on-year increase of 18.8%; revenues from principal operations of RMB11.57 billion with a year-on-year decrease of 2.5%; cost of principal operations of RMB8.91 billion with a year-on-year increase of 10.9%, and gross profit margin decreased by 9.3 percentage points year-on-year. The profit for the Reporting Period attributable to equity holders of the Company was RMB1.89 billion with a year-on-year decrease of 29.0%, with a 61.0% quarter-on-quarter increase in Q2 compared with Q1; and earnings before interest, taxes, depreciation and amortization (EBITDA) of RMB5.07 billion with a year-on-year decrease of 12.5%.

In the first half of 2025, under the complicated and volatile geopolitical circumstances and oil trading landscape, the Group achieved steady and solid business performance mainly by working on the following six aspects:

First of all, the Group will explore collaboration scenarios for key customers to further realize business collaboration potential, secure stable cargo supply in the market, expand regional shipping cooperation networks, and seek for new project collaboration models and business content; secondly, deepen synergies in the domestic trade transportation capacity market, leverage operational flexibility, and further enhance ship-cargo matching; thirdly, actively pursue international LNG transportation projects, focus on the stable profitability capabilities of the LNG segment, and explore and assess new collaboration models; fourthly, actively advance technological innovation, leverage digitalization to empower operational management, and convert vessel research and innovation capabilities into practical vessel application efficiency; fifthly, adhere to compliance standards and strengthen risk management by closely monitoring and analyzing changes in the international political and economic landscape, establish sound emergency response mechanisms for unforeseen events, and scientifically capitalize on market opportunities based on continuity and stability of commercial operations; sixthly, firmly reinforce safety management, move forward the control point, and strictly ensure the safety of vessel operations and navigation.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

1. Revenue from principal operations

For the six months ended 30 June 2025, 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 2024	Increase/ (decrease) in operating costs as compared with the same period in 2024	Increase/ (decrease) in gross profit margin as compared with the same period in 2024 (percentage points)
				(%)	(%)	(%)
Domestic crude oil	1,579,886	1,121,900	29.0	(0.9)	1.6	(1.7)
Domestic product oil	1,101,282	892,696	18.9	(11.6)	(12.3)	0.6
Domestic oil tanker chartering	62,128	58,754	5.4	(0.6)	(3.0)	2.3
Domestic Oil Shipping Sub-Total	2,743,296	2,073,350	24.4	(5.5)	(5.0)	(0.4)
International crude oil	5,207,640	4,541,579	12.8	5.7	24.1	(12.9)
International product oil	1,145,226	847,208	26.0	(19.9)	8.1	(19.2)
International oil tanker chartering	932,613	593,474	36.4	(31.2)	(16.9)	(10.9)
International Oil Shipping Sub-Total	7,285,479	5,982,261	17.9	(5.5)	15.9	(15.2)
Oil Shipping Sub-Total	10,028,775	8,055,611	19.7	(5.5)	9.7	(11.1)
LNG Shipping	1,244,020	626,861	49.6	29.8	36.3	(2.4)
LPG Shipping	140,316	110,800	21.0	26.5	27.9	(0.9)
Chemical Shipping	159,914	117,225	26.7	(13.1)	(18.7)	5.0
Total	11,573,025	8,910,497	23.0	(2.5)	10.9	(9.3)

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Principal operations by geographical regions

Regions	Revenue	Operating costs	Gross profit margin	Increase/ (decrease) in revenue as compared with the same period in 2024	Increase/ (decrease) in operating costs as compared with the same period in 2024	Increase/ (decrease) in gross profit margin as compared with the same period in 2024 (percentage points)
	(RMB'000)	(RMB'000)	(%)	(%)	(%)	
Domestic shipping	2,889,637	2,193,792	24.1	(4.5)	(4.1)	(0.3)
International shipping	8,683,388	6,716,705	22.6	(1.8)	16.9	(12.4)
Total	11,573,025	8,910,497	23.0	(2.5)	10.9	(9.3)

2. Shipping business – Oil, gas and chemical shipping

(1) International oil shipment business

In the first half of 2025, the international tanker fleet of the Group achieved revenue from international oil shipping of RMB7.29 billion, representing a year-on-year decrease of 5.5%, with a 3.3% quarter-on-quarter increase in Q2 compared with Q1; gross profit for the segment was RMB1.30 billion, representing a year-on-year decrease of 48.9%, with a 42.9% quarter-on-quarter increase in Q2 compared with Q1; and gross profit margin was 17.9%, representing a year-on-year decrease of 15.2 percentage points, with 5.7 percentage points quarter-on-quarter increase in Q2 compared with Q1.

In the face of the complex situation of intertwined changes in the international shipping market and ongoing geopolitical risks, the Group has focused on strengthening the refined operation of the fleet, actively expanding high-quality customers, as well as capturing market fluctuations to improve overall operational efficiency. This includes:

- 1) The VLCC fleet has maintained a sound route layout and diversified customer cooperation. The proportion of Brazil and North America eastbound routes accounted for over 20%; at the same time, the Group has maintained close collaboration with major international oil companies, renewed COA agreements, and successfully secured new customers.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

- 2) The Group has expanded global operations for small and medium-sized tankers, prioritizing the U.S. Gulf – Europe transatlantic route, while focusing on the operations of the Mediterranean regional market. Additionally, the Group has actively secured cargo from Canada and Australia, achieving global operations and generating favorable operational returns.
- 3) Leveraging the advantages of both domestic and international trade of the fleet, with a focus on improving profitability and efficiency, the Group has commenced the conversion of small and medium-sized tankers in an appropriate and timely manner in the domestic and international trade market based on market changes.

(2) Domestic oil shipping business

In the first half of 2025, the domestic tanker fleet of the Group achieved revenue from domestic oil shipping of RMB2.74 billion with a year-on-year decrease of 5.5%; gross profit of RMB670 million with a year-on-year decrease of 6.9%; and gross profit margin of 24.4% with a year-on-year decrease of 0.4 percentage points.

Operational highlights are as follows:

- 1) The Group has maintained long-term cooperative relationships with major domestic oil companies, large-sized private refineries, and other customers to ensure a stable supply of basic cargo; actively kept abreast with the domestic trade needs of foreign trade customers, seized the growth of the transshipment oil market, effectively enriched cargo sources and route structures, and consolidated market share.
- 2) The Group has deepened synergies with joint ventures, increasing the share of offshore oil transportation through cargo exchange, and enhancing the proportion of high-quality cargo.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(3) LNG shipping business

In the first half of 2025, the Group's LNG shipping segment contributed the profit for the Reporting Period attributable to equity holders of the Company of RMB424 million, representing a year-on-year increase of 5.7%.

Operational highlights are as follows:

- 1) The Group has actively addressed the challenges posed by intensive new shipbuilding, and strictly monitored the construction of vessels. During the Reporting Period, two high-quality LNG carriers were delivered; at the same time, the Group continued to provide customers with safe and efficient transportation services, with continuous enhancement in independent ship management capability. The operational efficiency of project vessels remained stable, together with a steady increase in the profit contribution capacity of the LNG transportation segment.
- 2) The Group has strengthened the construction of the crew pool, comprehensively selected and trained LNG crews, and built a high-quality crew team and LNG carrier management talent team by continuously facilitating the construction of LNG ordering classes and promoting the transformation of crew, onshore assignments, and "dual-role" initiatives.

(4) LPG shipping business

In the first half of 2025, the Group's LPG fleet recorded transportation revenue of RMB140 million, a year-on-year increase of 26.5%; gross profit of RMB30 million with a year-on-year increase of 21.3%; and gross profit margin of 21.0% with a year-on-year decrease of 0.9 percentage points.

Operational highlights are as follows:

- 1) The Group has carried out in-depth development of the international market for Very Large Gas Carriers ("VLGC") through multi-dimensional efforts, as well as collaborated with leading international traders, energy giants, and major domestic importers to explore diversified cooperation models such as long-term charter agreements.
- 2) The Group has actively expanded into the ethylene and liquid ammonia market segments, exploring diversified cooperation pathways for ethylene and liquid ammonia transport vessels with core customer groups such as European charterers and Japanese and Korean traders with an aim of achieving mutual benefit and win-win results.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

- 3) The Group has advanced the implementation of a small triangle route plan to enhance operational efficiency of vessels; and it is fully committed to ensuring the quality of time charter vessel services and efficiently responding to charterers' needs. The subsidiary of the Company, Shenzhen COSCO Longpeng LPG Transportation Co., Ltd.* (“深圳中遠龍鵬液化氣運輸有限公司” or “**Shenzhen Longpeng**”), was awarded the title of 2024 Outstanding Service Provider by its core customer, demonstrating that its service quality has been recognized by charterers and further enhancing its market competitiveness.

(5) *Chemical shipping business*

In the first half of 2025, the Group's chemical tanker fleet recorded revenue of RMB160 million, representing a year-on-year decrease of 13.1%; gross profit of RMB0.04 billion with a year-on-year increase of 7.0%; and gross profit margin of 26.7% with a year-on-year increase of 5.0 percentage points.

Operational highlights are as follows:

The Group vigorously expanded its chemical transportation customer base by diversifying cargo sources and route types; and optimised its route layout, improving operational efficiency, while increasing cooperation with major international clients and traders, and actively promoting multiple COA signings.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

IV. COSTS AND EXPENSES ANALYSIS

For the six months ended 30 June 2025, the composition of the operating costs of the Group's main businesses is as follows:

	For the six months ended 30 June 2025 (RMB'000)	For the six months ended 30 June 2024 (RMB'000) (Restated)	Increase/ (decrease) (%)	Composition ratio in the six months ended 30 June 2025 (%)
Oil shipping costs				
Items				
Fuel costs	2,604,758	2,536,452	2.7	32.3
Port costs ⁽¹⁾	519,737	369,043	40.8	6.5
Sea crew costs	1,089,565	1,129,978	(3.6)	13.5
Lubricants expenses	144,981	160,728	(9.8)	1.8
Depreciation	1,576,937	1,426,884	10.5	19.6
Insurance expenses	90,157	97,323	(7.4)	1.1
Repair expenses ⁽²⁾	82,768	179,322	(53.8)	1.0
Charter costs ⁽³⁾	1,751,291	1,212,380	44.5	21.8
Others	195,417	229,889	(15.0)	2.4
Sub-total	8,055,611	7,341,999	9.7	100.0
LNG shipping costs				
Items				
Sea crew costs	128,123	116,415	10.1	20.4
Lubricants expenses	14,242	15,432	(7.7)	2.3
Depreciation	294,346	251,621	17.0	47.0
Insurance expenses	19,407	18,059	7.5	3.1
Repair expenses	133,727	106,113	26.0	21.3
Others	37,016	(47,776)	177.5	5.9
Sub-total ⁽⁴⁾	626,861	459,864	36.3	100.0
LPG shipping costs	110,800	86,625	27.9	100.0
Chemical shipping costs	117,225	144,239	(18.7)	100.0
Total	8,910,497	8,032,727	10.9	100.0

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Reasons of the changes in cost and expenses:

1. *Oil shipping costs*

- (1) Port costs: Primarily due to the expanded self-operated fleet deployment and route network restructuring.
- (2) Repair expenses: Mainly reflecting deferred dockyard and dry-docking repairs during the first half-year to capitalize on favorable market conditions.
- (3) Charter costs: Primarily driven by the increased time-charter rates of VLCCs and Aframax tankers year-on-year.

2. *LNG shipping costs*

- (4) Principally stemming from the phased commissioning of CNPC's newbuild international project vessels in the second half of last year, leading to year-on-year increases in depreciation, sea crew costs and repair expenses.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

V. OPERATING RESULTS OF THE JOINT VENTURES AND THE ASSOCIATES

In the first half of 2025, the two major joint venture and associated shipping companies of the Group realized a total operating revenue of approximately RMB1,823 million and a total net profit attributed to the parent of approximately RMB931 million with a year-on-year increase of 4.8%. The Group recognized investment income from the joint ventures and the associates of approximately RMB633 million with a year-on-year increase of 3.9%.

1. The operating results achieved by a major joint venture shipping company of the Group during the Reporting Period are as follows:

Company name	Interest held by the Group	Shipping volume (billion tonne-miles)	Operating revenue (RMB'000)	Net profit (attributed to the parent) (RMB'000)
CLNG	50%	38.324	574,508	501,586

2. The operating results achieved by an associated shipping company of the Group during the Reporting Period are as follows:

Company name	Interest held by the Group	Shipping volume (billion tonne-miles)	Operating revenue (RMB'000)	Net profit (attributed to the parent) (RMB'000)
Shanghai Beihai Shipping Company Limited	40%	13.240	1,248,658	429,000

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

VI. FINANCIAL ANALYSIS

(1) Net cash generated from operating activities

The net cash generated from operating activities of the Group for the Reporting Period was approximately RMB3,079,612,000, representing a decrease of approximately 17% as compared to approximately RMB3,692,453,000 (restated) for the six months ended 30 June 2024.

(2) Capital Commitments

	30 June 2025 RMB'000	31 December 2024 RMB'000
Authorised and contracted but not provided for:		
Construction and purchases of vessels (note)	<u>19,308,950</u>	<u>17,330,060</u>

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

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.

The Group's net debt-to-equity ratio as at 30 June 2025 and 31 December 2024 is as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Total debts	37,451,179	36,165,624
Less: cash and bank	<u>(7,655,589)</u>	<u>(5,661,734)</u>
 Net debt	 <u>29,795,590</u>	 <u>30,503,890</u>
 Total equity	 <u>39,804,006</u>	 <u>38,985,157</u>
 Net debt-to-equity ratio	 <u>75%</u>	 <u>78%</u>

As at 30 June 2025, the balance of cash and bank amounted to RMB7,655,589,000, representing a increase of RMB1,993,855,000 and by 35.22% 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 2025, the Group's net gearing ratio (i.e. net debts over total equity) was 75%, which was 3% less than that as at 31 December 2024. The decrease was primarily due to cash and bank increase during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(4) Trade and Bills Receivables and Contract Assets

	30 June 2025 RMB'000	31 December 2024 RMB'000
Trade and bills receivables from third parties	1,065,816	612,590
Trade receivables from a fellow subsidiary	94	–
Trade receivables from an associate	11,806	–
Trade receivables from related companies (Note)	215,500	3,657
	1,293,216	616,247
Less: allowance for credit losses	(9,172)	(6,617)
	1,284,044	609,630
Current contract assets relating to oil shipment contracts	1,282,236	889,798
Less: allowance for impairment losses	(6,902)	(5,996)
Total contract assets	1,275,334	883,802

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

Trade receivables from a fellow subsidiary, an associate and 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 credit losses, is as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within 1 year	1,274,152	600,619
1–2 years	9,446	8,551
Over 2 years	446	460
	<u>1,284,044</u>	<u>609,630</u>

(5) Trade Payables

	30 June 2025 RMB'000	31 December 2024 RMB'000
Trade payables to third parties	1,327,077	1,108,230
Trade payables to fellow subsidiaries	845,389	848,743
Trade payables to an associate	1,862	2,023
Trade payables to related companies (Note)	15,612	18,012
	<u>2,189,940</u>	<u>1,977,008</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, an associate 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 payables at the end of the period, based on the invoice date, is as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within 1 year	2,027,643	1,860,665
1–2 years	53,164	17,777
Over 2 years	109,133	98,566
	<u>2,189,940</u>	<u>1,977,008</u>

(6) Derivative Financial Instruments

As at 30 June 2025, the Group had interest rate swap agreements with total notional principal amount of approximately USD651,049,000 (equivalent to approximately RMB4,660,599,000) (31 December 2024: approximately USD669,044,000 (equivalent to approximately RMB4,809,357,000)) which will mature in 2031, 2032, 2033, 2034 and 2035 (31 December 2024: 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 3-month SOFR plus 1.66% and 3-month SOFR plus 2.45% (31 December 2024: 3-month SOFR plus 1.66% and 3-month SOFR plus 2.45%).

As at 30 June 2025 and 31 December 2024, the Group has the following derivative financial instruments:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Non-current assets		
Interest rate swaps – cash flow hedges	88,108	202,052
Total non-current derivative financial instrument assets	<u>88,108</u>	<u>202,052</u>
Non-current liabilities		
Interest rate swaps – cash flow hedges	9,336	–
Total non-current derivative financial instrument liabilities	<u>9,336</u>	<u>–</u>

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(7) Interest-Bearing Bank and Other Borrowings

As at 30 June 2025 and 31 December 2024, details of the interest-bearing bank and other borrowings are as follows:

		30 June 2025 RMB'000	31 December 2024 RMB'000
	Maturity		
Current liabilities			
(i) Bank borrowings			
Secured	2025 to 2026	1,179,847	1,340,323
Unsecured	2025 to 2026	5,781,577	2,224,211
		<u>6,961,424</u>	<u>3,564,534</u>
(ii) Other borrowings			
Secured	2025 to 2026	48,273	21,109
Unsecured	2025 to 2026	2,202,118	1,898,004
		<u>2,250,391</u>	<u>1,919,113</u>
Interest-bearing bank and other borrowings – current portion		<u><u>9,211,815</u></u>	<u><u>5,483,647</u></u>
Non-current liabilities			
(i) Bank borrowings			
Secured	2026 to 2040	16,683,879	17,151,465
Unsecured	2026 to 2035	2,769,830	4,737,417
		<u>19,453,709</u>	<u>21,888,882</u>
(ii) Other borrowings			
Secured	2026 to 2042	1,402,458	999,360
Unsecured	2026 to 2032	3,970,817	4,150,843
		<u>5,373,275</u>	<u>5,150,203</u>
Interest-bearing bank and other borrowings – non-current portion		<u><u>24,826,984</u></u>	<u><u>27,039,085</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

As at 30 June 2025, the Group's interest-bearing bank borrowings were secured by pledges of the Group's 35 (31 December 2024: 36) vessels and 6 (31 December 2024: 4) vessels under construction with approximate total net carrying amount of RMB23,209,621,000 (31 December 2024: approximately RMB24,587,972,000) and RMB4,464,559,000 (31 December 2024: approximately RMB3,110,012,000) respectively.

As at 30 June 2025, secured bank borrowings of approximately RMB14,438,925,000 (31 December 2024: approximately RMB16,986,862,000), unsecured bank borrowings of approximately RMB2,208,428,000 (31 December 2024: approximately RMB2,579,198,000), secured other borrowings of approximately RMB416,953,000 (31 December 2024: Nil) and unsecured other borrowings of nil (31 December 2024: approximately RMB143,768,000) are denominated in USD.

(8) Contingent Liabilities and Guarantee

- (a) Four associates of East China LNG Shipping Investment Co., Limited (“**ELNG**”) and North China LNG Shipping Investment Co., Limited (“**NLNG**”), two non-wholly-owned subsidiaries of the Company, entered into a ship building contract for one LNG vessel each. After the completion of their LNG vessels, the four associates would lease the vessels to the lessors in accordance with the signed leasing contracts. In July 2011, the Company provided guarantees to the four associates for their obligations under the leasing contracts, with the guarantee amount not exceeding USD8,200,000 (equivalent to approximately RMB58,701,000). The guarantee period is limited to the lease period.
- (b) From 2014 to 2021, the joint ventures of COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company, signed several ship building contracts and leasing contracts with certain third parties. According to those contracts, the Company would provide guarantees to the joint ventures for their obligations under those contracts based on the subsidiary's percentage of shareholdings in the joint ventures. As at 30 June 2025, the amount of the guarantees provided to the shipbuilders was USD276,120,000 (equivalent to approximately RMB1,976,635,000) and the aggregate amount of the guarantees provided to the lessees was USD6,400,000 (equivalent to approximately RMB45,815,000) and EUR4,500,000 (equivalent to approximately RMB37,811,000). The guarantee periods are limited to the lease periods.
- (c) In June 2017, the Company provided financial guarantees to three joint ventures of COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company to the extent of the contract amount of USD377,500,000 (equivalent to approximately RMB2,702,372,000) 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 2025, the balance of the guarantees was USD248,891,000 (equivalent to approximately RMB1,781,713,000).

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.

(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 2025 and 31 December 2024.

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

In the first half of 2025, the Group's cash expenditure for the construction and purchase of new vessels, was approximately RMB1,465 million.

As at 30 June 2025, the specific composition of the Group's, and joint ventures' and associates' fleet was as follows:

	Tankers in operation			Tankers under construction	
	Number	'0000 DWT	Average age	Number	'0000 DWT
Oil tanker fleet					
Group-owned	144	1,987.7	13.2	18	296.1
Group-chartered	13	357.0	9.9	–	–
JVs/associates-owned	17	114.4	11.1	–	–
Total	174	2,459.1	12.8	18	296.1
	Vessels in operation			Vessels under construction	
	Number	'0000 cubic meters	Average age	Number	'0000 cubic meters
LNG carrier fleet					
Group-owned	12	209.0	4.9	9	157.1
Group-chartered	1	17.4	4.7	–	–
JVs/associates-owned	40	667.3	7.0	26	471.4
Total	53	893.7	6.5	35	628.5

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

	Vessels in operation			Vessels under construction	
	Number	'0000 cubic meters	Average age	Number	'0000 cubic meters
LPG carrier fleet					
Group-owned	11	4.3	14.4	2	1.5
Group-chartered	1	8.3	9.3	–	–
Total	12	12.6	14.0	2	1.5
	Tankers in operation			Tankers under construction	
	Number	'0000 DWT	Average age	Number	'0000 DWT
Chemical tanker fleet					
Group-owned	8	7.3	4.9	2	2.1
Total	8	7.3	4.9	2	2.1

VIII. OUTLOOK AND HIGHLIGHTS FOR THE SECOND HALF OF 2025

1. Landscape and trends in the industry

(1) *International oil shipping market*

In the second half of 2025, the supply-demand fundamentals of the tanker market are expected to diverge, with VLCC continuing to benefit from fewer new ship deliveries, and freight rates potentially outperforming those of small and medium-sized tankers. Meanwhile, geopolitical events and changes in global oil trade will continue to exacerbate freight rate volatility.

The growth in global oil demand is expected to further slow down. IEA has made downward revisions on the forecast for global demand growth in 2025, with a slowdown in China's oil demand growth and India becoming the main driver of demand growth. On the supply side, the actual production increase effect resulting from OPEC+'s withdrawal of voluntary production cuts is expected to materialize in the second half of the year; among non-OPEC+ countries, U.S. production growth may slow down, with Brazil and Guyana being the main sources of supply growth.

In terms of transportation demand, the production increase effect resulting from OPEC+'s withdrawal of voluntary production cuts is expected to materialize in the second half of the year, driving actual growth in Middle East crude oil exports, thereby supporting VLCC transportation demand. Among non-OPEC+ countries, supply increases will be concentrated in South American countries. However, cross-regional long-distance trade will still primarily depend on crude oil arbitrage windows and China's crude oil import pace. Additionally, geopolitical risks will persist. The Middle East situation and changes in sanctions against Iran and Russia by Europe and the U.S. may cause temporary disruptions to trade flows.

In terms of tonnage supply, apart from only 5 new VLCC being delivered in the second half of the year, a certain number of new ships will be delivered for small and medium-sized oil tankers. It is estimated that approximately 18, 30, and 67 Suezmax, Aframax/LR2, and MR tankers will be delivered in the second half of the year, accounting for 2.7%, 2.5%, and 3.7% of the total number of their respective tanker types, respectively.

Overall, VLCC is expected to maintain relatively stable fundamentals in the second half of the year due to limited new tanker deliveries. However, small and medium-sized tanker types may face pressure on freight rates due to new tanker deliveries. In the short term, freight rates are likely to fluctuate more significantly due to geopolitical events and OPEC+ policies. In the medium to long term, the 83rd session of the IMO Marine Environment Protection Committee (MEPC 83) has set stricter targets for greenhouse gas emissions reduction measures for vessels and established compliance costs. The implementation of this draft may accelerate the phasing out of older shipping capacity.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(2) Domestic oil shipping market

In the second half of 2025, domestic crude oil transportation demand is likely to continue undergoing structural adjustments. The operating rates of refineries will continue to be affected by the consumption outlook for product oil and chemical products, which will in turn exert an impact on offshore transportation demand.

With the completion of the optimization of domestic refinery deployment, the demand for product oil transportation will gradually shift toward regional short-distance distribution, resulting in a decrease in traditional long-distance trade volumes.

(3) LNG shipping market

In the second half of 2025, global LNG supply is expected to witness a continuous growth. The Plaquemines LNG project in the U.S., the first three production lines of the Corpus Christi LNG Phase 3 project, and the first production line of the Golden Pass LNG project are all scheduled to be put into operations by the end of 2025. According to the Institute for Energy Economics and Financial Analysis (IEEFA), global LNG capacity is projected to increase by 37 million tons per year in 2025, marking the largest increase in recent years, which will support trade and offshore shipping demand. Although the European Union has relaxed its natural gas inventory targets, inventory levels remain lower than in previous years, and the task of replenishing inventories in the second half of the year will remain challenging. Additionally, seasonal factors such as peak summer demand and winter heating will also benefit the transportation market in the second half of the year. If the Eurasian arbitrage window for U.S. cargo sources opens, it may extend transport distances and expand tonne-mile demand due to increased U.S.-Asia trade, thereby supporting charter rates. However, ship deliveries are expected to accelerate further in the second half of the year, with 62 new vessels entering the market, thus limiting the increase potential for spot charter rates.

In contrast, the time chartering market offers greater certainty. With accelerated investment decisions for upstream LNG projects, a number of LNG export projects in the U.S. and Canada are expected to reach final investment decisions (FID) in the second half of 2025. The sustained growth in trade volumes will support LNG transportation demand. Given that new shipbuilding prices and financing costs remain volatile at high levels, long-term time charter rates are expected to remain relatively high.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(4) *LPG shipping market*

International shipping market: According to Drewry's forecast, the Organization of the Petroleum Exporting Countries (OPEC) will continue to ramp up production in the second half of the year, with annual trade volume expected to grow by 1.4% year-on-year to 174.5 million tons. India will remain the largest contributor to demand growth. Based on a neutral forecast for India's domestic LPG subsidy policy, annual LPG import growth in India is expected to remain between 10% and 15%. Meanwhile, as older vessels are gradually phased out of the market (either scrapped or repurposed), together with tightened carbon emission policies, the supply of VLGC capacity will become increasingly tight. Following the onset of the traditional peak season, freight rates may rise further. Coupled with the positive outlook for China-U.S. trade negotiations and improved expectations of charterers, the time chartering market of VLGC is expected to embrace a gradual recovery.

Domestic shipping market: Due to increased refinery operating rates and the commissioning of new facilities in the second half of the year, domestic LPG production growth is expected to reach 2.6% for the full year. Under the backdrop of the green energy transition, the development of green ammonia applications in Japan and South Korea, as well as domestic ammonia combustion technology, will drive the shipping demand for small and medium-sized liquid ammonia vessels; on the other hand, due to the thriving regional ethylene trade in East Asia and Southeast Asia, small and medium-sized ethylene vessels with a capacity of 5,000 to 9,500 cubic meters, which offer flexible operational methods and strong cargo adaptability, will become the preferred vessel type for ethylene regional trade in Southeast Asia.

(5) *Chemical shipping market*

In the second half of 2025, considering the large number of tankers aged 20 years or older, it is expected that shipbreaking activities will increase. After a slump in the international shipping market from March to May in the first half of the year, freight rates gradually recovered starting in June. Cargo volumes in Southeast Asia and Northeast Asia are expected to stabilize in the future, which will be conducive to freight rates.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

2. Highlights for the second half of 2025

In the second half of 2025, the Group will continue to focus on its core business, driving the enhancement in core competitiveness through high-quality development, laying a solid foundation for sustainable development, and staying calm to address the complex and ever-changing market environment. The Group will give priority to the highlights as follows:

(1) *Optimize a global hub network to comprehensively enhance end-to-end service capabilities*

The Group will prioritize strengthening cargo consolidation capabilities and safety assurance systems in key trade hubs such as the Middle East, Singapore, Europe and the U.S. At the same time, the Group will closely monitor trends in the domestic and international energy industry landscape, deepen synergies with upstream and downstream enterprises of the supply chain, expand business channels, optimize resource allocation, strive to construct an integrated and effective “production-shipping-sales” operational mechanism, and continue to solidify our competitive edge in full supply chain services.

(2) *Focus on the profitability of main businesses and strive to improve operational quality and efficiency*

With respect to the oil tanker shipping segment, the Group will strengthen the efforts to develop routes in the Mediterranean region and Canada, further enhance the globalization of route deployment, and actively build a large triangle route network; leverage the synergies of crude and product oil tankers across different sizes to improve overall operational profitability. At the same time, the Group will continue to implement the development and renewal of its main oil tanker fleet, promoting the continuous optimization of its fleet structure. For the LNG shipping segment, the Group will continue to monitor potential high-quality projects and comprehensively enhance independent operational and ship management capabilities to solidify the foundation of LNG maritime supply chain safety. In terms of the LPG shipping segment, the Group will deepen its ties with core customers and strengthen capacity sharing with shipowners in the South China region to optimize return cargo matching. Regarding the chemical shipping segment, the Group will continue to consolidate COA cooperation with core customers and increase the proportion of cargo volume from long-term contract customers.

(3) *Improve digital supply chain products, accelerate smart digital transformation, and empower application scenarios*

The Group will continue to optimize the digital supply chain collaboration platform, and complete the construction and launch of the “Yuanhai Jincheng” digital supply chain product. The Group will establish data governance organizational mechanisms and system regulations, improve data governance quality, and support data applications in the areas of vessels, shipping, and operations. The Group will strengthen the integration of technology and application scenarios to enhance the smart digital levels of onshore management and daily operations of vessels, as well as consolidate core business capabilities. The Group will expand artificial intelligence application scenarios, and focus on deep integration of artificial intelligence technology with business operations to empower management decision-making.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(4) Advance technological innovation to accelerate green transition and upgrading

Based on cost reduction, safety assurance, and promotion of green and low-carbon transformation, the Group will focus on vessel development and design, and actively commence green and low-carbon as well as smart digital research projects. The Group will jointly advance demonstration and validation of wing-shaped sails for large-sized oil tankers, conduct on-board demonstration research on ship carbon capture devices, and accumulate technical reserves. Combining the own business development needs with external environmental protection policies, the Group will plan its medium- and long-term green development path in a scientific manner; in response to requirements such as the IMO's net-zero framework, the Group will actively conduct economic studies on contract performance, evaluate the feasibility of alternative fuels, and optimize the low-carbon deployment of the Company's fleet.

(5) Use the five-year plan to improve the quality and effectiveness based on corporate strategies

The Group will accomplish the 14th Five-Year Plan, summarizing achievements in transportation capacity development, operational efficiency, cost control, and business model innovation. The Group will formulate the 15th Five-Year Development Plan in a scientific manner, reasonably assess the Company's high-quality development objectives, and fully consider the external market environment to further enhance proactive, forward-looking, and targeted approaches, thereby clearly defining strategic directions and development strategies.

(6) Ensure safe and stable operations, and strengthen risk control and hazard identification governance

The Group will manage compliance and operational risks, closely monitor changes in the international political and economic landscape, and enhance overseas operational and risk control capabilities. The Group will ensure production safety, improve preventive mechanisms, and adhere to a comprehensive approach that addresses both root cause and the symptoms while moving forward the control point. The Group will improve new business model management and advance the construction of core competitiveness in oil, gas, chemicals, and vessel management in an integrated manner. The Group will strengthen cybersecurity. The Group will prevent financial management risks, deepen foreign exchange risk management, strictly adhere to the "risk neutral" principle, continuously optimize the allocation of existing funds, and improve the efficiency of fund utilization while ensuring liquidity. The Group will selectively promote the issuance of mid-term notes, to capture the window of opportunities and raise long-term funds to open up new channels.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

IX. OTHER MATTERS

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

(1) *Re-appointment of Six senior management Members*

At the fifth meeting of the Board of Directors (the “**Board**”) of the Company held on 29 April 2025, the re-appointment of Mr. ZHU Maijin as general manager of the Company; the re-appointment of Mr. QIN Jiong, Mr. CHEN Jianrong and Mr. ZHANG Yong as deputy general managers of the Company; the re-appointment of Mr. TIAN Chao as financial controller of the Company; and the re-appointment of Ms. NI Yidan as secretary to the Board of the Company were approved. The terms of office for the above six re-appointed senior management all commence from the date of approval by the Board until 28 April 2028.

(2) *Appointment of Ms. YU Zhenhong*

At the fifth meeting of the Board of the Company held on 29 April 2025, the appointment of Ms. YU Zhenhong as a deputy general manager of the Company was approved. Her term of office commences from the date of approval by the Board until 28 April 2028.

(3) *Appointment of Ms. ZHOU Chongyi*

At the annual general meeting of the Company held on 30 June 2025, the appointment of Ms. Zhou Chongyi as a non-executive director of the Company was approved. Her term of office commences from the date of approval by the shareholders until 28 June 2027. At the ninth meeting of the Board of the Company held on the same day (30 June 2025), she was approved to serve as a member of the Strategy Committee and the Nomination Committee of the Board.

(4) *Resignation of Ms. WANG Songwen*

Due to reaching the statutory retirement age, Ms. WANG Songwen resigned from her positions as non-executive director and member of the Strategy Committee of the Board of the Company. Her resignation took effect from 30 June 2025.

(5) *Change in Position of Mr. QIN Jiong*

Due to a work adjustment, Mr. Qin Jiong resigned from his position as deputy general manager of the Company. His resignation took effect from 30 June 2025.

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**”).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

As at 30 June 2025, 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 Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (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 “Hong Kong 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	2,216,072,354(L)	63.78%	46.45%
Pacific Asset Management Co., Ltd. ⁽⁴⁾	H	116,986,000(L)	9.03%	2.45%

Notes:

- (1) A – A share
H – H share
L – Long position
- (2) As at 30 June 2025, the total issued share capital of the Company was 4,770,776,395 shares of which 1,296,000,000 were H shares and 3,474,776,395 were A shares.
- (3) China Shipping directly holds 1,536,924,595 A shares in its capacity as beneficial owner. COSCO SHIPPING directly holds 679,147,759 A shares in its capacity as beneficial owner, accounting for approximately 19.55% and 14.24% of the A shares and of the total issued share capital of the Company as at 30 June 2025, respectively. COSCO SHIPPING is the sole shareholder of China Shipping. Therefore, COSCO SHIPPING (itself and through its subsidiaries) is interested in 2,216,072,354 shares in total.
- (4) As at 30 June 2025, according to the information disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, Pacific Asset Management Co., Ltd. held 116,986,000 H shares (long position) as the other capacity.

Save as disclosed above, as at 30 June 2025, 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

3. Directors' and Supervisors' interests in contracts

As at 30 June 2025 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. Directors', Supervisors' and chief executives' interests and short positions in shares, underlying shares or debentures of the Company

As at 30 June 2025, the Directors, Supervisors and chief executive(s) of the Company who had an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO that was required to be entered into the register kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules were as follows:

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

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

Notes:

(1) A – A shares
H – H shares

(2) L – Long position

(3) As at 30 June 2025, 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

- (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)	0.00371%	0.00069%
		Interest of spouse ⁽⁴⁾	H	2,000 (L)	0.00007%	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)	0.00604%	0.00160%
COSCO SHIPPING Ports Limited	YANG Lei	Beneficial owner	Ordinary shares	26,597 (L)	0.00069%	0.00069%
COSCO SHIPPING International (Hong Kong) Co., Ltd.	YANG Lei	Beneficial owner	Ordinary shares	660,000 (L)	0.04502%	0.04502%

Notes:

- (1) A – A shares
H – H shares

- (2) L – Long position

- (3) As at 30 June 2025, the total issued share capital of COSCO SHIPPING Holdings Co., Ltd. was 15,489,754,739 shares, of which 2,879,819,500 were H shares and 12,609,935,239 were A shares.

As at 30 June 2025, the total issued share capital of COSCO SHIPPING Development Co., Ltd. was 13,309,607,112 shares, of which 3,528,899,000 were H shares and 9,780,708,112 were A shares (including 28,724,292 treasury A shares).

As at 30 June 2025, the total issued share capital of COSCO SHIPPING Ports Limited was 3,874,248,000 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

As at 30 June 2025, save as disclosed above, none of the Directors, Supervisors and chief executive(s) of the Company had any interests or short positions in the shares, underlying shares or debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be entered into the register kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

5. 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.

6. Share option incentive scheme

The 2023 share option incentive scheme of the Company (the “**Incentive Scheme**”) was approved and adopted at the Company’s extraordinary general meeting and class meeting of shareholders held on 10 May 2024. Pursuant to the authorization granted by the shareholders of the Company at the general meeting, on 10 May 2024, the Board approved to grant 22,309,600 share options to 107 participants who met the conditions for the grant (the “**Initial Grant**”) at an exercise price (the “**Exercise Price**”) of RMB13.00 per A share. On 30 December 2024, the Board approved to grant 4,635,800 Share Options to 24 participants who met the conditions for the reserved grant (the “**Reserved Grant**”) at an Exercise price of RMB12.09 per A share. Following the Initial Grant and the Reserved Grant, there will be no other grants to be made under the Incentive Scheme pursuant to the shareholders’ authorization obtained on 10 May 2024.

The Incentive Scheme will automatically expire in 7 years from the date of the approval at the relevant general meeting. Specifically, the exercise periods for the Initial Grant and the Reserved Grant of share options (the “**Share Options**” or “**Options**”) are from 11 May 2024 to 10 May 2031, and from 31 December 2024 to 30 December 2031, respectively. As of the date of this Report, the remaining term of the Incentive Scheme is 5 years and 7 months.

Pursuant to the terms of the Incentive Scheme, the granted Share Options are subject to a vesting period (the “**Vesting Period**”) of two years from the date of grant. Details regarding the vesting conditions and exercise conditions applicable to the Share Options are set out in the section entitled “Appendix I – SUMMARY OF THE PRINCIPAL TERMS OF THE 2023 SHARE OPTION INCENTIVE SCHEME – G. CONDITIONS OF GRANT AND EFFECTIVENESS UNDER THE SCHEME” of the circular dated 22 April 2024 of the Company (the “**Circular**”).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

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

Names	Position(s)	Share Options Granted (ten thousands)	Proportion to the total Share Options in the Initial Grant	Proportion to the total share capital of the Company as of the date of this Report ⁽¹⁾
I. Directors and senior management				
REN Yongqiang	Executive Director, Chairman, Secretary of Party Committee	28.32	1.269%	0.006%
ZHU Maijin	Executive Director, General Manager, Deputy Secretary of Party Committee	26.93	1.207%	0.006%
QIN Jiong (resigning from 30 June 2025)	Former Deputy General Manager, Member of Party Committee	20.98	0.940%	0.004%
TIAN Chao	Chief Accountant, Member of Party Committee	19.68	0.882%	0.004%
CHEN Jianrong	Deputy General Manager, Member of Party Committee	19.42	0.870%	0.004%
ZHANG Yong	Deputy General Manager, Member of Party Committee	31.27	1.402%	0.007%
NI Yidan	Secretary to the Board	16.49	0.739%	0.003%
Subtotal (7 persons)		163.09	7.310%	0.034%
II. Other Participants				
Core management at the headquarters (62 persons)		1,237.70	55.478%	0.259%
Core management of subsidiaries (38 persons)		830.17	37.211%	0.174%
Total Initial Grant (107 persons)		2,230.96	100.000%	0.468%

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

Names	Position(s)	Share Options Granted (ten thousands)	Proportion to the total Share Options in the Reserved Grant	Proportion to the total share capital of the Company as of the date of this Report ⁽¹⁾
I. Directors and senior management				
YU Zhenhong (appointed from 29 April 2025)	Deputy General Manager, Member of Party Committee	22.98	4.957%	0.005%
Subtotal (1 person)		22.98	4.957%	0.005%
II. Other Participants				
Core management at the headquarters (12 persons)		232.52	50.157%	0.049%
Core management of subsidiaries (11 persons)		208.08	44.885%	0.044%
Total Reserved Grant (24 persons)		463.58	100.000%	0.097%

Notes:

- (1) Any discrepancy in the last digit of the above total amount and the sum of all breakdowns is a result of rounding.
- (2) As of the date of this Report, the Company's total issued Shares (excluding treasury shares, if any) were 4,770,776,395.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

Name or category of Participants	Date of Grant	Vesting period	Exercise period	Exercise Price	Number of Share Options						Outstanding options as at 30 June 2025 and as at the date of this Report
					As at 1 January 2025	Granted during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Vested during the Reporting Period	Exercised during the Reporting Period	
				(RMB) (ten thousands)							(ten thousands)
I. Directors, chief executive and senior management of the Company and/or their respective associate(s), if any											
REN Yongqiang (Executive Director)	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00	28.32	-	-	-	-	-	28.32
ZHU Majin (Director and General Manager)	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00	26.93	-	-	-	-	-	26.93
QIN Jiong (Former Deputy General Manager) ⁽¹⁾	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00	20.98	-	-	-	-	-	20.98
YU Zhenhong (Deputy General Manager) ⁽²⁾	30 December 2024	2 years from the Date of Grant	31 December 2026 to 30 December 2031	12.09	22.98	-	-	-	-	-	22.98
TIAN Chao (Chief Accountant)	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00	19.68	-	-	-	-	-	19.68
CHEN Jianrong (Deputy General Manager)	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00	19.42	-	-	-	-	-	19.42
ZHANG Yong (Deputy General Manager) ⁽²⁾	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00	31.27	-	-	-	-	-	31.27
NI Yidan (Secretary to the Board)	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00	16.49	-	-	-	-	-	16.49
II. Other Participants											
Other essential management and core technical personnel (100 Participants)	10 May 2024	2 years from the Date of Grant	11 May 2026 to 10 May 2031	13.00	2,067.87	-	-	-	-	-	2,067.87
Other essential management and core technical personnel (24 Participants)	30 December 2024	2 years from the Date of Grant	31 December 2026 to 30 December 2031	12.09	440.60	-	-	-	-	-	440.60
Total					<u>2,694.54</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,694.54</u>

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Notes:

- (1) Mr. QIN Jiong ceased to serve as the deputy general manager of the Company with effect from 30 June 2025 (due to job position change).
- (2) Ms. YU Zhenhong was appointed as the deputy general manager of the Company with effect from 29 April 2025.
- (3) If the Company undergoes any ex-rights or ex-dividend issues such as capitalisation issue, sub-division or consolidation of the Shares, rights issue or declaration of dividends of the Company, the Exercise Price of the Share Options shall be adjusted accordingly.
- (4) Subject to satisfaction of the vesting conditions stipulated in the Incentive Scheme, the Share Options shall be exercisable in three equal tranches after the Vesting Period expires, as follows: (i) 33% of the Share Options shall be exercisable from 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; (ii) 33% of the Share Options shall be exercisable from 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; and (iii) 34% of the Share Options shall be exercisable from 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. For further details regarding the clawback mechanism, please refer to “Appendix I – SUMMARY OF THE PRINCIPAL TERMS OF THE 2023 SHARE OPTION INCENTIVE SCHEME – M. HANDLING OF SPECIAL OCCASIONS OF THE COMPANY AND PARTICIPANTS”.
- (5) Save for those listed above, there were no other Share Options granted or to be granted under the Incentive Scheme to (i) Directors, Supervisors, chief executives or substantial Shareholders of the Company, or their respective associates; (ii) any Participant with Share Options granted and to be granted in excess of the aforesaid 1% limit; (iii) other employee Participants or any related entity participant and service provider during the Reporting Period.

During the Reporting Period, no Share Options were adjusted, exercised, or cancelled whatsoever under the Incentive Scheme. The maximum number of shares available for issuance at the beginning and the end of the Reporting Period are 26,945,400 A shares. During the Reporting Period, no grant was made under the Incentive Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

7. 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.

8. 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.

9. Compliance with the Corporate Governance Code

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

In the opinion of the Directors, during the Reporting Period, the Company has complied with the code provisions set out in the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix C1 to the Listing Rules.

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

10. 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 two independent non-executive Directors and one non – executive Director, namely Mr. Victor HUANG (chairman), Mr. WANG Wei and Mr. ZHAO Jinsong.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 and this Report and has met with the independent auditor, SHINEWING (HK) CPA Limited (the "**SHINEWING (HK)**"), 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

11. 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.

12. Nomination Committee

The Nomination Committee of the Company comprises three independent non-executive Directors and one non-executive Director, namely Mr. WANG Zuwen (chairman), Ms. ZHOU Chongyi, 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.

13. Strategy Committee

The Strategy Committee of the Company comprises two executive Directors, three non-executive Directors, and two independent non-executive Directors, namely Mr. REN Yongqiang (chairman), Mr. ZHU Maijin, Mr. WANG Shuqing, Mr. WANG Wei, Ms. ZHOU Chongyi, 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.

14. Risk Control and Compliance Management Committee

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

15. 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.

16. 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. Other than the aforementioned disclosed remuneration policies and the Incentive Scheme of the Company, 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 2025, the Company had 8,218 employees. During the Reporting Period, the total employee costs was approximately RMB1,630 million.

17. Profit distribution plan for the Reporting Period

On 30 June 2025, the annual general meeting of the Company considered and approved the proposed authorisation to the Board to decide the 2025 Interim Profit Distribution Plan. This authorization allows the Board to decide whether to implement and formulate the interim profit distribution plan based on the Company's performance in the first half of 2025 and its capital requirements.

After comprehensive consideration, the Company has decided not to proceed with an interim profit distribution for 2025.

The Company places high importance on shareholder returns and will strictly adhere to the articles of association (the "**Articles of Association**") of the Company and regulatory requirements to actively fulfill its dividend distribution obligations.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

18. Investor relations

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

The Company has maintained an investor relations section on its website at <https://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.

19. Proposed issuance of A shares to specific target subscribers

On 11 April 2025, the Company’s Extraordinary General Meeting, A Shares Class Meeting, and H Shares Class Meeting approved the proposed issuance of not more than 1,431,232,918 A shares (inclusive) by the Company to not more than 35 specific target subscribers (inclusive), including COSCO SHIPPING (the **“Proposed Issuance of A Shares to Specific Target Subscribers”**, includes authorizing the Board and its authorized person(s) to handle all matters related to the issuance and listing).

Shareholders and potential investors should note that as the Proposed Issuance of A Shares to Specific Target Subscribers is subject to the fulfillment of certain pre-conditions, including but not limited to obtaining approval from the China Securities Regulatory Commission (hereinafter referred to as the **“CSRC”**), the Proposed Issuance of A Shares to Specific Target Subscribers may or may not proceed. As of 30 June 2025, the Company had not yet obtained such approval.

For details regarding the Proposed Issuance of A Shares to Specific Target Subscribers, please refer to the Company’s announcements dated 24 January 2025, and 11 April 2025, as well as the circular dated 24 March 2025. The Company will make further announcements regarding the detailed terms of the Proposed Issuance of A Shares to Specific Target Subscribers as and when appropriate.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

As at 30 June 2025, 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.

22. Events after the Reporting Period

(1) *Proposed Issuance of A Shares to Specific Target Subscribers*

On 18 July 2025, the Proposed Issuance of A Shares to Specific Target Subscribers by the Company was approved by the Shanghai Stock Exchange. On 19 August 2025, the Company received the official approval from the CSRC for the registration of the Proposed Issuance of Shares to Specific Target Subscribers. For details, please refer to the overseas regulatory announcements of the Company dated 18 July 2025 and 19 August 2025. If there are any material development to the Proposed Issuance of Shares to Specific Target Subscribers, the Company will publish announcement(s) as and when appropriate to keep its shareholders and investors informed.

(2) *Registration and issuance of mid-term notes*

On 30 June 2025, the annual general meeting of the Company approved the proposed registration and issuance of mid-term notes with an aggregate amount of no more than RMB5 billion (inclusive) (the “**Registration and Issuance of Mid-term Notes**”). For details regarding the proposed Registration and Issuance of Mid-term Notes, please refer to the announcements of the Company dated 5 June 2025, and 30 June 2025, as well as the circular dated 6 June 2025.

In July 2025, the Company received a notice from the National Association of Financial Market Institutional Investors (NAFMII) accepting the registration of the Mid-term Notes. The Company will determine the timing of issuance (if any) within the registered quota and validity period based on funding needs and market conditions, and will fulfill the information disclosure obligations accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(3) *Proposed amendment of constitutional documents*

On 15 August 2025, the Board resolved to approve, among other things, make certain amendments (the “**Proposed Amendments**”), including to (i) cancel its Supervisory Committee and abolish the Rules and Procedures of Meetings of the Supervisory Committee, (ii) make certain amendments to the Articles of Association of the Company, and (iii) amend the rules and procedures of the Board and the general meeting, in order to, comply with the latest requirements of the applicable laws and regulations of the PRC and the Listing Rules, and to incorporate other consequential and housekeeping amendments.

The Proposed Amendments are subject to the approval of the shareholders of the Company at the extraordinary general meeting of the Company to be held on 26 September 2025 and also subject to registration or filing with the relevant government authorities in the PRC. For details, please refer to the Company’s announcement dated 15 August 2025 and the circular dated 8 September 2025.

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

Shanghai, the PRC
29 August 2025

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTOR OF COSCO SHIPPING ENERGY TRANSPORTATION CO., LTD.

中遠海運能源運輸股份有限公司

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information of COSCO SHIPPING Energy Transportation Co., Ltd. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 51 to 108, which comprise the condensed consolidated statement of financial position as of 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“**HKAS**”) 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 these interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on these 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 these 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 are not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTER

The comparative condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 June 2024 and the relevant explanatory notes included in the interim financial information were extracted from the interim financial information of the Group for the six-month period ended 30 June 2024 reviewed by another auditor who expressed an unmodified conclusion on that interim financial information on 29 August 2024, for which certain comparative financial information has been adjusted by the directors of the Company as described in note 2.1 to these condensed consolidated interim financial statements.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Kwan Chi Fung

Practising Certificate Number: P06614

Hong Kong

29 August 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited and restated)
Revenues	5	11,573,025	11,866,805
Operating costs	8	(8,910,497)	(8,032,727)
Gross profit		2,662,528	3,834,078
Other income and other gains, net	6	387,251	240,367
Marketing expenses	8	(36,140)	(32,231)
Administrative expenses	8	(494,416)	(512,545)
Provision for impairment losses on financial and contract assets		(3,453)	(2,258)
Other expenses		(31,290)	(52,063)
Share of profits of associates		266,678	260,465
Share of profits of joint ventures		365,843	348,577
Finance costs	7	(707,673)	(695,740)
Profit before tax		2,409,328	3,388,650
Income tax expense	9	(313,650)	(553,847)
Profit for the period		2,095,678	2,834,803
Other comprehensive (loss)/income			
<i>Items that will not be reclassified subsequently to profit or loss, net of tax:</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income ("FVOCI")		56,215	54,976
Exchange differences from translation of financial statements of subsidiaries		(6,729)	15,803
<i>Items that may be reclassified subsequently to profit or loss, net of tax:</i>			
Exchange differences from translation of financial statements of subsidiaries		(125,412)	48,410
Net (loss)/profit on cash flow hedges		(97,058)	253,114
Hedging profit reclassified to profit or loss		(25,738)	(52,137)
Share of other comprehensive income/(loss) of associates		13,175	(32,137)
Share of other comprehensive income of joint ventures		53,017	33,464
Other comprehensive (loss)/income for the period		(132,530)	321,493
Total comprehensive income for the period		1,963,148	3,156,296

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

For the six months ended 30 June 2025

		Six months ended 30 June	
	Note	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited and restated)
Profit for the period attributable to:			
Equity holders of the Company		1,894,278	2,667,653
Non-controlling interests		201,400	167,150
		<u>2,095,678</u>	<u>2,834,803</u>
Profit for the period		<u>2,095,678</u>	<u>2,834,803</u>
Total comprehensive income for the period attributable to:			
Equity holders of the Company		1,793,588	2,859,619
Non-controlling interests		169,560	296,677
		<u>1,963,148</u>	<u>3,156,296</u>
Earnings per share	10		
– Basic (RMB cents/share)		39.71	55.92
– Diluted (RMB cents/share)		39.71	55.92

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
	Notes		
NON-CURRENT ASSETS			
Investment properties		2,363	2,050
Property, plant and equipment	12	54,046,721	54,512,197
Right-of-use assets	13	862,457	934,631
Goodwill		85,850	85,850
Investments in associates	14	5,935,299	5,983,345
Investments in joint ventures	15	7,070,202	6,572,370
Loan receivables	16	1,283,893	1,296,446
Financial assets at FVOCI	17	478,258	412,123
Deferred tax assets	18	32,272	33,502
Derivative financial instruments	23	88,108	202,052
Other non-current assets	21	1,946,656	1,472,037
		71,832,079	71,506,603
CURRENT ASSETS			
Current portion of loan receivables	16	21,221	20,603
Inventories	19	1,135,753	1,333,724
Contract assets	20	1,275,334	883,802
Trade and bills receivables	20	1,284,044	609,630
Prepayments, deposits and other receivables	21	1,189,465	1,023,814
Taxes recoverable		11,578	1,624
Restricted bank deposits	22	785	783
Cash and bank	22	7,655,589	5,661,734
		12,573,769	9,535,714
TOTAL ASSETS		84,405,848	81,042,317

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Provision and other liabilities		95,570	87,720
Derivative financial instruments	23	9,336	–
Interest-bearing bank and other borrowings	24	24,826,984	27,039,085
Other loans	25	2,092,345	2,224,590
Employee benefits payable		188,201	238,746
Lease liabilities	13	464,066	619,344
Deferred tax liabilities	18	1,725,262	1,627,214
		29,401,764	31,836,699
CURRENT LIABILITIES			
Trade payables	26	2,189,940	1,977,008
Other payables and accruals	27	2,723,391	1,539,476
Contract liabilities		64,286	102,615
Current portion of interest-bearing bank and other borrowings	24	9,211,815	5,483,647
Current portion of other loans	25	265,245	234,143
Current portion of employee benefits payable		10,260	19,827
Current portion of lease liabilities	13	590,724	564,815
Tax payable		144,417	298,930
		15,200,078	10,220,461
TOTAL LIABILITIES		44,601,842	42,057,160
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	28	4,770,776	4,770,776
Reserves		31,924,272	31,096,133
		36,695,048	35,866,909
Non-controlling interests		3,108,958	3,118,248
TOTAL EQUITY		39,804,006	38,985,157

Ren Yongqiang
Director

Zhu Maijin
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to equity holders of the company											Non-controlling interests	Total equity
	Share capital	Share premium	Revaluation reserve	Capital reserve	Merger reserve	Statutory surplus reserve	Safety fund reserve	General surplus reserve	FVOCI revaluation reserve	Translation reserve	Retained profits	Total RMB'000	RMB'000
At 31 December 2024 (Audited)	4,770,776	12,143,104	273,418	129,409	(686,184)	2,877,435	2,365	93,158	398,698	112,274	643,670	35,866,909	38,985,157
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,894,278	1,894,278	2,095,678
Exchange differences from translation of financial statements of subsidiaries	-	-	-	-	-	-	-	-	-	(125,412)	-	(125,412)	(132,141)
Net loss on cash flow hedges	-	-	-	-	-	-	-	-	(49,804)	-	-	(49,804)	(97,058)
Hedging profit reclassified to profit or loss	-	-	-	-	-	-	-	-	(14,137)	-	-	(14,137)	(25,738)
Changes in the fair value of equity investments at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-	56,215
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	28,670	-	-	28,670	27,545
Share of other comprehensive income of joint ventures	-	-	-	-	-	-	-	-	(4,736)	(4,074)	-	6,976	13,175
Total comprehensive income for the period	-	-	-	-	-	-	-	-	10,699	(5,837)	-	53,017	53,017
Accrual of safety fund reserve	-	-	-	-	-	-	95,975	-	-	-	(99,296)	(3,321)	-
Utilisation of safety fund reserve	-	-	-	-	-	-	(73,128)	-	-	-	74,503	1,375	-
Dividends distributed to shareholders of the Company	-	-	-	-	-	-	-	-	-	-	(1,001,863)	(1,001,863)	(1,001,863)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(180,796)	(180,796)
Fair value of share options granted	-	-	-	38,360	-	-	-	-	-	-	-	38,360	38,360
At 30 June 2025 (Unaudited)	4,770,776	12,143,104	273,418	167,769	(686,184)	2,877,435	25,212	93,158	409,397	136,208	508,347	36,695,048	39,804,006

Profit for the period

Exchange differences from translation of financial statements of subsidiaries

Net loss on cash flow hedges

Hedging profit reclassified to profit or loss

Changes in the fair value of equity investments at FVOCI

Share of other comprehensive income of associates

Share of other comprehensive income of joint ventures

Total comprehensive income for the period

Accrual of safety fund reserve

Utilisation of safety fund reserve

Dividends distributed to shareholders of the Company

Dividends paid to non-controlling interests of subsidiaries

Fair value of share options granted

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

For the six months ended 30 June 2025

	Attributable to equity holders of the company												Non-controlling interests RMB'000	Total equity RMB'000	
	Share capital RMB'000	Share premium RMB'000	Revaluation reserve RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Safety fund reserve RMB'000	General surplus reserve RMB'000	Hedging reserve RMB'000	FVOCI revaluation reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000			Total RMB'000
At 31 December 2023 (Audited and restated)	4,770,776	12,143,104	273,418	89,446	289,165	2,877,435	2,495	93,158	419,481	56,032	347,932	13,800,965	35,163,407	2,798,152	37,961,559
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	2,667,653	2,667,653	167,150	2,834,803
Exchange differences from translation of financial statements of subsidiaries	-	-	-	-	-	-	-	-	-	-	48,410	-	48,410	15,803	64,213
Net profit on cash flow hedges	-	-	-	-	-	-	-	-	136,936	-	-	-	136,936	116,178	253,114
Hedging profit reclassified to profit or loss	-	-	-	-	-	-	-	-	(30,111)	-	-	-	(30,111)	(22,026)	(52,137)
Changes in the fair value of equity investments at FVOCI	-	-	-	-	-	-	-	-	-	28,038	-	-	28,038	26,938	54,976
Share of other comprehensive loss of associates	-	-	-	-	-	-	-	-	(33,373)	3,222	5,380	-	(24,771)	(7,366)	(32,137)
Share of other comprehensive income of joint ventures	-	-	-	-	-	-	-	-	30,503	-	2,961	-	33,464	-	33,464
Total comprehensive income for the period	-	-	-	-	-	-	-	-	103,955	31,260	56,751	2,667,653	2,859,619	296,677	3,156,296
Accrual of safety fund reserve	-	-	-	-	-	-	98,392	-	-	-	-	(102,213)	(3,821)	3,821	-
Utilisation of safety fund reserve	-	-	-	-	-	-	(72,323)	-	-	-	-	73,723	1,400	(1,400)	-
Effect of acquisition of subsidiaries under common control	-	-	-	-	74,434	-	-	-	-	-	-	-	74,434	-	74,434
Contribution from non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	39,358	39,358
Dividends distributed to shareholders of the Company	-	-	-	-	-	-	-	-	-	-	-	(1,669,772)	(1,669,772)	-	(1,669,772)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(138,119)	(138,119)
Fair value of share options granted	-	-	-	5,709	-	-	-	-	-	-	-	-	5,709	-	5,709
At 30 June 2024 (Unaudited and restated)	4,770,776	12,143,104	273,418	95,155	363,599	2,877,435	28,564	93,158	523,436	87,292	404,683	14,770,356	36,430,976	2,998,489	39,429,465

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
NET CASH GENERATED FROM OPERATING ACTIVITIES	3,079,612	3,692,453
INVESTING ACTIVITIES		
Interest received	39,822	58,626
Purchase of property, plant and equipment	(1,822,647)	(3,055,037)
Investments in associates	(56,577)	(671,286)
Investment in a joint venture	(100,496)	(1,218,710)
Proceeds from disposal of property, plant and equipment	227,629	5
Collection of loan receivables from associates	6,051	19,427
Collection of loan receivables from joint ventures	1,559	34,259
Dividends received from associates	235,476	187,619
Dividends received from joint ventures	–	144,986
Increase in restricted bank deposits	(2)	(1)
NET CASH USED IN INVESTING ACTIVITIES	(1,469,185)	(4,500,112)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
FINANCING ACTIVITIES		
Interest paid	(751,049)	(673,769)
Proceeds from derivative financial instruments	27,368	52,137
Dividends paid to non-controlling interests of subsidiaries	(180,796)	(138,119)
Repayment of other loans	(96,105)	(21,681)
Increase in interest-bearing bank and other borrowings	4,853,998	3,915,387
Repayment of interest-bearing bank and other borrowings	(3,246,545)	(3,565,012)
Principal elements of lease payments	(226,169)	(220,664)
Contribution from non-controlling interests of the subsidiaries	–	39,358
Borrowings acquisition cost	(100)	–
Other financing activities	–	74,434
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	380,602	(537,929)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,991,029	(1,345,588)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,660,994	5,745,255
Effect of foreign exchange rate changes, net	(3,174)	81,083
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7,648,849	4,480,750

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2025

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 referred to as 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;
- (4) liquefied natural gas (“**LNG**”) shipping;
- (5) liquefied petroleum gas (“**LPG**”) transportation; and/or
- (6) chemical transportation.

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

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

This condensed consolidated interim financial information for the six months ended 30 June 2025 (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 2025.

The Interim Financial Information has not been audited.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

2. BASIS OF PREPARATION OF HALF-YEAR REPORT AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF HALF-YEAR REPORT

The Interim Financial Information of the Group for the six months ended 30 June 2025 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 (“**HKICPA**”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Merger accounting for business combination involving entities under common control

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

1. The Company acquired 100% equity interests in China Shipping Chemical Carrier Co., Ltd.* (“中海化工運輸有限公司” or “**COSCO SHIPPING Chemical Carrier**”) (Note (i)) and 100% equity interests in Shanghai COSCO SHIPPING (Hong Kong) Co., Ltd.* (Note (ii)) (“上海中遠海運(香港)有限公司” or “**Shanghai COSCO SHIPPING (Hong Kong)**”) from COSCO Shipping (Shanghai); and
2. The Company’s wholly-owned subsidiary, Dalian COSCO SHIPPING Energy Supply Chain Co., Ltd.* (“大連中遠海運能源供應鏈有限公司” or “**Dalian COSCO Energy**”) acquired 70% equity interests in Shenzhen COSCO Longpeng LPG Transportation Co., Ltd.* (“深圳中遠龍鵬液化氣運輸有限公司” or “**Shenzhen Longpeng**”) and 87% equity interests in Hainan Zhaogang Shipping Co., Ltd.* (“海南招港海運有限公司” or “**Hainan Zhaogang**”) from COSCO SHIPPING Investment Dalian.

Notes:

- (i) COSCO SHIPPING Chemical Carrier completed the change of company name on 25 December 2024 from “中海化工運輸有限公司” to “上海中遠海能化工運輸有限公司”, and the English name was changed from “China Shipping Chemical Carrier Co., Ltd.*” to “Shanghai COSCO SHIPPING Chemical Carrier Co., Ltd.*” (“**Shanghai COSCO Chemical Carrier**”).
- (ii) Shanghai COSCO SHIPPING (Hong Kong) completed the change of company name on 2 April 2025 from “上海中遠海運(香港)有限公司” to “中遠海能化工運輸(香港)有限公司”, and the English name was changed from “Shanghai COSCO SHIPPING (Hong Kong) Co., Ltd.” to “COSCO SHIPPING Energy Chemical Carrier (Hong Kong) Co., Ltd.*” (“**Hong Kong Chemical Carrier**”).

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

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

2.1 BASIS OF PREPARATION OF HALF-YEAR REPORT (Continued)

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

The net assets of the Acquired Entities are consolidated using the existing book values from the controlling party’s perspective. No amount is recognised in respect of goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party’s interest. The adjustments to eliminate share/registered capital of the combining entity or business against the related investment costs have been made to merger reserve in the consolidated statement of changes in equity. The details of the restated balances have been disclosed in note 32.

The condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the prior periods have been restated to include the operating results of the Acquired Entities as if those acquisitions had been completed on the date when the Acquired Entities were initially brought under the control of COSCO SHIPPING.

* For identification purpose only

2.2 ACCOUNTING POLICIES

The Interim Financial Information have been prepared on the historical cost basis except for certain financial assets and liabilities (including derivative instruments) and investment property measured at fair value or revalued amount.

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 2024 and any public announcements made by the Group during the interim reporting period.

The accounting policies used in the Interim Financial Information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except as described below.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

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

2.2 ACCOUNTING POLICIES (Continued)

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRS”) Accounting Standards

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2025:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in the Interim Financial Information.

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 the above, in preparing this 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 2024.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

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 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 consolidated financial statements as at 31 December 2024.

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.

	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 30 June 2025				
Trade payables	2,189,940	–	–	2,189,940
Other payables and accruals	2,723,391	–	–	2,723,391
Interest payable in relation to bank and other borrowings	125,131	–	–	125,131
Lease liabilities	621,528	328,972	151,221	1,101,721
Interest-bearing bank and other borrowings	10,323,031	6,896,904	24,290,459	41,510,394
Other loans	352,200	307,449	2,125,617	2,785,266
Financial guarantee	–	–	1,781,713	1,781,713
	16,335,221	7,533,325	28,349,010	52,217,556

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

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 2024				
Trade payables	1,977,008	–	–	1,977,008
Other payables and accruals	1,539,476	–	–	1,539,476
Interest payable in relation to bank and other borrowings	133,475	–	–	133,475
Lease liabilities	602,972	458,896	179,040	1,240,908
Interest-bearing bank and other borrowings	6,552,551	9,049,507	24,570,241	40,172,299
Other loans	333,622	325,436	2,219,913	2,878,971
Financial guarantee	–	–	1,872,295	1,872,295
	<u>11,139,104</u>	<u>9,833,839</u>	<u>28,841,489</u>	<u>49,814,432</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

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 2025				
Financial assets:				
Derivative financial instruments	–	88,108	–	88,108
Financial assets at FVOCI	<u>478,258</u>	<u>–</u>	<u>–</u>	<u>478,258</u>
Financial liabilities:				
Derivative financial instruments	<u>–</u>	<u>9,336</u>	<u>–</u>	<u>9,336</u>
At 31 December 2024				
Financial assets:				
Derivative financial instruments	–	202,052	–	202,052
Financial assets at FVOCI	<u>412,123</u>	<u>–</u>	<u>–</u>	<u>412,123</u>

Fair value hierarchy has been defined in the Group's consolidated financial statements disclosed in the Company's 2024 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

4. FINANCIAL RISK MANAGEMENT (Continued)

(3) Fair value estimation (Continued)

(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 2025 and 31 December 2024.

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

(3) LPG transportation

(4) Chemical transportation

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

5. REVENUES AND SEGMENT INFORMATION (Continued)

Business segments

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

	Six months ended 30 June			
	2025		2024	
	Revenues	Contribution	Revenues	Contribution
	RMB'000	RMB'000	RMB'000	RMB'000
			(Restated)	(Restated)
By principal activity:				
Oil transportation				
– Oil shipment	9,034,034	1,630,651	9,196,078	2,629,168
– Vessel chartering	994,741	342,513	1,417,207	642,118
	10,028,775	1,973,164	10,613,285	3,271,286
LNG shipping	1,244,020	617,159	958,442	498,578
LPG transportation	140,316	29,516	110,960	24,335
Chemical transportation	159,914	42,689	184,118	39,879
	<u>11,573,025</u>	<u>2,662,528</u>	<u>11,866,805</u>	<u>3,834,078</u>
Other income and other gains, net		387,251		240,367
Marketing expenses		(36,140)		(32,231)
Administrative expenses		(494,416)		(512,545)
Provision for impairment losses on financial and contract assets		(3,453)		(2,258)
Other expenses		(31,290)		(52,063)
Share of profits of associates		266,678		260,465
Share of profits of joint ventures		365,843		348,577
Finance costs		(707,673)		(695,740)
Profit before tax		<u>2,409,328</u>		<u>3,388,650</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

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 administrative expenses (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 2025 and 2024, total segment revenue represents total consolidated revenue as there were no inter-segment transactions between the business segments.

	30 June 2025 RMB'000	31 December 2024 RMB'000
Total segment assets		
Oil transportation	48,489,537	52,872,579
LNG shipping	31,235,786	23,284,330
LPG transportation	1,114,726	1,277,104
Chemical transportation	867,670	888,792
Others	2,698,129	2,719,512
	84,405,848	81,042,317
Total segment liabilities		
Oil transportation	27,428,940	25,016,592
LNG shipping	16,268,560	16,254,537
LPG transportation	626,510	370,752
Chemical transportation	274,496	410,933
Others	3,336	4,346
	44,601,842	42,057,160

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

5. REVENUES AND SEGMENT INFORMATION (Continued)

Business segments (Continued)

As at 30 June 2025, the approximate total net carrying amounts of the Group's oil tankers, LNG vessels, LPG tankers and chemical tankers were RMB29,790,835,000 (31 December 2024: approximately RMB30,894,347,000), RMB15,493,384,000 (31 December 2024: approximately RMB15,851,670,000), RMB466,665,000 (31 December 2024: approximately RMB476,894,000) and RMB812,126,000 (31 December 2024: approximately RMB831,394,000) respectively.

Geographical segments

	Six months ended 30 June			
	2025		2024	
	Revenues	Contribution	Revenues	Contribution
	RMB'000	RMB'000	RMB'000	RMB'000
			(Restated)	(Restated)
By geographical area:				
Domestic	2,889,637	695,845	3,026,155	738,509
International	8,683,388	1,966,683	8,840,650	3,095,569
	<u>11,573,025</u>	<u>2,662,528</u>	<u>11,866,805</u>	<u>3,834,078</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

5. REVENUES AND SEGMENT INFORMATION (Continued)

Other information

	Oil transportation RMB'000	LNG shipping RMB'000	LPG transportation RMB'000	Chemical transportation RMB'000	Others RMB'000	Total RMB'000
Six months ended 30 June 2025						
Additions to non-current assets	751,216	707,396	284,214	34,412	-	1,777,238
Depreciation and amortisation	1,611,233	297,901	33,179	14,910	168	1,957,391
Gains on disposal of property, plant and equipment, net	74,191	-	-	-	-	74,191
Interest income	71,529	8,536	1,961	703	-	82,729

Six months ended 30 June 2024 (Restated)

Additions to non-current assets	433,510	1,996,196	38,853	36,892	-	2,505,451
Depreciation and amortisation	1,424,196	252,707	20,535	14,220	3,421	1,715,079
Losses on disposal of property, plant and equipment, net	4	-	-	(23)	-	(19)
Interest income	74,696	23,653	413	820	144	99,726

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 2025 and 2024.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

6. OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Other income		
Subsidies	176,501	46,538
Interest income from loan receivables	40,935	51,029
Bank interest income	41,794	48,697
Rental income from investment properties	235	156
Others	27,409	21,214
	<u>286,874</u>	<u>167,634</u>
Other gains, net		
Exchange gains, net	26,186	77,462
Gains/(losses) on disposal of property, plant and equipment, net	74,191	(19)
Others	—	(4,710)
	<u>100,377</u>	<u>72,733</u>
	<u>387,251</u>	<u>240,367</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Interest expenses on:		
– bank and other borrowings and other loans	712,677	753,058
– interest rate swaps: cash flow hedges, reclassified from other comprehensive income	(25,738)	(52,137)
– lease liabilities	24,907	23,100
– exchange losses/(gains), net	25,072	(2,102)
	736,918	721,919
Less: interest capitalised	(29,245)	(26,179)
	707,673	695,740

During the period, the capitalisation rates applied to funds borrowed and utilised for the vessels under construction were at rates of 2.25% to 6.19% (six months ended 30 June 2024: 2.60% to 7.03%) per annum.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

8. EXPENSES BY NATURE

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Bunker oil inventories consumed	2,657,120	2,589,400
Staff costs (a)	1,627,547	1,768,720
Depreciation of property, plant and equipment	1,723,291	1,590,354
Amortisation of right-of-use assets	234,100	124,725
Vessel operating lease rentals	1,760,531	1,245,915
Port fees	531,885	379,542
Repairs	223,296	301,346
Ship insurance premiums	112,716	118,411
Other expenses	570,567	459,090
Total operating costs, marketing expenses and administrative expenses	9,441,053	8,577,503

(a)

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Staff costs		
Wages, salaries, crew expenses and related expenses (including bonus and share-based payments)	1,602,436	1,728,370
Costs for defined benefit plan	150	2,545
Pension scheme contributions	24,961	37,805
	1,627,547	1,768,720

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

9. INCOME TAX EXPENSE

		Six months ended 30 June	
	Notes	2025 RMB'000	2024 RMB'000 (Restated)
Current income tax			
PRC			
– provision for the period	(i)	216,606	468,902
– adjustments for current tax of prior periods		6,611	(88,764)
Hong Kong			
– provision for the period		595	–
Other districts			
– provision for the period	(ii)	481	286
		224,293	380,424
Deferred income tax			
(Increase)/decrease in deferred tax assets (Note 18)		(33,508)	18,448
Increase in deferred tax liabilities (Note 18)		122,865	154,975
		89,357	173,423
Total income tax expense		313,650	553,847

Notes:

(i) PRC Corporate Income Tax

Under the Law of the PRC on Corporate Income Tax Law (the “CIT Law”) and Implementation Regulation of the CIT Law, the tax rate of the entities within the Group established in the PRC is 25% (six months ended 30 June 2024: 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 2025

9. INCOME TAX EXPENSE (Continued)

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

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

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

10. EARNINGS PER SHARE

(1) Basic

	Six months ended 30 June	
	2025	2024 (Restated)
Profit attributable to equity holders of the Company (RMB'000)	1,894,278	2,667,653
Weighted average number of ordinary shares in issue	4,770,776,395	4,770,776,395
Basic earnings per share (RMB cents/share)	39.71	55.92

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 2025

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 share options.

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the six months ended 30 June 2025 and 2024. The diluted earnings per share is equal to the basic earnings per share for both periods.

11. DIVIDENDS

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Ordinary shares		
Dividends declared during the period	1,001,863	1,669,772

Final dividend of RMB0.21 per share (inclusive of applicable tax) in respect of the year ended 31 December 2024 was approved by shareholders at the annual general meeting held on 30 June 2025 and no payment was paid during the Reporting Period.

The Company has decided not to proceed with an interim profit distribution for the six months ended 30 June 2025 (six months ended 30 June 2024: interim profit distribution of RMB0.22 per share (inclusive of applicable tax)).

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

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 2025							
Cost							
At 1 January 2025	46,943	81,821,344	122,074	18,172	1,590,980	5,217,489	88,817,002
Additions	-	-	36	-	-	1,611,625	1,611,661
Transfer in/(out)	-	538,366	-	-	-	(538,366)	-
Transfer to an investment property	-	-	-	-	(4,205)	-	(4,205)
Disposals	-	(822,042)	(45)	-	-	-	(822,087)
Currency translation differences	(130)	(313,225)	(27)	(3)	-	(14,797)	(328,182)
At 30 June 2025	46,813	81,224,443	122,038	18,169	1,586,775	6,275,951	89,274,189
Accumulated depreciation and impairment							
At 1 January 2025	44,459	33,767,039	92,307	15,255	385,745	-	34,304,805
Charge for the period	529	1,691,033	5,903	323	25,503	-	1,723,291
Transfer to an investment property	-	-	-	-	(3,892)	-	(3,892)
Disposals	-	(671,837)	(43)	-	-	-	(671,880)
Currency translation differences	(26)	(124,802)	(25)	(3)	-	-	(124,856)
At 30 June 2025	44,962	34,661,433	98,142	15,575	407,356	-	35,227,468
Net book amount							
At 30 June 2025	<u>1,851</u>	<u>46,563,010</u>	<u>23,896</u>	<u>2,594</u>	<u>1,179,419</u>	<u>6,275,951</u>	<u>54,046,721</u>
At 31 December 2024	<u>2,484</u>	<u>48,054,305</u>	<u>29,767</u>	<u>2,917</u>	<u>1,205,235</u>	<u>5,217,489</u>	<u>54,512,197</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold improvements RMB'000	Vessels RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Buildings RMB'000	Construction in progress RMB'000	Total RMB'000
At 30 June 2024							
Cost							
At 1 January 2024 (Restated)	45,506	76,998,995	106,109	17,886	1,473,640	3,426,522	82,068,658
Additions	-	-	771	-	-	2,504,103	2,504,874
Transfer in/(out)	-	1,674,713	4,897	-	-	(1,679,610)	-
Disposals	(363)	-	-	(595)	-	-	(958)
Currency translation differences	17	456,119	34	4	-	15,107	471,281
At 30 June 2024 (Restated)	45,160	79,129,827	111,811	17,295	1,473,640	4,266,122	85,043,855
Accumulated depreciation and impairment							
At 1 January 2024 (Restated)	42,454	30,546,623	81,899	15,489	335,342	-	31,021,807
Charge for the period	757	1,560,437	5,261	325	23,574	-	1,590,354
Disposals	(24)	-	-	(595)	-	-	(619)
Currency translation differences	13	271,851	27	4	-	-	271,895
At 30 June 2024 (Restated)	43,200	32,378,911	87,187	15,223	358,916	-	32,883,437
Net book amount							
At 30 June 2024 (Restated)	<u>1,960</u>	<u>46,750,916</u>	<u>24,624</u>	<u>2,072</u>	<u>1,114,724</u>	<u>4,266,122</u>	<u>52,160,418</u>
At 31 December 2023 (Restated)	<u>3,052</u>	<u>46,452,372</u>	<u>24,210</u>	<u>2,397</u>	<u>1,138,298</u>	<u>3,426,522</u>	<u>51,046,851</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 30 June 2025, 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 2025 RMB'000	31 December 2024 RMB'000
Cost	10,114,801	11,132,166
Accumulated depreciation and impairment	(4,408,523)	(4,179,556)
Net carrying amount	5,706,278	6,952,610

Further details of the Group's operating lease arrangements as lessee are disclosed in Note 30 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 condensed consolidated statement of financial position

	30 June 2025 RMB'000	31 December 2024 RMB'000
Right-of-use assets		
Vessels	773,338	836,124
Prepaid land lease payments	27,784	28,433
Properties	61,192	69,763
Vehicles	143	311
	862,457	934,631
Lease liabilities		
Current	590,724	564,815
Non-current	464,066	619,344
	1,054,790	1,184,159

Additions to the right-of-use assets during the period were approximately RMB165,577,000 (for the six months ended 30 June 2024: approximately RMB687,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

13. LEASE (Continued)

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

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Depreciation charge of right-of-use assets		
Vessels	223,877	120,970
Prepaid land lease payments	649	649
Properties	9,406	2,970
Vehicles	168	136
	<u>234,100</u>	<u>124,725</u>
Interest expense (included in finance cost)	24,907	23,100
Expense relating to short-term leases (included in operating costs and administrative expenses)	<u>1,768,673</u>	<u>1,254,695</u>

The total cash outflow for leases during the period was approximately RMB1,939,329,000 (for the six months ended 30 June 2024: approximately RMB1,475,094,000).

14. INVESTMENTS IN ASSOCIATES

	30 June	31 December
	2025	2024
	RMB'000	RMB'000
Share of net assets	5,100,194	5,148,240
Goodwill	<u>835,105</u>	<u>835,105</u>
	<u>5,935,299</u>	<u>5,983,345</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

14. INVESTMENTS IN ASSOCIATES (Continued)

As at 30 June 2025, the Group had investments in the following associates which are all unlisted corporate entities whose quoted market price is not available:

Name	Place of incorporation and operating/legal status	Issued/ registered capital	Proportion of ownership interests held by the Group		Proportion of voting power held by the Group		Principal activities
			30 June 2025	31 December 2024	30 June 2025	31 December 2024	
Shanghai Beihai Shipping Company Limited ("Shanghai Beihai")	The PRC/Limited liability company	RMB763,750,000	40%	40%	29%	29%	Petroleum product transportation and vessel chartering
COSCO Shipping Finance Co., Limited ("COSCO SHIPPING Finance")	The PRC/Limited liability company	RMB19,500,000,000	11%	11%	10%	10%	Banking and related financial service
Aquarius LNG Shipping Limited ("Aquarius LNG")	Hong Kong/Limited liability company	USD1,000	30%	30%	33%	33%	LNG vessel chartering
Aries LNG Shipping Limited ("Aries LNG")	Hong Kong/Limited liability company	USD1,000	30%	30%	33%	33%	LNG vessel chartering
Capricorn LNG Shipping Limited ("Capricorn LNG")	Hong Kong/Limited liability company	USD1,000	30%	30%	33%	33%	LNG vessel chartering
Gemini LNG Shipping Limited ("Gemini LNG")	Hong Kong/Limited liability company	USD1,000	30%	30%	33%	33%	LNG vessel chartering
TRADEGO PTE. LTD. ("TRADEGO")	Singapore/Limited liability company	USD15,000,010	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	25%	25%	25%	25%	LNG vessel chartering
Huaming LNG Transport Pte. Limited ("Huaming LNG")	Singapore/Limited liability company	EUR50,000,000	25%	25%	25%	25%	LNG vessel chartering
Huahe LNG Transport Pte. Limited ("Huahe LNG")	Singapore/Limited liability company	EUR39,200,000 (31 December 2024: EUR35,600,000)	25%	25%	25%	25%	LNG vessel chartering

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

14. INVESTMENTS IN ASSOCIATES (Continued)

Name	Place of incorporation and operating/legal status	Issued/ registered capital	Proportion of ownership interests held by the Group		Proportion of voting power held by the Group		Principal activities
			30 June 2025	31 December 2024	30 June 2025	31 December 2024	
Huaping LNG Transport Pte. Limited ("Huaping LNG")	Singapore/Limited liability company	EUR39,200,000 (31 December 2024: EUR35,600,000)	25%	25%	25%	25%	LNG vessel chartering
VEGA Ocean Transport Company ("VEGA")	Liberia/Limited liability company	USD55,000,500	49%	49%	50%	50%	LNG vessel chartering
ALTAIR Ocean Transport Company ("ALTAIR")	Liberia/Limited liability company	USD55,000,500	49%	49%	50%	50%	LNG vessel chartering
DENEB Ocean Transport Company ("DENEB")	Liberia/Limited liability company	USD55,000,500	49%	49%	50%	50%	LNG vessel chartering
Dalian Xizhong Island Zhonglian Port Limited ("Xizhong Island Port")	The PRC/Limited liability company	RMB75,000,000	15%	15%	20%	20%	Port and shipping facilities engineering construction

All of the above associates are accounted for using the equity method in the Interim Financial Information.

The Company has significant influence even though it holds less than 20% of the voting rights of COSCO SHIPPING Finance, TRADEGO and Xizhong Island Port as the Group's holding seats in the boards of these companies and participation in the financial and operating activities of these companies.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

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 associates is disclosed as follows:

	Shanghai Beihai	
	30 June	31 December
	2025	2024
	RMB'000	RMB'000
Non-current assets	2,878,493	3,030,320
Current assets	1,100,684	968,948
Non-current liabilities	(811,912)	(1,028,684)
Current liabilities	(736,646)	(221,294)
Net assets	2,430,619	2,749,290
Proportion of the Group's ownership interest	40%	40%
The Group's share of net assets	972,248	1,099,716
Goodwill	835,105	835,105
Carrying amount of the Group's interest in the associate	1,807,353	1,934,821

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Revenues	1,248,658	1,188,682
Profit for the period	429,000	412,506
Other comprehensive (loss)/income	(2,671)	3,293
Total comprehensive income for the period	426,329	415,799
Dividends declared from the associate	298,000	240,000

For the six months ended 30 June 2025

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Aggregate amounts of the Group's share of:		
Profit for the period	95,078	95,463
Other comprehensive income/(loss)	14,243	(33,454)
Total comprehensive income for the period	109,321	62,009

	30 June 2025 RMB'000	31 December 2024 RMB'000
Share of net assets	7,581,941	7,084,109
Less: impairment losses on investment in joint ventures	(988,844)	(988,844)
Goodwill	477,105	477,105
	<u>7,070,202</u>	<u>6,572,370</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

15. INVESTMENTS IN JOINT VENTURES (Continued)

As at 30 June 2025 and 31 December 2024, the Group had investments in the following joint ventures which are all unlisted corporate entities whose quoted market price is not available:

Name	Place of incorporation and operating/legal status	Issued/registered capital	Proportion of ownership interest, voting power and profit sharing attributable to the Group		Principal activities
			30 June 2025	31 December 2024	
China LNG Shipping (Holdings) Limited ("CLNG")	Hong Kong/Limited liability company	USD687,419,346	50%	50%	Investment holding
Arctic Blue LNG Shipping Limited	Hong Kong/Limited liability company	USD1,000	50%	50%	Vessel holding
Arctic Green LNG Shipping Limited	Hong Kong/Limited liability company	USD1,000	50%	50%	Vessel holding
Arctic Purple LNG Shipping Limited	Hong Kong/Limited liability company	USD1,000	50%	50%	Vessel holding
Arctic Red LNG Shipping Limited	Hong Kong/Limited liability company	EUR37,441,000 and USD1,000	50%	50%	Vessel holding
Arctic Orange LNG Shipping Limited	Hong Kong/Limited liability company	EUR37,861,000 and USD1,000	50%	50%	Vessel holding
Arctic Yellow LNG Shipping Limited	Hong Kong/Limited liability company	EUR37,701,000 and USD1,000	50%	50%	Vessel holding
Arctic Indigo LNG Shipping Limited	Hong Kong/Limited liability company	EUR37,940,000 and USD1,000	50%	50%	Vessel holding
Arctic Gold LNG Shipping Limited	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 2025

15. INVESTMENTS IN JOINT VENTURES (Continued)

Name	Place of incorporation and operating/legal status	Issued/registered capital	Proportion of ownership interest, voting power and profit sharing attributable to the Group		Principal activities
			30 June 2025	31 December 2024	
Arctic Silver LNG Shipping Limited	Hong Kong/Limited liability company	USD93,075,962	50%	50%	Vessel holding
Arctic Bronze LNG Shipping Limited	Hong Kong/Limited liability company	USD93,075,962	50%	50%	Vessel holding
ORYX LNG NO.1 Shipping Corporation	Liberia/Limited liability company	USD47,100,000	50%	50%	Vessel holding
ORYX LNG NO.2 Shipping Corporation	Liberia/Limited liability company	USD46,000,000	50%	50%	Vessel holding
ORYX LNG NO.3 Shipping Corporation	Liberia/Limited liability company	USD45,000,000	50%	50%	Vessel holding
ORYX LNG NO.4 Shipping Corporation	Liberia/Limited liability company	USD45,500,000	50%	50%	Vessel holding
ORYX LNG NO.5 Shipping Corporation	Liberia/Limited liability company	USD36,000,000 (31 December 2024: USD25,000,000)	50%	50%	Vessel holding
ORYX LNG NO.6 Shipping Corporation	Liberia/Limited liability company	USD25,000,000	50%	50%	Vessel holding
ORYX LNG NO.7 Shipping Corporation	Liberia/Limited liability company	USD25,000,000	50%	50%	Vessel holding

All of the above joint ventures are accounted for using the equity method in the Interim Financial Information.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

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 2025	31 December 2024
	RMB'000	RMB'000
Non-current assets	10,855,676	10,803,572
Current assets	1,006,996	850,904
Cash and bank	990,980	830,240
Other current assets	16,016	20,664
Non-current liabilities	(1,404,961)	(1,608,294)
Current liabilities	(702,165)	(656,009)
Net assets	9,755,546	9,390,173
Non-controlling interests	(1,185,182)	(1,230,319)
	8,570,364	8,159,854
Proportion of the Group's ownership interest	50%	50%
The Group's share of net assets	4,285,182	4,079,927
Goodwill	477,105	477,105
Carrying amount of the Group's interest in the joint venture	4,762,287	4,557,032

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Revenues	574,508	611,886
Profit for the period	501,586	475,693
Other comprehensive (loss)/income	(91,076)	102,743
Total comprehensive income for the period	410,510	678,580
Dividends declared from the joint venture	–	144,986

For the six months ended 30 June 2025

	30 June 2025 RMB'000	31 December 2024 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the condensed consolidated financial statements	<u>2,307,915</u>	<u>2,015,338</u>

	Six months ended 30 June 2025 RMB'000	2024 RMB'000
Aggregate amounts of the Group's share of:		
Profit for the period	115,050	110,730
Other comprehensive income/(loss)	<u>98,555</u>	<u>(17,907)</u>
Total comprehensive income for the period	<u>213,605</u>	<u>92,823</u>

		30 June 2025	31 December 2024
	Notes	RMB'000	RMB'000
Loans to associates	(i)	311,622	318,978
Loans to joint ventures	(ii)	993,492	998,071
		<u>1,305,114</u>	<u>1,317,049</u>
Less: current portion		<u>(21,221)</u>	<u>(20,603)</u>
Non-current portion		<u>1,283,893</u>	<u>1,296,446</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

16. LOAN RECEIVABLES (Continued)

Notes:

- (i) As at 30 June 2025 and 31 December 2024, loans to associates are at a weighted average rate of Secured Overnight Financing Rate (“**SOFR**”) plus 2.26% and fixed rate of 6.70% and 6.50% per annum and repayable based on scheduled repayment dates set out in the loan agreements.
- (ii) As at 30 June 2025 and 31 December 2024, loans to joint ventures are SOFR plus 1.56% per annum, interest-bearing at 3-month LIBOR plus 0.80% per annum and Euro Interbank Offered Rate plus 0.50% per annum, unsecured, and repayable based on scheduled repayment dates set out in the loan agreements.

As at 30 June 2025 and 31 December 2024, all loan receivables are denominated in USD.

17. FINANCIAL ASSETS AT FVOCI

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

	30 June 2025 RMB'000	31 December 2024 RMB'000
Listed equity investments in the PRC	478,258	412,123

- (2) During the period, the following profits were recognised in other comprehensive income.

	Six months ended 30 June 2025 RMB'000	2024 RMB'000
Profits recognised in other comprehensive income	66,135	64,679

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

18. DEFERRED TAX ASSETS AND LIABILITIES

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

	30 June 2025 RMB'000	31 December 2024 RMB'000
Deferred tax assets	32,272	33,502
Deferred tax liabilities	(1,725,262)	(1,627,214)
	<u>(1,692,990)</u>	<u>(1,593,712)</u>

- (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	Impairment loss on financial and contract assets RMB'000	Revaluation of investment properties RMB'000	Accrued expenses but not yet paid RMB'000	Accelerated tax depreciation RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	28,660	12	–	–	35,609	247	64,528
(Charge)/credit to profit or loss	(11,257)	125	727	26,114	(2,389)	(220)	13,100
At 31 December 2024 and 1 January 2025	17,403	137	727	26,114	33,220	27	77,628
(Charge)/credit to profit or loss	(1,420)	(11)	(414)	36,547	(1,194)	–	33,508
At 30 June 2025	<u>15,983</u>	<u>126</u>	<u>313</u>	<u>62,661</u>	<u>32,026</u>	<u>27</u>	<u>111,136</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

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 1 January 2024	28,537	467	39,183	167,591	1,257,353	3,772	1,496,903
(Credit)/charge to profit or loss	(11,409)	(467)	–	(5,020)	173,283	–	156,387
Charge to other comprehensive income	–	–	18,050	–	–	–	18,050
At 31 December 2024 and 1 January 2025	17,128	–	57,233	162,571	1,430,636	3,772	1,671,340
(Credit)/charge to profit or loss	(1,392)	–	–	(3,738)	128,233	(238)	122,865
Charge to other comprehensive income	–	–	9,920	–	–	1	9,921
At 30 June 2025	15,736	–	67,153	158,833	1,558,869	3,535	1,804,126

19. INVENTORIES

	30 June 2025 RMB'000	31 December 2024 RMB'000
Bunker oil inventories	889,354	1,085,994
Ship stores and spare parts	246,399	247,730
	1,135,753	1,333,724

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

20. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS

	30 June 2025 RMB'000	31 December 2024 RMB'000
Trade and bills receivables from third parties	1,065,816	612,590
Trade receivables from a fellow subsidiary	94	–
Trade receivables from an associate	11,806	–
Trade receivables from related companies (Note)	215,500	3,657
	1,293,216	616,247
Less: allowance for credit losses	(9,172)	(6,617)
	1,284,044	609,630
Current contract assets relating to oil shipment contracts	1,282,236	889,798
Less: allowance for impairment losses	(6,902)	(5,996)
	1,275,334	883,802

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

Trade receivables from a fellow subsidiary, an associate and 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 credit losses, is as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within 1 year	1,274,152	600,619
1–2 years	9,446	8,551
Over 2 years	446	460
	1,284,044	609,630

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

21. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND OTHER NON-CURRENT ASSETS

	30 June 2025 RMB'000	31 December 2024 RMB'000
Prepayments, deposits and other receivables		
Prepayments	87,300	118,584
Deposits and other receivables	681,241	785,296
Due from fellow subsidiaries	261,166	103,522
Due from an associate	149,000	–
Due from joint ventures	203,473	203,628
Due from related companies (Note)	42,144	47,694
	1,424,324	1,258,724
Less: allowance for credit losses on other receivables	(234,859)	(234,910)
	1,189,465	1,023,814
Other non-current assets		
Capital contribution to a joint venture	21,524	–
Prepayment to fellow subsidiaries for vessels construction	1,925,132	1,472,037
	1,946,656	1,472,037

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

22. RESTRICTED BANK DEPOSITS AND CASH AND BANK

	30 June 2025 RMB'000	31 December 2024 RMB'000
Restricted bank deposits	785	783
Balances placed with COSCO SHIPPING Finance (Note)	5,050,447	4,446,288
Unrestricted bank balances and cash	2,598,402	1,214,706
Cash and cash equivalents	7,648,849	5,660,994
Interest receivable	6,740	740
Cash and bank	7,655,589	5,661,734

Note:

COSCO SHIPPING 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 2025

23. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2025, the Group had interest rate swap agreements with total notional principal amount of approximately USD651,049,000 (equivalent to approximately RMB4,660,599,000) (31 December 2024: approximately USD669,044,000 (equivalent to approximately RMB4,809,357,000)) which will mature in 2031, 2032, 2033, 2034 and 2035 (31 December 2024: 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 3-month SOFR plus 1.66% and 3-month SOFR plus 2.45% (31 December 2024: 3-month SOFR plus 1.66% and 3-month SOFR plus 2.45%).

As at 30 June 2025 and 31 December 2024, the Group has the following derivative financial instruments:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Non-current assets		
Interest rate swaps – cash flow hedges	88,108	202,052
Total non-current derivative financial instrument assets	88,108	202,052
Non-current liabilities		
Interest rate swaps – cash flow hedges	9,336	–
Total non-current derivative financial instrument liabilities	9,336	–

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 30 June 2025 and 31 December 2024, details of the interest-bearing bank and other borrowings are as follows:

	Maturity	30 June 2025 RMB'000	31 December 2024 RMB'000
Current liabilities			
(i) Bank borrowings			
Secured	2025 to 2026	1,179,847	1,340,323
Unsecured	2025 to 2026	5,781,577	2,224,211
		6,961,424	3,564,534
(ii) Other borrowings			
Secured	2025 to 2026	48,273	21,109
Unsecured	2025 to 2026	2,202,118	1,898,004
		2,250,391	1,919,113
Interest-bearing bank and other borrowings – current portion		9,211,815	5,483,647

	Maturity	30 June 2025 RMB'000	31 December 2024 RMB'000
Non-current liabilities			
(i) Bank borrowings			
Secured	2026 to 2040	16,683,879	17,151,465
Unsecured	2026 to 2035	2,769,830	4,737,417
		19,453,709	21,888,882
(ii) Other borrowings			
Secured	2026 to 2042	1,402,458	999,360
Unsecured	2026 to 2032	3,970,817	4,150,843
		5,373,275	5,150,203
Interest-bearing bank and other borrowings – non-current portion		24,826,984	27,039,085

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

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

As at 30 June 2025, the Group's interest-bearing bank borrowings were secured by pledges of the Group's 35 (31 December 2024: 36) vessels and 6 (31 December 2024: 4) vessels under construction with approximate total net carrying amount of RMB23,209,621,000 (31 December 2024: approximately RMB24,587,972,000) and RMB4,464,559,000 (31 December 2024: approximately RMB3,110,012,000) respectively.

As at 30 June 2025, secured bank borrowings of approximately RMB14,438,925,000 (31 December 2024: approximately RMB16,986,862,000), unsecured bank borrowings of approximately RMB2,208,428,000 (31 December 2024: approximately RMB2,579,198,000), secured other borrowings of approximately RMB416,953,000 (31 December 2024: Nil) and unsecured other borrowings of nil (31 December 2024: approximately RMB143,768,000) are denominated in USD.

25. OTHER LOANS

	Notes	30 June 2025 RMB'000	31 December 2024 RMB'000
Kantons International Investment Limited ("Kantons International")	(i)	595,739	611,407
Mitsui O.S.K. Lines, Ltd. ("MOL")	(ii)	326,099	335,673
PetroChina International Co., Limited ("PetroChina International")	(iii)	8,967	9,688
Jianxin Jin 138 Leasing (Tianjin) Co., Ltd* (建信津一百三十八租賃(天津)有限公司) ("Jianxin Jin 138")	(iv)	1,426,785	1,501,965
		2,357,590	2,458,733
Less: current portion		(265,245)	(234,143)
Non-current portion		2,092,345	2,224,590

* For identification purpose only

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

25. OTHER LOANS (Continued)

Notes:

- (i) As at 30 June 2025, other loans amounted to approximately RMB26,315,000 (31 December 2024: approximately RMB28,428,000) 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 2025, the loans are interest-bearing at a weighted average of SOFR plus 2.26% and fixed rate of 6.70% (31 December 2024: weighted average of SOFR plus 2.26% and fixed rate of 6.70%) per annum, unsecured, and repayable within 20 years after the aforementioned vessels construction projects are completed.

As at 30 June 2025, other loans amounted to approximately RMB569,424,000 (31 December 2024: approximately RMB582,979,000) 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 2025, the loans are interest-bearing at a weighted average of SOFR plus 2.45% and fixed rate of 4.80% (31 December 2024: weighted average of SOFR plus 2.45% and fixed rate of 4.80%) per annum, unsecured, and repayable within 15 years after the aforementioned vessels construction projects are completed.

- (ii) As at 30 June 2025, other loans were borrowed by the subsidiaries of China Energy from their non-controlling shareholder, MOL, to finance certain vessels construction projects being carried out by them. As at 30 June 2025, the loans are interest-bearing at a weighted average of SOFR plus 2.45% and fixed rate of 4.80% (31 December 2024: weighted average of SOFR plus 2.45% and fixed rate of 4.80%) per annum, unsecured, and repayable within 15 years after the aforementioned vessels construction projects are completed.
- (iii) As at 30 June 2025, other loans were borrowed by North China LNG Shipping Investment Co., Limited (“**NLNG**”), a non-wholly-owned subsidiary of the Company, from its non-controlling shareholder, PetroChina International, to finance certain vessels construction projects being carried out by the associates held by NLNG. As at 30 June 2025, the loans are interest-bearing at a weighted average of SOFR plus 2.26% and fixed rate of 6.50% (31 December 2024: weighted average of SOFR plus 2.26% and fixed rate of 6.50%) per annum, unsecured, and repayable within 20 years after the aforementioned vessels construction projects are completed.
- (iv) As at 30 June 2025, the Company borrowed approximately RMB1,426,785,000 (31 December 2024: RMB1,500,000,000) in other loans from an independent third party Jianxin Jin 138. This loan was secured by five vessels owned by the Group with an aggregate net book value of approximately RMB1,042,789,000 (31 December 2024: approximately RMB1,047,304,000), and is repayable over a period of 10 years. As at 30 June 2025, the loans are interest-bearing at above five-year Loan Prime Rate (LPR) applicable on the charter date minus 1.55% (31 December 2024: above five-year LRP applicable on the charter date minus 1.55%) per annum.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

26. TRADE PAYABLES

	30 June 2025 RMB'000	31 December 2024 RMB'000
Trade payables to third parties	1,327,077	1,108,230
Trade payables to fellow subsidiaries	845,389	848,743
Trade payables to an associate	1,862	2,023
Trade payables to related companies (Note)	15,612	18,012
	<u>2,189,940</u>	<u>1,977,008</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, an associate and related companies are unsecured, non-interest-bearing and under normal credit terms as other trade payables.

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

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within 1 year	2,027,643	1,860,665
1-2 years	53,164	17,777
Over 2 years	109,133	98,566
	<u>2,189,940</u>	<u>1,977,008</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

27. OTHER PAYABLES AND ACCRUALS

	30 June 2025 RMB'000	31 December 2024 RMB'000
Accruals	660,678	527,829
Other payables	1,374,242	595,484
Due to fellow subsidiaries	649,466	382,228
Due to joint ventures	–	234
Due to associates	212	12
Due to other related companies (Note)	38,793	33,689
	2,723,391	1,539,476

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.

28. SHARE CAPITAL

	30 June 2025		31 December 2024	
	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	4,770,776	4,770,776	4,770,776	4,770,776

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

29. CONTINGENT LIABILITIES AND GUARANTEE

- (1) Four associates of ELNG and NLNG, two non-wholly-owned subsidiaries of the Company, entered into a ship building contract for one LNG vessel each. After the completion of their LNG vessels, the four associates would lease the vessels to the lessors in accordance with the signed leasing contracts. In July 2011, the Company provided guarantees to the four associates for their obligations under the leasing contracts, with the guarantee amount not exceeding USD8,200,000 (equivalent to approximately RMB58,701,000). 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 2025, the amount of the guarantees provided to the shipbuilders was USD276,120,000 (equivalent to approximately RMB1,976,635,000) and the aggregate amount of the guarantees provided to the lessees was USD6,400,000 (equivalent to approximately RMB45,815,000) and EUR4,500,000 (equivalent to approximately RMB37,811,000). 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 RMB2,702,372,000) 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 2025, the balance of the guarantees was USD248,891,000 (equivalent to approximately RMB1,781,713,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

30. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its vessels under operating lease arrangements, with leases negotiated for an initial year of one to seven (31 December 2024: one to seven) years.

As at 30 June 2025, the Group had total future minimum lease rental receivables under non-cancellable operating leases falling due as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within one year	992,264	1,187,392
In the second to fifth years, inclusive	929,830	1,345,307
	<u>1,922,094</u>	<u>2,532,699</u>

31. CAPITAL COMMITMENTS

	Note	30 June 2025 RMB'000	31 December 2024 RMB'000
Authorised and contracted but not provided for:			
Construction and purchases of vessels	(i)	<u>19,308,950</u>	<u>17,330,060</u>

Note:

- (i) According to the construction and purchase agreements entered by the Group, these capital commitments will fall due in 2025 to 2028.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

32. BUSINESS COMBINATION UNDER COMMON CONTROL

The Group adopts merger accounting for common control combination in respect of the Acquired Entities in 2024 as mentioned in note 2.

The results previously reported by the Group for the six months ended 30 June 2024 have been restated to include the result of Acquired Entities as set out below:

	The Group (as previously reported)	Acquired entities under common control	The Group (as restated)
	RMB'000	RMB'000	RMB'000
Revenues	11,571,727	295,078	11,866,805
Profit before tax	3,343,515	45,135	3,388,650
Income tax expense	545,703	8,144	553,847
Profit for the period	<u>2,797,812</u>	<u>36,991</u>	<u>2,834,803</u>

The cash flows previously reported by the Group for the six months ended 30 June 2024 have been restated to include the cash flows of the Acquired Entities as set out below:

	The Group (as previously reported)	Acquired entities under common control	The Group (as restated)
	RMB'000	RMB'000	RMB'000
Net cash generated from operating activities	3,604,963	87,490	3,692,453
Net cash used in investing activities	(4,337,781)	(162,331)	(4,500,112)
Net cash used in financing activities	(670,555)	132,626	(537,929)
Net decrease in cash and cash equivalents	<u>(1,403,373)</u>	<u>57,785</u>	<u>(1,345,588)</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

The Company is controlled by China Shipping and COSCO SHIPPING, the immediate parent company and the ultimate parent company, both of which are government-related enterprise established in the PRC. The PRC government indirectly controls COSCO SHIPPING and its subsidiaries. In accordance with HKAS 24 (Revised), “Related Party Disclosure”, issued by the HKICPA, government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significant influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include COSCO SHIPPING and its subsidiaries (other than the Group), other government related entities and their subsidiaries, other entities and corporations in which the Group is able to exercise significant influence and key management personnel of the Company and as well as their close family members. The disclosure in relation to related party transactions and outstanding balances with other government-related entities and their subsidiaries is exempted. The Group’s significant transactions and balances with the PRC government and other entities controlled, jointly controlled or significantly influenced by the PRC government mainly include sales or purchases of assets, goods and services, bank deposits and bank borrowings and related trade and other receivables, trade and other payables, borrowings, restricted bank deposits, cash and bank. The detailed disclosure in relation to these transactions and outstanding balances is exempted.

The Directors believe that the information of related party transactions has been adequately disclosed in the Interim Financial Information.

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Transactions with fellow subsidiaries and the related entities of COSCO SHIPPING		
Revenues		
Shipping services and ship charter services	6,384	5,138
Rental income, including surcharge	90	194
	<u> </u>	<u> </u>
Expenses		
Supply of marine lubricant, fuel, material, painting, spare part and ship equipment etc.	2,259,202	2,697,574
Electrical, telecommunication, ship repair and technical improvements services etc.	559,428	596,537
Ship and related business insurance and insurance brokerage services	13,752	47,381
Ship and shipping agency services	67,520	60,091
Management services of sea crew	1,066,215	1,094,959
Rental expenses	1,384	1,874
Miscellaneous services	12,614	21,166
Construction of vessels	337,325	36,463
	<u> </u>	<u> </u>

Note:

The transactions with fellow subsidiaries and the related entities of COSCO SHIPPING represent continuing connected transactions which has complied with the disclosure requirements in accordance with Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

		Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
			(Restated)
Transactions with joint ventures of the Group			
Revenues			
Interest income from joint ventures		29,284	37,985
Transactions with associates of the Group			
Revenues			
Interest income from associates		43,551	41,037
Vessel charting income		82,307	63,766
Expenses			
Interest income to an associate		63,139	35,213
Key management compensation			
Salaries, bonuses and other allowances		5,793	5,099
Share options		2,826	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 2025 and 31 December 2024, majority of the Group's bank balances and bank borrowings are with state-owned banks.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

34. SHARE OPTIONS SCHEME

2023 Share Option Incentive Scheme (the “**Incentive Scheme**”) adopted on 10 May 2024

The Company’s Incentive Scheme was adopted pursuant to a resolution passed on 10 May 2024 for the primary purpose of providing incentives to directors and eligible employees. Under the Incentive Scheme, the Board may grant options to eligible employees, including directors of the Company and management of its subsidiaries, to subscribe for shares in the Company.

As at 30 June 2025, the number of shares in respect of which options had been granted and remained outstanding under the Incentive Scheme was 26,945,400 shares (31 December 2024: 26,945,400 shares), representing 0.565% (31 December 2024: 0.565%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Incentive Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company’s shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company’s shareholders.

No consideration is payable on the grant of an option. The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company’s shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company’s share.

On 10 May 2024, the Group granted 22,309,600 shares of Share Options to certain employees and directors of the Group under the Incentive Scheme. The estimated fair values of the options granted at RMB8.53.

On 30 December 2024, the Group granted 4,635,800 shares of Share Options to certain employees and directors of the Group under the Incentive Scheme. The estimated fair values of the options granted at RMB4.92.

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

34. SHARE OPTIONS SCHEME (Continued)

Details of specific categories of share options are as follows:

Exercise period	Exercise time
First exercise period	Commencing on the first trading day after expiry of 24 months (after the second full year) from the date of grant and ending on the last trading day of the 36 months from the date of grant.
Second exercise period	Commencing on the first trading day after expiry of 36 months (after the third full year) from the date of grant and ending on the last trading day of the 48 months from the date of grant.
Third exercise period	Commencing on the first trading day after expiry of 48 months (after the fourth full year) from the date of grant and ending on the last trading day of the 84 months from the date of grant.

The performance targets for each effective year have been disclosed in the Company's announcements dated 10 May 2024 and 30 December 2024.

The following table discloses movements of the Company's share options held by employees and directors during the period:

Grantees	Number of persons at 1 January 2025	Outstanding at 1 January 2025	Number of persons at 30 June 2025	Outstanding at 30 June 2025	Reallocation during the period
Directors, senior management	8	1,840,700	8	1,860,700	20,000
Core management at the headquarters	61	12,167,200	62	12,377,000	209,800
Core management of subsidiaries	38	8,301,700	38	8,301,700	-
Core management at the headquarters	12	2,325,200	12	2,325,200	-
Core management of subsidiaries	12	2,310,600	11	2,080,800	(229,800)
Total		<u>26,945,400</u>		<u>26,945,400</u>	<u>-</u>
Exercisable at the end of the period		<u>-</u>		<u>-</u>	
Weighted average exercise price		<u>12.84</u>		<u>12.84</u>	

NOTES TO THE INTERIM FINANCIAL INFORMATION (Continued)

For the six months ended 30 June 2025

34. SHARE OPTIONS SCHEME (Continued)

Grantees	Outstanding at 1 January 2024	Granted during the period	Outstanding at 30 June 2024
Directors, senior management (8 persons) ⁽¹⁾	–	1,840,700	1,840,700
Core management at the headquarters (61 persons)	–	12,167,200	12,167,200
Core management of subsidiaries (38 persons)	–	8,301,700	8,301,700
Total	–	22,309,600	22,309,600
Exercisable at the end of the period			Nil
Weighted average exercise price			13.00

Note:

(1) Mr. YU Bozheng, a former member of the senior management of the Company, retired on 22 November 2024.

The Company has selected the internationally adopted Black-Scholes Option Pricing Model to measure the fair value of the Share Options granted on 10 May 2024 and 30 December 2024, being the date of grant. The values of all parameters of the valuation model and descriptions are as follows:

	10 May 2024	30 December 2024
Weighted average share price	17.15	11.95
Exercise price	13.00	12.09
Expected volatility	51.77%	53.76%
Expected life	3.83	3.83

For the share options granted on 10 May 2024 and 30 December 2024, expected volatility was determined by using the historical volatility of the Company's share price over the previous 3.83 years.

The Group recognised the total expense of approximately RMB38,360,000 (for the six months ended 30 June 2024: approximately RMB5,709,000) during the period in relation to share options granted by the Company.