HAFNIA ANNUAL REPORT 2020

HAFNIA
Member of BW Group

Annual Report 2020

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Hafnia Annual Report 2020

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A new normal

The decade started with a pandemic that shook the world, Covid-19. Hafnia played its part to support the world through the crisis by keeping our fleet moving, with credit to our dedicated employees at sea and on shore who delivered transportation and floating storage throughout 2020, safely and responsibly.

Due to restrictions imposed as a result of the world-wide lockdown and the suspension of the majority of international flights, our vessels were unable to conduct normal crew changes for much of the year. The crew onboard our ships, serving on extended contracts, experienced great uncertainty about when they would be able to reunite with family and friends ashore. As a means of overcoming the crew change crisis, Hafnia has signed the Neptune Declaration on Seafarer Wellbeing and Crew Change. This by itself is not enough, which is why it is only one of the many things we're doing to support our crew during these challenging times. We've also introduced higher overtime wages, improved internet access and increased wellness activities.

For our staff on shore, working from home has become the norm. Hafnia did a great job working together while being apart. It is impressive to see how our young but strong culture has survived and adapted to this "new normal".

Product tanker market prospects

Going into 2020, prospects for the product tanker market appeared promising, with the new IMO 2020 regulations presenting both opportunities and uncertainties. With the spread of Covid-19 and the subsequent drop in oil consumption by c. 22 million barrels per day y-o-y in April 2020, the world product tanker fleet started acting as floating storage. The Russia–Saudi Arabia oil price war triggered in March 2020 caused oil prices to drop below zero. For a short while, product tanker rates and oil inventories both reached all-time highs. In the second half of 2020, oil prices increased while oil consumption recovered slightly towards pre-pandemic levels.

In the first few months of 2021, the oil inventories continue to rebalance, with much of the world still in lockdown.

The outlook for the product tanker sector in the first half of 2021 appears challenging, with many factors expected to continue to weigh on market conditions. Against a backdrop of ongoing impacts on oil demand from renewed lockdowns in key regions and the resultant pressure on refinery throughput, pressure is further expected from the continued easing in floating storage and the underlying fleet expansion of 2.0% in the product tanker sector.

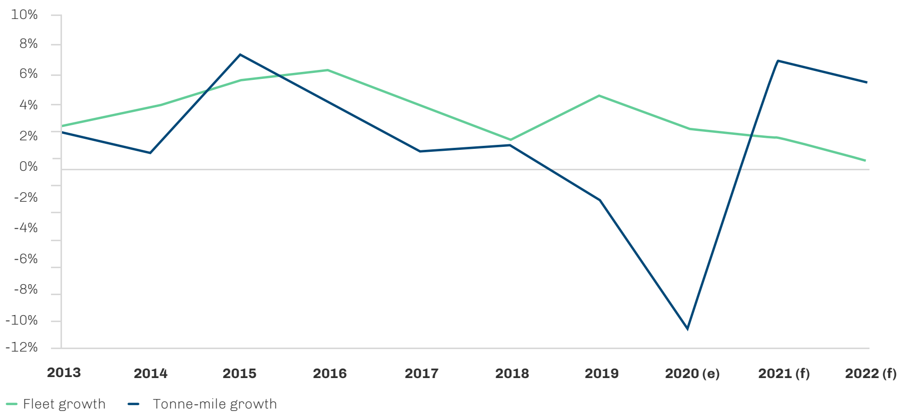
However, the latest trade projections suggest a bounce-back in seaborne products trade in the second half of 2021 as oil demand recovers and inventories return to normal. Combined with the rebound in demand, seasonal uplift is expected during the second half of the year.

1.2 million barrels per day of global refinery capacity was closed, mothballed, or converted in 2020 (not including capacity temporarily offline due to impacts of Covid-19), with an additional 0.7 million barrels per day announced for 2021. Whilst new export-oriented capacity is slated to start up this year and next, this will likely force inefficient refineries near to consumption areas to close, thereby improving tonne-mile demand.

The total product tanker tonne-mile trade is projected to exceed growth in terms of tonnes, expanding by approximately 7% and 5.5% in 2021 and 2022, respectively.

Product tanker supply and demand

y-o-y-change



Source: Clarkson Research, January 2021

External factors influencing international transportation

Unfortunately, 2020 was also a year where we saw increased piracy activities in areas where we trade. Piracy and armed robbery at sea is a global challenge, and we have introduced procedures as per IMO guidelines.

In December 2020, our vessel BW Rhine was hit by a remote controlled two-engine skiff carrying explosives at Jeddah, Saudi Arabia, causing an explosion and subsequent fire on board. The Master immediately ceased all discharge operations and activated emergency procedures on board. The crew extinguished the fire with assistance from the shore fire brigade and tugboats. Fortunately, all 22 seafarers were accounted for unharmed. I am very pleased with how all employees involved handled the incident, and I am thankful that no one was injured.

Separately, the refugee crisis in the Mediterranean Sea has led to an increase in commercial vessels rescuing refugees and migrants at sea. However, coastal states' reluctance to accept disembarkation within their territory has caused uncertainty for shipowners, charterers and seafarers. An international solution and a clear division of responsibility is needed. We stand united with our peers and are determined to find a viable solution.

Expanding Hafnia

Despite the disruption caused by the pandemic, I am happy to report that we have further expanded our business. We have set up a brand new pool called "Hafnia Specialized" for the smaller product tanker segment (tonnage under 20,000 dwt).

New projects with environmental drivers

Hafnia has implemented clear and effective measures to promote decarbonisation. We are firmly committed to providing safe, sustainable and efficient hydrocarbon transportation solutions while participating in global efforts to combat climate change.

In 2020, numerous capital commitments were made towards increasing the sustainability of our business:

- Our investment in Northwest Innovation Works towards developing a 3.6 million tonnes per annum methanol production and export facility at the Port of Kalama in Southwest Washington, USA. The plant will convert regionally-sourced natural gas to methanol, which will then be transported via ship – the equivalent of an MR cargo every four days – for use in dedicated production in Asia.

- We will also provide and operate purpose-built next-generation methanol dual-fueled ships to transport one-third of the methanol volume produced by the plant. These vessels will be tied to 19 year charters with a satisfactory guaranteed return during the period.

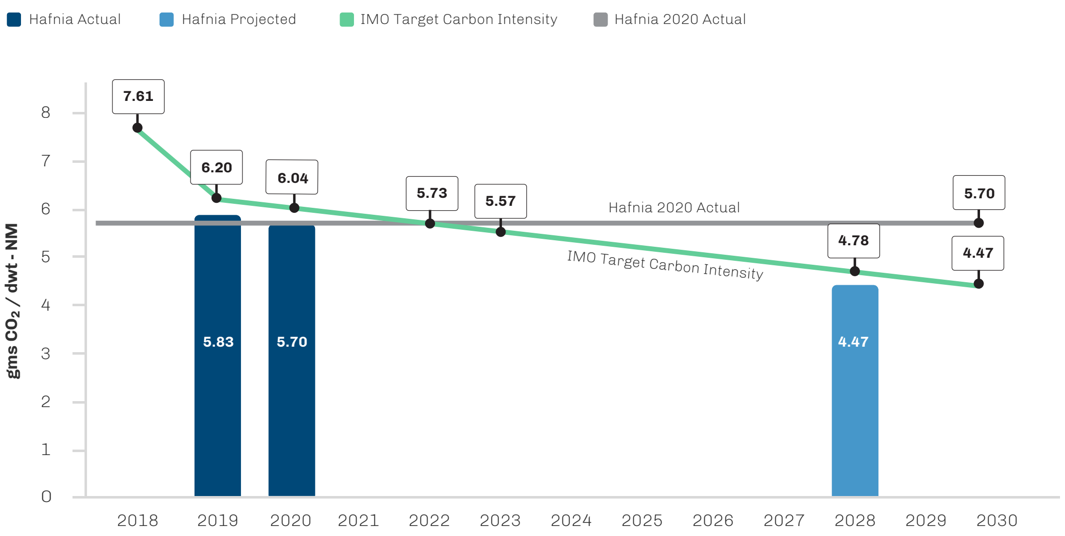
- Our order of two LR2 newbuilds equipped with Liquified Natural Gas (LNG) propulsion from Guangzhou Shipyard International (GSI). The vessels will be immediately chartered by a French energy company on long-term time charters with fixed earnings upon delivery in 2023. These dual-fuel vessels were meticulously designed to encapsulate the traits we believe are necessary for ships of the future.

- Additional fuel optimisation efforts for the current fleet. This includes intermediate dry dockings, installation of Mewis ducts, propeller boss cap fins, waste heat recovery unit for generators, among other initiatives.

Through years of investments in emissions reduction measures and the continuous optimisation of our vessel operations, Hafnia has achieved significant milestones in reducing overall emissions and improving vessel efficiency. We are in full compliance with the IMO 2020 regulations on sulphur emissions, and we fully support and are on track to meet the IMO's greenhouse gas (GHG) reduction goals of reducing carbon intensity by 40% and total annual GHG emissions by 50% by 2030, with 2008 levels as the baseline.

In 2020, across Hafnia's owned fleet, our carbon intensity was 5.70 grams/ton nautical mile (T NM), 5.6% below the present IMO baseline. This progress is in line with our goal of reaching IMO 2030's target of 4.47 grams/T NM by 2028. Standard vessel optimisation efforts will be supplemented with additional initiatives such as intermittent dry dockings and opportunistic fleet renewals to reach our goal.

Hafnia's Status with IMO's Carbon Intensity Targets



Financial highlights and return of capital

Hafnia achieved a net profit of USD 148.8 million and earnings per share of USD 0.41. The commercially managed pool business generated an income of USD 23.0 million.

Hafnia paid a dividend of USD 0.21 per share following the first and second quarter of 2020 equivalent to 51.8% of the annual net profit and 11.2% of our market cap as per 31 December 2020.

Looking ahead

I am pleased to share that our performance in 2020 has been strong, considering the severe impact of Covid-19. Looking ahead, I still believe that further consolidation is needed within the product tanker sector to fully unleash value and synergies from additional operational scale. We will continue to search for such opportunities.

Lastly and most importantly, I extend my deep gratitude to all of our employees, customers, partners and suppliers for their extraordinary efforts during these challenging times. In the face of Covid-19, international shipping has proven to be as essential as ever. At Hafnia, we will continue to prioritise our employees' health and well-being so we can continue to serve the world and live up to our mission to be Best on Water.

Mikael Skov, CEO

Key figures

Income statement	Q1 2020 USD million	Q2 2020 USD million	Q3 2020 USD million	Q4 2020 USD million	2020 USD million
Operating revenue	268.4	268.9	165.5	171.3	874.1
TCE income	193.5	206.9	118.5	104.3	623.2
EBITDA	129.6	145.9	51.7	35.6	362.8
Operating profit (EBIT)	91.0	107.0	10.4	(14.8)	193.6
Financial items	(14.7)	(12.1)	(10.7)	(9.7)	(47.2)
Share of profit from associates and joint venture	1.2	3.4	1.2	(0.8)	5.0
Profit before tax	77.5	98.4	0.8	(25.3)	151.4
Net profit for the period/year	77.1	97.7	0.4	(26.4)	148.8
Balance sheet					
Total assets	2,721.6	2,692.3	2,609.5	2,543.9	2,543.9
Total liabilities	1,581.5	1,477.8	1,436.1	1,395.9	1,395.9
Total equity	1,140.1	1,214.5	1,173.3	1,148.0	1,148.0
Cash and cash equivalents	128.5	148.0	122.6	100.7	100.7
Key financial figures					
Return on Equity (RoE) (p.a.)[1]	27.3%	33.5%	0.1%	(9.3%)	13.1%
Return on Invested Capital (p.a.)[1]	15.6%	18.3%	2.6%	(1.6%)	8.9%
Equity ratio[1]	41.9%	45.1%	45.0%	45.1%	45.1%
Net loan-to-value (LTV) ratio[2]	56.0%	53.7%	56.0%	57.9%	57.9%
Earnings per share ("EPS")	0.21	0.27	-	(0.07)	0.41
Dividend per Share ("DPS")	0.1062	0.1062	-	-	0.21

For the 3 months ended 31 December 2020	LR2	LR1	Panamax	MR	Handy	Total
Vessels on water at the end of the period[3]	6	25	4	47	13	95
Number of operating days[4]	552	2,297	355	4,051	1,167	8,422
Total calendar days (excluding TC-in)	552	2,072	368	3,772	1,196	7,960
TCE (USD per operating day)	27,108	13,649	8,640	10,836	9,476	12,389
OPEX (USD per calendar day)[5]	7,606	7,830	4,669	7,803	6,522	7,459
G&A (USD per operating day)[6]						853
Average broker value for owned fleet (USD milllion)	282.0	374.0	15.0[7]	1,009.9	212.0	1,892.9

[1] *Annualised*

[2] *LTV ratio is calculated as borrowings on the vessels (net of cash) divided by vessel values.*

[3] *Excluding five LR1s and one LR1 newbuild owned through 50% ownership in Vista Shipping Pte Ltd; and including Compass and Compassion (classified as assets held for sale).*

[4] *Total operating days include operating days for vessels that are time chartered-in.*

[5] *OPEX includes vessel running costs and technical management fees.*

[6] *G&A adjusted for cost incurred in managing external vessels in the pools.*

[7] *Excluding Compass and Compassion (classified as assets held for sale)*

02

Why Hafnia

Why Hafnia

Best commercial performance

Over the years, we have benchmarked ourselves against our peers to evaluate our commercial performance, while adjusting for fleet composition, speed and consumption. When we look at these 'apples to apples' benchmarks, we are at the absolute top in all of our segments.

This is the result of the quality of our daily commercial decision-making which is supported by tracking our own and our competitors' trading patterns. We constantly improve our understanding of cargo flows and seasonal patterns of the product tanker market.

Lowest operating and funding cost

Our operational cash flow breakeven is below USD 13,000 per day - the lowest in the industry. Our industry leading interest margins, our solid balance sheet and low Selling, General and Administrative ("SG&A") expense of USD 800 per day are also key contributors to our competitiveness.

USD 23.0 million in income from the pools and other fee-generating activities

Focus on Environmental, Social and Corporate Governance (ESG)

E: In Hafnia, we believe that joint global efforts are needed to combat climate change. As a leading shipping company, it is Hafnia's goal to keep providing safe, sustainable and efficient hydrocarbon transportation solutions, and thereby contribute to the shipping industry's efforts to reduce environmental impact.

S: Additionally, we have continued to promote diversity at sea and ashore. By 2024, we strive to have 40% female colleagues throughout the organisation, including in key management positions. We also continue to develop an inclusive and diverse working environment with our newly introduced culture and leadership academy, a project which encapsulates the heart of Hafnia.

G: The development, implementation and maintenance of good and well-functioning governance policies and practices are important processes and focus areas for Hafnia.

A firm believer in consolidation. We see three obvious benefits:

1. Large scale in number of vessels enables better performance in chartering, operations, bunker and back-office.
2. Clear cost synergies. We have seen examples of how smaller platforms of 20-25 vessels could have reduced the daily SG&A per vessel by more than USD 1,000 per day, and saved a total of more than USD 20 million per year, including better financing.
3. Digitalisation across a large fleet improves data intelligence significantly and enables faster and better decision making. Smaller platforms lack the scale needed to properly utilise the added information from a big fleet.

   As an example, a trial we are conducting in Hafnia involves installing sensors on board on part of our fleet. On each vessel, the sensors collect 3,000 to 5,000 data points every 30 seconds, allowing for:

   - Data-based fuel consumption optimisation,
   - Emission reduction programs with tracking and reporting,
   - AI-based predictive maintenance application,
   - Fully automated hull efficiency monitoring,
   - Automatic performance reports,
   - Notifications, alarms and warnings, and
   - Compliance applications.

USD
874.1m

Revenue

USD
623.2m

TCE Income

USD
193.6m

Operating Profit

USD
0.41

Earnings per Share

13.1%

Return On Equity

1,997

Employees

5

Global Offices

Operating highlights

88 Owned Vessels

184 Vessels in Hafnia's Pools

4 Commercial Shipping Pools

25 External Pool Partners

925 Voyages Performed

USD **18,090** TCE per Operating Day

0 Fatalities

Fleet utilisation

28% Laden

21% Ballast

36% Port

6% Idle

2% Bunker

4% Others

3% Off Hire

Financial highlights

USD **1,148.0m** Total Equity

USD **98.3m** Dividend paid in 2020, including dividend declared in Q4 2019

1,279 Shareholders

03

Safe harbour statement

Disclaimer regarding forward-looking statements in the annual report

This annual report includes "Forward-looking Statements" that reflect Hafnia's current views with respect to future events, and financial and operational performance.

These Forward-looking Statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "should", "projects", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These Forward-looking Statements are, as a general matter, statements other than statements as to historic facts or present facts and circumstances.

They include statements regarding Hafnia's intentions, beliefs or current expectations concerning, among other things, financial strength and position of the Group, operating results, liquidity, prospects, growth, the implementation of strategic initiatives, as well as other statements relating to the Group's future business development, financial performance and the industry in which the Group operates.

Prospective investors in Hafnia are cautioned that Forward-looking Statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry and potential market in which the Group may operate in the future, may differ materially from those made in, or suggested by, the Forward-looking Statements contained in this report. Hafnia cannot guarantee that the intentions, beliefs or current expectations upon which its Forward-looking Statements are based, will occur.

By their nature, Forward-looking Statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the Forward-looking Statements. These Forward-looking Statements speak only as at the date on which they are made. Hafnia undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral Forward-looking Statements attributable to Hafnia or to persons acting on Hafnia's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this report.

04

Heart of Hafnia

Heart of Hafnia

Hafnia is a modern shipowner and pool management company with integrated commercial, crewing and technical operating units providing expert service and support to partners and customers within the transportation of refined oil products and "easy chemicals".

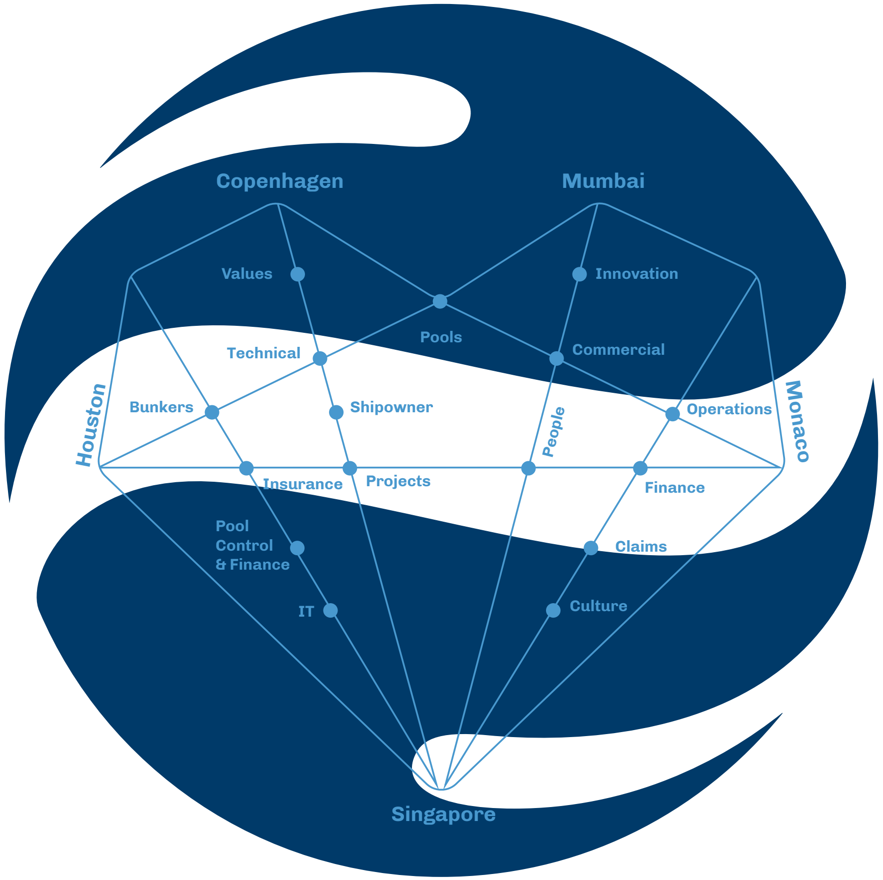
Hafnia's core competence is in arranging transportation in the product tanker spot market. This requires flexible management of the business. By integrating traditional shipowner business units with adjacent innovations, Hafnia has built a platform that enables sound commercial decision-making.

Hafnia services customers within four product tanker segments - Handy, MR, LR1 and LR2 segments - and various chemical tanker segments in the Specialized pool.

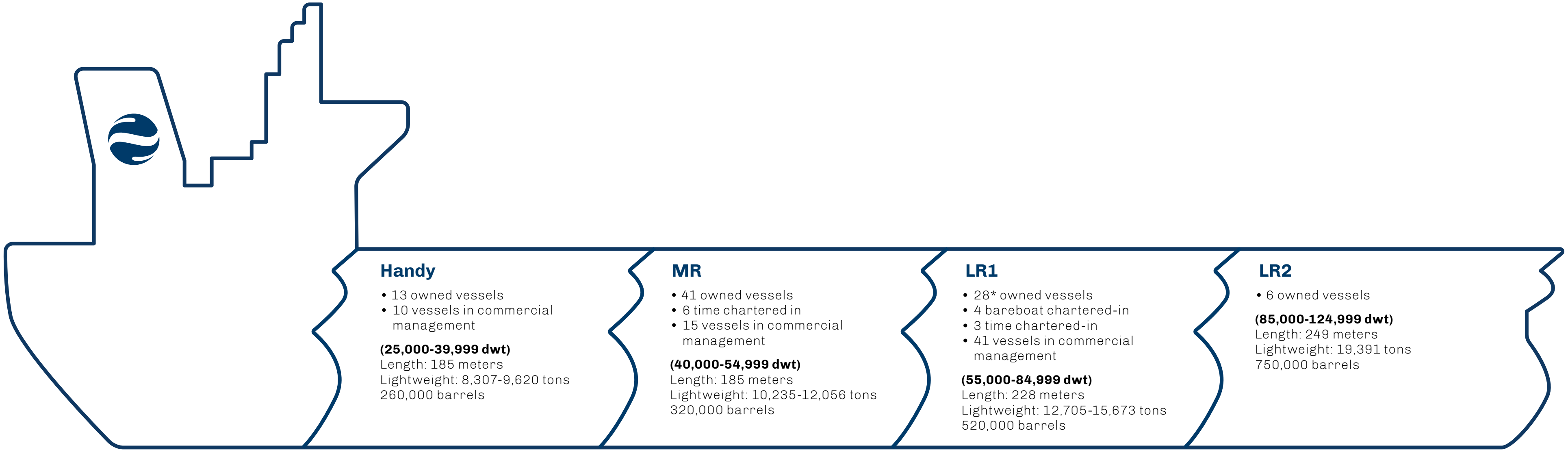
Hafnia's core competence is in arranging transportation in the product tanker spot market

By leveraging on its expertise and insight in the dynamics of the product tanker spot market, Hafnia generates commercially viable solutions for both partners and customers across its four shipping pools. Hafnia also facilitates further synergies by supplying bunkers and technical services to its pool partners, as well as to shipowners outside the shipping pools.

By creating structured, coordinated and inclusive work-streams across its wide range of business units, Hafnia creates maximum value for its customers - that is the Heart of Hafnia.



4.1 Hafnia's fleet



Type	Owned	Bare-boated-in	Time chartered-in	Commercial management	Total
LR2	6	-	-	-	6
LR1	28*	4	3	41	76
MR	41	-	6	15	62
Handy	13	-	-	10	23
Specialized	-	-	-	17	17
	88	**4**	**9**	**83**	**184**

** Including five LR1's and one LR1 newbuild owned through 50% ownership in Vista Shipping Pte Ltd*

Environmental efficiency is important in securing favourable contracts with high-quality customers. Hafnia's fleet is part of our competitive advantage. Being young and well-maintained, our fleet reduces fuel consumption and operating cost while improving safety and vessel utilisation, hence maximising the quality of service we deliver to our customers.

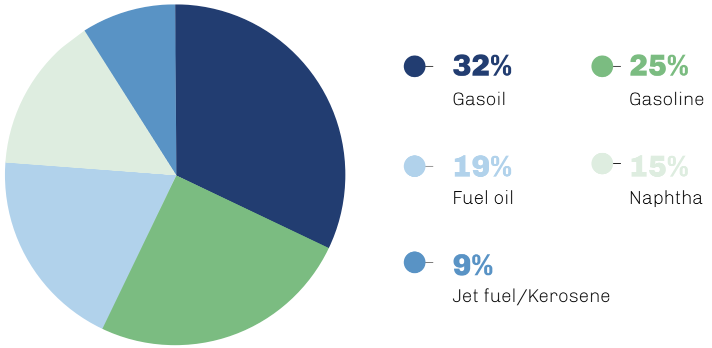
In total, Hafnia's owned, bareboat-in and time chartered-in fleet of 100 vessels has a carrying capacity of approximately 6.1 million dwt. The average age of the fleet is approximately 7.3 years (excluding newbuilds). A large part of our fleet has a modern eco-design that uses technological improvements to optimise speed, minimise fuel consumption and reduce emissions.

The average age of the global LR2, LR1, MR and Handy fleets are approximately 9.4, 11.3, 10.6 and 14.7 years respectively (source: Clarksons research, January 2021). The estimated useful lifespan of each vessel is 25 years.

4.1.1 Products transported

The product tanker fleet can carry a wide range of oil and oil products, including gasoline, diesel, gas oil, naphtha, kerosene, vegetable oil, fuel oil, crude oil and chemicals.

In 2020, 32% of global cargoes were gasoil, 25% were gasoline, 19% fuel oil, 15% naphtha, and 9% jet fuel/kerosene.



Source: Clarksons Research, January 2021

4.1.2 Employment and earnings

Hafnia employs its fleet within three of the four Hafnia pools, namely the Handy pool, the MR pool and the LR pool, or through longer chartered-out contracts.

Revenue from a vessel's employment within a pool is influenced by the number of vessels in the pool, the number of days during which the vessels in the fleet operate and the freight rates that the pool earns, after adjusting for pool points. A vessel's pool points reflect the earning potential of the vessel.

	2020				
	Q1	**Q2**	**Q3**	**Q4**	**TOTAL**
Handy					
Vessels at the end of the period	13	13	13	13	13
Total operating days	1,173	1,218	1,245	1,167	4,803
Total calendar days (excluding tc-in)	1,183	1,183	1,196	1,196	4,758
TCE (USD per operating days)	22,723	18,819	10,399	9,476	15,321
OPEX (USD per calendar day)	6,306	5,928	6,599	6,522	6,340
MR					
Vessels at the end of the period	47	47	47	47	47
Total operating days	4,214	4,301	4,215	4,051	16,781
Total calendar days (excluding tc-in)	3,731	3,731	3,772	3,772	15,006
TCE (USD per operating days)	21,960	22,497	12,709	10,836	17,089
OPEX (USD per calendar day)	6,728	5,852	6,883	7,803	6,819
Non-pool Panamax					
Vessels at the end of the period	4	4	4	4	4
Total operating days	364	364	368	355	1,451
Total calendar days (excluding tc-in)	364	364	368	368	1,464
TCE (USD per operating days)	20,996	30,991	8,393	8,640	17,283
OPEX (USD per calendar day)	8,186	7,223	6,894	4,669	6,737
LR1					
Vessels at the end of the period	26	26	26	25	25
Total operating days	2,327	2,309	2,287	2,297	9,220
Total calendar days (excluding tc-in)	2,093	2,093	2,116	2,072	8,374
TCE (USD per operating days)	23,041	26,412	14,694	13,649	19,475
OPEX (USD per calendar day)	7,191	6,542	6,937	7,830	7,123
LR2					
Vessels at the end of the period	6	6	6	6	6
Total operating days	546	545	552	552	2,195
Total calendar days (excluding tc-in)	546	546	552	552	2,196
TCE (USD per operating days)	23,762	27,465	27,702	27,108	26,514
OPEX (USD per calendar day)	6,383	6,297	6,318	7,606	6,653

4.1.3 Technical and crewing

Hafnia has a fully integrated technical department that draws support and knowledge from external technical managers to manage maintenance, dry docking, marine vetting, security, and crew management. They ensure that the highest safety and environmental standards are maintained on board. The technical department is also working on developing IT solutions to run and maintain the fleet.

4.1.4 Strategy for 2021

Hafnia is making progress to lower the emissions profile of its fleet, but substantial changes take time, as significant investments in technological advancements are required. Hafnia follows all new technologies closely and is in constant dialogue with shipyards and technical suppliers regarding more sustainable solutions for retrofits and newbuilds, and methods to prove performance are being developed.

Hafnia may divest older tonnage to make room in the fleet for alternatives with ECO or dual-fuel type vessels, be they in the form of chartered-in vessels, vessels bought second-hand, or newbuilds.

Hafnia continues to maintain, improve and upgrade the existing fleet. For example, Hafnia reduces fuel consumption in its vessels through improved anti-fouling, engine room management, intermediate dry dockings, waste heat recovery, and optimising maintenance.

As further demonstrations of Hafnia's commitment to sustainability, Hafnia has also acquired a 50% stake in two LR2 dual-fuel vessels chartered out to Total on long-term contracts. Moreover, Hafnia bought a stake in the Kalama methanol facility guaranteeing 19-year contracts to carry methanol from the US West Coast to Asia on methanol-fueled vessels, and has entered into sustainability-linked loan arrangements.

4.1.5 Purchase options and obligations

The below tables present an overview of the Group's purchase options and obligations for its time chartered-in or bareboat-in vessels.

Options

USD million

Name	Type	Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Orient Challenge	MR	2017	31.90	30.30	28.70	27.10	25.50	23.90	22.30	-	-	-
Orient Innovation	MR	2017	31.90	30.30	28.70	27.10	25.50	23.90	22.30	-	-	-
Beagle	MR	2019	-	38.00	35.75	34.25	32.75	31.25	29.75	-	-	-
Basset	MR	2019	-	38.00	35.75	34.25	32.75	31.25	29.75	-	-	-
Boxer	MR	2019	-	38.00	35.75	34.25	32.75	31.25	29.75	-	-	-
Bulldog	MR	2020	-	-	38.00	35.75	34.25	32.75	31.25	29.75	-	-
Sunda	LR1	2019	-	46.00	44.00	42.00	40.00	38.00	36.00	-	-	-
Karimata	LR1	2019	-	46.00	44.00	42.00	40.00	38.00	36.00	-	-	-
Hafnia Africa	LR1	2010	24.00	19.60	17.10	14.60	12.10	9.60	8.00	5.50	3.00	-
Hafnia Australia	LR1	2010	-	21.00	19.00	17.00	14.90	12.90	10.90	8.90	6.35	-
Hafnia Asia	LR1	2010	23.70	22.86	21.25	19.38	-	-	-	-	-	-
Hafnia Arctic	LR1	2010	24.65	23.77	22.10	20.15	-	-	-	-	-	-

Obligations

USD million

Name	Type	Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Hafnia Australia	LR1	2010	-	-	-	-	-	-	-	-	-	4.20
Hafnia Asia	LR1	2010	-	-	-	-	17.25	-	-	-	-	-
Hafnia Arctic	LR1	2010	-	-	-	-	17.94	-	-	-	-	-

4.1.6 Tonnage chartered in and out

Tonnage chartered in 31 December 2020

	2021		2022		2023		2024		2025		2026	
	Days	USD/Day	Days	USD/Day	Days	USD/Day	Days	USD/Day	Days	USD/Day	Days	USD/Day
Handy	-	-	-	-	-	-	-	-	-	-	-	-
MR	2,190	15,950	2,190	15,950	2,190	15,950	1,698	15,943	398	15,908	-	-
LR1	1,094	16,837	840	17,997	730	18,750	427	18,750	-	-	-	-
LR2	-	-	-	-	-	-	-	-	-	-	-	-

Tonnage sales and lease back 31 December 2020

	2021		2022		2023		2024		2025		2026	
	Days	USD/Day	Days	USD/Day	Days	USD/Day	Days	USD/Day	Days	USD/Day	Days	USD/Day
Handy	-	-	-	-	-	-	-	-	-	-	-	-
MR	-	-	-	-	-	-	-	-	-	-	-	-
LR1	1,460	6,811	1,460	7,240	1,460	7,718	1,464	7,663	1,133	7,574	730	7,547
LR2	-	-	-	-	-	-	-	-	-	-	-	-

Tonnage chartered out 31 December 2020

	2021		2022		2023		2024		2025		2026	
	Days	USD/Day	Days	USD/Day	Days	USD/Day	Days	USD/Day	Days	USD/Day	Days	USD/Day
Handy	525	14,695	252	15,625	-	-	-	-	-	-	-	-
MR	1,358	15,764	33	14,250	-	-	-	-	-	-	-	-
LR1	234	21,228	39	22,022	-	-	-	-	-	-	-	-
LR2	1,552	25,789	920	25,525	-	-	-	-	-	-	-	-

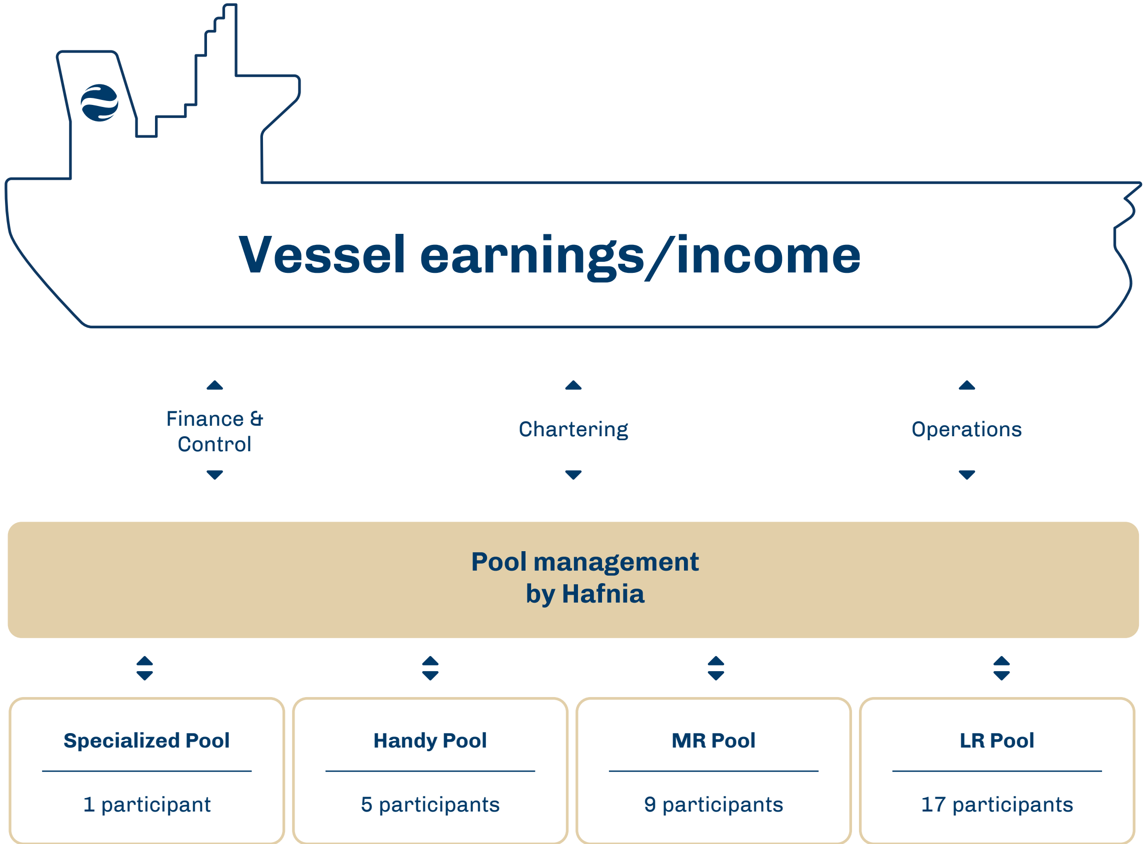
4.2 Hafnia's pools

As per 31 December 2020, Hafnia operated a fleet of 184 vessels including newbuild and vessels chartered out on long-term charter contracts in our four pools which range from small specialised chemical tankers to the largest product tankers. The pools are managed to maximise both fleet utilisation and revenue within a cyclical freight market.

Hafnia's highly specialised and dedicated chartering and commercial departments are responsible for developing, marketing, and negotiating all contracts for both the product tanker vessels and the chemical tankers that the pools operate.

Hafnia's chartering department primarily trades the vessels in the spot market. All contracts in the pools are negotiated and secured by the pools under instruction and authority from the Pool Board.

Each pool is managed by a pool board comprising representatives from each pool member. The pool board is the pool's governing body, overlooking the pools' overall strategic management.



4.2.1 Functioning, structure and size

When employed in a pool, a vessel is part of a fleet of similar vessels, brought together by their owners to exploit efficiencies, economies of scale and benefit from a revenue/loss sharing mechanism. The pool operator sources different cargo shipment contracts and efficiently directs and operates the vessels to provide the services needed pursuant to such agreements.

The Specialized Pool comprises 17 chemical vessels and has 1 pool participant. The Handy Pool comprises 23 Handy vessels and has 5 pool participants. The MR Pool comprises 62 MR vessels and has 9 pool participants. The LR Pool comprises 82 LR vessels and has 17 pool participants.

4.2.2 Pool earnings

The earnings allocated to vessels are aggregated and divided based on a pool point system, reflecting comparative voyage results on hypothetical benchmark routes. The pool points system is weighted by attributes such as size, fuel consumption, classification and other capabilities. Pool revenues are only recognised for the given period during which the vessel has participated in a pool, and when the amount of pool revenue during that period can be estimated reliably.

Hafnia receives pool management commission in the form of a fixed fee and a percentage of all net pool income from voyage charters, time charters and other charters.

4.2.3 Operations

Hafnia's operations department is responsible for managing the performance of the vessels during their voyages. This includes each vessel's compliance with the terms and conditions of the applicable charter party contracts and the active management of voyage costs to optimise each vessel's earnings.

4.2.4 Bunkers

Hafnia's Bunker department is responsible for the competitive procurement of bunker for both pools and third party customers.

Hafnia receives commission in the form of a fixed fee per ton of all bunker purchased.

4.2.5 Strategy for 2021

In 2020, Hafnia expanded the pool management business with the specialized chemical tanker segment, and Hafnia seeks to further expand its commercial management business into new segments in the years to come. In addition, Hafnia's strategy is to increase the number of vessels in its four pools through adding external vessels with the right pool partners, while maintaining its customised approach to pool management.

4.3 Projects

4.3.1 Investments

Hafnia has long-standing relationships with leading global financial institutions, which, together with the company's strong reputation, enables Hafnia to secure attractive financing regarding both structure and terms. This enhances our ability to move quickly to ensure investment opportunities.

The sale and purchase team drives Hafnia's investments, providing analysis to the management on sale and purchase activities, leaseback transactions, and newbuild opportunities.

In 2020, we focused on divesting older tonnage and securing projects with long-term contracts that focused on next-generation dual-fuel tonnage.

4.3.2 Innovation

We have also created a culture of innovation at Hafnia by encouraging employees to constantly experiment and suggest new ways of meeting and exceeding our customers' needs.

By solving everyday problems with innovative solutions, we save costs and increase job satisfaction

4.3.3 Partnerships

In addition, we scout for potential partnership opportunities with start-ups and other industry majors to accelerate our internal initiatives and tackle some of the significant challenges faced by shipping industry today.

4.3.4 Strategy for 2021

The ability to discover and fulfil unmet customer needs in a competitive market is what has brought Hafnia to its position as the world's leading listed product tanker company. Hafnia's strategy is to grow its market share and profits through product and service innovation.

At Hafnia, we will continue to focus on new business opportunities, emphasising our edge in long-term contracts, innovative solutions, and adjacent businesses.

05

People, culture and values

People, culture and values

Covid-19 turned 2020 upside down – making it a year nobody could have predicted. At Hafnia, we are proud of how we learned to stand together while staying apart. Like all other shipping companies, we were challenged by the travel restrictions prohibiting our seafarers' movement and forcing our shore staff to work from home. We believe that the world has yet to see the full effects of Covid-19 and its associated physical and mental health consequences.

Hafnia employees represent 19 countries, and 34% of our shore-based employees are female.

At Hafnia, we believe that the business and our employees benefit from an inclusive and diverse working environment. Thus, despite living with confinement restrictions in 2020, our diversity efforts continued. We still maintain our ambition to have employees identifying as female form at least 40% of the organisation, including in key management positions, by 2024.

As part of Hafnia's effort to promote equality, we have introduced measures to improve wage equality during our compensation and benefits review. Management is firmly committed to eliminating any differences in pay based on gender.

We also stand united towards the shared goal of eliminating corruption and bribery in the maritime industry. We recognise that this is not something we can achieve on our own. A global coalition is necessary to stop such a pervasive problem. In 2011, the industry formed the MACN (Maritime Anti-Corruption Network), to work towards an industry free of corruption and to enable fair trade to benefit the society at large. Hafnia joined the MACN in 2014 and continues to contribute and participate as an active member of the network.

At Hafnia we strive to "C A R E" – to be Collaborative, Ambitious, Reliable, and Enduring. We aim to integrate these values in our day-to-day operations and our strategy. As part of this integration effort, we initiated a values-based leadership programme in 2020 for all shore-based employees with leadership responsibilities.

Prioritising employee wellbeing is not the only way that Hafnia puts people first. The People, Culture & Strategy team has recently launched several initiatives to bring people closer to each other and to gain a broader understanding of the industry. One such initiative is the new 'Hafnia Employee Assistance Programme', which aims to assist employees who experience work- or family-related challenges.

5.1 At sea

By the end of 2020, we had 1,812 seafarers employed on Hafnia's 46 internally managed ships. Additionally, 40 vessels are managed by external technical managers, adding 1,661 to our total number of seafarers.

Hafnia has 1,812 seafarers from 17 nationalities.

Our seafarers maintain the value and quality of our vessels, playing a critical role alongside our land-based colleagues to achieve the safe transportation of our customers' cargoes. The Covid-19 pandemic has put Hafnia's seafarers around the world in precarious situations. Hafnia has signed the 'Neptune Declaration' in order to work towards resolving crewing challenges alongside other shipowners, the IMO and international labour organisations.

5.2 Our team on shore

Hafnia has its operational headquarters in Singapore and has offices in Copenhagen, Houston, Monaco and Mumbai. On shore, Hafnia employs 185 specialists in both technical and corporate support functions, such as chartering, finance, operations, and bunker supply.

Hafnia believes in educating young professionals through a combination of theoretical and practical training. We offer a traineeship program that accepts fresh university graduates on an annual basis. Our trainees go through a 2-year shipping curriculum alternating between lectures and on-site teaching in relevant subjects, including ship knowledge, commercial negotiations, business ethics, economics and maritime law. The trainees go through this curriculum in conjunction with related work experience in various departments at Hafnia. The trainees will rotate through different departments within Hafnia, such as chartering, operations and our bunker desk. They will also be exposed to other departments such as claims, controls and projects to gain a well-rounded and holistic understanding of how a modern shipping company works. This allows the trainees to continue expanding their maritime education while supplementing it with practical hands-on commercial experience.

5.3 Talents

With our People First approach, we believe in hiring for attitude and training for skills

Through its quarterly appraisal dialogues, Hafnia encourages managers and employees to mutually reflect on how to develop each employee's talents in service of the organisation. During these dialogues, employees discuss how they can develop in specific focus areas through our tailor-made talent development programs, which include:

- Additional training and courses
- Coaching
- Mentoring
- Job rotation
- Overseas attachments
- Networks
- Career and succession planning
- Feedback sessions
- Promotions

5.4 Flexible work arrangements and working from home

Covid-19 has accelerated the movement towards increased flexibility in work arrangements. Hafnia recognises that better work-life balance can improve employee motivation, performance and productivity while reducing stress. Along with flexible work arrangements, Hafnia also provides guidance to its employees on how to benefit and utilise such arrangements effectively.

During 2020, the percentage of employees working from home was extremely high due to Covid-19 lockdown restrictions. We hope that we will return to a more familiar working routine in the second half of 2021, in order to enhance collaboration and continue building a strong company culture.

Working at Hafnia, at home

We interviewed Mette Gandrup (General Manager and Head of Operations in Houston), Fausto Braschi (Senior Manager, Chartering in Copenhagen) and Emelia Yusope (Assistant Manager, Bunkers in Singapore) about their working lives and what it's been like to work from home.

What are the greatest advantages of working at Hafnia?
Mette Gandrup: The most significant advantage of working at Hafnia is that it feels like a family, everyone is accessible, and everyone always takes time to help or talk.

Fausto Braschi: I agree, at Hafnia you are always surrounded by people with shared values. We work towards the same goal, and are always willing to support each other. We have a common ground. I love my job. I think it is the best job in the world.

Emelia Yusope: The best thing is colleagues. Everyone is very welcoming, and it is easy to discuss something if you have any issues.

What is the downside of working in shipping?
Mette Gandrup: It can be difficult to find a balance between private life and work. We spend a lot of hours working. It is a lifestyle choice.

Fausto Braschi: It can be challenging to make people around you to understand the long working hours. People outside shipping have a hard time understanding the demanding hours, and that we are available on the phone 24/7.

Emelia Yusope: Shipping never really stops. The plans you made can change in a second due to unforeseen circumstances.

How did Covid-19 affect your life at work and at home?
Emelia Yusope: When I started with Hafnia, the safe management practices were in place at work. However, despite the reduction in face-to-face interactions with colleagues, the onboarding went well.

Fausto Braschi: As a company and team we managed very well under the pandemic. Working from home is challenging and I really miss being in the office. However, I think I would enjoy working from home for one day per week, and look forward to similar forms of flexible working hours once we return. The communication and handling of Covid-19 from Hafnia's side has been excellent.

Mette Gandrup: Now everyone has a proper work station at home, which is great. I think the pandemic has opened a lot of people's eyes to the benefits of working from home.

What have you learned personally and professionally during Covid-19?
Emelia: Obviously working from home was relatively uncommon prior to the pandemic, but I have found it relatively easy to adapt to. Moving forward, I believe a healthy balance between working from home and in the office can boost productivity whilst improving work-life balance.

Mette Gandrup: I have gained some clarity on how to juggle life. It has been a gift to have more time with my son and husband. I have a lot of new tools in my toolbox.

Fausto Braschi: I feel much more confident in my ability to juggle personal life and work.

How does your family cope with your choice of career?
Fausto Braschi: I'd say they cope pretty well, but I suppose you'd have to ask them! They understand that things change a lot. My wife has told me several times how happy I look every day when I return home from the office.

Emelia Yusope: My family was excited when I joined Hafnia, and I have to say that I am very happy to have joined.

Mette Gandrup: My husband also tells me I look happy when I return from the office. My husband is also in shipping, making it easier for him to understand the demands of the business.

Life at sea during Covid-19 – A glimpse into the impact on seafarers and their families

This year was very difficult for seafarers around the world. The crew change crisis has not only made life difficult for those at sea, but also their families, from whom they have been temporarily separated.

Captain Somen Roy

We had the privilege of interviewing Captain Somen Roy, who was delayed on board BW Columbia during his last assignment due to Covid-19. He went on board on 21 January 2020 for three months and ended up on board until 30 July, staying there for six months and ten days.

Captain Roy started with us as a trainee (cadet) in September 2000, progressed to the rank of Master and took over his first command in January 2016. He has been with us for more than 20 years now.

Tell us a little about yourself

About 20 years ago, I graduated from Glasgow College when Worldwide Shipping came to campus to interview potential crew members. Six candidates were selected, and fortunately, I was one of them! The final interview was done by Andreas Sohmen-Pao, who, I believe, joined the company that year. This was in the year 2000, so we were introduced to the company as "Y2K" cadets. My initial cadetship was on product tankers and VLCCs. Fast forward 16 years and I was promoted to Master on 1 January 2016.

What are the greatest advantages of being a seafarer?

I love the sea! I would say that I was born for the sea. I'm definitely not office material! The experience over the past 20 years has been unparalleled. The safety culture here is so superior to other companies. We often have to train other people up when they come from different companies.

What is one downside?

The only thing I don't like is that you can't get a helicopter in the middle of the sea in the event of an emergency. If you're in the middle of the Atlantic Ocean, there is no help. This can be challenging because there are times in life when your family needs you, and you may not be able to be there for them. However, I know first-hand that the company will do all it can to get you to them if the possibility exists. A few years ago, my wife and son were on vacation in Dubai while I was at sea. My son got appendicitis and was rushed to the hospital for immediate surgery. I was on BW Thames sailing to Sikka. To my good luck, the shore team arranged for a captain to replace me. I did not tell my wife I was coming. I was able to sign off and take a direct flight to Dubai, arriving just as my son got out of surgery. I stayed with him for his recovery and flew back with them to India. Upon arrival in India, my parents met us, and I flew back to the ship! I am very grateful that I was able to be there for them.

What could Hafnia do better for our seafarers?

The crew welfare is pretty great, especially in response to Covid-19 – daily updates, increased data access, improved healthcare have been very helpful for all of us. One area where we could improve is the frequency of training courses for officers, both junior and senior. We used to have more regular leadership development training in Mumbai, Singapore and Manila. I found this played a significant role in grooming people effectively. The hard skills are exceptional across the fleet, but we can always benefit from more attention towards improving our soft skills. Similar to our safety culture, these soft skills should be unconsciously incorporated into our decision-making.

How did Covid-19 affect your life at sea and ashore?

It was initially very difficult, mostly because the ports didn't know how to handle the situation. Even when they had guidance, it took them a while to follow it. I don't think people realised how serious the situation was for a while. When I signed onto BW Columbia in the middle of January 2020, I had no idea what Covid-19 was. Nobody was wearing masks.

Fortunately, my wife was able to be with her sister and parents during the lockdown in India. This made my being stuck at sea a lot easier on me. It was still difficult, though. One of my bosuns had kidney issues and needed to get off. Everybody tried (office, manning, etc.), but borders were closed. We needed to go to Djibouti because no one else would accept us. I don't blame the other countries, because they didn't understand the situation at that time. The guys on board were among the safest in the world, but their presence there was taken for granted. The medical conditions should have granted them special permissions. It's not like you're just asking to get off the ship just because you want to. You need to get off the ship!

How did you handle crew complaints and concerns? What were common thoughts?

One word: depression. If someone was finishing nine months in January, then extended to August - that's 17 months! That's really challenging. Junior and senior officers were more manageable because their contracts are shorter and they were privy to more information that helped them understand the situation. Keeping information flow open was vital. Depression sets in when you're scared for your life and thinking about your family. The easiest way to prevent this was to keep the crew engaged. It was essential not to let people be alone with their thoughts for too long.

The Hafnia wellness program was also quite helpful to us. The beginning of the pandemic was hard period. But once everyone realised the new normal, they saw the need to take care of their wellness. Our ship followed the program, and everyone was receptive as most people found it helpful.

Swapnil Roy, Wife of Captain Roy

We also had the privilege of speaking with Swapnil, Captain Roy's wife, about her experience being the spouse of a seafarer and how their family was impacted by Covid-19 and the crew change crisis.

Tell us a little about yourself
I'm a mechanical engineer and did an MBA. After having children, I quit my job to be a full-time mother.

I was school friends with Somen. I knew him for 15 years before getting married. He got into his merchant navy college, then went to Glasgow. We have been married for 14 years now.

What is it like to be married to a seafarer?
We're both very positive people. We enjoy our freedom and time together when we can. I married him knowing he was in this profession. I like being independent, so it's okay for me, but the kids do miss him a lot. After 2-3 months, they start asking "When will Papa come?" I have to appease them by saying that we'll do X, Y and Z when Papa comes back.

I've sailed with him 4-5 times. My experience was great each time. The first time there were three other families there. We became excellent friends and visited ports that were great to disembark at and explore. Since having kids, I've sailed only once. I wanted the kids to see where and what their father is doing all the time. It was definitely a good experience for them to know more about their father's work.

For me, it's a good way of life. For many others, it might not be suitable.

Is it hard to have him away from home for so long?
I'm okay with his career demands. It's not a new thing. When he stays home for more 3-4 months, it becomes difficult! I tell him, "You're acting like a captain at home. That is not allowed here. Please go back to sea and be your ship's captain!"

How did Covid-19 affect you as a family?
I've known him since he was a cadet, when he used to sail for much more extended periods. So I knew that's part of the job. This time, I was aware that many other people's situations were a lot worse. So that made it easier. Plus, I was lucky to get stuck with my family – I was supposed to be with them for ten days, but that turned into four months. Plus I knew my husband was safe from the virus at sea. That being said, I told him not to blame me if I didn't recognise him!

5.5 Leadership training

Hafnia's 'Ambitious Leadership Programme' was introduced in 2020. All leaders with direct reporting lines joined a three-hour kick-off session with the management team where our CEO set the scene for the programme, its scope and purpose. The programme is structured to focus on developing leadership capabilities, enhancing value-based leadership through CARE (Collaboration, Ambitious, Reliable, Enduring), personal and team development.

5.6 Diversity strategy

In Hafnia, we believe that multicultural diversity and inclusion are a part of our CARE values resulting in engaged and motivated colleagues leading to higher retention, creativity, innovation and performance. Hafnia employees represent 19 countries, and 34% of our shore-based employees are female. Hafnia is committed to increased diversity within the shipping industry and has thus signed the 'Charter for More Women in Shipping'. Our management and board understand that diversity initiatives are key to attracting the best talent. We engage employees at all levels of the organisation so that future leaders in the shipping industry have diverse role models to aspire towards.

By 2024 we aim to have female-identifying persons forming at least 40% of the organisation, including in key management positions.

In the fall of 2020, Hafnia, BW Group, and Shell collaborated to run a first-of-its-kind diversity innovation programme called 'Women in Maritime Lab'.

Our management and board understand that diversity initiatives are key to attracting the best talent and engaging employees as role models at all levels of the organisation

The programme aimed to scout innovative ideas from people of all genders on the challenges faced by women in the maritime industry – both at sea and ashore. Teams were shortlisted to participate in a virtual innovation sprint after submitting their proposals online.

We received 56 proposals from teams representing 18 companies and schools from all around the world. Seven teams were selected to participate in the hackathon. A panel of judges selected the winning proposal. The winning team was "Seacode", a team comprising seafarers from Turkey and onshore staff from Shell. Their idea, an anti-harassment app, will be further developed, tested and prototyped by Hafnia, BW LNG and Shell.

Security at sea

The safety and security of ships, cargo and personnel is critically important to the timely flow of goods and commerce worldwide. Common security threats facing our fleet are piracy, land mines and petty thieves. Hafnia's vessels are equipped with a security alert button on board that can be quickly pressed in the event of a security situation, automatically notifying our entire security team and flag state representatives via phone and email. Our security team then starts coordinating with the Captain to solve the problem.

There are certain high-risk areas in which our vessels transit where the threats are elevated. These include the Gulf of Guinea, the Persian Gulf, and the Gulf of Aden. Our vessels implement extra security measures when entering and sailing through these areas. Below we present a brief overview of what we do to keep our seafarers and ships safe in high-risk areas.

Security measures for high-risk areas:

- Weekly surprise drills – We test our crews' response time to get to the safe haven (designated area for crew to be protected from pirates trying to gain entry).

- More frequent hull inspections – We use cameras to check our ships' hulls for underwater mines before sailing.

- Physical fortification of ships – Prior to entering high-risk areas we take two days to line the vessel with steel mesh, double layers of barbed razor wire, and anti-boarding and anti-climbing barriers.

- Higher speeds – The moment we see a boat increasing its speed towards us, we increase our speed. These small boats will run out of fuel trying to chase us. They then have to stop to refill, at which point we will lose them.

- Outmanoeuvring – We also are prepared to manoeuvre to make more waves, making it more difficult for boats to come aside. When this is combined with fortification efforts, it becomes very difficult for pirates to board.

- Armed escorts – We coordinate with local navies for escorts in and out of ports in the Gulf of Guinea.

Case study: BW Rhine

The BW Rhine (Singapore-flagged LR1 Product tanker built-in 2008) was hit by a remote controlled skiff carrying explosives whilst discharging at Jeddah, Saudi Arabia at approximately 00:40 local time on 14 December 2020, causing an explosion and subsequent fire onboard. The Master immediately ceased all discharge operations and enacted emergency procedures onboard. The crew extinguished the fire with assistance from the shore fire brigade and tug boats, and all 22 seafarers were accounted for with no injuries.

This is an example of a situation that we could not prevent. But we can control how we respond if something like this happens, and that's precisely why the crew was able to handle the situation – they had been trained to react to situations exactly like this. The Master devised a plan focused on protecting the accommodation block from catching on fire. If it had ignited, there would have been multiple sources of ignition (instead of just an oil fire, there would have been an electrical fire and the likely ignition of combustible material) which would have quickly spun out of control.

Hafnia is immensely grateful for the extraordinarily heroic efforts of the crew and emergency response team during the attack in Jeddah. Their dedication, courage and determination during the entire incident will be an integral part of the Hafnia story.

Hafnia believes in ...

Workforce Diversity

We believe in creating an inclusive work environment and culture where differences are celebrated, and cross-cultural best practices are developed

How we strive to realise our belief:

Hafnia is a proud participant of the Charter for More Women in Shipping, an initiative organised by Danish Shipping to encourage more women to join the shipping industry. The "Taskforce for More Women at Sea" has also put together ten recommendations that aim to help attract new women and to retain those who are already working in the industry. As a signee to the Charter, Hafnia has committed to establishing goals for the number of women in our employment and to drawing up concrete actions that they will undertake to reach these goals

Recruited 13 women across Hafnia offices

Diversifying in nationality and class by selecting cadets from China, India, Philippines and Romania

Ensuring equal workplace environment for existing female employees (10 in in-house fleet vessels, 12 in external fleet, 34% of shore-based staff)

Organised Women in Maritime Lab, an innovation program to tackle challenges faced by women in maritime

Customer Relations

We believe in building trust with customers so that we can be relied upon whenever they need us

How we strive to realise our belief:

Continued fast and accurate responses to customer queries

Zero negative external feedback on poor customer service

Customer appreciation events

Virtual Pool Board meetings and technical committee meetings

Ensuring optimal availability of vessels for our customers

Zero delay in planned dry dockings

Zero Port State detention

Zero delay in planned maintenance onboard vessel

≤ 4 SIRE inspection observations per vessel

Talent Development and Retention

We believe in finding and developing people who will thrive within the Hafnia culture and push the business to greater heights

How we strive to realise our belief:

Invest in the continuous development of employees to learn new skills

Support maritime universities by employing their trained cadets

Project to enhance workplace for women in maritime

Support for women taking up maritime education

Promoting from within: 17 Promotions within Hafnia Shore side; 152 Promotions on the Seafarers Side

Ambitious Leadership programme launched for leaders with direct reports

Sponsorship of courses to employees for personal and career development

Employee Wellness

We believe in continuously improving the physical and mental health of our staff at sea and on shore

How we strive to realise our belief:

Hafnia Wellness Program – An initiative to promote the physical, emotional, mental and social wellbeing of our staff

All vessels complete 52-week workbooks with activities that foster good mental and physical health, with seafarers rewarded by prizes for participation

Mental health helpline provided to seafarers

Culture and Values

We believe in making Hafnia one of the best places to work, where we treat each other with respect and work together to deliver the industry of tomorrow

How we strive to realise our belief:

Town Hall Meetings reinforcing Hafnia Values and Culture

Line managers reinforcing Culture and Values

Care packages sent out to office staff during Covid-19 lockdowns

Monthly celebration and engagement organised to ensure continuous interaction given the changes in work arrangements

Year-end celebrations organised in countries where allowed

Anti-corruption and Anti-bribery

We believe in eliminating corruption and bribery faced by the maritime industry

How we strive to realise our belief:

Hafnia opposes all forms of corruption and is a member of the Maritime Anti-Corruption Network (MACN), a global business network working towards the vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large

Zero facilitation payments in 2020

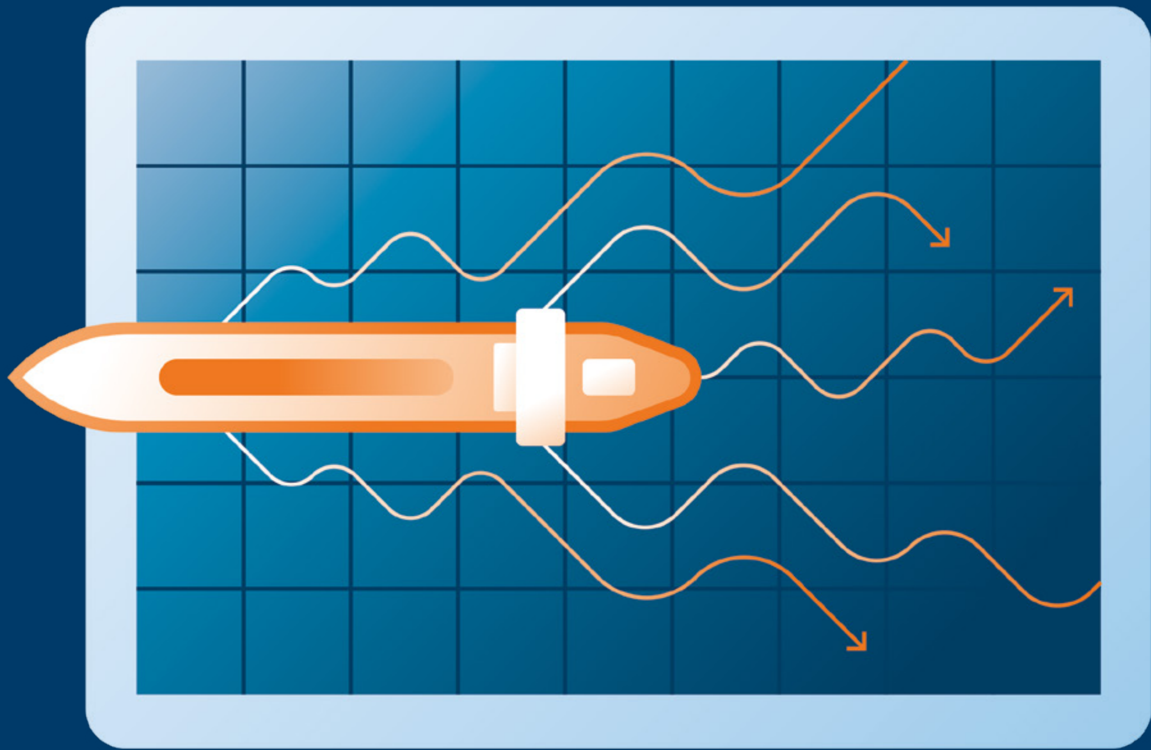
Roundtable meeting between BW companies to share learnings and refine strategy

Global communication to commemorate UN Anti-Corruption Day


BW GALATEA
SINGAPORE

06

The product tanker market



The product tanker market

Is cyclical and volatile. Changes in the global supply and demand for tanker capacity, and for oil and oil products, result in fluctuations in achievable freight rates.

The charter market is highly competitive and based primarily on the offered charter rate, the vessel's location and technical specification, and the reputation of the vessel and its manager.

As this simplified tanker market overview shows, the charter rates and product tanker capacities depend on several factors:

- Number of new tanker vessels delivered, undergoing repairs, and the number of vessels being scrapped
- Refinery throughput
- Prices of oil, oil products and bunker
- Environmental regulations
- Geopolitics

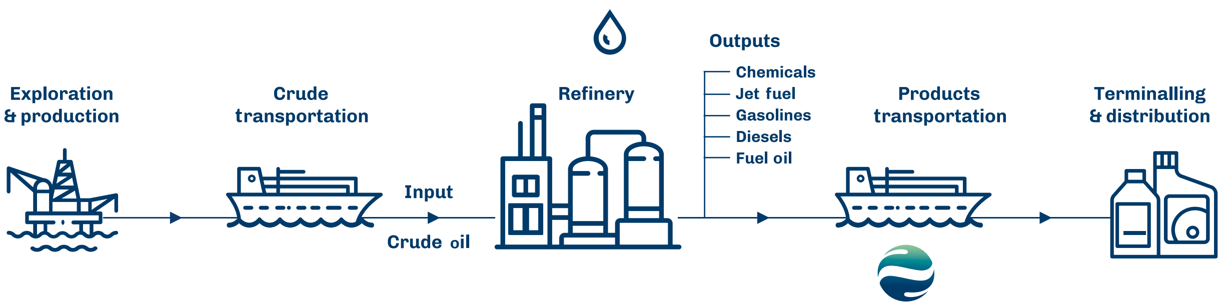
Crude tankers transport crude oil from points of production to oil refineries or storage locations. Product tankers can carry both refined and unrefined petroleum products, including crude oil, fuel oil, vacuum gas oil (dirty products), and gas oil, gasoline, jet fuel, kerosene and naphtha (clean products).

Freight rates for product tankers trading under spot charters are susceptible to fluctuating demand and supply of vessels, and rates are consequently volatile. Rates are also strongly affected by seasonal fluctuations in demand from end consumers. While trends in the product tanker market are heavily impacted by product tanker supply and demand trends, market conditions have also correlated with crude oil tanker market developments, reflecting that crude and product tankers have the potential to act as 'swing tonnage' between the dirty and clean markets.

In 2020, the average product flow transported at sea was approximately 20 million barrels per day, down from 22.4 million barrels in 2019. There was a similar reduction in average crude flow of 37.2 million barrels per day in 2020, down from 40.3 million barrels in 2019.

2020 Summary

The product tanker market experienced an extraordinary 2020, with record highs and near record lows achieved due to disruptions from the Covid-19 pandemic. In the first half of 2020, disruptions to the oil



sector led to unprecedented demand for tanker floating storage, whilst significant discharge delays and logistical issues exacerbated the impact, causing a market "super-spike" in earnings in April.

According to Clarksons Research, average MR earnings peaked at a record USD 74,000 per day in April, whilst LR2 earnings on the benchmark Ras Tanura-Chiba route spiked to USD 168,000 per day. Weighted average earnings across product tanker markets hit a record of over USD 90,000 per day in late April and the first half of 2020 was the best half-year period since 2008. This spike's key driver was surplus oil supply as global oil demand plummeted amid 'lockdowns' worldwide, which in early April affected c.40% of the world's population to varying degrees and led to a significant global decline in jet fuel, gasoline and diesel demand. A drop of c. 22 million barrels per day in y-o-y oil demand was estimated during "Black April". Meanwhile, Saudi Arabia and Russia commenced an oil 'price war', and the concurrent flood of crude oil into global markets led to a collapse in prices and development of a steep contango in oil futures. Land-based storage filled rapidly and prompted a surge in demand to store oil at sea, significantly tightening fleet supply, with c.10% of the product tanker fleet in dwt terms absorbed at the peak in early May according to Clarksons Research data.

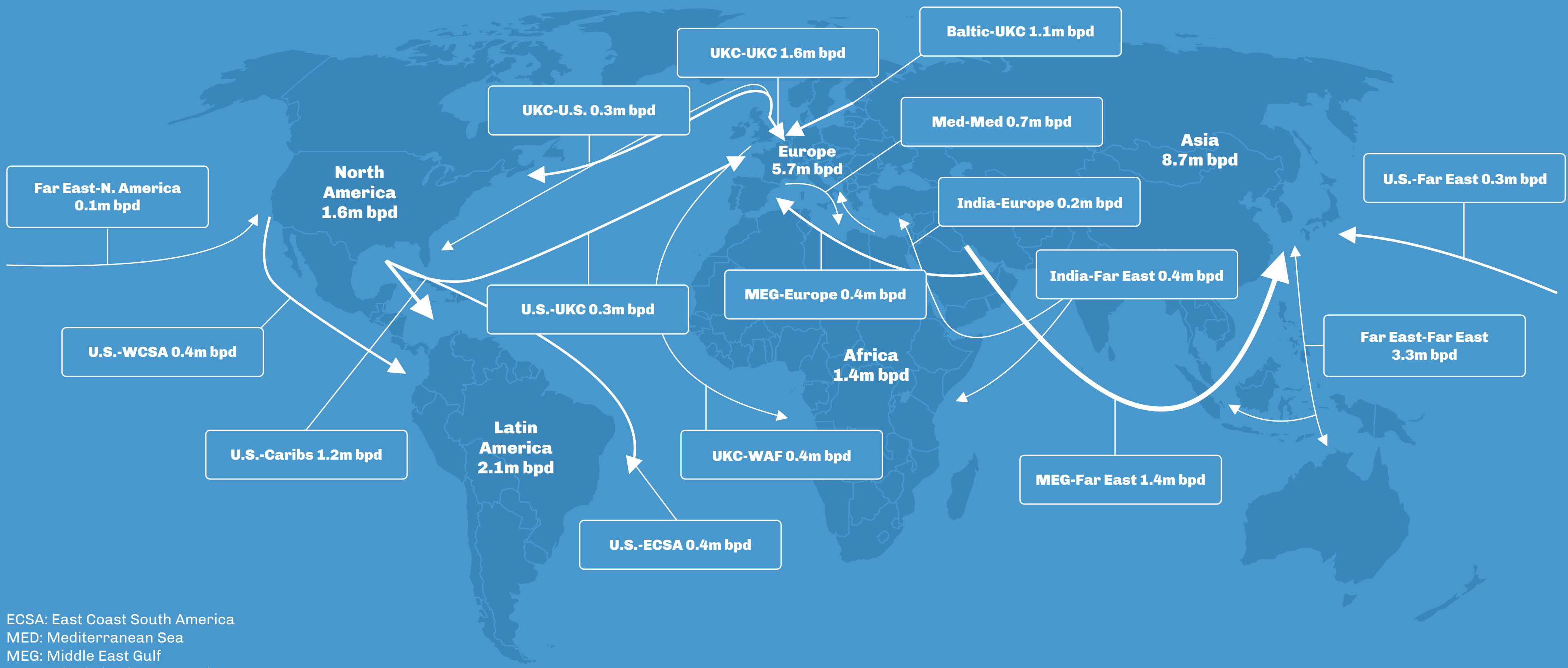
The y-o-y contraction in global oil demand narrowed progressively beyond April, as 'peak lockdown' measures were relaxed and summer holiday periods in the Northern Hemisphere supported a rise in transport fuel demand. However, towards the end of Q3, global Covid-19 cases began to rise once more and numerous regions, mainly in the West, suffered from severe second waves in Q4, resulting in renewed "lockdown" measures which impacted the nascent recovery in global mobility and economic growth. The deficit in global oil demand relative to the same period in 2019 is estimated to have widened from c. 6 million barrels per day in September-October to c. 7 million barrels per day in December. Overall, global oil demand is estimated to have contracted by 8.8% y-o-y in 2020 to 91.4 million barrels per day. Nonetheless, China remained one bright spot, with Chinese oil demand registering y-o-y growth in the second half of 2020 and falling by just 0.5% in the full year, compared to estimated falls of c.12% in US and European oil demand.

Alongside the downturn in global oil demand, seaborne oil products trade came under considerable pressure, falling by 18% y-o-y across Q2 2020 (peak impact of -27% y-o-y in May) according to Clarksons Research estimates. Downward pressure stemmed from sharp declines in global refinery runs and high regional inventories owing to the impacts from Covid-19 on oil demand. International Energy Agency (IEA) data suggests that global refinery throughput fell by c.15% y-o-y across Q2 to less than 70 million barrels per day as utilisation rates were cut and capacity was taken offline. Imports of oil products into all regions came under pressure as demand dropped, whilst traditional major products exporters faced headwinds from lower refinery runs and the soft external demand. Overall, global seaborne oil products trade is estimated to have fallen by 11.2% in 2020.

The downturn in oil trade and gradual unwinding of floating storage led to product tanker earnings easing back from April-May's highs. According to Clarksons Research data, by end 2020, the share of product tanker fleet capacity engaged in floating storage had dropped to c. 3% and earnings in all sectors reached near record lows at points across Q4 2020. In November, clean MR and Handy spot earnings averaged c. USD 5,300 per day and c. USD 1,200 per day respectively, the second-lowest monthly average on record in both sectors. Nonetheless, in the full year 2020, the impact of floating storage is estimated to have limited growth in the trading product tanker fleet to just 0.2%, compared to growth of 2.4% in total capacity (10k+ dwt).

The product tanker market has remained weak into early 2021, as cargo volumes remain low, with refinery throughput estimated to have remained 5-6% lower y-o-y in January and 7% below January 2019 levels. Spot earnings eased back from the moderate improvements that had materialised in December, and in the LR2 market, earnings on the Ras Tanura-Chiba route fell to a four-year low of USD 4,055 per day in late January, having reached almost USD 18,000 per day in mid-December. Meanwhile, clean MR earnings remained relatively steady at weak levels, having varied within a band of USD 4-8,000 per day since early September.

Major seaborne oil products trade routes 2020



ECSA: East Coast South America
MED: Mediterranean Sea
MEG: Middle East Gulf
UKC: United Kingdom to Continent Range
WAF: West Africa
WCSA: West Coast of South America

Source: Clarksons Research, January 2020

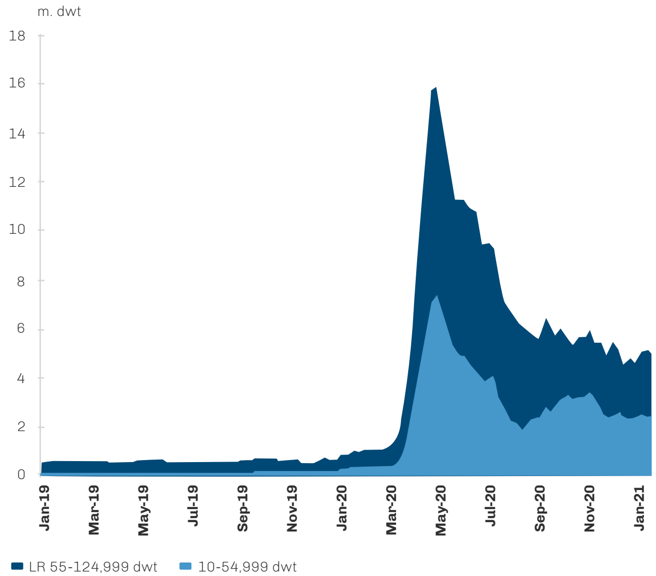
2021 Outlook

The outlook for the product tanker sector in the first half of 2021 appears challenging, with Covid-19, inventories and lack of consumption expected to continue to weigh on market conditions. Against a backdrop of ongoing negative impacts on oil demand from renewed "lockdowns" in key regions and a resultant pressure on refinery throughput, seaborne oil products trade currently remains subdued. In the first half of 2021, market pressure is further expected from the continued easing in floating storage, on top of the underlying global fleet expansion of 2.0% in the product tanker sector. However, the latest trade projections suggest a bounce-back in seaborne products trade in the second half of 2021 as oil demand recovers while inventories return to normal. Combined with a rebound in demand, seasonal uplift is expected towards the end of the year. A potential logistical disruption also exists as storage unwinds, whilst inefficiencies from port delays, repositioning, and reactivation could also cause "windows" of rate improvement.

Although Covid-19 vaccination programmes have bolstered hopes of improved oil demand levels later in 2021, there remains major uncertainty in the outlook, with concerns of new Covid-19 variants and continued high case numbers in some regions.

According to Clarksons Research, global oil demand is projected to rebound by c. 6% in 2021 to 97.1 million barrels per day (following a sharp decline of 8.8% in 2020), with improving economic activity and easing of mobility restrictions relative to 2020 (aided by the rollout of vaccines across major regions) projected to provide support, particularly to gasoline and diesel demand. According to IEA, oil demand in the fourth quarter of 2021 is expected to be 99.2 million barrels against 100.6 million barrels in the last part of 2019.

Product tanker (10,000-124,999 dwt) floating storage



Source: Clarksons Research, January 2021

Refinery throughput at the start of 2021 will be well below the pre-Covid-19 levels but is expected to catch-up from the middle of the year as oil demand recovers. IEA currently forecasts the bounce-back in global refinery throughput in 2021 at an average of c. 6% y-o-y following a decline of 12% in 2020. In the first half of 2021, European throughput is projected to remain under pressure as refiners continue to struggle with weak margins. These margins are likely to remain low until inventories are drawn down, oil demand recovery in the region picks up pace, and significant volumes of capacity remain offline either temporarily or permanently. Around 1.2 million barrels per day of global refinery capacity was closed, mothballed or converted in 2020 (not including capacity temporarily offline due to impacts of Covid-19), with an additional 0.7 million barrels per day announced for 2021 (potentially rising to over 1.0 million barrels per day). Whilst new export-oriented capacity is slated to start up this year and next, this is likely to exacerbate the existing surplus of refining capacity. This would force inefficient refineries near to consumption areas to close down, thereby improving tonne-mile demand.

In line with improving oil demand and refinery runs, seaborne products trade is expected to see improvement in 2021, with volumes growing by 6% y-o-y following the disruption in 2020. The seaborne volumes are expected to grow as oil demand and refinery runs improve throughout the year. However, trade volumes are projected to remain below 2019 levels with the expectation that impacts from Covid-19 on demand and trade in some fuels (e.g. jet) will take time to ease. However, total product tanker tonne-mile trade is in 2021 projected to exceed growth in terms of tonnes, expanding by c. 7%, partly as disruption to trade flows continues to raise average haul.

Vessel prices

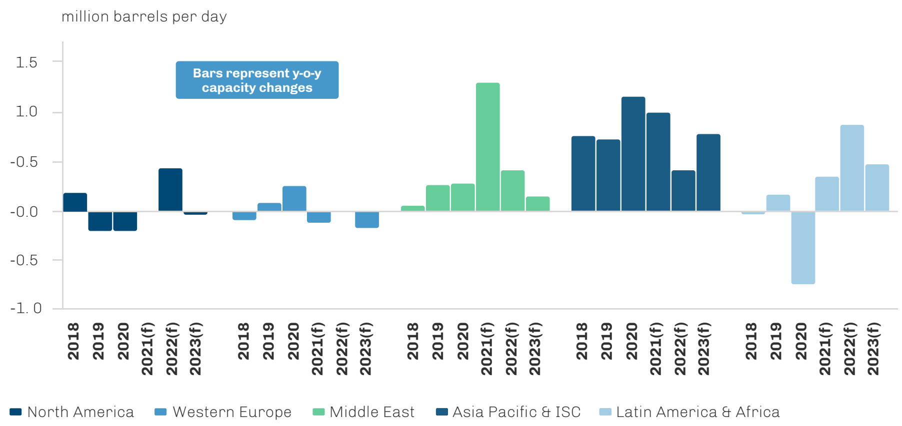
Product tanker asset values have also fluctuated over time, together with fluctuations in the charter market. The significant fall in newbuild prices between 2008 and 2010 can primarily be seen as the result of lower global contracting activity. Newbuild prices have not recovered, at least as of January 2021. Prices increased in 2013-14, softened across 2015-16 and rose again between mid-2017 and September 2019, reaching USD 36.5 million for an MR vessel, but this price is still below the mid-2008 level of USD 53.5 million. Due to low ordering activity, 2021 then saw a softening of the price to USD 34 million at the end of January 2021.

Trends in refining capacity

Trends in refinery capacity and throughput levels are also a key driver of seaborne products trade patterns. At the end of 2020, global refinery capacity totalled an estimated 102 million barrels per day. Over a third of this capacity is located in Asia, and significant capacity is also located in the US and Europe.

Global refinery capacity has expanded steadily over time in order to meet the continued growth in consumption of oil products and has expanded by over 9 million barrels per day since 2010. Refinery capacity additions in Asia, particularly China, have been a key driver of this expansion, with China adding 4.3 million barrels per day of capacity in this period. Growth in Middle Eastern refinery capacity has also been a key driver of expansion in the global refining industry, with the construction of large-scale export-oriented plants such as YASREF and Jubail in Saudi Arabia, which have supported long-haul products trade to Asia and Europe. Meanwhile, the refining industries in Europe, Japan and Australia have contracted as outdated capacity has been closed.

Regional fefinery capacity growth



Source: Clarksons Research, January 2021

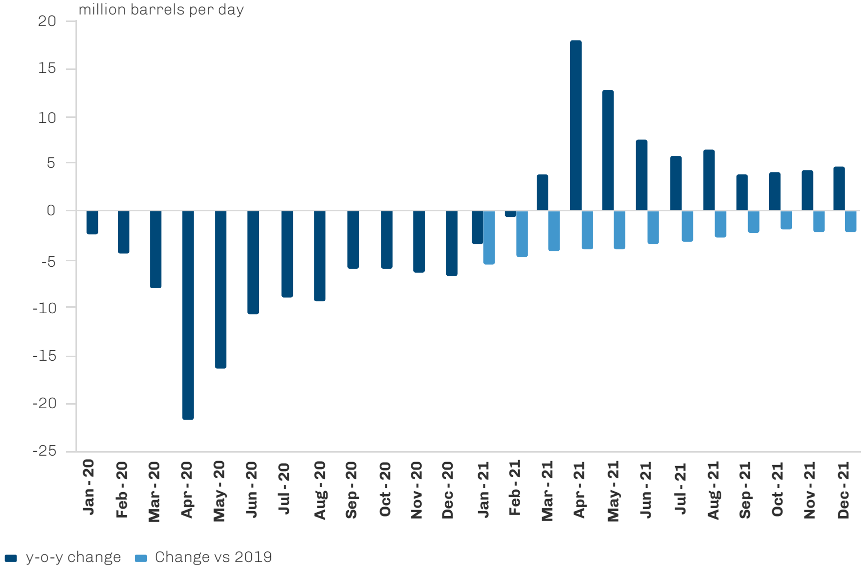
Further expansion is also projected in China, in particular in the independent refining sector. The product trade is expected to see new long-range trading patterns as 1.3 million barrels per day of export-oriented refinery capacity comes on stream in the Middle East in 2020. This is likely to lengthen tonne-miles for the product market.

Supply and demand

Demand for oil tankers is determined by world oil demand and trade, as well as the location and accessibility of oil products supply relative to the principal locations for discharging such cargoes. The metric of tonne-miles is often used as a proxy for oil tanker demand and is a product of (a) the amount of cargo transported in tankers, multiplied by (b) the distance across which cargo is transported. Macroeconomic forces, both globally and regionally, significantly impact world oil products consumption and, consequently, the volume of oil products transported by sea. The average distance of sea transportation of oil products is affected by trading patterns, which are determined by a combination of economic and geographic factors, refinery developments, regional products imbalances, seasonal variations, oil price trends and differentials in oil products prices between regions, environmental influences, exceptional climatic conditions and geopolitical events.

Daily oil demand increased from approximately 88.6 million barrels per day in 2010 to 100.3 million barrels per day in 2019, driven by increasing world population, global economic expansion and rising oil consumption in the transportation industries of developing countries. The developing world has thus been a key driver of continued growth in global oil consumption. That said, Covid-19 has at least temporarily disrupted the continued growth across the last decade, with global oil demand dropping to 91.4 million barrels in 2020. To contextualise the scale of the 2020 drop in oil demand, we can compare the drop against the recorded reduction in oil consumption following the financial crises in 2008-09, which was 1.5 million barrels y-o-y.

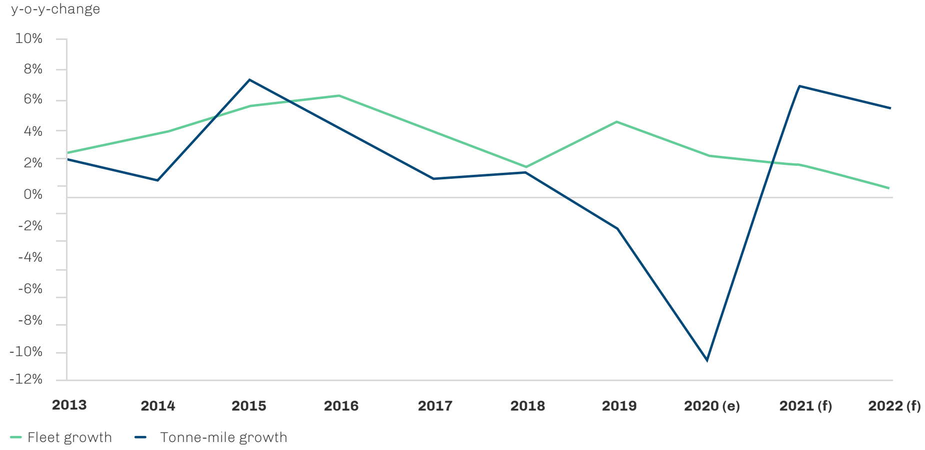
Estimated global oil supply and demand



Source: Clarkson Research, Industry Sources, January 2021

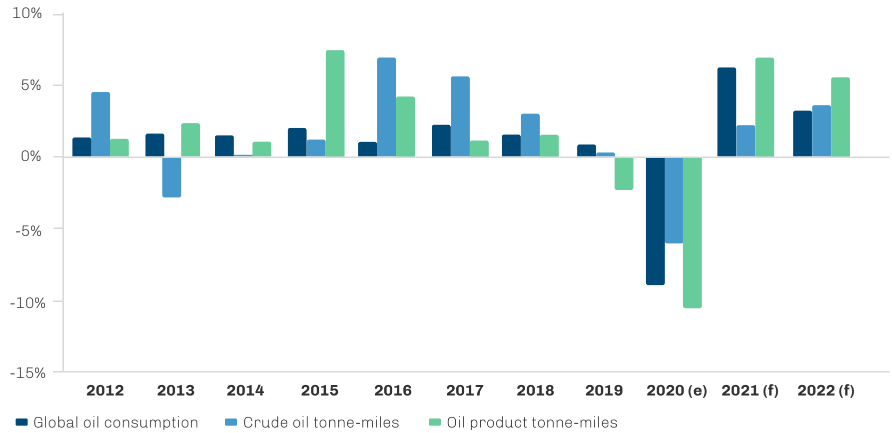
Key statistics comparing supply and demand growth in global oil and in the product tanker industry have been provided in the graphs on this page.

Product tanker supply and demand



Source: Clarkson Research, January 2021

World seaborne oil and total consumption growth



CAGRs 2015 – 2020
Oil consumption: 1.5%
Crude oil tonne-miles: 1.8%
Oil product tonne-miles: -1.3%

2021 / 2022 Forecast:
Oil consumption: 2.1% / 3.6%
Crude oil tonne-miles: 6.9% / 5.5%
Oil product tonne-miles: -7.1% / 6.8%

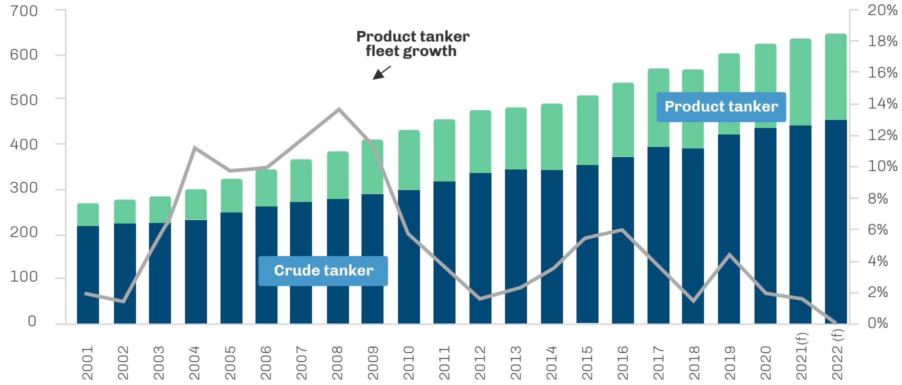
Source: Clarkson Research, January 2021

Tanker supply is determined by the size of the existing fleet as measured by cargo carrying capacity. It is influenced by a variety of factors, primarily the size of the existing fleet and ship size, the rate of deliveries of newbuilds, scrapping, and other operating efficiency factors affecting the number of ships available for charter (for example, storage, time in port, and congestion and vessel speed):

The fleet of product tankers increases as a result of the construction and delivery of newbuilds to the fleet and decreases as a result of vessel loss or the removal of older vessels by demolition or other means. Permanent removal of a vessel can occur within a relatively short timeframe, typically within three months. However, the construction of a newbuild products tanker typically requires between 18 months and three years from contract signing to delivery of the vessel by the shipyard, depending on the schedule of the relevant shipyard's order book. Today's supply-side dynamics are occurring against a backdrop of more limited global shipbuilding capacity than in the late 2000s, as well as limited availability of ship finance.

Elsewhere, the product tanker order book reached a historic low of 6.8% of the fleet (in dwt) at the start of 2021, suggesting a corresponding period of lower fleet growth from 2022. Meanwhile, an accelerating green transition and the IMO's timeline for regulations related to ship emissions have led to many initiatives such as the Sea Cargo Charter. In addition, the uncertainty surrounding green propulsion technology has also had a limiting factor on newbuilding activity and expected scrapping in 2021 and 2022 should limit the net fleet growth to 2.3%.

Crude and product tanker fleet development

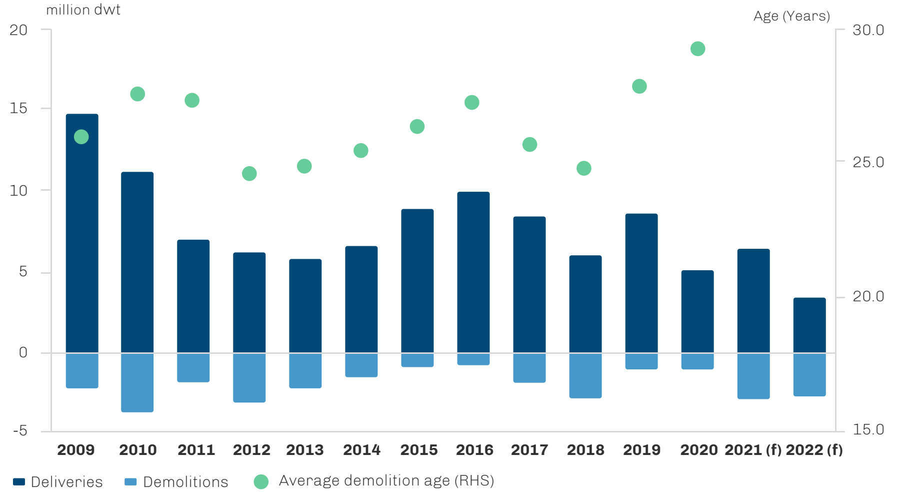


Crude tanker fleet
CAGR (2015 – 2020): 4.2%

Product tanker fleet
CAGR (2015 – 2020): 4.5%

Source: Clarkson Research, January 2021

Product tanker (10,000 dwt+) fleet changes



Source: Clarkson Research, January 2021

07

Sustainability agenda

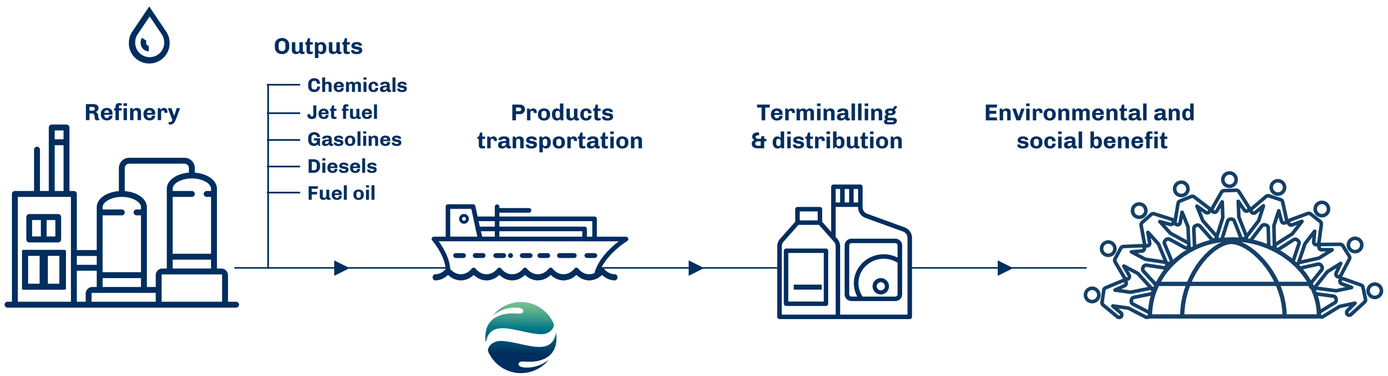
Environmental actions, measures and progress

In pursuit of our vision to be 'Best on Water', Hafnia is committed to adapting to the constantly changing conditions while continuing to deliver energy to sustain the world.

Hafnia has implemented clear and effective measures that solidify our firm commitments to provide safe, sustainable and efficient hydrocarbon transportation solutions and to participate in global efforts combatting climate change.

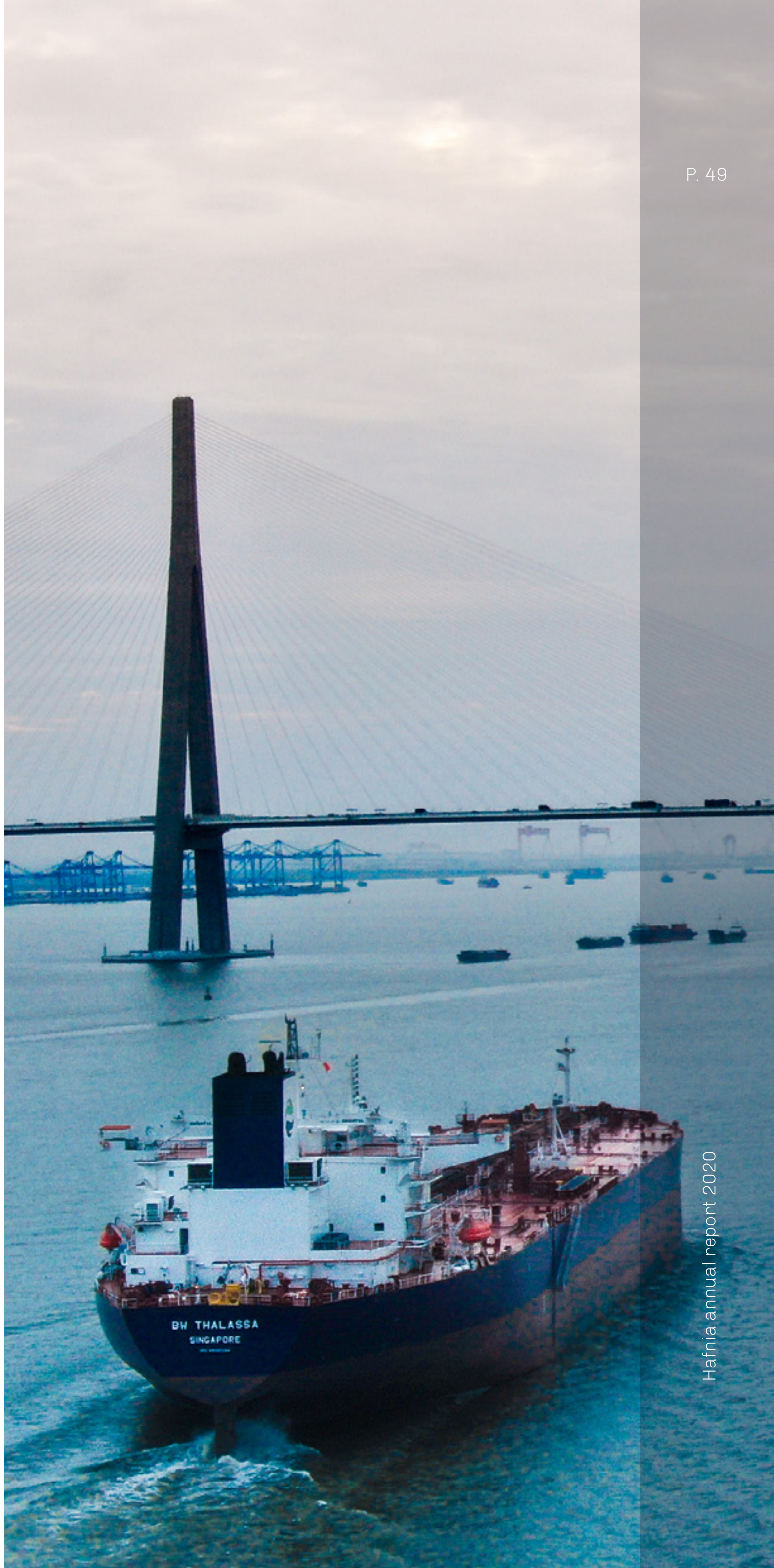
Besides working to reduce our emissions to air and sea, Hafnia also strives to meet our social obligations for sustainable development. By providing hydrocarbon transportation solutions, Hafnia is contributing and helping people to meet basic standards of living across the globe. Hydrocarbons run our planes, trains and automobiles. They power our homes and are used to make the roads that connect our cities. From clothes to cleaning products, packaging and pharmaceuticals – our world is currently run on hydrocarbons. Affordable energy facilitates better living conditions for many around the world, especially when we can deliver it in a safe and responsible fashion.

As a leading shipping company, Hafnia sees social and environmental benefit as responsibilities. We take all of these responsibilities seriously, and are doing all we can to deliver cargoes with the lowest possible footprint.



Fleet emissions and efficiency metrics	Unit	2019	2020
Number of vessels included in emission computation for the year		89	89
Fuel use and resulting emissions			
HSHFO	Metric ton	383,202	20,451
VLSFO	Metric ton	24,066	362,816
LSMGO	Metric ton	81,128	86,652
CO_2	Metric ton	1,529,223	1,484,724
NOx	Metric ton	79,586	77,724
SOx	Metric ton	21,095	4,906
Distance sailed in nautical mile	NM	4,594,384	4,549,692
CO_2 emission in grams per ton nautical mile (Based on capacity work)	gms/T NM	5.83	5.70

Please note: For SOx calculation (S%), average 2.7% S for HFO, 0.5% S for LSHFO & 0.1% S for MGO is used. For NOx calculation, 14.4 g/kwh is used. Kwh is computed from Specific energy. HFO: 40,400 MJ/Kg, LSHFO: 41,200 MJ/Kg, MGO: 42,200 MJ/Kg was used.



Hafnia is contributing towards the shipping industry's efforts to reduce environmental impact. As a member of the Getting to Zero Coalition, Hafnia is committed to challenging the industry of today to deliver the industry of tomorrow.

This is done via:
- Collaboration with shipyards, charterers, bunker suppliers, and regulatory bodies
- Decarbonisation – towards full compliance with IMO 2030 requirements
- Vessel optimisation initiatives
- Implementation of a clear sustainability strategy

The above focus areas are described in further detail in the following pages.

7.1 Constant collaboration with stakeholders to ensure progress in sustainability

In order to ensure we are on the right track in a fast-moving world, we make it a point to engage with all of our stakeholders continually. Regular dialogue with employees, crew, customers, investors, bank partners, industry groups, governments, regulators, suppliers and third-party providers through formal and informal channels is essential to the way Hafnia develops its approach to sustainability.

Through systematic, consistent and intentional communication with its stakeholders, Hafnia keeps its stakeholders updated and assured of its commitments and actions for sustainability. This is because we believe our stakeholders are essential partners in safekeeping our natural environment. For example, meaningful decarbonisation will require us to work in concert with shipyards, charterers, bunker suppliers, and regulatory bodies.

Therefore, be it through one-on-one meetings, board meetings, conferences and press releases, social media or media coverage, we openly share and discuss with our stakeholders our business performance and sustainability approach.

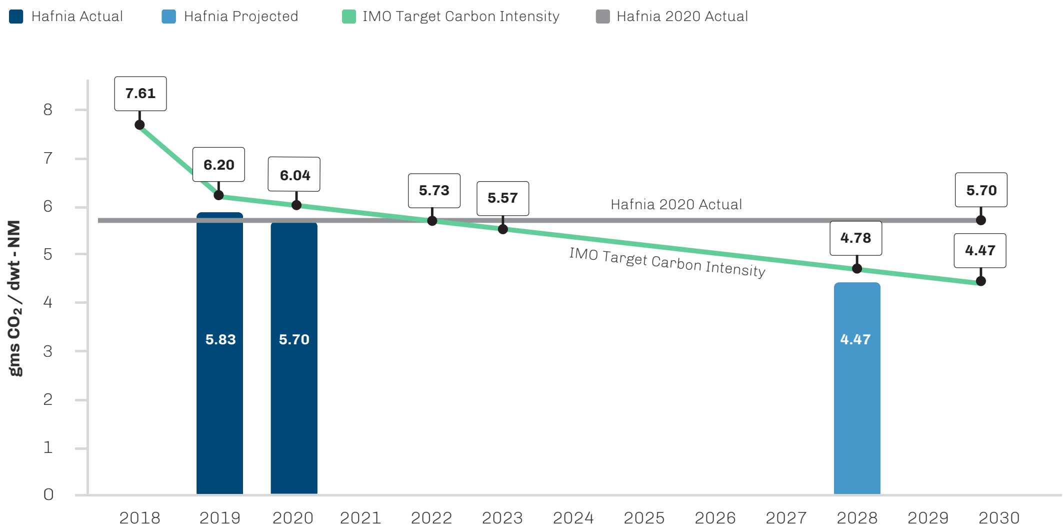
7.2 Decarbonisation

Hafnia believes our sustainability journey starts with decarbonisation. We strive to support and promote industry decarbonisation while still transporting the resources necessary to sustain the modern world.

Hafnia has achieved some significant milestones in our work to reduce overall emissions and improve vessel efficiency through years of investment in emissions reduction measures and by continuously optimising vessel operations. We are in full compliance with the IMO 2020 regulations on sulphur emissions, and we are on track to meet the IMO's GHG reduction goals of reducing carbon intensity by 40% and total annual GHG emissions by 50% by 2030, with 2008 levels as the baseline.

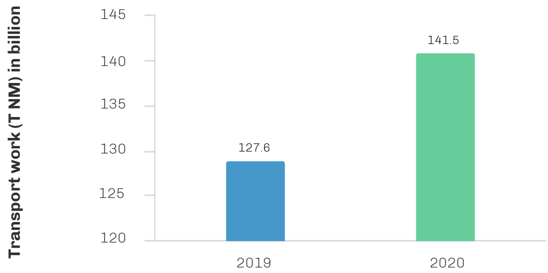
In 2020, across Hafnia's owned fleet, our carbon intensity as measured by Annual Efficiency Ratio ("AER") was 5.70 gms/T NM, 5.6% below the present IMO baseline. We have set a goal to reach IMO 2030's target by 2028, by reducing our current fleet's carbon intensity to 4.47 gms/T NM. Standard vessel optimisation efforts will be supplemented with additional initiatives such as intermittent dry dockings and opportunistic fleet renewals to reach our goal.

Hafnia's Status with IMO's Carbon Intensity Targets

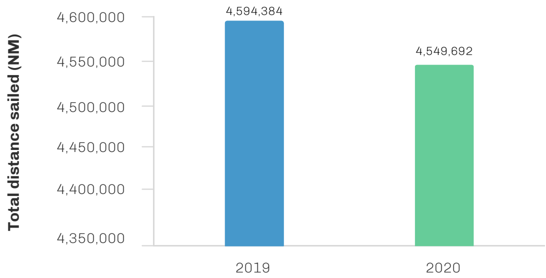


It is also essential to understand the components that comprise the carbon intensity metrics to better understand what we can do to improve, and how we have improved year-on-year.

Total transport work (T NM)

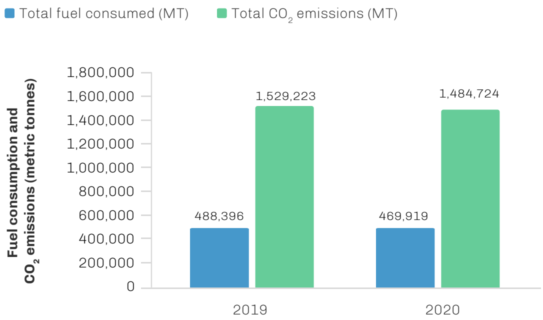


Distance sailed

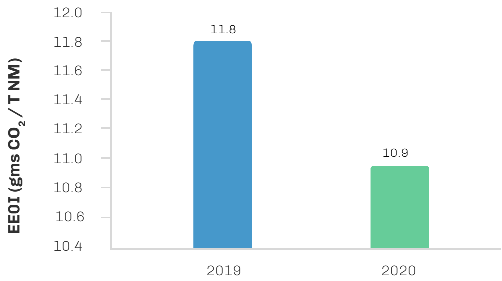


In 2020, Hafnia's owned vessels carried out 13,917,198,441 T NM more transport work than 2019. Despite this they consumed 18,476 MT less fuel, emitted 44,498 MT less CO_2, and the Energy Efficiency Operational Index (EEOI) improved by 7.3 % compared to 2019.

Fuel consumption and CO_2 emissions



Energy efficiency operational index (EEOI)



One of the pillars supporting our efforts to decarbonise is our fleet renewal program focusing on investments in modern and more eco-friendly vessels.

We are constantly looking to improve our existing vessels through smaller but impactful optimisation measures that improve operational efficiency and reduce environmental footprint.

7.3 Environmental vessel optimisation initiatives

In 2020, we have focused on upgrading our fleet and optimising efficiency in order to incease performance and reduce environmental footprint. This has been done in a number of ways, including:

- Mewis Duct fitting before propellers,
- Variable frequency drive for big fans, pumps and steering gear,
- Propeller boss cap fins,
- Twisted leading edge rubber bulb,
- Increased propeller diameter,
- Waste heat recovery unit for generators,
- Fixed online PMI system for optimising main engine fuel consumption,
- Advanced and hydro-dynamic hull designs through computational fluid dynamics optimisation,
- Ballast water treatment systems,
- Grey water modification, and
- Advanced hull anti-fouling paint.

Many of these measures can only be introduced while a vessel is in dry dock. Hafnia dry docks its vessels every five years with intermediate surveys taking place in between – which allows us to provide well-maintained vessels for our customers. Dry docking is an essential part of fleet management. The dry docking process involves taking a vessel out of service in the pools, and sailing it to a shipyard where it will be taken out of the water. Vessels are also given fresh coats of paint, including an anti-fouling layer, which helps reduce friction, allowing the ship to move faster through the water and improving its durability.

a. Case study: Fuel optimisation - BW Kronborg

In 2019, BW Kronborg was flagged as an "under-performing" vessel in Hafnia's performance monitoring systems. BW Kronborg was built 14 years ago, and it had been about three years since her last dry dock. Her hull was fouled as the anti-fouling paint was destroyed, which caused excessive fuel consumption compared to peers, at a rate of approximately 50 MT/day when laden, and 38 MT/day in ballast at 12 knots. As a result, she was scheduled to undergo intermediate dry docking.

Since leaving the dry dock, the vessel is operating close to 98% of her newbuild potential. As a result of this, the vessel will consume approximately 782 MT less fuel per year - preventing roughly 2,466 MT of CO_2 and 7,826 kg of SOx emissions.

b. Case study: Fuel optimisation - Hafnia Pegasus

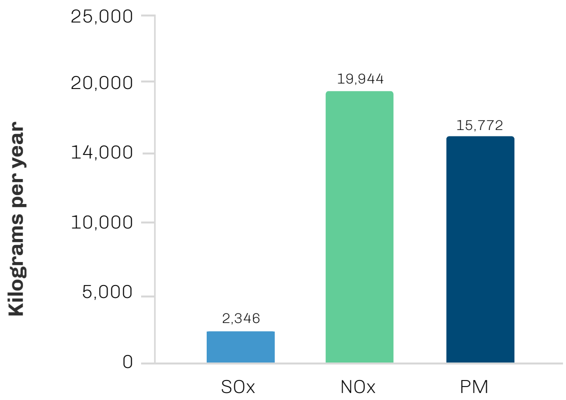
Eight of our older (built ~2010) MR product tankers from Guangzhou Shipyard International (GSI) have performed relatively poorly. We have made many adjustments to improve their performance, including introducing very high specification anti-fouling paints and vibration compensators during their 5-year dry docking. The vessels are now reaching their second special dry dockings, starting with the Hafnia Pegasus – which was completed in Q4 2020. As there is still room to improve performance, we are making another concerted effort to ensure we've explored and implemented all possible adjustments. The adjustment we are most optimistic about is the installation of a Mewis Duct.

A Mewis Duct consists of two strong fixed elements mounted on the vessel: a duct positioned in front of the propeller along with an integrated fin system. The duct straightens and accelerates the hull wake into the propeller and also produces a net forward thrust. The fin system provides a pre-swirl to the ship wake which reduces losses in the propeller slipstream, resulting in an increase in propeller thrust at a given propulsive power.

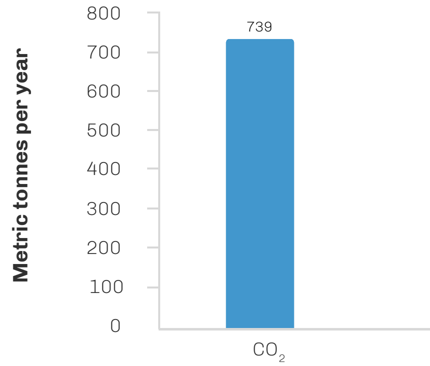
Hafnia Pegasus' performance has improved significantly since the recent dry docking. As it stands now, she is performing at 103% of the speed she had as a new building. Her fuel consumption at 12.5 knots is 2.4 MT and 1.8 MT less than new building condition in laden and ballast, respectively. This results in annual CO_2 savings of 739 MT.

Assuming these results prove to be significant over time, we plan to apply this to the other seven older vessels, as well as any other vessels that face performance issues in the future. The environmental and economic benefits are clear.

Reductions in air emissions - Mewis Duct



CO_2 reductions - Mewis Duct




HAFNIA GUANGZHOU
VALLETTA

c. Case study: Investing in modern tonnage - Hafnia orders two LNG-powered vessels

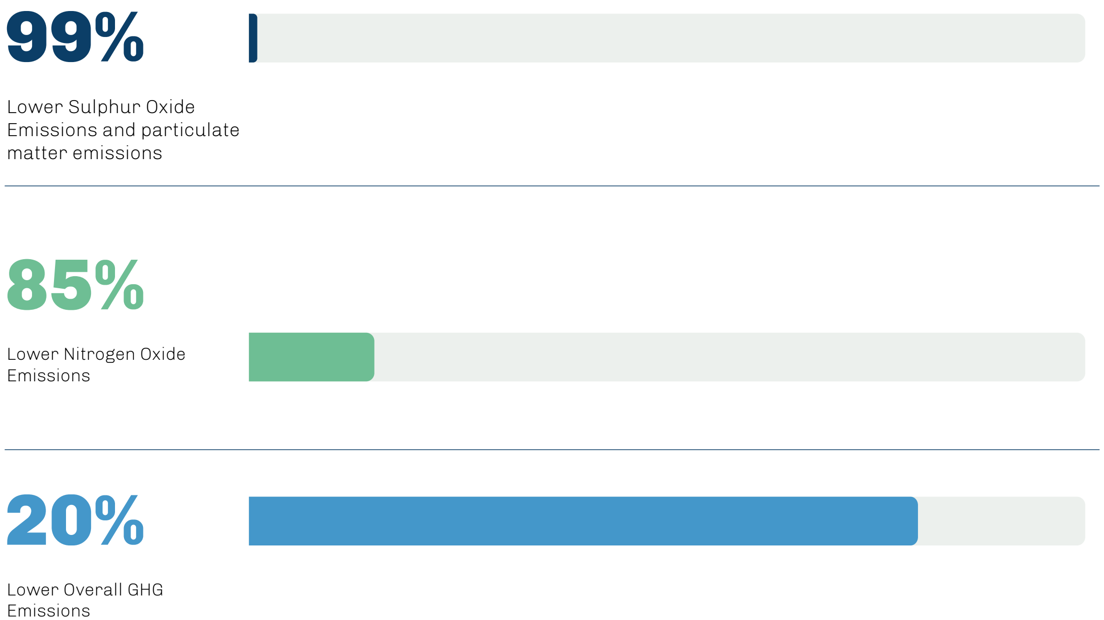
A new measure in Hafnia's efforts to combat climate change is the order of two Aframax-type LR2 vessels equipped with Liquified Natural Gas (LNG) propulsion in October 2020.

The vessels are being built by Guangzhou Shipyard International (GSI) and will immediately be chartered by Total on long-term time charters with fixed earnings upon delivery in 2023. These dual-fuel vessels were meticulously designed to encapsulate the traits we believe are necessary for ships of the future.

Each tanker will be 250 metres long with 12 cargo tanks, enabling a carrying capacity of 110,000 deadweight tons (dwt) or 133,500 cubic metres (m^3). Featuring LNG fuel capacity of 3,600 m^3, the vessels will have a range of 13,500 nautical miles when sailing on LNG at 14.5 knots.

LNG is widely regarded as the most promising marine fuel currently available, in terms of helping the shipping industry meet its goal to reduce its greenhouse gas (GHG) emissions by at least 50% by 2050. Compared to ships currently powered by traditional fuel oil, LNG used as a marine fuel typically results in 99% lower sulphur oxide emissions, 99% lower particulate matter emissions, 85% lower nitrogen oxide emissions, and 20% lower overall GHG emissions.

The use of LNG as a marine fuel typically results in



The vessels are designed with the most efficient LNG propulsion technologies available. Not only will their GHG emissions be 5,000 tonnes per year lower than conventional tankers, but also approximately 30% lower when compared to standard dual-fuel LNG vessels – making them more than ready for Phase 3 Energy Efficiency Design Index (EEDI) requirements. While the vessels' LNG propulsion systems are certainly their calling card, the tankers will be unique in many other ways. The high-pressure dual-fuel LNG engines incorporate a flexible design that not only ensures close to zero methane slip but also makes them adaptable to the zero-emission fuels of the future. The vessels will also come with a state-of-the-art fuel gas supply system that has full redundancy on all supply systems so that they can handle boil-off gas from the LNG tanks under any condition. The auxiliary engines for gensets and boilers will also be able to run on multiple fuel types.

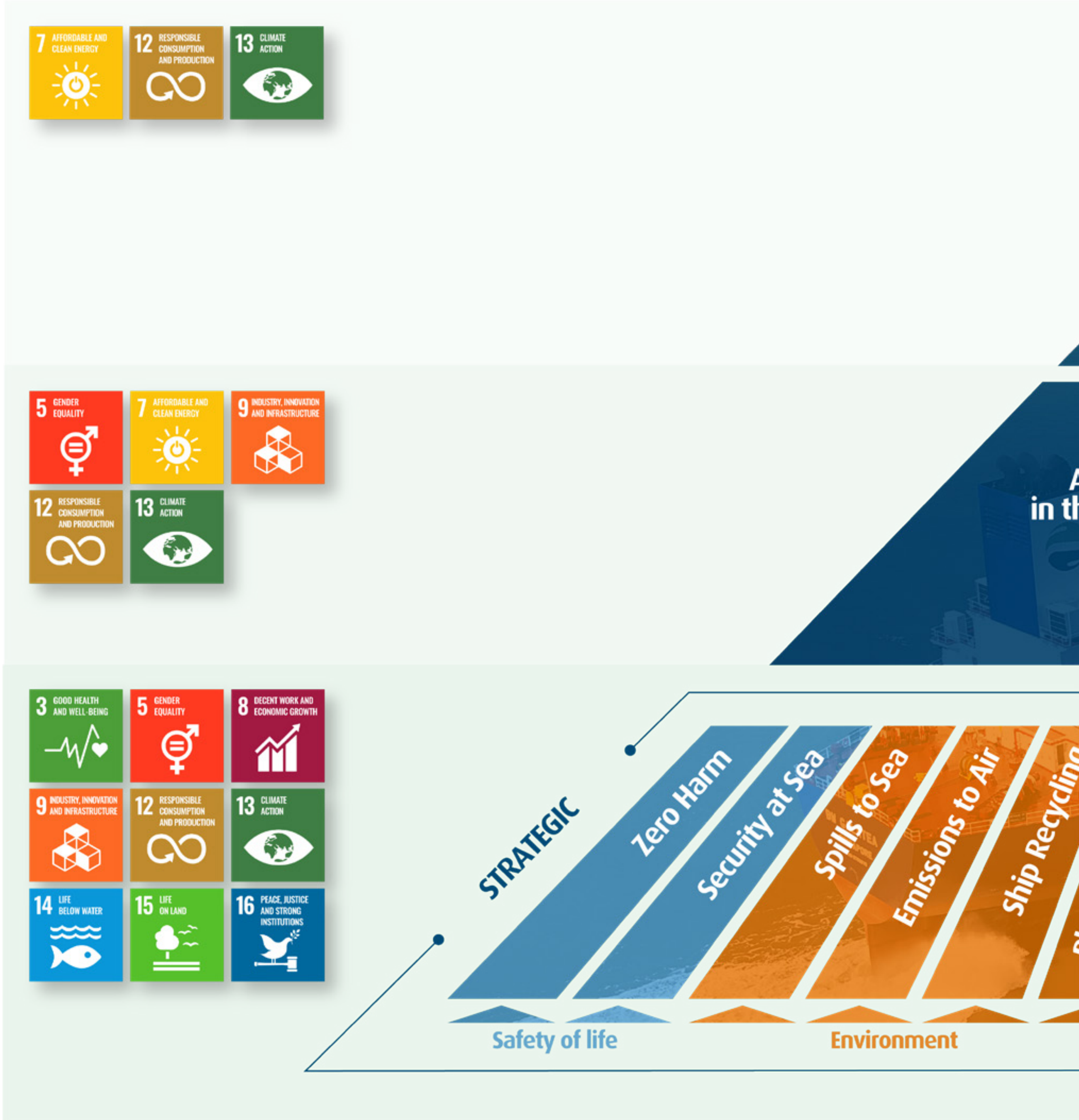
Hafnia has based its sustainability goals on the United Nation's Sustainable Development Goals, but it is clear that there are certain goals which a shipping company like ours has a greater influence on, such as Climate Action (Goal 13) which we have worked on through decarbonisation efforts and Life below Water (Goal 14), which we have worked on through ballast water treatment and waste management.

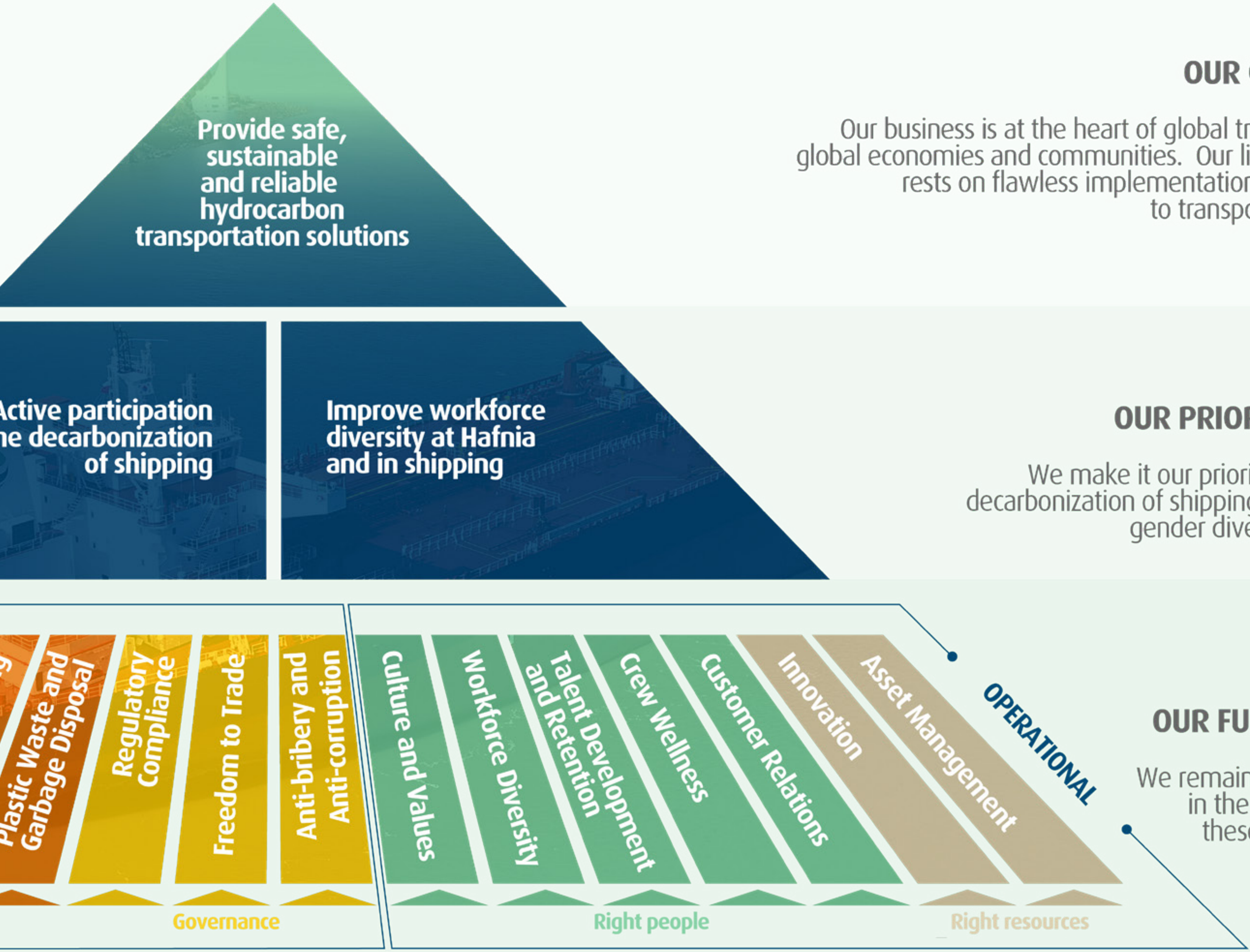
Nonetheless, our commitment to sustainability is broad and spans a plethora of social, economic and environmental factors.

7.4 Hafnia's sustainability goals

Outside of our focus on decarbonisation, Hafnia has many other objectives and initiatives aimed at increasing our contributions to sustainable development. We shaped a sustainability strategy that recognises that our growth must balance social, economic and environmental sustainability – not only because these considerations are intertwined with our bottom line but also because that is what is best for society.

The figure on the right describes how our operations and strategy aligns with the sustainable development goals.





OUR COMMITMENT

Our business is at the heart of global trade, and powers global economies and communities. Our license to operate rests on flawless implementation of our mandate to transport hydrocarbons.

OUR PRIORITY PROJECTS

We make it our priority to support the decarbonization of shipping and to improve gender diversity in shipping.

OUR FUNDAMENTALS

We remain keenly involved in the management of these material topics.

7.5

Hafnia believes in ...

Security at Sea

We believe in protecting our crew and assets from risks in troubled times and waters

How we strive to realise our belief:

Fleet-wide initiatives to ensure the security of all our people in the face of piracy, especially in High-Risk Areas (HRAs)

Installation of ARX barriers onboard our vessels, to prevent pirates from latching on

Zero fatalities due to security incidents

Zero casualties due to security incidents

Zero days lost due to security incidents

Zero Harm as a firm target across training

Avoiding Pollution to Sea

We believe in protecting our oceans and seas from pollution arising from our operations

How we strive to realise our belief:

Zero spills to sea

Zero non-compliance with IMO Ballast Water. Management Convention

Zero non-compliance with MARPOL Annex I (oil), II (noxious liquid substances), and IV (sewage) regulations

Regulatory Compliance

We believe in full compliance with international maritime regulations and sanctions

How we strive to realise our belief:

2020 US VGP year end report uploaded successfully

2020 EU MRV and IMO DCS reports uploaded and complied

IHM – All vessels certified HKC and EUSRR

IMO Chemical code - All vessels certified

Zero non-compliance with relevant international sanctions

Reducing Emissions to Air

We believe in reducing our environmental impact and complying with all global emissions regulations

How we strive to realise our belief:

In addition to our vessel optimisation measures

we're actively participating in the Getting to Zero

Coalition and Rainmaking's innovation program

Ship Recycling

We believe in ensuring that all ship recycling is conducted in compliance with the Hong Kong Convention

How we strive to realise our belief:

Zero non-compliance with Hong Kong Convention

All ships certified for Hong Kong Convention and EU Ship Recycling Regulations

Reducing Plastic Waste & Garbage

We believe in ensuring clean seas and reducing plastic waste on board

How we strive to realise our belief:

Zero non-compliance with MARPOL Annex V (garbage) regulations

Reduced plastic waste by 1.3% below 2019 levels

7.6 Innovation

We believe in fostering a culture of innovation and creativity at Hafnia

A culture of innovation and creativity is crucial to fulfilling our environmental, social and economic sustainability goals, especially given our ambition and commitment to acting towards these goals.

We kicked off the Women in Maritime Lab innovation program and invited applications from all around the world to solve challenges faced by women in maritime. We received 56 ideas from teams comprising of an average of three participants. There were 18 global companies and schools represented in the program.

Hafnia has also partnered with Arq to accredit and introduce Arq Fuel as a key blend component for marine fuels, as part of their shared and ongoing commitment to decarbonisation. Arq has developed a novel and patented technology that transforms environmentally damaging coal waste into a micro-fine hydrocarbon powder (Arq Fuel). After securing the required accreditations, trials scheduled for mid-2021 aim to confirm Arq Fuel's compatibility for the approximately 450 vessels for which Hafnia procures fuels.

Hafnia has partnered with Wilhelmsen Ships Service (WSS) to develop 3D Printing capabilities. These capabilities will be used to produce spare parts and other essential shipboard items. With this partnership, we do not need to incur costs to store the spare onboard, nor wait for spares with extended lead time. The partnership offers a cost-effective platform with faster lead times for parts, zero inventory and reduced environmental footprint.

08

Governance

8.1

Corporate governance

Hafnia is fully focused and committed to upholding the highest corporate governance standards, professionalism and business integrity across all activities. To achieve that, the development, implementation and maintenance of well-functioning governance policies and practices are critical.

Hafnia's governance policies and practices are created to comply with applicable laws and ethical standards while being mindful to the Company's long-term performance and financial soundness.

The policies abide to the overall principles of uprightness and fairness in accordance with leading market practices, while aligning with the interests of the Board and management, and balancing the reasonable expectations of shareholders, employees, customers, suppliers, other contracting parties and the public.

Best in class governance

Regulators

Shareholders

Board of Directors
- Highly experienced and reputable Board of Directors
- 4 board members independent of major shareholders

Audit Committee
- Established Audit Committee currently comprising two members
- Works with internal audit to align workflow procedures, standard operation procedures and internal controls

Remuneration Committee
- Remuneration Committee currently comprising two members
- Management remuneration aligned with shareholders

Nomination Committee
- Recently established Nomination Committee currently comprising three members
- Plans for board succession by nominating directors and committee members

Management Team

Staff

Authorisation matrix
- Hafnia is governed by board approval authorisation matrix

Fully aligned incentives
- Fully integrated business model
- In-house commercial management
- In-house technical management
- No fee leakage
- All stakeholders have aligned interests

8.1.1 Board and Management presentation

Hafnia's management team consists of seasoned executives who have extensive experience and vast networks of strong relationships with major oil and gas companies, shipyards, global financial institutions and other key shipping industry participants. They have demonstrated their ability to manage the commercial, technical and financial aspects of Hafnia's business, backed by years of senior-level experience operating large and diverse fleets of energy transportation vessels, as well as other assets within the maritime sector.

A Board of Directors complements Hafnia's management with extensive collective international experience in shipping, energy and capital markets – as well as a broad range of complementary functional competencies. This allows a good balance of knowledge, expertise and diversity appropriate to promote different perspectives and mitigate against groupthink.

The Board of Directors is responsible for the overall management of the Company and may exercise all of the powers of the Company not reserved to the Company's shareholders by its bye-laws or under Bermuda law.

8.1.2 The Board

Andreas Sohmen-Pao, Chairman

Andreas Sohmen-Pao is Chairman of BW Group and listed affiliates BW LPG, Hafnia, BW Epic Kosan, BW Offshore and BW Energy. He is also Chairman of the Singapore Maritime Foundation. He has previously served as a non-executive director of The Hongkong and Shanghai Banking Corporation, the Maritime and Port Authority of Singapore, The London P&I Club, and Sport Singapore amongst others. Prior to joining BW, Mr. Sohmen-Pao worked at Goldman Sachs International in London. He is a graduate of Oxford University and Harvard Business School. He resides in Singapore.

Erik Bartnes, Director

Erik Bartnes was co-founder of Pareto AS and senior partner from 1988 to 2010, and Chairman of Pareto AS until April 2013. Mr. Bartnes is one of the co-founders of the original Hafnia Tankers in 2010 and served as Executive Chairman until 2018. Currently, Mr. Bartnes serves as Chairman in Eclipse Drilling AS, Revier Invest AS , Svele AS and Johan Vinje AS. Mr. Bartnes is a board member of Pareto Asset management, Pareto Invest, Premium Maritime Fund AS, Thor Dahl Shipping AS and Ulstein Group AS. Previously, Mr. Bartnes served as a board member or Chairman of Christiania Shipping A/S, Eitzen Chemical ASA, Viking Cruises Ltd, Nordic Tankers, Nordic Shipholding, Siva Shipping AS and Ugland Shipping AS. Mr Bartnes holds a LizRerPol degree from University of Fribourg in Switzerland. Mr. Bartnes resides in Oslo.

Donald John Ridgway, Director

Donald John Ridgway was CEO of BP Shipping from 2008 to 2015. Mr. Ridgway is a qualified Master Mariner, and has a master degree from the Judge Institute, Cambridge University. He is a Chartered Marine Technologist and a Fellow of the Institute of Marine Engineering, Science and Technology, and is currently Chairman of Tindall Riley Ltd, a leading marine liability insurer. He was formerly Chairman of the Oil Companies International Marine Forum and the Marine Preservation Association LLC, President of the API Marine Committee, Director of a number of businesses and organisations including Britannia P&I Insurance Ltd., Alaska Tanker Company, ITOPF, and UK Chamber of Shipping and a member of the Executive Advisory Board to the UN IMO World Maritime University. Mr. Ridgway resides in London.

Ouma Sananikone, Director

Ouma Sananikone is currently a non-executive director of Innergex (Canada), Ivanhoe Cambridge (Canada), and Macquarie Infrastructure Corporation (U.S.). Ms. Sananikone was also chairman of, among others, Smarte Carte (U.S.) and of EvolutionMedia (Australia) and recently retired from a non-executive directorship of the Caisse de Depot et Placement de Quebec (Canada). She also acted as an honorary Australian Financial Services fellow for the U.S. on behalf of the Australian government. Additionally, Ms. Sananikone has held various other senior positions, including CEO of Aberdeen Asset Management (Australia), CEO of the EquitiLink Group (Australia, New Zealand, USA, Canada and UK) as well as founding managing director of BNP Investment Management (Australia). Ms. Sananikone has always been committed to the community, serving as a board director of a number of arts, education and charitable organisations, among them the United Nations High Commission for Refugees. Ms. Sananikone holds a BA (Economics and Political Sciences) from the Australian National University and a Master of Commerce (Economics) from the University of New South Wales. She is a recipient of the Centenary Medal from the Australian Government for services to the Australian finance industry. Ms. Sananikone resides in New York.

Peter Graham Read, Director

Peter Read is currently the Non-Executive Chairman of Welbeck Publishing Group Limited. He is also a Non-executive Director and Chairman of the Audit Committees of QMM Holdings Limited and the Professional Cricketers Association. Mr. Read is also a Member of the Board and Chairman of the Audit and Motoring Committees of the Royal Automobile Club. In a career spanning 37 years at KPMG, Mr. Read was a partner and sector chairman. Mr. Read graduated from Southampton University with a degree in Commerce and Accountancy. He is also a Fellow of the Institute of Chartered Accountants in England and Wales. Mr. Read resides in London and Sussex, England.

	Andreas Sohmen-Pao	**Erik Bartnes**	**Donald John Ridgway**	**Ouma Sananikone**	**Peter Graham Read**
Attendance 2020	4/4	4/4	4/4	4/4	4/4
Gender	Male	Male	Male	Female	Male
Residency	Resides in Singapore	Resides in Oslo	Resides in England	Resides in New York	Resides in London
Independent	No	Yes	Yes	Yes	Yes

8.1.3 The Management

Mikael Skov, CEO

Perry Wouter Van Echtelt, CFO

Mikael Øpstun Skov is Chief Executive Officer of Hafnia, a role he assumed in 2019 after the merger between Hafnia Tankers and BW Tankers. Mr. Skov was the co-founder and CEO of Hafnia Tankers and has more than 35 years in the shipping industry. Prior to establishing Hafnia Tankers, Mr. Skov held various positions over his 25-year career at Torm A/S, of which the last two years he served as CEO. Mr. Skov is a Board Member of BLS Invest and Clipper Group Ltd. Mr. Skov resides in Monaco.

Perry Wouter Van Echtelt is Chief Financial Officer of Hafnia, a role he assumed in November 2017. Mr. Van Echtelt has more than 20 years of experience in investment banking and ship finance. Prior to Hafnia, Mr. Van Echtelt was at ABN AMRO Bank as head of transportation and logistics Asia Pacific & Middle East. For 17 years, Mr. Van Echtelt held various positions in the corporate finance and capital markets group of ABN AMRO and its predecessors (MeesPierson and Fortis Bank), and at Gilde Investments from 1998 until 2000. Mr. Van Echtelt resides in Singapore since 2013.

8.1.4 Audit Committee

In line with the recommendations set out in the Corporate Governance Code, Hafnia has established an Audit Committee comprising two Members; Peter Graham Read (Chairman) and Erik Bartnes (Committee Member). Neither of them were previous partners or directors of the Company's external auditor, KPMG, within the last 12 months or hold any financial interest in KPMG.

The Members of the Audit Committee are independent of the Company. The Board considers Peter Graham Read, who has extensive accounting and auditing experience, well qualified to chair the Audit Committee. Together, the Audit Committee collectively have strong accounting and related financial management expertise. They will keep informed of relevant changes to accounting standards and matters that may directly impact the financial statements. The Members of the Audit Committee will serve while they remain members of the Board of Directors, or until the Board of Directors decide otherwise or wish to retire from their appointment as Members of the Audit Committee.

The Audit Committee's primary purpose is to act as a preparatory and advisory committee for the Board of Directors in discharging responsibilities relating to the integrity of financial statements, monitoring the Group's system of internal control of risk management and independence of the external auditor.

This includes but is not limited to:

- All critical accounting policies and practices
- Quality, integrity and control of the Group's financial statements and reports

- Compliance with legal and regulatory requirements
- Qualifications and independence of the external auditors
- Performance of the internal audit function and external auditors

The Audit Committee reports and makes recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

8.1.5 Internal audit

The internal audit department prepares and implements a robust audit plan, to assess the adequacy and effectiveness of Hafnia's governance, risk management and internal controls. This includes the operational, financial, compliance and information technology controls. Without assuming management responsibility, internal audit also provides independent, objective assurance and consulting services designed to add value and improve Hafnia's operations and ensure that the control environment works effectively.

This helps Hafnia accomplish its stated objectives and goals by bringing a systematic, disciplined approach to add value and improve governance, risk management and internal controls. The Audit Committee is responsible for approving the terms of reference of internal audit and reviews the internal audit function's adequacy and effectiveness. The Audit Committee also ensures that processes are in place for recommendations raised in internal audit reports and dealt within a timely manner.

The internal audit department is staffed with individuals with the relevant qualifications and experience. However, where appropriate, independent internal or external technical specialists will be engaged to supplement the core team, and quality assurance and improvement practices. Internal auditors are expected to apply the care and skill expected of a prudent and competent auditor and consider using technology-based audit and other data analysis techniques in their work.

8.1.6 Authorisation manual

Hafnia has established a clear and concise authorisation manual that sets out, describes and defines roles and responsibilities in all aspects of the Company's business financials, including:

- Governance & Senior Appointments
- Budgeting & Expenditure
- Financing & Financial Risk Management
- Public Relations, Media & Communication
- Legal & Liability Management
- HR
- Chartering
- Sales & Purchase Of Vessels
- Bunkers & Agents
- Fleet
- Insurance
- IT
- The Pools

8.1.7 Remuneration Committee

Hafnia's Remuneration Committee comprises of two Members; Andreas Sohmen-Pao (Chairman) and Erik Bartnes (Committee Member). The Board considers that Andreas Sohmen-Pao, who has many years of experience in senior management positions and on various Boards, is well qualified to chair the Remuneration Committee. Together, the Remuneration Committee collectively have strong management experience and expertise on remuneration issues.

The Members of the Remuneration Committee shall serve while they remain part of the Board of Directors, or until the Board of Directors decide otherwise or wish to retire from their appointment as Members of the Remuneration Committee. Any remuneration to be paid to the Remuneration Committee members is to be decided at the annual general meeting.

The Remuneration Committee's primary purpose is to assist the Board of Directors in discharging its duty relating to determining the management's compensation.

This includes but is not limited to:

- Oversee the governance of Hafnia's remuneration policy
- Oversee the remuneration of the Board and Management
- Reviews Management annual increments, variable bonuses and incentive awards
- Approves framework of remuneration for the entire organisation, including increment and incentives

The Remuneration Committee shall report and make recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations.

8.1.8 Nomination Committee

As provided for in its by-laws, Hafnia has established a Nomination Committee in the 2020 annual general meeting of the Company. The Nomination Committee comprises of three Members; Andreas Sohmen-Pao (Chairman), Bjarte Bøe (Committee Member) and Elaine Yew Wen Suen (Committee Member). The Members of the Nomination Committee shall serve until the Annual General Meeting (AGM) determines or they wish to retire from their appointment as Members of the Nomination Committee.

The Nomination Committee's primary purpose is to identify and nominate candidates for the appointment, re-appointment or termination of Members and Chairman of the Board of Directors, and make recommendations for these persons' remuneration. The Nomination Committee plays an essential role in emphasising transparency and meritocracy at Hafnia. It plans for board succession while ensuring only candidates with the suitable attributes and expertise capable of contributing to the Company's success are appointed.

8.2 Risk management

Risk is inherent in the business activities of Hafnia, and managing them is critical for ensuring long-term success. Hafnia's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Hafnia's financial performance, to create sustainable value for our customers, employees, shareholders and the community. Hafnia's results are dependent on the market for worldwide transportation of refined oil products. With that, the Company is exposed to a variety of financial risks: market risk (including price risk and currency risk), interest rate risk, credit risk, liquidity risk and capital risk.

The most significant risks are set out in the 2020 prospectus issued in April 2020. That document and other information on risks are available on the Company's website at www.hafniabw.com.

Hafnia Limited and its activities are primarily governed by the Bermuda Companies Act, its Memorandum of Association, and its by-laws.

Certain aspects of Hafnia's activities are governed by Norwegian law pursuant. In particular, the Norwegian Securities Trading Act and the Norwegian Stock Exchange Regulations will generally apply.

Principal risks faced by Hafnia and their definitions:

Type of risks	How is it managed?
Market risks The shipping industry can be subject to significant fluctuations. Being in the product tanker market, Hafnia is exposed to the risk of global weak oil consumption and demand, which are affected by global political and economic conditions. Under time charter or bareboat charter, the charterer is responsible for bunker fuel costs, which historically has been the most significant expense. As a result, Hafnia is also exposed to price volatility of bunker fuel.	Hafnia's chartering strategy is to secure fixed-income employment for a portion of its fleet, which is employed under various chartering arrangements including time charters and spot voyage charters. With this strategy, Hafnia is also able to reduce exposure to fuel price fluctuations.
Credit risks Hafnia's credit risk arises from counterparty and issuer credit risks, primarily attributable to trade and other receivables and cash and cash equivalents. The carrying value represents the maximum exposure value of each financial asset on the balance sheet.	Hafnia performs a KYC check for all new customers and keep the knowledge of our customers updated, in addition Hafnia performes creditworthiness analysis of customers and has an authorisation matrix outlining the authority to enter in to contracts with customers.

Type of risks	How is it managed?
Interest rate risks Hafnia is exposed to adverse changes in the interest rate environment, primarily attributable to interest-bearing financial liabilities in the form of bank borrowings at variable interest rates.	Hafnia uses financial instruments such as interest rate caps and interest rate swaps to hedge against adverse interest rate fluctuations.
Liquidity risks Hafnia is exposed to the inability to meet short term liquidity requirements, due to unpredictable earnings to additional costs through fundraising or asset liquidation.	To meet operating, capital expenditure and potential short-term liquidity needs, Hafnia maintains sufficient cash for its daily operations in short-term cash deposits with banks and has access to unutilised portions of revolving facilities provided by financial institutions.
Capital risks Hafnia is exposed to potential loss in investments or capital, potentially leading to Company becoming increasingly leveraged.	To safeguard the ability to continue as a going concern and maintain an optimal capital structure to maximise value for shareholders, Hafnia may adjust the amount paid in dividends, obtain new loans or sell assets to reduce debt.

8.3 Corporate governance report

Hafnia is fully focused and committed to upholding the highest corporate governance standards, professionalism and business integrity across all activities. The following report provides an overview of Hafnia's key corporate governance practices regarding the Norwegian Code of Practice for Corporate Governance (the "Code") dated 17 October 2018, issued by the Norwegian Corporate Governance Board. The Code is available at www.nues.no.

For the year 2020, unless stated otherwise, Hafnia has complied in all material aspects laid out in the Code sections. Below is a summary disclosure on our compliance with the Code.

8.3.1 Implementation and reporting on corporate governance

Hafnia Limited ("Hafnia" or the "Company") is a Bermuda limited liability company listed in Oslo.

The Board of Directors (the "Board") oversees the overall conduct of Hafnia, ensuring that the Company is accountable to its stakeholders by ensuring implementation of business policies and practices which comply with applicable legislation, regulations, ethical and corporate governance guidelines. These policies are also designed to be fair and in accordance with leading market practices on stakeholder relations. The Company assumes all dealings with customers, potential customers, and other third parties are in full public view and accommodates all stakeholders' reasonable expectations.

Hafnia is primarily governed by the Bermuda Companies Act, its Memorandum of Association and its bye-laws. Certain aspects of Hafnia's activities are governed by Norwegian law pur-

Section of the Code		Deviations
1	Implementation and reporting on corporate governance	None
2	Business	The Company's objectives are broader and more extensive than recommended in the Code
3	Equity and dividends	The Board has wider powers to issue any authorised but unissued shares and preference shares than what is recommended in the Code
4	Equal treatment of shareholders and transactions with close associates	None
5	Shares and negotiability	The Board may decline to register the transfer of any share in the Company if the transfer results in the Company being deemed a "Controlled Foreign Company" in Norway
6	General meetings	The chairman of the Board, or the president of the Company if there is one appointed, will chair the Company's general meetings unless otherwise resolved by majority vote
7	Nomination Committee	Any member of the Board who is also a member of the Nomination Committee may offer himself for re-election to the Board
8	Board of Directors: Composition and independence	None
9	The work of the Board of Directors	None
10	Risk management and internal control	None
11	Remuneration of the Board of Directors	None
12	Remuneration of executive personnel	Share-based remuneration of executive personnel does not require the approval of the annual general meeting
13	Information and communications	None
14	Take-overs	None
15	Auditor	None

suant. The Norwegian Securities Trading Act, related regulations and the Continued Obligations for listed companies will generally apply. Hafnia's business activities are also subject to the laws of the countries in which it at any time operates, as well as international law and conventions.

Each individual section of the Code is discussed in the following, and any deviations from the Code are set out and explained.

The Company does not deviate from Section 1 of the Code.

8.3.2 Business

The Company's Business and objectives are described in the Company's Memorandum of Association. In accordance with common practice for Bermuda incorporated companies (including those listed on the Oslo Stock Exchange), the Company's objectives set out are wider and more extensive than recommended in the Code.

This represents a deviation from Section 2 of the Code.

The Board sets the tone and direction for Hafnia, defining clear objectives, strategies and risk appetite, ensuring consistency with the Company's long-term strategic goals. The Board conducts an annual review of Hafnia's objectives, strategies and risk profile, evaluating present and future opportunities, threats and risks in the external environment. The Company's executive management implements the Board's decisions through managing and developing the business of Hafnia, ensuring that the policies and processes that are in place are compliant with the Board's instructions. The strategy, objectives and corporate governance regime developed act as a foundation in the Company's policy to integrate considerations into its business execution to deliver long-term value to stakeholders.

Stakeholders may read more about Hafnia's strategy, objectives and risk profile elsewhere in the annual report.

8.3.3 Equity and dividends

Given the Company's business's dynamic and cyclical nature, the Board regularly reviews and monitors the Company's capital structure to ensure it is in line with the Company's objective, strategy, and risk profile. This ensures that the business' activities and growth are funded sensibly and prudently by achieving a more efficient capital structure that seeks to reduce the Company's overall cost of capital.

The Board has established a clear and predictable dividend policy based on a targeted quarterly dividend with a pay-out ratio of 50% of annual net profit, adjusted for extraordinary items. In addition to cash dividends, the Company may also from time to time consider buying back shares as part of its total distribution to shareholders.

Pursuant to Bermuda law and in accordance with common practice for Bermuda incorporated companies, the Board has the authority to issue any authorised unissued shares in the Company on such terms and conditions as it may decide and may exercise all powers of the Company to purchase the Company's own shares. The powers of the Board to issue and purchase shares are neither limited to specific purposes nor to a specified period as recommended in the Code.

This represents a deviation from Section 3 of the Code.

8.3.4 Equal treatment of shareholders and transactions with close associates

The Company has one class of shares, meaning all shares in the Company carry equal rights, including the right to participate and vote in general meetings. As such, all shareholders will be treated equally unless there is just cause for treating them differently.

As the Company is a Bermuda limited company, shareholders do not have the same preferential rights in a future offering of shares in Hafnia as shareholders in Norwegian limited liability companies normally have. This is common practice for Bermuda limited companies, including those listed on the Oslo Stock Exchange.

In cases of transactions between the Company and a shareholder, a shareholder's parent company, director, officer or executive personnel of the Company or persons closely related to any such parties, which are not immaterial for either the Company or the close associate involved, the Board will obtain a valuation from an independent third party.

The Company does not deviate from Section 4 of the Code.

8.3.5 Shares and negotiability

The shares are generally freely negotiable. However, the Board may decline to register the transfer of any share, where such transfer


BW GALATEA

would, in the opinion of the Board, likely result in 50% or more of the aggregate issued and outstanding share capital of the Company being held or owned directly (or indirectly) by individuals or legal persons resident for tax purposes in Norway, or alternatively, such shares being effectively connected to a Norwegian business activity, or the Company otherwise being deemed a "Controlled Foreign Company" as such term is defined pursuant to Norwegian tax legislation. The purpose of this provision is to avoid the Company being deemed a Controlled Foreign Company pursuant to Norwegian tax rules.

The Company's bye-laws also provide the Board the authority to decline the registration of the transfer of "Default Securities" (as defined in the Company's bye-laws), i.e. shares belonging to unidentified shareholders or any other person who, upon due notice from the Company, have failed to disclose his, her or its interest in company securities.

Both of the above restrictions are common practice for Bermuda limited companies listed on the Oslo Stock Exchange, but represent deviations from Section 5 of the Code.

8.3.6 General meetings

The Company encourages all shareholders to participate in and to vote at general meetings. In order to facilitate shareholder participation, the Board will ensure that:

- The resolutions and supporting documentation, if any, will be sufficiently detailed, comprehensive and specific to allow shareholders to understand and form a view on matters that are to be considered at the general meeting;
- The registration deadline, if any, for shareholders to participate at the general meeting will be set as closely to the date of the general meeting as practically possible and permissible under the provision in the Company's bye-laws;
- The shareholders will have the opportunity to vote on each individual matter, including on each candidate nominated for election to the Company's Board and committees (if applicable); and
- The board members, the chairman of the Nomination Committee and the auditor (where attendance is regarded as essential) will be present at the general meeting.

Shareholders who are not able to attend the general meeting will be given the opportunity to vote by proxy or to participate by using electronic means.

The Company will in this respect:

- Provide information on the procedure for attending by proxy in the notice;
- Nominate a person who will be available to vote on behalf of shareholders as their proxy; and
- Prepare a proxy form which will, insofar as this is possible, be formulated in such a manner that the shareholder may vote on each item that is to be addressed and vote for each of the candidates that are nominated for election.

The Company secretaries will also prepare minutes from the general meetings. These minutes aim to capture the essence of the meeting, its comments and results from the resolutions.

Pursuant to common practice for Bermuda incorporated companies, the chairman of the Board, or the president of the Company if there is one appointed, will chair the Company's general meetings unless otherwise resolved by majority vote.

This represents a deviation from Section 6 of the Code. However, there will be routines to ensure that an independent person is available to chair the general meeting or a particular agenda with regards to any matters related to the chairman.

8.3.7 Nomination Committee

As provided for in its bye-laws, Hafnia has established a Nomination Committee in the 2020 annual general meeting of the Company.

The Nomination Committee's duties include proposing candidates for election to the Board and the Nomination Committee itself. As part of its work in proposing candidates for election to the Board, the Nomination Committee will provide reasoned recommendations for any candidate and seek to consult shareholders concerning proposals for candidates' appointment.

Pursuant to the Nomination Committee guidelines, a member of the Board who is also a member of the Nomination Committee may offer him or herself for re-election to the Board.

This deviation from Section 7 of the Code has been implemented to facilitate cooperation between the Nomination Committee and the Board and ensure continuity in the Board.

See Section 8.1.8 for further information regarding the Nomination Committee and its responsibilities.

8.3.8 Board of Directors: Composition and independence

The Company believes that the composition of the Board ensures that the Board has a good balance of knowledge, expertise and diversity appropriate to promote different perspectives and mitigate the risk of groupthink. This helps the Board to attend to duties towards the Company and its stakeholders effectively. An introduction to the members of the Board of Directors and their expertise is included in Section 8.1.2 of the Annual Report.

The Board currently consists of five board members but as recorded during the Company's annual general meeting in 2020, the number of directors of the Company may be increased to eight. The board members work together to exercise proper supervision of the Company's business, compliance, performance and work done by the Company's management. The chairperson of the Board is elected by the shareholders.

Four out of five of the board members are independent of the Company, its main shareholders and material business contacts, and the Company's executive management is not represented on the Board. The members of the Board serve for periods of two years at the time, after which they are re-evaluated for potential re-election. The benefit of continuity in the Board's composition will be balanced against the potential benefits of renewal and independence. The members of the Board are encouraged to own shares in the Company.

The Company does not deviate from Section 8 of the Code.

8.3.9 The work of the Board of Directors

The Board oversees the overall conduct of the Company's affairs and the day-to-day management of the Company.

The Board's duties and responsibilities are set out in detail in the Company's bye-laws. The Board emphasises clear allocation of responsibilities amongst members and between the Board and executive management for increased accountability. Various guidelines have been adopted for both the Board and executive management.

To ensure independence, directors, officers and executive personnel of the Company are required to notify the Board if they directly or indirectly have a material interest in any transaction carried out by the Company. Members of the Board and executive personnel are to recuse themselves from decisions that they have a special interest in so that such items can be considered unbiased. Another director will chair discussions on significant matters if the chairman of the Board has been actively involved outside of his role as chairman of the Board.

The Board has established an Audit Committee consisting of the board members and has adopted guidelines for the Audit Committee's work. See Section 8.1.4 for further information regarding members of the Audit Committee and their responsibilities.

The Board has also established a Remuneration Committee to ensure due and independent preparation of matters relating to executive personnel compensation. See Section 8.1.7 for further information regarding the members of the Remuneration Committee and their responsibilities.

The Board has also in the 2020 annual general meeting established a Nomination Committee to ensure Board succession through identifying and nominating candidates for the appointment of members of the Board. See Section 8.1.8 for further information regarding the members of the Nomination Committee and their responsibilities. The Board's internal assessment and performance evaluation was carried out in 2020, to the overall satisfaction of the directors.

The Board aims to annually assess the effectiveness and performance as a whole and of its committees. This ensures that it fulfils its duties and responsibilities satisfactorily and uncovers key areas for improvement and requisite follow-up actions.

The Company does not deviate from Section 9 of the Code.

8.3.10 Risk management and internal control

The Board is responsible for overseeing risk management in the Company, ensuring appropriate control procedures and systems are in place to manage its exposure to risks that are inherent to the Company's business. The Company recognises the importance of balancing risks and rewards to pursue business opportunities within its risk appetite. Such procedures also support the quality of the Company's financial reporting and compliance with applicable laws and regulations. These procedures also contribute to accommodate the interest of the Company's stakeholders and assets.

In Section 8.2, the Company provides an overview of Hafnia's central risks and its business.

Management and internal reporting and control mechanisms are based on Company-wide policies and internal guidelines in areas such as Finance and Accounting, Health, Safety, Security, Environment & Quality (HSSEQ), Ship Operations and Project Management, in addition to implementation and the follow-up of a risk assessment process. The Company's policies and guidelines is imperative to the Company's internal control and risk limitations and are designed to ensure that the Company's vision, policies, goals and procedures are known and adhered to. This also helps to instil discipline and reinforces the Company's risk culture regarding the nature and extent of risks that the Company is willing to accept.

The Company has implemented frequent management reporting sessions where both operational and financial matters are analysed and reported to relevant decision-makers, allowing them to respond quickly to changing conditions. This helps to provide reasonable assurance against foreseeable events that may adversely affect the Company's business objectives. The Company has established clear and safe communication channels between the employees and management to ensure effective reporting of any illegal or unethical activities in the Company, as such activities may be detrimental to the Company's reputation, financial well-being as well as to the Company's various stakeholders.

The Board carries out annual reviews of the Company's most important areas of exposure to risk and its internal control arrangements. These measures (and others) ensure that the Company's various stakeholders' considerations are integrated in the Company's decision-making processes and value creation.

The Company does not deviate from Section 10 of the Code.

8.3.11 Remuneration of the Board of Directors

The Company seeks shareholders' approval at the annual general meeting regarding the remuneration of the Board. No director decides his or her own fees. Rather, in determining the remuneration of the Board, the Board's responsibility, expertise, time commitment and the complexity of the Company's activities will be considered.

To maintain the Board's independence, the Board's remuneration will not be linked to the Company's performance, nor does the Company intend to grant share options, similar instruments or retirement benefits to board members as consideration for their work.

As a rule, the directors do not undertake special tasks for the Company in addition to their directorship. Fees for any such services rendered should be approved by the Board.

The Company does not deviate from Section 11 of the Code.

8.3.12 Remuneration of executive personnel

The Board has adopted guidelines and principles for determining the remuneration of executive personnel, which have been presented to the shareholders and will be communicated to the annual general meeting. Such guidelines are not a requirement under Bermuda law and will therefore not be subject to the annual general meeting's approval. The deviation is in accordance with common practice for Bermuda incorporated companies and customary for Bermuda incorporated companies listed on the Oslo Stock Exchange.

This represents a deviation from Section 12 of the Code.

The Remuneration Committee administers all the performance-related elements of remuneration of executive management. The remuneration annually prepares recommendations to the Board, considering inter alia responsibility, expertise, time commitment and the complexity of the Company's activities. The remuneration paid to executive management will aim to ensure a convergence of the financial interests of the shareholders and executive management. The Company has inter alia adopted a long-term share incentive program for executive management, designed to align the interests of executive management with those of shareholders and link rewards to corporate and individual performance.

8.3.13 Information and communication

The Board has adopted guidelines for the Company's communication with shareholders and how the Company will make information available to shareholders outside of general meetings. Hafnia values openness and transparency towards its shareholders and is committed to disclosing to shareholders as much relevant information as is possible in a timely and accurate manner. All communications and announcements of information will take into account the requirement for equal treatment of the Company's shareholders.

The Company publishes an updated financial calendar with dates for important events such as the annual general meeting, publishing of interim reports, public presentations and payment of dividends (if applicable) on the Company's website and on Newsweb.

The Company does not deviate from Section 13 of the Code.

8.3.14 Take-overs

The Company has established key principles for how to act in the event of a take-over offer. In the event of a take-over process, the Board has a duty to ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board will also ensure that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the Board will abide by the principles of the Code and also ensure that the following take place:

- The Board will ensure that the offer is made to all shareholders, and on the same terms;
- The Board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company;
- The Board should not enter into an agreement with any offeror that limits the Company's ability to entertain other offers for the Company's shares, unless it is obvious that such an agreement is in the common interest of the Company and its shareholders;
- The Board shall strive to be completely open about the take-over situation. Agreements between the Company and the offeror which are of significance for the market's assessment of the offer shall be made know to the market no later than the time when the market is notified of the offer;
- The Board shall not institute measures which have the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- The Board acknowledges the particular duty the Board carries for ensuring that the interests of the shareholders are safeguarded.

The Board shall not attempt to prevent or impede the take-over bid unless this has been decided by the shareholders in a general meeting in accordance with applicable laws. The main underlying principles shall be that the Company's common shares shall be kept freely transferable and that the Company shall not establish any mechanisms which can prevent or deter take-over offers unless this has been decided by the shareholders in a general meeting in accordance with applicable law.

If an offer is made for a Company's common shares, the Board shall issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. If the Board finds itself unable to give a recommendation to the shareholders on whether or not to accept the offer, it should explain the reasons for this. The Board's statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case, it shall explain the reasons why specific members of the Board have excluded themselves from the statement.

The Board may also consider to arrange a valuation from an independent expert. An independent valuation will be arranged If any member of the Board, close associates of such member or anyone who has recently held a position but has ceased to hold such a position as a member of the Board, is either the bidder or has a particular personal interest in the bid. This will also apply if the bidder is a major shareholder of the Company. Any such valuation should either be enclosed with the Board's statement, or reproduced or referred to in the statement.

The Company does not deviate from Section 14 of the Code.

8.3.15 Auditor

The Company's auditor is appointed by the Company's annual general meeting and is responsible for the audit of the Company's consolidated financial statements.

The auditor participates in the Audit Committee's review and discussion of the annual accounts and quarterly interim accounts. Annually, the auditor will submit an audit workplan to the Board or the Audit Committee.

The auditor normally participates in Board meetings that deal with annual accounts and accounting principles. The auditor will also assess any important accounting estimates and matters of importance on which there has been disagreement between the auditor and the Company's executive management and/ or the Audit Committee. At least once a year, the auditor shall present to the Board or the Audit Committee a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement. Further, the Board will normally hold a meeting with the auditor at least once a year at which no representative of the executive management is present.

The Board is responsible for determining whether executive management may engage the auditor for other purposes than auditing. The auditor is required to annually confirm his or her independence in writing to the Audit Committee.

The Board will give the shareholders an account at the annual general meeting of the remuneration paid to the auditor, including details of the fee paid for audit work and any fees paid for other specific assignments.

The Company does not deviate from Section 15 of the Code.

09

Investor relations

Investor relations

9.1 Communication

Hafnia is fully committed to building trust and awareness within the investor community, by ensuring that Investor Relations is conducted according to relevant rules, regulations and recommended practices. To enhance investors' understanding of Hafnia's performance, the Company strives to disclose to the investor community as much relevant information as is possible, in a timely, accurate, appropriate and transparent manner.

Hafnia adopts the practice of regularly communicating any significant events or developments in its businesses and operations through the appropriate media. Such channels include news releases, annual reports and direct announcements. Hafnia's website has a dedicated 'Investor Relations' section, which features past financial results, financial releases, investor tools, financial calendar and analyst coverage. The Investor Relations team's contact details are available in the dedicated section, as well as in the annual report, to facilitate shareholders to contact Hafnia easily.

Hafnia recognises the importance of maintaining good stakeholder relationships and adopts an inclusive active approach to engaging with the investor community. This helps fosters communication so that stakeholders can better understand Hafnia's operations, strategies and directions, which build trust and contribute to reduced costs of capital for the Company.

9.2 Dividend policy

Hafnia targets a quarterly dividend based on a pay-out ratio of 50% of annual net profit, adjusted for extraordinary items. The final amount of dividend is to be decided by the Board of Directors. In addition to cash dividends, the Company may buy back shares as part of its total distribution.

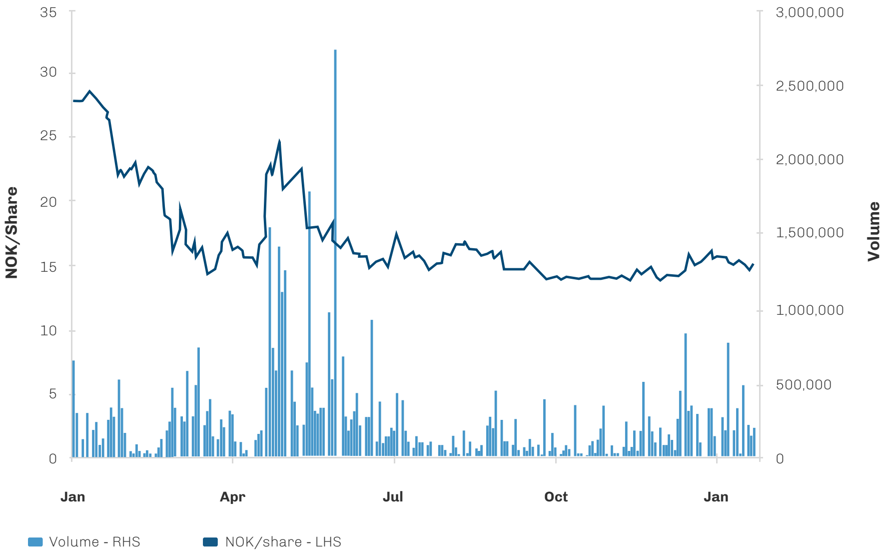
In deciding whether to declare a dividend and determining the dividend amount, the Board of Directors will take into account the Group's capital requirements, including capital expenditure commitments, financial condition, general business conditions, legal restrictions, and any restrictions under borrowing arrangements or other contractual arrangements in place at the time.

9.3 Composition of shareholders

As of 28 February 2021, Hafnia had 1,279 registered shareholders. Below is a list of the 20 largest shareholders as per 28 February 2021:

#	Shareholder Name	No. of Shares	Percentage (%)
1	BW GROUP LIMITED	246,106,112	66.47%
2	PAG Tankers Limited	20,411,403	5.51%
3	J. P. Morgan Securities LLC	12,201,707	3.30%
4	Hafnia Limited	7,179,946	1.94%
5	The Bank of New York Mellon	7,112,137	1.92%
6	Northwharf Nominees Limited	6,973,800	1.88%
7	Nordea Bank Abp	6,678,213	1.80%
8	PERSHING LLC	3,570,410	0.96%
9	Skandinaviska Enskilda Banken AB	3,141,447	0.85%
10	PERESTROIKA AS	3,000,000	0.81%
11	SKANDINAVISKA ENSKILDA BANKEN AB	2,707,056	0.73%
12	CASTEL AS	2,091,258	0.56%
13	SPESIALFONDET KLP ALFA GLOBAL ENER	1,916,898	0.52%
14	State Street Bank and Trust Comp	1,884,286	0.51%
15	Brown Brothers Harriman & Co	1,800,000	0.49%
16	STOREBRAND NORGE I VERDIPAPIRFOND	1,770,474	0.48%
17	Viking Investments (Cayman) Ltd	1,658,605	0.45%
18	SIX SIS AG	1,617,503	0.44%
19	Nordnet Bank AB	1,495,085	0.40%
20	DNB BANK ASA	1,368,465	0.37%
	Other shareholders	35,559,520	9.60%
	Total	**370,244,325**	**100%**

9.4 Stock data, ticker code



9.5 Financial calendar

Financial Year 2020

8 March 2021	Quarterly report – Q4
8 March 2021	Annual report 2020
25 May 2021	Annual general meeting

Financial Year 2021

25 May 2021	Quarterly report – Q1
8 August 2021	Half-yearly report
18 November 2021	Quarterly report – Q3

9.6 Investor relations contacts

- Mikael Skov, CEO, ms@hafniabw.com
- Perry Van Echtelt, CFO, pve@hafniabw.com
- Thomas Andersen, EVP, IR, Research and Performance Management, tha@hafniabw.com

Board of Directors' report

As a modern shipowner, Hafnia Limited (the "Company" or "Hafnia", together with its subsidiaries, the "Group") aims to maintain flexible management of its business through integrated business units, which provides an understanding of the market dynamics through experience-based knowledge and enhanced insights into relevant developments and trends in all aspects of the product tanker industry. For further details about Hafnia, please refer to Section 4 in the 2020 Annual Report available on the company's website www.hafniabw.com.

2020 Highlights

Time Charter Equivalent (TCE) earnings for Hafnia were USD 623.2 million and EBITDA was USD 362.8 million in 2020.

In Q4 2020, Hafnia had a net loss of USD 26.4 million (USD 0.07 per share) and the full year net profit ended at USD 148.8 million (USD 0.41 per share).

At the end of 2020, Hafnia had 82[1] owned vessels. The total fleet of the Group comprises of 95 vessels hereunder six LR2s, and 13 Handy vessels owned/operated. 29 LR1s (including four bareboat chartered-in, three time chartered-in and two classified as non-current assets held for sale), 47 MRs (including six time chartered-in).

Hafnia employs its vessels within the three Hafnia pools, except for the LR2 fleet. Handy TCE income/voyage day: USD 15,321, MR TCE income/voyage day: USD 17,089, LR1 TCE income/voyage day: USD 19,177, LR2 TCE income/voyage day: USD 26,514.

Hafnia's balance sheet remained strong throughout 2020, with total assets of USD 2,543.9 million, and equity of USD 1,148.0 million amounting to an equity ratio of 45.1%, which in combination with capital discipline ensures sound financial flexibility for the future. In November 2020, Hafnia refinanced its USD 30 million facility into a USD 39 million term loan and revolving credit facility. For a detailed review of the company's result, development and activities in 2020, please refer to the management report in the 2020 Annual Report.

[1] *Excluding five LR1s and one LR1 new build owned through 50% ownership in Vista Shipping Pte Ltd*

Risk Management

Hafnia's results are dependent on the market for worldwide transportation of refined oil products. Hafnia's activities expose the company to a variety of financial risks: market risk (including price risk and currency risk), interest rate risk, credit risk, liquidity risk and capital risk. Hafnia's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Hafnia's financial performance. In addition, Hafnia is exposed to various market, operational, and financial risks. The most significant risks are set out in the original listing Oslo Axess prospectus issued in November 2019 and the uplisting for Oslo Børs prospectus issued in April 2020. These documents and other information on risks are available on the company's website at www.hafniabw.com.

The Group's results are largely dependent on the worldwide market for transportation of refined oil products. Market conditions for shipping activities are typically volatile and, as a consequence, the results may vary considerably from year to year. The market in broad terms is dependent upon two factors: the supply of vessels and the demand for oil products. The supply of vessels depends on the number of newbuilds entering the market, the demolition of older tonnage and legislation that limits the use of older vessels or sets new standards for vessels used in specific trades. The demand side depends mainly on developments in global economic activity. The Group is also exposed to risk in respect of fuel oil costs. Fuel oil prices are affected by the global political and economic environment. For voyage contracts, the current fuel costs are priced into the contracts. Other risks that Management takes into account are interest rate risk, credit risk, liquidity risk and capital risk. The Covid-19 pandemic and the current downward pressure on global economic growth, and volatility in oil prices could have a significant adverse impact on the Group's performance or operation.

Environmental, Social and Governance (ESG)

Environmental

The United Nations has called climate change the defining issue of our time and urged world leaders to recognise that humanity is at a critical moment. Without committed action today, adapting to these impacts in the future will be more difficult and costly. Against this backdrop, Hafnia takes a front row seat in global efforts to combat climate change as a leading shipping company firmly committed to providing safe, sustainable and efficient hydrocarbon transportation solutions. This is how we are contributing towards the shipping industry's efforts to reduce our environmental impact and we are a member of the Getting to Zero Coalition. For further details on sustainability, please refer to page 48, the Sustainability section of the 2020 Annual Report.

Social

Hafnia is committed to cultivating and preserving a culture of diversity and inclusion. The collective sum of individual differences, life experiences, know-ledge, unique capabilities and talent that our employees invest in their work represents a significant part of our company culture and reputation. Hafnia embraces differences in age, ethnicity, family or marital status, and all other characteristics that make our employees unique.

In 2019, Hafnia was proud to sign up to the Charter for More Women in Shipping, an initiative organised by Danish Shipping to encourage more women to join the shipping industry. A "Taskforce for More Women at Sea" has also put together ten recommendations that aim to help attract new women and to retain those who are already working in the industry. As a signee to the Charter, Hafnia has committed to establishing goals for the number of women in our employment and to drawing up concrete actions that they will undertake to reach these goals.

In the fall of 2020, Hafnia, BW Group, and Shell collaborated to run a first of- its-kind diversity innovation programme called 'Women in Maritime Lab'. The programme aimed to scout innovative ideas from people of all genders on the challenges faced by women in the maritime industry – both at sea and ashore. A panel of judges selected the winning proposal. The winning team was "Seacode", a team comprising seafarers from Turkey and onshore staff from Shell. Their idea, an anti-harassment app, will be further developed, tested and prototyped by Hafnia, BW LNG & Shell.

Governance

This report provides an overview of how the Company has implemented sound corporate governance throughout its organisation. The Company's corporate governance policies are based on the Norwegian Code of Practice for Corporate Governance (the "Code") dated 17 October 2018 issued by the Norwegian Corporate Governance Board. The Code is available at www.nues.no. For an overview of the Company's compliance with the Code, please refer to page 70 of the 2020 Annual Report.

Going Concern

In light of Hafnia's liquidity position, balance sheet strength, assets, employment, and continuing cash flow from operations, the Board confirms that the going concern assumption, upon which Hafnia's accounts are prepared, continues to apply.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Responsibility statement

We confirm that, to the best of our knowledge, the financial statements for the year 1 January to 31 December 2020 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the Company taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties facing the Group and the Company.

Andreas Sohmen-Pao
Chairman

John Ridgway
Director

Peter Read
Director

Ouma Sananikone
Director

Erik Bartnes
Director

HAFNIA LIMITED

(Incorporated in Bermuda)
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND COMPANY FINANCIAL STATEMENTS

For the financial year ended 31 December

2020

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Independent auditors' report

To the Board of Directors and Shareholders of Hafnia Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hafnia Limited (the "Company") and its subsidiaries (the "Group"). The financial statements comprise:

- The balance sheet of the Company as at 31 December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information; and
- The consolidated balance sheet of the Group as at 31 December 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2020, and their financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants *The International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), the Singapore Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended 31 December 2019 were unaudited as the Company was exempted from an audit under Bermuda law. Following the listing of the Company's equity shares on Oslo Børs on 30 April 2020, this is the first time the Company publishes its financial statements.

Key Audit Matters

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

Key audit matter	How the matter was addressed in our audit
Impairment assessment of vessels and right-of-use assets Refer to Notes 1.2, 2.4(b) and 8 of the consolidated financial statements. As at 31 December 2020, the carrying value of the Group's vessels – owned and leased (including dry-docking) amounted to USD 2,206.4 million. The Group has identified the relevant cash-generating units ("CGU") for its fleet of vessels according to size, and mode of deployment in the generation of revenues; and performed its vessel impairment test according to its stated policy in 2.11. Vessels deployed in the three commercial pools – LR, MR and Handy constitute the Group's most significant CGUs. Other CGUs refer to individual vessels under individual time-charter contracts. As described in Note 8(a), management has concluded presence of impairment indicators in the tankers market. The recoverable amounts of vessels by CGUs were assessed by management based on higher of fair value less costs of disposal and value in use. In determining the value in use, expected cash flows to be generated by the vessels' CGUs were discounted to their present values, which requires significant judgement covering forecast freight rates, forecast operating costs and the discount rate(s) applied. We identified impairment of the vessels' CGUs as a key audit matter because of its significance to the consolidated financial statements and because of the inherent uncertainty involved in forecasting and discounting future cash flows.	We have performed the following audit procedures: • We assessed the design and implementation of the Group's key internal controls over the assessment of recoverable amounts of vessels' CGUs; • We assessed the Group's process for identifying the relevant CGUs for its vessels for impairment testing; • We challenged management's assessment of indicators of impairment based on our own expectations developed from our knowledge of the Group and our experience of the tanker market; • We evaluated the independence, competence and objectivity of the independent brokers engaged by the Group to appraise the market valuation of the vessels, including benchmarking the valuations obtained with recent sale transactions of similar types of vessels; • We assessed the Group's forecasts of freight rates and related operating costs together with the principles applied in formulating the Group's discounted cash flow models for the vessel CGUs; • We challenged the key assumptions adopted by management with externally derived data as well as our own assessments in relation to the key inputs used in discounted cash flow ("DCF") models; • We involved our corporate finance specialists to evaluate the discount rate(s) applied, with reference to the requirements of prevailing accounting standards; • We assessed the sensitivity of the outcome of recoverable amounts of vessels CGUs to changes in key assumptions, including forecast freight rates and discount rate(s) applied and considered whether there were any indicators of management bias in the selection of the key assumptions. We found the recoverable amounts of the vessels CGUs using the value-in-use calculations, as adopted by management to be aligned with general market expectations.

Other Information

Management is responsible for the other information. The other information comprises all information included in the annual report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditors' report is Kenny Tan Choon Wah.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
7 March 2021

Consolidated statement of comprehensive income

For the financial year ended 31 December 2020	Note	**2020 USD '000**	2019 USD '000
Revenue	3	**874,099**	827,855
Voyage expenses	4	**(250,885)**	(313,425)
TCE income #		**623,214**	514,430
Other operating income		**22,974**	12,335
Vessel operating expenses	4	**(200,666)**	(184,746)
Technical management expenses		**(16,686)**	(15,433)
Charter hire expenses		**(26,980)**	(16,867)
Other expenses	4	**(39,007)**	(31,879)
Operating profit before depreciation and amortisation charges		**362,849**	277,840
Loss on disposal of vessel		**(1,447)**	(732)
Depreciation charge of property, plant and equipment	8	**(155,430)**	(131,145)
Amortisation charge of intangible assets	9	**(1,014)**	(360)
Write-down on reclassification to assets held for sale		**(11,389)**	-
Operating profit		**193,569**	145,603
Interest income		**2,014**	3,689
Interest expense		**(46,945)**	(67,007)
Capitalised financing fees written off		**-**	(9,314)
Other finance expense		**(2,238)**	(1,078)
Finance expense – net		**(47,169)**	(73,710)
Share of profit of equity-accounted investees, net of tax	15	**5,030**	856
Profit before income tax		**151,430**	72,749
Income tax expense	6	**(2,654)**	(1,015)
Profit for the financial year		**148,776**	71,734

For the financial year ended 31 December 2020	Note	**2020 USD '000**	2019 USD '000
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss:			
Fair value losses on cash flow hedges		**(22,103)**	(7,266)
Reclassification to profit or loss		**12,644**	410
Other comprehensive loss, net of tax		**(9,459)**	(6,856)
Total comprehensive income for the year		**139,317**	64,878
Earnings per share attributable to the equity holders of the Company			
(expressed in USD per share)			
Basic earnings per share	7	**0.41**	0.21
Diluted earnings per share	7	**0.41**	0.21

 # "TCE income" denotes "time charter equivalent income" which represents revenue from time charters and voyage charters less voyage expenses comprising primarily brokers' commission, fuel oil and port charges. TCE is a standard-measure used in the shipping industry for reporting of income, providing improved comparability across different types of charters.

Consolidated balance sheet

As at 31 December 2020	Note	**2020 USD '000**	2019 USD '000
Vessels	8	**2,029,138**	2,123,179
Dry docking and scrubbers	8	**69,901**	59,306
Right-of-use assets	8	**107,376**	129,366
Other property, plant and equipment	8	**25**	100
Total property, plant and equipment		**2,206,440**	2,311,951
Intangible assets	9	**4,424**	3,159
Total intangible assets		**4,424**	3,159
Derivative financial instruments	21	**26**	-
Deferred tax assets		**36**	36
Loans receivable from joint venture	14	**45,430**	29,584
Associated companies and joint venture	15	**6,773**	1,718
Total other non-current assets		**52,265**	31,338
Total non-current assets		**2,263,129**	2,346,448
Assets held for sale	11	**11,000**	-
Inventories	12	**5,228**	6,986
Trade and other receivables	13	**163,639**	233,489
Derivative financial instruments	21	**245**	2,737
Cash and cash equivalents	16	**100,671**	91,612
Total current assets		**280,783**	334,824
Total assets		**2,543,912**	2,681,272

As at 31 December 2020	Note	**2020 USD '000**	2019 USD '000
Share capital	17	**3,703**	3,703
Share premium	17	**704,834**	704,834
Contributed surplus	17	**537,112**	537,112
Other reserves	18	**(14,148)**	(5,725)
Treasury shares		**(13,001)**	(500)
Accumulated losses		**(70,462)**	(120,920)
Total shareholders' equity		**1,148,038**	1,118,504
Borrowings	20	**1,128,210**	1,234,796
Other payables	22	**-**	1,238
Derivative financial instruments	21	**15,973**	6,514
Total non-current liabilities		**1,144,183**	1,242,548
Borrowings	20	**179,084**	213,330
Derivative financial instruments	21	**18**	-
Current income tax liabilities		**2,071**	1,416
Trade and other payables	22	**70,518**	105,474
Total current liabilities		**251,691**	320,220
Total liabilities		**1,395,874**	1,562,768
Total equity and liabilities		**2,543,912**	2,681,272

Consolidated statement of changes in equity

	Note	Share capital USD '000	Share premium USD '000	Con-tributed surplus USD '000	Trans-lation reserve USD '000	Hedging reserve USD '000	Treasury shares USD '000	Share-based payment reserve USD '000	Accumulated losses USD '000	Total USD '000
Balance at 1 January 2020		3,703	704,834	537,112	(34)	(6,514)	(500)	823	(120,920)	1,118,504
Transactions with owners										
Treasury shares acquired		-	-	-	-	-	(12,641)	-	-	(12,641)
Equity-settled share-based payment		-	-	-	-	-	140	1,036	-	1,176
Dividends paid	30	-	-	-	-	-	-	-	(98,318)	(98,318)
Total comprehensive income										
Profit for the financial year		-	-	-	-	-	-	-	148,776	148,776
Other comprehensive loss		-	-	-	-	(9,459)	-	-	-	(9,459)
Balance at 31 December 2020		**3,703**	**704,834**	**537,112**	**(34)**	**(15,973)**	**(13,001)**	**1,859**	**(70,462)**	**1,148,038**

	Note	Share capital USD '000	Share premium USD '000	Con-tributed surplus USD '000	Capital reserve USD '000	Trans-lation reserve USD '000	Hedging reserve USD '000	Treasury shares USD '000	Share-based payment reserve USD '000	Accumulated losses USD '000	Total USD '000
Balance at 1 January 2019		1,962	221,220	537,112	50,011	-	3,158	-	-	(242,384)	571,079
Alignment of accounting policies on merger	2.2	-	-	-	-	-	-	-	-	2,097	2,097
Transactions with owners											
Issue of shares to former shareholders of Hafnia Tankers	2.2	1,470	411,872	-	-	-	-	-	-	-	413,342
Acquisition of Hafnia Tankers' reserves	2.2	-	-	-	-	(34)	(1,874)	(14,038)	-	(75,892)	(91,838)
Merger accounting adjustments	2.2										
- Merger deficit on combination		-	-	-	-	-	-	-	-	(72,571)	(72,571)
- Acquisition of NCI of former Hafnia Tankers		-	-	-	-	-	(942)	-	-	146,085	145,143
- Cancellation of treasury shares of former Hafnia Tankers		-	-	-	-	-	-	14,038	-	-	14,038
Treasury shares acquired		-	-	-	-	-	-	(500)	-	-	(500)
Equity-settled share-based payment		-	-	-	-	-	-	-	823	-	823
Issue of common shares (net of capitalised listing fees)	17	271	71,742	-	-	-	-	-	-	-	72,013
Transfer of reserve											
Transfer of reserve		-	-	-	(50,011)	-	-	-	-	50,011	-
Total comprehensive income											
Profit for the financial year		-	-	-	-	-	-	-	-	71,734	71,734
Other comprehensive loss		-	-	-	-	-	(6,856)	-	-	-	(6,856)
Balance at 31 December 2019		**3,703**	**704,834**	**537,112**	**-**	**(34)**	**(6,514)**	**(500)**	**823**	**(120,920)**	**1,118,504**

Consolidated statement of cash flows

For the financial year ended 31 December 2020	Note	**2020 USD '000**	2019 USD '000
Cash flows from operating activities			
Profit for the financial year		**148,776**	71,734
Adjustments for:			
- income tax expense		**2,654**	1,015
- depreciation and amortisation charges		**156,444**	131,505
- write-down on reclassification to assets held for sale		**11,389**	-
- loss on disposal of vessel		**1,447**	732
- interest income		**(2,014)**	(3,689)
- interest expense		**46,945**	67,007
- capitalised financing fees written off		**-**	9,314
- other finance expense		**2,238**	1,078
- share of profit of equity-accounted investees, net of tax		**(5,030)**	(856)
- equity-settled share-based payment transactions		**1,176**	823
Operating cash flow before working capital changes		**364,025**	278,663
Changes in working capital:			
- inventories		**1,758**	21,108
- trade and other receivables		**70,733**	(82,901)
- trade and other payables		**(36,043)**	26,288
Cash generated from operations		**400,473**	243,158
Income tax paid		**(1,999)**	(330)
Net cash provided by operating activities		**398,474**	242,828

For the financial year ended 31 December 2020	Note	**2020 USD '000**	2019 USD '000
Cash flows from investing activities			
Interest income received		**822**	1,717
Loan to joint venture company	14	**(14,680)**	(53,150)
Repayment of loan by joint venture company	14	**-**	39,900
Dividend received from equity-accounted investees		**-**	1,748
Acquisition of businesses, net of cash acquired		**-**	(3,279)
Acquisition of subsidiaries, net of cash acquired		**-**	(155)
Purchase of intangible assets	9	**(1,019)**	(439)
Proceeds from disposal of property, plant and equipment		**11,899**	9,799
Purchase of property, plant and equipment	8	**(47,578)**	(278,574)
Net cash used in investing activities		**(50,556)**	(282,433)

(continued on next page)

Consolidated statement of cash flows (continued)

For the financial year ended 31 December 2020	Note	**2020 USD '000**	2019 USD '000
Cash flows from financing activities			
Proceeds from borrowings from external financial institutions		**118,939**	718,300
Proceeds from borrowings from non-related parties		**-**	3,117
Repayment of borrowings to external financial institutions		**(221,700)**	(598,293)
Repayment of borrowings to a related corporation		**(8,729)**	(44,525)
Repayment of borrowings to non-related parties		**(437)**	(375)
Repayment of lease liabilities		**(78,746)**	(39,010)
Payment of financing fees		**(196)**	(6,629)
Interest paid to external financial institutions		**(35,087)**	(55,208)
Interest paid to a related corporation		**-**	(1,901)
Repurchase of treasury shares		**(12,641)**	(500)
Dividends paid	30	**(98,318)**	-
Proceeds from issuance of common shares (net of capitalised listing fees)	17	**-**	72,013
Other finance expense paid		**(1,944)**	(1,771)
Net cash (used in)/provided by financing activities		**(338,859)**	45,218
Net increase in cash and cash equivalents		**9,059**	5,613
Cash and cash equivalents at beginning of the financial year		**91,612**	52,463
Acquisition of Hafnia Tankers' cash and cash equivalents on merger		**-**	33,536
Cash and cash equivalents at end of the financial year	16	**100,671**	91,612

Reconciliation of liabilities arising from financing activities

	1 January 2020 USD '000	Financial cash flows (i) USD '000	Non-cash changes - USD '000 Additional leases capitalised during the year	Interest expense	Fair value changes on cash flow hedges	Other finance expense/ (income)	31 December 2020 USD '000
Bank borrowings	1,211,048	(134,608)	-	33,941	-	146	1,110,527
Loan from a related corporation	8,500	(8,729)	-	229	-	-	-
Loan from non-related parties	5,172	(437)	-	46	-	-	4,781
Lease liabilities	223,406	(78,746)	38,076	9,250	-	-	191,986
Derivative financial instruments	6,514	(3,436)	-	3,479	9,459	(25)	15,991

	1 January 2019 USD '000	Borrowings/ derivatives acquired on merger USD '000	Financial cash flows (i) USD '000	Non-cash changes - USD '000 Additional leases capitalised during the year	Interest expense	Fair value changes on cash flow hedges	Other finance expense/ (income)	31 December 2019 USD '000
Bank borrowings	645,453	441,854	58,575	-	65,166	-	-	1,211,048
Loan from a related corporation	44,531	8,530	(46,426)	-	1,865	-	-	8,500
Loan from non-related parties	-	2,402	2,742	-	28	-	-	5,172
Lease liabilities	25,019	137,223	(39,010)	90,921	8,852	-	401	223,406
Derivative financial instruments	(3,128)	2,816	(405)	-	410	6,856	(35)	6,514

(i) The cash flows make up the net amount of proceeds from borrowings, repayments of borrowings, interest expense and financing fees paid as reported in the statement of cash flows.

Notes to the consolidated financial statements

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements

1. General information

1.1 General information

Hafnia Limited (the "Company"), is incorporated and domiciled in Bermuda. The address of its registered office is Washington Mall Phase 2, 4th Floor, Suite 400, 22 Church Street, HM 1189, Hamilton HM EX, Bermuda.

The principal activity of the Company and its subsidiaries (the "Group") relates to the provision of global maritime services in the product tankers market.

1.2 Business impacts from Covid-19 pandemic

The World Health Organization declared a global pandemic in March 2020 as a result of Covid-19. The effects of this health crisis are continuing to unfold and the ultimate extent of the social, medical and economic impacts worldwide remains unknown as at the date of this report. The Group has considered the impact of Covid-19 in preparing its financial report for the year.

The product tanker market experienced a volatile market in 2020, with record highs and (near) record lows recorded due to disruptions from the Covid-19 pandemic. In 1H 2020, disruptions from the oil price war led to unprecedented demand for tanker floating storage, causing a market "super-spike" in earnings. However, the second half of the year saw earnings declined as the second-wave of Covid-19 infections across many countries resulted in lockdown measures, which further impacted oil demand.

The critical accounting estimates and key judgement areas of the Group have required additional consideration and analysis due to the impact of Covid-19. The impact of Covid-19 increases the level of judgement required across a number of key areas across the Group, in particular the impairment of non-financial assets. These assumptions and considerations are further outlined in Note 8 Property, plant and equipment.

Other Covid-19 assessments conducted by the Group were extended to liquidity risk management (refer to Note 26(c)), debt covenants test (refer to Note 26(d)), credit default on financial assets (refer to Note 26(b)) entered with counterparties. There were no negative or adverse impacts on the Group's financial risk management. Neither did the Group find it necessary to record any impairment losses on the Group's fleet of vessels, notwithstanding the risk of estimation uncertainties embedded in the assessment of the recoverable amounts of the Group's vessels, as disclosed in Note 2.4(b).

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2.2 Scheme of reorganisation and merger of entities (the "Merger")

On 16 January 2019, a wholly-owned subsidiary of Hafnia Limited (formerly known as BW Tankers Limited), BW Tankers Corporation, merged with Hafnia Tankers Limited ("Hafnia Tankers"), another fellow subsidiary of BW Group Limited ("BW Group"). The merger was effected through a share swap arrangement, where newly issued shares of BW Tankers Limited were exchanged for all outstanding shares of Hafnia Tankers Limited. On 21 January 2019, BW Tankers Corporation was merged with BW Tankers Limited without consideration in a simplified parent and subsidiary merger. BW Tankers Limited, the surviving entity, then changed its name to Hafnia Limited.

As both BW Tankers Limited and Hafnia Tankers Limited were under common control of BW Group before and after the merger, the Company applied the common control exemption and accounted for the opening balance of the merged group using the book value accounting method. Under the book value accounting method, the combined assets, liabilities and reserves of the merged companies were recorded at their existing carrying amounts at the date of merger. Any adjustments that may be required in equity to reflect the difference between the consideration paid and the capital of the acquiree was recognised directly in accumulated losses.

The merger of BW Tankers Limited and Hafnia Tankers Limited was performed on a relative net asset value ("NAV") basis, where the NAV of both merging entities were evaluated, added together and shareholdings allocated based on the proportionate contributions to the NAV of the merged entity. The NAV utilised in the exercise was performed based on the standalone financial statements of the merging entities. As a result, by utilising the book values of the merging entities from the standalone financial statements' perspective, management believed that such an approach better reflected the economics of the merger, and provided more relevant information to the shareholders. As a matter of practical expediency, management had effected the merger utilising the adjusted book values of both merging entities as at the beginning of the reporting period, 1 January 2019 as the financial effect of 16 days was not material to the financial position of the Group.

A summary of the combined assets, liabilities and reserves of the merged entities are presented below.

	BW Tankers Limited at 1 January 2019 USD '000	Hafnia Tankers Limited at 1 January 2019 USD '000	Merger adjustments USD '000	Total opening balances at 1 January 2019 USD '000
Property, plant and equipment	1,171,838	850,170	-	2,022,008
Other current and non-current assets	144,339	139,691	-	284,030
Total assets	**1,316,177**	**989,861**	**-**	**2,306,038**
Borrowings	689,984	450,595	-	1,140,579
Lease liabilities	-	96,751	-	96,751
Other current and non-current liabilities	53,017	34,401	-	87,418
Total liabilities	**743,001**	**581,747**	**-**	**1,324,748**
Share capital[1]	1,962	339	1,131	3,432
Share premium[1]	221,220	354,470	57,402	633,092
Contributed surplus	537,112	–	-	537,112
Treasury shares	-	(14,038)	14,038	-
Translation reserve	-	(34)	-	(34)
Hedging reserve	3,158	(1,874)	(942)	342
Accumulated losses[2]	(190,276)	(75,892)	73,514	(192,654)
Non-controlling interests[3]	-	145,143	(145,143)	-
Total equity	**573,176**	**408,114**	**–**	**981,290**

Note 1 – USD 58.5 million represents the difference between the consideration paid of USD 413.3 million in the form of new issued shares of the Company and acquisition of Hafnia Tankers old shares of USD 354.8 million.

Note 2 – USD 73.5 million comprises the following adjustments:

(a) Book value accounting adjustment of USD 72.6 million, i.e. a difference between the consideration paid of USD 413.3 million and the capital of Hafnia Tankers Limited of USD 340.7 million;

(b) Reallocation of USD 0.9 million from non-controlling interests to hedging reserve.

Note 3 – USD 145.1 million of non-controlling interests of a subsidiary under Hafnia Tankers Limited who became shareholders of Hafnia Limited on completion of the merger between BW Tankers and Hafnia Tankers.

Uniformity of accounting policies

On merger of BW Tankers Limited and Hafnia Tankers Limited, all significant accounting policies have been uniformly applied in the preparation of the opening consolidated financial statements. As a consequence, there is an adjustment amounting to USD 2.1 million for the capitalisation of lubricating oils onboard vessels in the balance of accumulated losses as at 1 January 2019.

2.3 Changes in accounting policies

Amendments to published standards effective in 2020

The Group has adopted the following relevant amendments to standards as of 1 January 2020:

- *Amendments to Reference to Conceptual Framework in IFRS Standards*
- *Definition of Business (Amendments to IFRS 3)*
- *Definition of Material (Amendments to IAS 1 and IAS 8)*
- *Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (early adopted from 1 January 2019)*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (early adopted from 1 January 2020)*

The adoption of these new standards and amendments to the published standards does not have a material impact on the consolidated financial statements.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS39 and IFRS 7)
Back during the year ended 31 December 2019, the Group early applied the interest rate benchmark reform amendments retrospectively to hedging relationships that existed at 1 January 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. Those amendments also applied to the gain or loss recognised in other comprehensive income that existed at 1 January 2019. The related disclosures about risks and hedge accounting are disclosed in Note 26(a).

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
The Group has early adopted "*Classification of liabilities as Current or Non-current (Amendments to IAS 1)*" during the current year. With this adoption, the Group continues to classify its revolving credit facilities which mature from 2022 to 2026 whose outstanding balances as at 31 December 2020 amount to USD 152.0 million (2019:USD 120.0 million) as "non-current".

Under existing IAS 1 requirements, the Group classifies a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, International Accounting Standards Board ("IASB") has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. IASB has now clarified that a right to defer exists only if the Group complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. The Group classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period.

New standard and amendments to published standards, effective in 2021 and subsequent years

The following new standard and amendments, which are relevant to the Group's operations but have not been early adopted, have been published and are mandatory for accounting periods beginning on or after 1 January 2021 (or otherwise stated) or later periods:

(a) Amendments:

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (effective 1 January 2021 or later)*
- *Property, plant and equipment – Proceeds before Intended Use (Amendments to IAS 16) (effective 1 January 2022 or later)*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) (effective 1 January 2022 or later)*
- *Reference to the Conceptual Framework (Amendments to IFRS 3) (effective 1 January 2022 or later)*

(b) New standard:

- IFRS 17 *Insurance Contracts* (effective 1 January 2023 or later)

The adoption of these new standard and amendments in future periods is not expected to give rise to a material impact on the consolidated financial statements.

2.4 Critical accounting estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions discussed below.

Certain amounts included in or affecting the consolidated financial statements and related disclosures are estimated, requiring the Group to make assumptions with respect to values or conditions which cannot be known with certainty at the time the consolidated financial statements are prepared. A critical accounting estimate or assumption is one which is both important to the portrayal of the Group's financial condition and results and requires management's most difficult, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Management evaluates such estimates on an ongoing basis, using historical results and experience, consideration of relevant trends, consultation with experts and other methods considered reasonable in the particular circumstances.

The following is a summary of estimates and assumptions which have a material effect on the accounts.

(a) Useful life and residual value of assets

The Group reviews the useful lives and residual values of its vessels at least at each financial year-end and any adjustments are made on a prospective basis. Residual value is estimated as the lightweight tonnage of each vessel multiplied by the expected scrap value per ton. If estimates of the residual values are revised, the amounts of depreciation charges in the future periods will be changed.

There was no significant change to the estimated residual values of any vessel for the financial years ended 31 December 2020 and 31 December 2019.

The useful lives of the vessels are assessed periodically based on the condition of the vessels, market conditions and other regulatory requirements. If the estimates of useful lives for the vessels are revised or there is a change in useful lives, the amounts of depreciation charges recorded in future periods will be changed.

(b) Impairment/Reversal of impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired or a reversal of previously recognised impairment charge may be required. The recoverable amount of an asset, and where applicable, a cash-generating unit ("CGU"), is determined based on the higher of fair value less costs to sell and value-in-use calculations prepared on the basis of management's assumptions and estimates.

All impairment calculations demand a high degree of estimation, which include assessments of the expected cash flows arising from such assets under various modes of deployment, and the selection of discount rates. Changes to these estimates may significantly impact the impairment charges recognised, and future changes may lead to reversals of any previously recognised impairment charges. The Group views that the forecast of future freight rates, representing the main driver of recoverable amounts of the Group's vessels to be inherently difficult to estimate. This is further complicated by the volatility in oil prices cause by geopolitics and macroeconomic forces, together with the cyclical nature of freight rates prevailing in the tankers market.

See Note 8 for further disclosures on estimation of the recoverable amounts of vessels, together with related sensitivity analysis on assumptions used.

(c) Revenue recognition

All freight voyage charter revenues and voyage expenses are recognised on a percentage of completion basis. Load-to-discharge basis is used in determining the percentage of completion for all spot voyages and voyages servicing contracts of affreightment. Under the load-to-discharge method, freight voyage charter revenue is recognised evenly over the period from the point of loading of the current voyage to the point of discharge of the current voyage.

Management uses its judgement in estimating the total number of days of a voyage based on historical trends, the operating capability of the vessel (speed and fuel consumption), and the distance of the trade route. Actual results, however, may differ from estimates.

Demurrage revenue is recognised as revenue from voyage charters in profit or loss, based on past experience of demurrages recovered over total estimated claims issued to customers historically.

2.5 Revenue and income recognition

Revenue comprises the fair value of consideration received or receivable for the rendering of services in the ordinary course of the Group's activities, net of rebates, discounts and off-hire charges, and after eliminating sales within the Group.

(a) Rendering of services

Revenue from rendering of services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

Revenue from time charters, accounted for as operating leases, is recognised rateably over the rental periods of such charters, as services are performed.

Revenue from freight voyage charters is recognised rateably over the estimated length of the voyage within the respective reporting period, in the event the voyage commences in one reporting period and ends in the subsequent reporting period. The Group determines the percentage of completion of freight voyage charter using the load-to-discharge method. Under the load-to-discharge method, freight voyage charter revenue is recognised rateably over the period from the point of loading of the current voyage to the point of discharge of the current voyage.

Losses arising from time or voyage charters are provided for in full as soon as they are anticipated.

The Group has vessels which participate in commercial pools in which other vessel owners with similar, high-quality, modern and well-maintained vessels also participate. These pools employ experienced commercial charterers and operators who have established relationships with customers and brokers, while technical management is arranged by each vessel owner. The managers of the pools negotiate charters with customers primarily in the spot market. The earnings allocated to vessels are aggregated and divided on the basis of a weighted scale, or pool point system, which reflects comparative voyage results on hypothetical benchmark routes. The pool point system considers various factors such as size, fuel consumption, class notation and other capabilities. Pool revenues are recognised when the vessel has participated in a pool during the period and the amount of pool revenue for the period can be estimated reliably.

(b) Management fees

Revenue from the provision of management support services is recognised over time based on the period of services provided.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

2.6 Group accounting

(a) Subsidiaries

(1) Consolidation

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been aligned where necessary to ensure consistency with the policies adopted by the Group.

(2) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, and any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired, is recorded as goodwill.

The excess of (i) fair value of the net identifiable assets acquired over the (ii) consideration transferred; the amount of any non-controlling interest in the acquiree; and the acquisition-date fair value of any previous equity interest in the acquiree; is recorded in profit or loss during the period when it occurs.

(3) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(b) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control or joint control. Significant influence is presumed to exist when the Group holds 20% or more of the voting rights of another entity.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting (net of accumulated impairment losses).

The acquisition method of accounting is used to account for new and incremental acquisitions in associated companies and joint ventures.

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated companies and joint ventures over the Group's share of the fair value of the identifiable net assets of the associated companies or joint ventures and is included in the carrying amount of the investments.

Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised in profit or loss during the period when it occurs.

In applying the equity method of accounting, the Group's share of its associated companies' and joint ventures' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associated companies and joint ventures are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company or joint venture including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has incurred obligations or has made payments on behalf of the associated company or joint venture.

Unrealised gains on transactions between the Group and its associated companies and joint ventures are eliminated to the extent of the Group's interest in the associated companies and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associated companies and joint ventures to ensure consistency of accounting policies with those of the Group.

Investments in associated companies and joint ventures are derecognised when the Group loses significant influence or joint control. Any retained interest in the equity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence or joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies and joint ventures in which significant influence or joint control is retained are recognised in profit or loss.

2.7 Property, plant and equipment

(a) Measurement

(1) Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(2) The cost of an item of property, plant and equipment initially recognised includes expenditure that is directly attributable to the acquisition of the item. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring the asset.

(3) The acquisition cost capitalised to a vessel under construction is the sum of the instalments paid plus other directly attributable costs incurred during the construction period including borrowing costs. Vessels under construction are reclassified as vessels upon delivery from the yard.

(4) If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.

(b) Depreciation

(1) Depreciation is calculated using a straight-line method to allocate the depreciable amounts of property, plant and equipment, after taking into account the residual values over their estimated useful lives. The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at least annually. The effects of any revision are recognised in profit or loss when the changes arise. The estimated useful lives are as follows:

Vessels	
- Tankers	25 years
- Scrubbers	5 years
- Dry-docking	2.5 to 5 years

A proportion of the price paid for new vessels is capitalised as dry docking. These costs are depreciated over the period to the next scheduled dry docking, which is generally 30 to 60 months. At the commencement of new dry docking, the remaining carrying amount of the previous dry docking will be written off to profit or loss.

(2) Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. The remaining carrying amount of the old component as a result of a replacement will be written off to profit or loss.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment, including scrubbers and dry docking that has already been recognised, is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

2.8 Intangible assets

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

IT infrastructure and customer contracts

IT infrastructure and customer contracts acquired through business combinations are initially recognised at fair value. These intangibles are subsequently carried at amortised cost less accumulated impairment losses using the straight-line method over their individual estimated useful lives of 5 years.

2.9 Financial assets

(a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. Other financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss (FVTPL), which are recognised at fair value. Transaction costs for financial assets at FVTPL are recognised immediately as expenses.

(b) Classification

The Group classifies its financial assets at amortised cost and at FVTPL. The classification depends on the business model in which a financial asset is managed and its contractual cash flows characteristics. Management determines the classification of its financial assets at initial recognition. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. The Group holds the following classes of financial assets:

(1) Financial assets at amortised cost

A financial asset is classified as measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. They are presented as "trade and other receivables" (Note 13), "loans receivable from joint venture (Note 14)" and "cash and cash equivalents" (Note 16) in the consolidated balance sheet.

(2) FVTPL financial assets

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL.

(c) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

(d) Subsequent measurement

Financial assets at FVTPL are subsequently carried at fair value. Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at FVTPL including the effects of currency translation are recognised in profit or loss.

(e) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cashflows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(f) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated balance sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(g) Impairment

For financial assets measured at amortised cost and contract assets, the Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for expected credit loss (ECL) at an amount equal to the lifetime expected credit loss if there has been a significant increase in credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group recognises an allowance for ECL at an amount equal to 12-month ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. For trade receivables and contract assets, the Group applied the simplified approach permitted by IFRS 9, which requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the balance sheet

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience, informed credit assessment and other forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if the debtor is under significant financial difficulties, or when there is default or significant delay in payments. The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of ECL decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.10 Financial liabilities

Financial liabilities are classified and measured at amortised cost. Directly attributable transaction costs are recognised in profit or loss as incurred.

The Group derecognises a financial liability when its contractual obligations are discharge or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.11 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there is objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less costs to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment is then allocated to each single vessel on a pro-rata basis, based on the carrying amount of each vessel in the CGU with the limit of the higher of fair value less cost of disposal and value in use. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset (or CGU) other than goodwill is reversed if, and only if, there has been a change in the estimate of the asset's (or CGU's) recoverable amount since the last impairment loss was recognised. The carrying amount of the asset (or CGU) is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation and depreciation) had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of impairment loss for an asset (or CGU) other than goodwill is recognised in profit or loss.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

The Group derecognises a borrowing when its contractual obligations are discharged, cancelled, or expired. The Group also derecognises a borrowing when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a borrowing, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.13 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction of vessels. This includes those costs on borrowings acquired specifically for the construction of vessels, as well as those in relation to general borrowings used to finance the construction of vessels.

Borrowing costs are capitalised in the cost of the vessel under construction. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to the construction expenditure that are financed by general borrowings.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, and are derecognised when the Group's obligation has been discharged or cancelled or expired.

2.15 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The fair value of derivative financial instruments represents the amount estimated by banks or brokers that the Group will receive or pay to terminate the derivatives at the balance sheet date.

For derivative financial instruments that are not designated or do not qualify for hedge accounting, any fair value gains or losses are recognised in profit or loss as a finance item. In particular, gains and losses on currency derivatives are presented in profit or loss as 'foreign currency exchange gain/(loss) – net', whilst gains and losses on other derivatives are presented in profit or loss as 'derivative gain/(loss) – net', unless the gains and losses are material.

The Group designates certain financial instruments in qualifying hedging relationships and documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on a periodic basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items prospectively. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate is not affected as a result of IBOR reform.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item and no hedge ineffectiveness is deemed to exist. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Cash flow hedges – Interest rate derivatives

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The Group has also entered into several interest rate caps that entitle the Group to receive interest payments when the floating interest rate goes above the strike rate. During the year ended 31 December 2020, these interest rate caps were discontinued as hedging instruments and any fair value changes are recorded in profit or loss.

The fair value changes on the effective portion of these interest rate derivatives designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of these interest rate derivatives are recognised immediately in profit or loss.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interbank offered rates (IBOR) reform for the purpose of asserting that the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. The Group will no longer apply the amendments to its highly probable assessment of the hedged item when the uncertainty arising from interest rate benchmark reform with respect to the timing and amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued. To determine whether the designated forecast transaction is no longer expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

2.16 Freight forward agreements and bunker swaps

The Group has entered into freight forward agreements and bunker collars to manage its exposure to freight rate and bunker prices respectively. Further details of derivative financial instruments are disclosed in Note 21.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has ative is presented as a non-current asset or a non-current liability if the remaining maturity of the instruments is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group does not apply hedge accounting and therefore all changes in fair values of forward freight agreements and bunker swaps used for economic hedges are recognised in profit or loss.

2.17 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices and the quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques such as discounted cash flow analyses. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used.

The fair value of interest rate derivatives is calculated as the present value of the estimated future cash flows, discounted at actively quoted interest rates. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying amounts of current financial assets and liabilities, measured at amortised cost, approximate their fair values, due to the short term nature of the balances. The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at current market interest rates, determined as those that are available to the Group at balance sheet date for similar financial instruments.

2.18 Leases

(a) When a group company is the lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

For leases of vessels, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of its relative stand-alone prices. However, for leases of property and other equipment, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the applicable incremental borrowing rate. Generally, the Group uses the incremental borrowing rates as the discount rates. The Group determines the incremental borrowing rates by obtaining interest rates from various external financing sources.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise price under a purchase option that the Group is reasonably certain to exercise;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- payment of penalties for early termination of a lease unless the Group is reasonably certain that it will not terminate early.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from a change in an index or rate;
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the Group's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets as a part of total property, plant and equipment and lease liabilities in 'borrowings' in the consolidated balance sheet.

Short-term and low value leases

The Group has elected not to recognise right-of-use assets and lease liabilities for leases with lease terms that are less than 12 months and other low-value assets. Lease payments associated with these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(b) When a group company is the lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease.

Finance leases

Leases of assets in which the Group transfers (leases out) substantially all risks and rewards incidental to ownership of the leased asset to the lessees are classified as finance leases. The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the consolidated balance sheet as finance lease receivables. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income, included as part of revenue, is recognised over the lease term using the net investment method, which reflects a constant periodic rate of return.
The Group applies the derecognition and im-

pairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Operating leases
Leases of assets in which the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Assets leased out under operating leases are included in property, plant and equipment. Rental income (net of any incentives given to lessee) is recognised on a straight-line basis over the lease term.

Intermediate leases
When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group applies the exemption described above, the sub-lease is then classified as an operating lease.

(c) Sale and leaseback

A sale and leaseback transaction is where the Group transfers an asset to another entity (the buyer-lessor) and leases that asset back from the buyer-lessor.

Where the buyer-lessor obtains control of the transferred asset, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group.
Where the buyer-lessor does not obtain control of the transferred asset, the Group continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds.

2.19 Inventories

Inventories comprise mainly fuel and lubricating oils which are used for operation of vessels.

The cost of inventories includes purchase costs, as well as any other costs incurred in bringing inventory on board the vessel. Inventories are accounted for on a first-in, first-out basis. Consumption of inventories is recognised as an expense in profit or loss when the usage occurs.

2.20 Income taxes

The tax expense for the period comprises current and deferred taxes. Tax is recognised as income or expense in profit or loss, except to the extent that it relates to items recognised in other comprehensive income in which case the tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Positions taken in tax returns are evaluated periodically, with respect to situations in which applicable tax regulations are subject to interpretation, and provisions are established where appropriate, on the basis of amounts expected to be paid to the tax authorities. In relation to accounting for tax uncertainties, where it is more likely than not that the final tax outcome would be favourable to the Group, no tax provision is recognised until payment to the tax authorities is required, and upon which a tax asset, measured at the expected recoverable amount, is recognised.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is recognised on temporary differences arising on income earned from investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be classified as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(c) Share-based payment

During the financial years ended 31 December 2019 and 2020, the Group introduced Long Term Incentive Plan (LTIP) 2019 and LTIP 2020 respectively. Under this scheme, the grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

2.22 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States Dollars, which is the Company's functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date, are recognised in profit or loss.

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with financial institutions, which are subject to an insignificant risk of change in value.

2.24 Share capital

Common shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

2.25 Dividends

Interim dividends are recognised in the financial year in which they are declared payable and final dividends are recognised when the dividends are approved for payment by the directors and shareholders respectively.

2.26 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation whereby as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the settlement amount can be made. When the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

For leased-in assets, the Group recognises a provision for the estimated costs of reinstatement arising from the use of these assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

2.27 Financial guarantee contracts

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Group will be required to make a payment under the guarantee. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

2.28 Assets held for sale

Non-current assets are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense in profit or loss. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

2.29 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to management who are responsible for allocating resources and assessing performance of the operating segments.

2.30 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3. Revenue

	2020 USD '000	2019 USD '000
Revenue from time charter	**79,819**	40,498
Revenue from voyage charter	**794,280**	787,357
Total revenue	**874,099**	827,855

The Group's revenue is generated from four main business segments: LR2 Product Tankers, LR1 Product Tankers, MR Product Tankers and Handy Product Tankers. The table below presents disaggregation of revenue by business segments.

	LR2 USD '000	**LR1 USD '000**	**MR USD '000**	**Handy USD '000**	**Total USD '000**
2020					
Revenue	**58,644**	**276,827**	**427,557**	**111,071**	**874,099**
2019					
Revenue	25,452	299,831	389,777	112,795	827,855

Time charter hire income is recognised on a straight-line basis over the term of the time charter period. Voyage charter revenue is recognised on a load-to-discharge basis, evenly over the period from the point of loading of the current voyage to the point of discharge of the current voyage.

Contract costs to obtain the contract, including voyage costs to arrive to the point of loading ('ballast leg' costs) are expensed in profit or loss as incurred.

Payments for trade receivables generally are due immediately or within 7 days from the invoice date. Information about trade receivables from contracts with customers and contract assets is presented in Note 13.

4. Expenses by nature

	2020 USD '000	2019 USD '000
Fuel oil consumed (Note 12)	**156,864**	194,527
Port costs	**78,817**	98,466
Broker's commission expenses	**8,413**	12,786
Other voyage expenses	**6,791**	7,646
Voyage expenses	**250,885**	313,425
Employee benefits (Note 5)	**126,716**	113,752
Maintenance and repair expenses	**53,114**	55,360
Insurance expenses	**9,332**	6,257
Other vessel operating expenses	**11,504**	9,377
Vessel operating expenses	**200,666**	184,746
Support service fee	**1,561**	4,601
Employee benefits (Note 5)	**24,609**	14,927
Other operating expenses	**12,837**	12,351
Other expenses	**39,007**	31,879

5. Employee benefits

	2020 USD '000	2019 USD '000
Wages and salaries (Note 4)	**151,325**	128,679

6. Income taxes

Based on the tax laws in the jurisdictions in which the Group and its subsidiaries operate, shipping profits are exempted from income tax. Non-shipping profits are taxed at the prevailing tax rate of each tax jurisdiction where the profit is earned.

Certain of the Group's vessels are subject to the tonnage tax regime in Denmark, whose effect is not significant.

Income tax expense	2020 USD '000	2019 USD '000
Tax expense attributable to profit is made up of:		
Current income tax	**2,000**	1,015
Changes in estimates related to prior years	**654**	-
	2,654	1,015

There is no income, withholding, capital gain or capital transfer taxes payable in Bermuda. The income tax expense reconciliation of the Group is as follows:

Reconciliation of effective tax rate	2020 USD '000	2019 USD '000
Profit before income tax	**151,430**	72,749
Tax calculated at a tax rate of 0% (2019: 0%)	**-**	-
Effect of:		
- Tax on non-shipping income	**2,000**	1,015
- Changes in estimates related to prior years	**654**	-
Income tax expense	**2,654**	1,015

The Group's shipping profits are essentially exempted from income tax, as granted by various ship registrars across the world. Tax losses incurred in the generation of exempted shipping profits are therefore not deductible against future taxable income.

7. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of common shares outstanding during the financial year.

	2020 USD '000	2019 USD '000
Net profit attributable to equity holders of the Company	**148,776**	71,734

(a) Basic earnings per share	2020 USD '000	2019 USD '000
Issued common shares at 1 January	**370,244,325**	196,241,352
Effect of shares issued in relation to the Merger	**-**	146,916,627
Effect of shares issued during Pre-listing Private Placement	**-**	4,007,295
Effect of treasury shares held	**(5,881,171)**	(116,547)
Weighted-average number of ordinary shares at 31 December	**364,363,154**	347,048,727
Basic earnings per share (USD per share)	**0.41**	0.21

(b) Diluted earnings per share	2020 USD '000	2019 USD '000
Weighted-average number of ordinary shares (basic)	**364,363,154**	347,048,727
Effect of share options on issue	**-**	-
Weighted-average number of ordinary shares at 31 December	**364,363,154**	347,048,727
Diluted earnings per share (USD per share)	**0.41**	0.21

Diluted earnings per share is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

As at the balance sheet dates, the diluted weighted-average earnings per share is equivalent to the basic earnings per share, as 6,863,154 share options (2019: 3,431,577) have been excluded from the calculations as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

8. Property, plant and equipment

	Vessels USD '000	Dry docking and scrubbers USD '000	Vessels under construction USD '000	Right-of-use assets USD '000	Others USD '000	Total USD '000
Cost						
At 1 January 2020	2,950,070	88,979	-	152,889	155	3,192,093
Additions	14,722	32,848	-	38,076	8	85,654
Exercise of purchase options	22,389	-	-	(38,208)	-	(15,819)
Reclassification to assets held for sale	(22,389)	-	-	-	-	(22,389)
Disposal of vessel	(14,438)	(561)	-	-	-	(14,999)
Disposal of other property, plant and equipment	-	-	-	-	(60)	(60)
Write off on completion of dry docking cycle	-	(11,259)	-	-	-	(11,259)
At 31 December 2020	2,950,354	110,007	-	152,757	103	3,213,221
Accumulated depreciation and impairment charge						
At 1 January 2020	826,891	29,673	-	23,523	55	880,142
Depreciation charge	95,679	22,015	-	37,677	59	155,430
Disposal of vessel	(1,354)	(323)	-	-	-	(1,677)
Disposal of other property, plant and equipment	-	-	-	-	(36)	(36)
Exercise of purchase options	-	-	-	(15,819)	-	(15,819)
Write off on completion of dry docking cycle	-	(11,259)	-	-	-	(11,259)
At 31 December 2020	921,216	40,106	-	45,381	78	1,006,781
Net book value 31 December 2020	**2,029,138**	**69,901**	**-**	**107,376**	**25**	**2,206,440**

	Vessels USD '000	Dry docking and scrubbers USD '000	Vessels under construction USD '000	Right-of-use assets USD '000	Others USD '000	Total USD '000
Cost						
At 1 January 2019	1,766,605	48,866	117,495	21,170	-	1,954,136
Acquisition of vessels on merger with Hafnia Tankers	830,083	20,089	-	40,798	-	890,970
Additions	69,224	23,537	185,901	90,921	155	369,738
Cost adjustments	-	(88)	-	-	-	(88)
Transfer on delivery of vessel	295,131	8,265	(303,396)	-	-	-
Disposal of vessel	(10,973)	(190)	-	-	-	(11,163)
Write off on completion of dry docking cycle	-	(11,500)	-	-		(11,500)
At 31 December 2019	2,950,070	88,979	-	152,889	155	3,192,093
					-	
Accumulated depreciation and impairment charge						
At 1 January 2019	738,728	22,401	-	-	-	761,129
Depreciation charge	88,644	18,923	-	23,523	55	131,145
Disposal of vessel	(481)	(151)	-	-	-	(632)
Write off on completion of dry docking cycle	-	(11,500)	-	-	-	(11,500)
At 31 December 2019	826,891	29,673	-	23,523	55	880,142
Net book value 31 December 2019	**2,123,179**	**59,306**	**-**	**129,366**	**100**	**2,311,951**

(a) As described in Note 2.2, post-merger, the Group re-organised the commercial management of the combined fleet of vessels into 3 individual commercial pools: LR, MR and Handy. Each individual commercial pool constitutes a separate cash-generating unit ("CGU"). For vessels deployed on a time-charter basis outside the commercial pools, each of these vessels constitutes a separate CGU. Any time-chartered in vessels which are recognised as ROU assets by the Group and subsequently deployed in the commercial pools have been included as part of the pool CGUs.

As at 31 December 2020, the Group assessed whether these CGUs had indicators of impairment by reference to internal and external factors according to its stated policy set out in Note 2.4(b). With a decline observed in the market valuation of the fleet of vessels, together with oil demand remaining under pressure and combined with the on-going oil supply cuts during the COVID-19 pandemic, the tanker market continues to face challenges since the second half of 2020. Accordingly, the Group concluded that there are indicators that the Group's vessels under the respective CGUs may be impaired.

Impairment of vessels was assessed by management based on the higher of fair value less costs of disposal and value in use. In determining the value in use, expected cash flows were discounted to their present value. This requires significant management judgement relating to forecast spot freight rates, forecast operating costs and the discount rate applied.

Pool CGUs

The value in use calculation for vessels deployed in commercial pools was based on the following key assumptions:

i. Owned vessels' cash flows were projected based on the average remaining useful lives of vessels ranging from 10 – 23 years given the current age profile of the tanker fleet;
ii. Chartered-in vessels' (ROU assets) cash flows were projected based on the remaining charter period of each vessel;
iii. Spot freight rates estimated in the period from 2021 to 2025 were estimated by the in-house commercial team and benchmarked against rates provided by research houses and industry analysts. Beyond 2025, the spot freight rate was projected based on 10-year historical average rates, adjusted for expected inflation of 2.5%;
iv A pre-tax discount rate of 6.9% was applied;
v. Average earning days were estimated at 360 days per vessel;
vi. Vessel operating expenses were projected at an annual increase of 2.5% per annum;

Under the stated assumptions above, the recoverable amount of each Pool CGU continues to be in excess of the carrying amounts of vessels and ROU assets deployed in each Pool CGU.

Individual vessel CGUs

The value in use calculation for vessels deployed on a time-charter basis outside the commercial pools was based on the following key assumptions:

i. Cash flows were projected based on the remaining useful life of each vessel;
ii. Contractual freight rates till the end of the charter period of each vessel;
iii. Spot freight rates as estimated by in-house commercial team and benchmarked against rates provided by research houses and industry analysts for the period from the end of the charter period to 2025. Beyond 2025, the freight rate was projected based on 10-year historical average rates, adjusted for expected inflation of 2.5%;
iv. A pre-tax discount rate of 6.9% was applied;
v. Average earning days were estimated at 360 days per vessel;
vi. Vessel operating expenses were projected at an annual increase of 2.5% per annum;

Under the stated assumptions above, the recoverable amounts of the vessels deployed in the individual CGUs continues to be in excess of the individual carrying amounts of these CGUs.

The calculation of the value in use is sensitive to changes in the key assumptions which are related to future fluctuations in freight rates and the WACC applied as discounting factor in the calculations. All other things being equal, the sensitivities to the value in use have been assessed for both pool and individual vessel CGUs and are as follows:

Pool CGUs

i. A decrease in the near-term forecasted freight rates for Y1 (2021) and Y2 (2022) in a range from 5% to 10% across all pool CGUs, assuming other variables remain constant, will result in a decrease in value-in-use of the CGUs in the range of USD 40.8 million to USD 81.5 million respectively, without any need for impairment;
ii. A decrease in the long-range forecasted freight rates from 2025 onwards in a range from 5% to 10% across all pool CGUs, assuming other variables remain constant, will result in a decrease in value-in-use of the CGUs in the range from USD 133.6 million to USD 267.2 million respectively. With a 5% decrease, there are no impairment losses for the CGUs. Only the effect of a 10% decrease in long-range forecasted freight rates shall result in an impairment loss of USD 45.5 million;
iii. An increase in WACC of 1.0% would result in a decrease in the value in use of USD 131.6 million, without any need for impairment.

Individual vessel CGUs

i. A decrease in the forecasted freight rates upon expiry of existing charter contracts in a range from 5% to 10% across all individual vessel CGUs, assuming other variables remain constant, will result in a decrease in value-in-use of the CGUs in the range of USD 27.8 million to USD 55.6 million, respectively, without any need for impairment.
ii. An increase in WACC of 1.0% would result in a decrease in the value in use of USD 35.2 million, without any need for impairment.

(b) The Group exercised the purchase options on two bare-boat chartered in LR1 vessels; Compass and Compassion, and immediately put them on sale and classified both vessels as assets held for sale.

(c) The Group has mortgaged vessels with a total carrying amount of USD 2,099.1 million (2019: USD 2,120.2 million) as security over the Group's bank borrowings.

9. Intangible assets

Intangible assets are the fair values of IT infrastructure and customer contracts acquired in the course of an acquisition of businesses from Hafnia Management A/S and subsidiaries and ongoing IT projects.

	Customer contracts USD '000	IT infra-structure USD '000	Total USD '000
Cost			
At 1 January 2019	-	-	-
Additions	-	439	439
Business combination (note 10(a))	2,468	612	3,080
At 31 December 2019	2,468	1,051	3,519
Additions	-	1,019	1,019
Adjustment to provisional fair value at initial recognition (note 10(a))	1,260	-	1,260
At 31 December 2020	3,728	2,070	5,798
Accumulated amortisation charge			
At 1 January 2019	-	-	-
Amortisation charge	(288)	(72)	(360)
At 31 December 2019	(288)	(72)	(360)
Amortisation charge	(871)	(143)	(1,014)
At 31 December 2020	(1,159)	(215)	(1,374)
Net book value			
31 December 2019	2,180	979	3,159
31 December 2020	**2,569**	**1,855**	**4,424**

10. Business combination

(a) Acquisition of the business of Hafnia Management A/S and subsidiaries

In May 2019, the Group acquired the businesses of its associated companies which comprised commercial contracts, employees and assets except cash and certain liabilities, of Hafnia Management A/S, Hafnia Handy Pool Management ApS, Hafnia MR Pool Management ApS and Hafnia Bunkers ApS. The acquired net identifiable assets were transferred to an existing subsidiary within the Group.

Fair value measurement

The Group has deemed the excess of purchase consideration over the net assets acquired to be ascribed to the recorded intangible assets – IT infrastructure and customer contracts.

The following table summarises the consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	2020 Finalised USD '000	2019 Provisional USD '000
Fair value of identifiable net assets acquired		
Plant and equipment	**92**	95
Trade and other receivables	**278**	1,687
Trade and other payables	**(1,431)**	(1,313)
Loans	**-**	(270)
Intangible assets (IT infrastructure & Customer contracts)	**4,340**	3,080
Total identifiable net assets acquired	**3,279**	3,279
Total purchase consideration	**3,279**	3,279

During the year, the Group finalised the purchase price allocation within the allowed 12-months window period after business acquisition. This finalisation has resulted in reallocation of purchase consideration between certain items of identifiable assets acquired and liabilities assumed, with no consequential change in goodwill or negative goodwill previously reported.

(b) Acquisition of K/S Straits Tankers and Straits Tankers Pte. Ltd.

The purchase consideration for K/S Straits Tankers and Straits Tankers Pte. Ltd. was USD 0.4 million (USD 0.2 million net of acquired cash balances) bringing equity interest in K/S Straits Tankers from 44% to 100% and equity interest in Straits Tankers Pte. Ltd. from 22% to 100%. The effect on deemed disposal of these associates is not material to financial statements. The fair value of the identifiable net assets acquired is also not material.

11. Assets held for sale

On 3 December 2020, the Board of Directors of the Group approved and committed to a plan to exercise the purchase options on two leased-in vessels and subsequent sale of these vessels. The purchase of the vessels and identification of buyers were finalised in December 2020.

As at 31 December 2020, the vessels were reclassified from property, plant and equipment to assets held for sale pending delivery to the buyers and re-measured at lower of fair value less costs to sell which is represented by the indicative sale price of USD 11.0 million.

In January 2021, both vessels were delivered to the buyers.

Write-down relating to the vessels

A write-down of USD 11.4 million of the carrying amount of vessels to the lower of their carrying amount and their fair value less costs to sell has been included in "write-down on reclassification to assets held for sale" in the statement of profit or loss.

12. Inventories

	2020 USD '000	2019 USD '000
Fuel oil	**-**	1,889
Lubricating oils	**5,228**	5,097
	5,228	6,986

The cost of inventories recognised as expenses and included in "voyage expenses" amounted to USD 156.9 million (2019: USD 194.5 million).

13. Trade and other receivables

	Note	**2020 USD '000**	2019 USD '000
Trade receivables			
- non-related parties		**67,759**	108,539
Less: Allowance made for trade receivables			
- non-related parties	26(b)	**(1,594)**	(1,594)
Trade receivables – net		**66,165**	106,945
Prepayments		**4,721**	10,424
Pool working capital		**60,660**	70,200
Other receivables			
- non-related parties		**32,093**	45,920
		163,639	233,489

The carrying amounts of trade and other receivables, principally denominated in United States Dollars, approximate their fair values due to the short period to maturity.

Included within trade and other receivables as at 31 December 2020 are contract assets of USD 19.6 million (2019: USD 40.4 million). These contract assets relate to the Group's rights to consideration for proportional performance from voyage charters in progress at the balance sheet date. These contract assets are transferred to trade receivables when the rights to such consideration become unconditional, typically when the Group has satisfied its performance obligations upon completion of the voyage. As voyage charters in progress have an expected duration of less than one year, the Group applies the practical expedient available under IFRS 15 and does not disclose information about remaining performance obligations as at balance sheet date. No impairment loss is recognised on contract assets (2019: USD Nil).

14. Loans receivable from joint venture

Prior to the Merger, Hafnia Tankers and CSSC (Hong Kong) Shipping Company Limited ("CSSC Shipping") formed a joint venture, Vista Shipping Pte. Ltd. (formerly known as Vista Shipping Limited), to build and operate six LR1 product tanker vessels.

As part of financing for the newbuilds under the joint venture, each joint venture partner provides to the joint venture a shareholder's loan to finance 50% of the first and second payment instalments for the six LR1 product tanker vessels.

In 2020, two additional orders for LR2 vessels were made through the joint venture. As part of financing for the LR2 newbuilds under the joint venture, each joint venture partner will provide to the joint venture a shareholder's loan to finance 50% of the pre-delivery instalments.

The loans receivable from the joint venture are unsecured, bear interest at three-month USD LIBOR plus 3% margin per annum and have no fixed terms of repayment. As the Group does not expect the joint venture to settle the loans within the next 12 months, the loan receivables are classified as "non-current" receivables. The carrying amounts of the loans receivable approximate their fair values since the interest rates are re-priceable at three-month intervals.

	2020 USD '000	2019 USD '000
Loans receivable from joint venture	**45,430**	29,584

15. Associated companies and joint venture

	2020 USD '000	2019 USD '000
Interest in associates	**1,798**	1,486
Interest in joint venture	**4,975**	232
	6,773	1,718

(a) Interest in associates

The Group, through its wholly owned subsidiary Hafnia Tankers ApS, has a 40% interest in Hafnia Management A/S and its subsidiaries ("Hafnia Management"). Hafnia Management A/S is incorporated in Denmark.

The following table summarises the profit for the year and other financial information according to Hafnia Management's own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Hafnia Management.

Hafnia Management	2020 USD '000	2019 USD '000
Percentage ownership interest	**40%**	40%
Current assets	**4,509**	14,422
Current liabilities	**(15)**	(10,707)
Net assets (100%)	**4,494**	3,715
Group's share of net assets (40%)	**1,798**	1,486
Revenue	**-**	10,298
Other income	**-**	3,962
Expenses	**(286)**	(10,176)
(Loss)/profit and total comprehensive income (100%)	**(286)**	4,084
(Loss)/profit and total comprehensive income (40%)	**(114)**	1,634
Other adjustments	**426**	(1,054)
Group's share of total comprehensive income (40%)	**312**	580

In addition to the associates disclosed above, the Group also had interests in individually immaterial associates that are accounted for using the equity method. This includes K/S Straits Tankers and Straits Tankers Pte. Ltd which were accounted for using the equity method up to May 2019.

	2020 USD '000	2019 USD '000
Aggregate carrying amount of individually immaterial associates	**-**	-
Share of total comprehensive income	**-**	44

(b) Interest in joint venture

Vista Shipping Pte. Ltd. and its subsidiaries (formerly known as Vista Shipping Limited and its subsidiaries) ("Vista Shipping") is a joint venture in which the Group has joint control and 50% ownership interest. Vista Shipping is domiciled in Singapore and structured as a separate vehicle in shipowning, and the Group has residual interest in its net assets. Accordingly, the Group has classified its interest in Vista Shipping as a joint venture. In accordance with the agreement under which Vista Shipping is established, the Group and the other investor in the joint venture have agreed to provide shareholders' loans in proportion to their interests to finance the newbuild programme as described in Note 14.

On 7 August 2020, Vista Shipping Limited and its subsidiaries (incorporated in the Marshall Islands) were redomiciled to Singapore.

The following table summarises the financial information of Vista Shipping as included in its own consolidated financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Vista Shipping.

	2020 USD '000	2019 USD '000
Percentage ownership interest	**50%**	50%
Non-current assets	**193,257**	154,350
Current assets	**23,150**	11,928
Non-current liabilities	**(115,718)**	(97,896)
Current liabilities	**(90,739)**	(67,918)
Net assets (100%)	**9,950**	464
Group's share of net assets (50%)	**4,975**	232
Revenue	**31,986**	18,339
Other income	**74**	497
Expenses	**(23,135)**	(17,574)
Profit and total comprehensive income (100%)	**8,925**	1,262
Profit and total comprehensive income (50%)	**4,463**	631
Prior year share of profits/(losses) not recognised*	**255**	(399)
Group's share of total comprehensive income (50%)	**4,718**	232

** Those share of losses had occurred prior to 2019 but were not recognised as the share of losses had exceeded the interest in the joint venture then. In 2019, those losses were subsequently recognised in profit or loss.*

16. Cash and cash equivalents including restricted cash

	2020 USD '000	2019 USD '000
Cash at bank and on hand	**100,567**	91,612
Restricted cash	**104**	-
	100,671	91,612
Less: Restricted cash	**104**	-
Cash and cash equivalents in the statements of cash flows	**100,567**	91,612

The restricted cash represents amounts placed in margin accounts for the trading of forward freight agreements. This restricted cash is not available to finance the Group's day to day operations.

17. Share capital and contributed surplus

	Number of shares	Share capital USD '000	Share premium USD '000	Total USD '000
At 1 January 2020 and 31 December 2020	**370,244,325**	**3,703**	**704,834**	**708,537**
At 1 January 2019	196,241,352	1,962	221,220	223,182
Shares issued for merger	146,916,627	1,470	411,872	413,342
New shares issued	27,086,346	271	71,742	72,013
At 31 December 2019	370,244,325	3,703	704,834	708,537

(a) Authorised share capital

The total authorised number of shares is 600,000,000 (2019: 600,000,000) common shares at par value of USD 0.01 per share.

In October 2019, the total authorised number of shares was increased by 200,000,000 shares with a par value of USD 0.01 per share.

(b) Issued and fully paid share capital

On 16 January 2019, the Company issued 146,916,627 shares in a share swap arrangement, where newly issued shares of the Company were exchanged for all outstanding shares of Hafnia Tankers during the Merger.

On 8 November 2019, the Company completed a pre-listing private placement (the "Pre-listing Private Placement") and subsequent listing (the "Listing") on Oslo Axess, which is a fully regulated marketplace operated by the Oslo Stock Exchange. 27,086,346 new shares were issued, raising net proceeds of USD 72.0 million.

On 25 February 2020, the Company announced its share buy-back program under which the Company may repurchase up to 7,193,407 common shares representing up to 1.9% of the total number of issued and outstanding shares in the Company for a total consideration of up to USD 20 million. The Company subsequently repurchased a total of 7,037,407 of its own common shares at an average price of NOK 17.08 per share, amounting to a total consideration of approximately USD 12.6 million.

Following an up-listing application to the Oslo Stock Exchange on 23 April 2020, the Company was subsequently listed on the Oslo Børs and commenced trading of its shares on 30 April 2020.

All issued common shares are fully paid. The newly issued shares rank pari passu with the existing shares.

(c) Share premium

The difference between the consideration for common shares issued and their par value is recognised as share premium.

USD 3.0 million of listing fees and expenses were capitalised against share premium upon the Listing during 2019.

(d) Contributed surplus

Contributed surplus relates to the amount transferred from share capital account when the par value of each common share was reduced from USD 5 to USD 0.01 per share in 2015. Contributed surplus is distributable, subject to the fulfilment of the conditions as stipulated under the Bermudian Law.

(e) Treasury shares

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Group. At 31 December 2020, the Group held 7,179,946 of the Company's shares (2019: 211,479).

18. Other reserves

(a) Composition:

	2020 USD '000	2019 USD '000
Share-based payment reserve	**1,859**	823
Hedging reserve	**(15,973)**	(6,514)
Translation reserve	**(34)**	(34)
	(14,148)	(5,725)

(b) Movements of the reserves

Hedging reserve	2020 USD '000	2019 USD '000
At beginning of the financial year	**(6,514)**	3,158
Adjustment of reserve on Merger	**-**	(2,816)
Fair value losses on cash flow hedges	**(22,103)**	(7,266)
Reclassification to profit or loss	**12,644**	410
At end of the financial year	**(15,973)**	(6,514)

More information about hedging derivatives is disclosed in Note 21.

19. Share-based payment arrangements

(a) Description of share option programme (equity-settled)

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share options) in the group. On 16 January 2019, 1 March 2019, 1 June 2019, 1 August 2019 and 25 February 2020, the Group granted share options to key management and senior employees. All options are to be settled by physical delivery of shares. The terms and conditions of the share options granted are as follows.

Grant date	Number of instruments in thousands	Vesting conditions	Expiry of options
Option grant to key management personnel on 16 January 2019 ("Tranche 1")	1,834	3 years' service condition from grant date of Tranche 1	16 January 2025
Option Grant to key management personnel on 1 March 2019 ("Tranche 2")	207	3 years' service condition from grant date of Tranche 1	16 January 2025
Option Grant to key management personnel on 1 June 2019 ("Tranche 3")	1,183	3 years' service condition from grant date of Tranche 1	16 January 2025
Option grant to key management personnel on 1 August 2019 ("Tranche 4")	207	3 years' service condition from grant date of Tranche 1	16 January 2025
Option Grant to key management personnel on 25 February 2020 ("LTIP 2020")	3,432	3 years' service condition from grant date	25 February 2026

The share options become void if the employee rescinds their position before the vesting date.

The fair value of services received in return for share options granted is based on the fair value of the share options granted, measured using the Black-Scholes model.

(b) Measurement of grant date fair values

The following inputs were used in the measurement of the fair values at respective grant dates of the share options.

	Share option programme				
	Tranche 1	**Tranche 2**	**Tranche 3**	**Tranche 4**	**LTIP 2020**
Grant date	16 January 2019	1 March 2019	1 June 2019	1 August 2019	25 February 2020
Share price (NOK)	24.03	24.17	24.47	24.67	20.57
Exercise price (NOK)	27.81	27.81	27.81	27.81	23.81
Time to maturity (years)	4.5	4.4	4.1	4.0	4.5
Risk free rate	2.54%	2.54%	1.93%	1.78%	1.24%
Volatility	50.00%	50.00%	50.00%	50.00%	50.00%
Dividends	-	-	-	-	-
Annual tenure risk	7.50%	7.50%	7.50%	7.50%	7.50%
Share options granted	1,833,958	207,278	1,183,063	207,278	3,431,577
Fair value at grant date (USD)	1,610,382	182,009	976,425	169,317	1,974,539

Volatility has been estimated as a benchmark volatility by considering the historical average share price volatility of a comparable peer group of companies.

20. Borrowings

	2020 USD '000	2019 USD '000
Current		
Loan from a related corporation	**-**	8,500
Loan from non-related parties	**390**	106
Bank borrowings	**142,548**	167,659
Finance lease liabilities	**7,376**	7,244
Other lease liabilities	**28,770**	29,821
	179,084	213,330
Non-current		
Loan from non-related parties	**4,391**	5,066
Bank borrowings	**967,979**	1,043,389
Finance lease liabilities	**74,767**	82,128
Other lease liabilities	**81,073**	104,213
	1,128,210	1,234,796
Total borrowings	**1,307,294**	1,448,126

As at 31 December 2020, bank borrowings consist of six credit facilities from external financial institutions, amounting to USD 676 million, USD 473 million, USD 266 million, USD 216 million, USD 128 million and USD 39 million respectively (2019: USD 676 million, USD 266 million, USD 216 million, USD 128 million, USD 30 million and USD 473 million respectively). These facilities are secured by the Group's fleet of vessels. The table below summarises key information of the bank borrowings:

Facility amount	Maturity date
USD 676 million facility	
- Tranche A USD 576 million	2022
- Tranche A USD 100 million revolving credit facility	2022
USD 473 million facility	2026
USD 266 million facility	2028
USD 128 million facility	2023
USD 216 million facility	2027
USD 39 million facility	
- USD 30 million term loan	2025
- USD 9 million revolving credit facility	2025

On 15 January 2020, the Group extended the USD 30 million facility by 15 months, with the revised maturity date being in April 2021. Two vessels have been mortgaged as security to this facility. On 17 November 2020, this facility was re-financed to a USD 39 million facility, with the revised maturity date extended to November 2025.

Interest rates

The weighted average effective interest rate per annum of total borrowings at the balance sheet date is as follows:

	2020	2019
Bank borrowings	**1.8%**	3.6%

The exposure of borrowings to interest rate risk is disclosed in Note 26.

Maturity of borrowings

The non-current borrowings have the following maturity:

	2020 USD '000	2019 USD '000
Later than one year and not later than five years	**770,480**	809,872
Later than five years	**357,730**	424,924
	1,128,210	1,234,796

Carrying amounts and fair values

The carrying values of bank borrowings approximate their fair values as the bank borrowings are re-priceable at three month intervals.

21. Derivative financial instruments

	2020 USD '000		2019 USD '000	
	Assets	**Liabilities**	Assets	Liabilities
Cash flow hedges				
- Interest rate swaps and caps	**-**	**15,991**	-	6,514
Non-hedging instruments				
- Interest rate caps	**26**	**-**	-	-
- Forward freight agreements	**205**	**-**	2,620	-
- Forward foreign exchange contracts	**40**	**-**	117	-
	271	**15,991**	2,737	6,514
Analysed as:				
Non-current	**26**	**15,973**	-	6,514
Current	**245**	**18**	2,737	-
	271	**15,991**	2,737	6,514

Cash flow hedges

Interest rate derivatives

The Group has entered into interest rate swap contracts that qualify for hedge accounting. The Group will pay interest at fixed rates varying from 0.46% to 2.26% (2019: 1.66% to 2.26%) per annum and receive interest at a floating rate based on three-month USD LIBOR.

The notional principal amount of these outstanding interest rate swaps as at 31 December 2020 amounted to USD 716.0 million (2019: USD 391.6 million) and the amounts mature in more than one year from the balance sheet date.

Non-hedging instruments

Interest rate derivatives

At 31 December 2020, the Group has entered into interest rate caps with a strike of 3.00% against the three-month USD LIBOR. The interest rate caps have a notional amount of USD 300.0 million with the last cap expiring in 2023.

Starting from 2020, hedge accounting for interest rate caps previously used as hedging instruments have been discontinued, with the cumulative fair value change previously recognised in "Hedging reserve" in other comprehensive income released to the current year profit or loss.

Forward foreign exchange contracts

The Group has entered into forward foreign exchange contracts to swap United States Dollars for Singapore Dollars with an external financial institution. The notional principal amounts of the outstanding forward foreign exchange contracts as at 31 December 2020 and 31 December 2019 comprise the following:

	2020 USD '000		2019 USD '000	
Currency	**Notional amounts in local currency**	**USD equivalent**	Notional amounts in local currency	USD equivalent
Singapore Dollars	**13,258**	**9,988**	6,400	4,649

As at 31 December 2020, these forward foreign exchange contracts will mature within four (2019: eight) months from the balance sheet date. No hedge accounting is adopted and the fair value changes of these forward exchange contracts are recorded in profit or loss.

Freight forward agreements
The Group has entered into a number of forward freight agreements in order to hedge its spot voyage exposure for its vessels trading in the pools. As at 31 December 2020, the Group has outstanding positions with a notional amount of USD 0.9 million, which will mature in the next one year. No hedge accounting is adopted and the fair value changes of these freight forward agreements are recorded in profit or loss.

22. Trade and other payables

	2020 **USD '000**	2019 USD '000
Trade payables		
- related corporations	**-**	144
- non-related parties	**23,793**	21,728
Provision for reinstatement costs of leased vessels	**-**	1,238
Accrued operating expenses	**38,772**	72,156
Other payables		
- related corporations	**5,186**	4,532
- non-related parties	**2,767**	6,914
	70,518	106,712
Analysed as:		
Non-current	**-**	1,238
Current	**70,518**	105,474
	70,518	106,712

The carrying amounts of trade and other payables, principally denominated in United States Dollars, approximate their fair values due to the short period to maturity.

The other payables due to the holding corporation and related corporations are unsecured, interest-free and are repayable on demand.

Information about the Group's exposure to currency and liquidity risks is included in Note 26.

23. Leases – as Lessee

Leases as lessee under IFRS 16

The Group leases vessels, office spaces, and other equipment from external parties under non-cancellable operating lease agreements. The leases have varying terms including options to extend and options to purchase.

Starting from 1 January 2019, the leased-in vessels are recognised as right-of-use assets and lease liabilities on the balance sheet under IFRS 16, except for leases of low value items relating to IT equipment and leases with lease terms of less than 12 months.

Information about leases for which the Group is a lessee is presented below.

(1) Right-of-use assets

Right-of-use assets related to leased-in vessels are presented as part of total property, plant and equipment (Note 8).

	USD '000
Cost	
At 1 January 2019	61,968
Additions	90,921
At 31 December 2019	152,889
Additions	38,076
Reclassification to property, plant and equipment – vessels upon exercising of purchase options[1]	(38,208)
At 31 December 2020	152,757

	USD '000
Accumulated depreciation	
Depreciation charge	23,523
At 31 December 2019	23,523
Depreciation charge	37,677
Reclassification to property, plant and equipment – vessels upon exercising of purchase options[1]	(15,819)
At 31 December 2020	45,381
Net book value	
At 31 December 2019	129,366
At 31 December 2020	107,376

[1] The Group exercised the purchase options on two bareboat chartered in LR1 vessels: Compass and Compassion. Upon exercise of the options, those vessels were put on sale, which has resulted in both vessels being classified as assets held for sale (Note 11) as at 31 December 2020.

(2) Amounts recognised in profit or loss

	2020 USD '000	2019 USD '000
Interest expense on lease liabilities	**9,250**	4,579
Expenses relating to short-term leases for vessels, included in charter hire expenses	**6,104**	4,303
Expenses relating to short-term leases for offices, included in rental expenses	**961**	1,138

(3) Amounts recognised in statement of cash flows

	2020 USD '000	2019 USD '000
Total cash outflow for leases	**78,754**	27,283

(4) Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in lease liability of USD 111.0 million (2019: USD 105.9 million).

(5) Operating lease commitments under IFRS 16

The Group leases vessels and office space from non-related parties under non-cancellable operating lease agreements. These leases have varying terms including options to extend and options to purchase.

Future minimum lease payments under non-cancellable operating leases committed at the reporting date have been recognised as lease liabilities under IFRS 16.

24. Commitments

Operating lease commitments - where the Group is a lessor

The Group leases vessels to non-related parties under non-cancellable operating lease agreements. The Group classifies these leases as operating leases as the Group retains substantially all risks and rewards incidental to ownership of the leased assets.

In 2020, the Group recognised revenue from time charters of USD 79.8 million (2019: USD 40.4 million) as part of revenue (Note 3).

The undiscounted lease payments under operating leases to be received after 31 December are analysed as follows:

	2020 USD '000	2019 USD '000
Less than one year	**54,266**	50,724
One to two years	**27,421**	36,425
Two to three years	**-**	23,536
	81,687	110,685

Capital commitments

The Group's joint venture is committed to incurring capital expenditure of USD 100.8 million (2019: USD 111.0 million), of which the Group's share is USD 50.4 million (2019: USD 55.5 million).

25. Financial guarantee contracts

The Company's policy is to provide financial guarantees only to the wholly owned subsidiaries or joint ventures. At 31 December 2020, the Company has issued financial guarantees to certain banks in respect of credit facilities granted to subsidiaries (see Note 20). These bank borrowings amount to USD 1,110.5 million (2019: USD 1,211.0 million) at the balance sheet date.

The Company and CSSC Shipping have issued a joint financial guarantee to certain banks in respect of credit facilities granted to the joint venture. Bank borrowings provided to the joint venture amounts to USD 152.5 million (2019: USD 105.0 million) at the balance sheet date. Corporate guarantees given will become due and payable on demand if an event of default occurs.

In addition, the Company issued a limited financial guarantee to a bank in respect of the USD 50.0 million (2019: USD Nil) receivables purchase agreement facility granted to the commercial pools.

26. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, interest rate risk and cash flow fair value and interest rate risk); credit risk; liquidity risk and capital risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Financial risk management is handled by the Group as part of its operations. The management team identifies, evaluates and manages financial risks in close co-operation with all operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and use of derivative and non-derivative financial instruments.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Group. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

A fundamental reform of major interest rate benchmarks is being undertaken globally to replace or reform IBOR with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has significant exposure to IBORs on its financial instruments that will be replaced or reformed as part of this market-wide initiative. There is significant uncertainty over the timing and the methods of transition across the jurisdictions that the Group operates in. The Group anticipates that IBOR reform will have significant operational, risk management and accounting impacts. The Group evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at the reporting date. The Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates. IBOR benchmark rates are quoted each day and IBOR cash flows are exchanged with its counterparties as usual. However, the Group's cash flow hedging relationships extend beyond the anticipated cessation dates for US Dollar LIBOR. The Group expects that US dollar LIBOR will be replaced by SOFR, but there is uncertainty over the timing and amount of the replacement rate cash flows. Such uncertainty may impact the hedging relationship, for example its effective-


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ness assessment and highly probable forecast transaction assessment.

The Group applies the amendments to IFRS 9, IAS 39 and IFRS 7 Interest rate benchmark reform issued in September 2019 to these hedging relationships directly affected by IBOR reform.

The Group is in the process of establishing policies for amending the interbank offered rates on its existing floating-rate loan portfolio indexed to IBORs that will be replaced as part of IBOR reform. The Group expects to participate in bilateral negotiations with the counterparties to begin amending the contractual terms of its existing floating-rate financial instruments in the second half of 2020. However, the exact timing will vary depending on the extent to which standardised language can be applied and the extent of bilateral negotiations between the Group and its counterparties. The Group expects that these contractual changes will be amended in a uniform way.

The Group holds derivatives for risk management purposes, some of which are designated in hedging relationships. These derivatives have floating legs that are indexed to various IBORs. The Group's derivative instruments are governed by ISDA's 2006 definitions. ISDA is currently reviewing its definitions in light of IBOR reform and the Group expects it to issue standardised amendments to all impacted derivative contracts at a future date. No derivative instruments have been modified as at the reporting date.

Price risk

The shipping market can be subject to significant fluctuations. The Group's vessels are employed under a variety of chartering arrangements including time charters and voyage charters.

In 2020, approximately 9% (2019: 5%) of the Group's shipping revenue was derived from vessels under fixed income charters (comprising time charters).

The Group is exposed to the risk of variations in fuel oil costs, which are affected by the global political and economic environment. Historically, fuel expenses have been the most significant expense. Under a time charter, the charterer is responsible for fuel costs, therefore, fixed income charters also reduce exposure to fuel price fluctuations.

In 2020, fuel oil costs comprised 35% (2019: 35%) of the Group's operating expenses (excluding depreciation). If price of fuel oil has increased/decreased by USD 1 (2019: USD 1) per metric ton with all other variables including tax rate being held constant, the net results will be lower/higher by USD 404,079 (2019: USD 391,402) as a result of higher/lower fuel oil consumption expense.

In addition to securing cash flows through time charter contracts, the Group has entered into forward freight agreements to limit the risk involved in trading in the spot market. Details of the Group's outstanding forward freight agreements are disclosed in Note 21.

Currency risk

The functional currency of most of the entities in the Group is United States Dollars ("USD"). The Group's operating revenue, and the majority of its interest-bearing debts and contractual obligations for vessels under construction are denominated in USD. The Group's vessels are also valued in USD when trading in the second-hand market.

The Group is exposed to foreign currency exchange risks for administrative expenses incurred by offices or agents globally, predominantly in Denmark and Singapore. Further, the Group is required to pay port charges in currencies other than USD. However, foreign currency exposure in port charges is minimal as any increase is usually compensated by a corresponding increase in freight, particularly in the tanker sector through industry-wide increases in Worldscale flat rates.

At the balance sheet date, the Group has cash and cash equivalents denominated in DKK.

Details of the Group's outstanding forward exchange contracts are disclosed in Note 21.

At 31 December 2020 and 31 December 2019, the Group has assessed that it has insignificant exposure to foreign currency risks.

Interest rate risk

The Group adopts a policy of ensuring that between 40% and 75% of its interest rate risk exposure is at a fixed-rate or limited to a certain threshold. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk, and also by entering into interest rate caps to receive payments when the agreed floating interest rate goes above the strike price. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

(1) the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and

(2) differences in repricing dates between the swaps and the borrowings.

The Group has interest-bearing financial liabilities in the form of borrowings from external financial institutions at variable rates.

The Group manages its cashflow interest rate risks by swapping a portion of its floating rate interest payments to fixed rate payments using interest rate swaps and also by ensuring that the floating interest rate on a portion of its floating rate interest payments is limited to 3% (Note 21).

Cash flow sensitivity analysis for variable rate instruments

If the interest rates have increased/decreased by 50 basis points, with all other variables including tax rate being held constant, the net results will be lower/higher by approximately USD 2,580,000 (2019: USD 3,230,000) as a result of higher/lower interest expense on the portion of the borrowings that is not covered by the interest rate swap instruments. Total equity would have been higher/lower by USD 10,131,000 (2019: USD 6,428,000) mainly as a result of fair value gain/loss from the interest rate swaps assuming these swaps remain effective.

Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group entered into interest rate agreements to limit exposure to interest rate fluctuations. The details of these exposures are disclosed in Note 21. As at 31 December 2020, the notional principal amount of these interest rate swaps and caps represents approximately 61% (2019: 57%) of the Group's borrowings on floating interest rates.

As at the reporting date, the interest rate profile of interest-bearing financial instruments, as reported to the management, was as follows:

	Nominal amount	
	2020 USD '000	2019 USD '000
Variable rate instruments		
Financial assets	**45,430**	29,584
Financial liabilities	**1,120,657**	1,223,417
Effect of interest rate swaps	**683,407**	391,604
Effect of interest rate caps	**-**	300,000
	1,849,494	1,944,605

(b) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, cash and cash equivalents and loans receivable from joint venture. The maximum exposure is represented by the carrying value of each financial asset on the balance sheet.

Financial assets that are neither past due or impaired

The Group performs periodic credit evaluations of its charterers. The Group has implemented policies to ensure cash funds are deposited and derivatives are entered into with banks and internationally recognised financial institutions with a good credit rating and the vessels are fixed to charterers with an appropriate credit rating who can provide sufficient guarantees.

There is no class of financial assets that is past due and/or impaired except for trade and other receivables (Note 13).

Trade receivables and contract assets

The Group applies the simplified lifetime approach and uses a provision matrix to determine the ECLs of trade receivables and contract assets. It is based on the Group's historical observed default rates and is adjusted by a current and forward-looking estimate based on current economic conditions.

Credit risk is concentrated on several charterers. The Group adopts the policy of dealing only with customers with appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

The allowance made arose mainly from the provision of charter services to a customer which had met with significant financial difficulties during the financial year ended 31 December 2018. Except for this credit-impaired receivable, the Group has determined that the ECL provision estimated based on an allowance matrix of 0.3% to 1% for trade receivables aged "Past due up to three months" and "Past due for more than six months", respectively, as at 31 December 2020 and 31 December 2019 to be insignificant.

The age analysis of trade receivables and contract assets is as follows:

	2020 USD '000	2019 USD '000
Current (not past due)	**940**	-
Past due 0 to 3 months	**44,798**	77,833
Past due 3 to 6 months	**20,427**	19,243
Past due for more than 6 months	**1,594**	11,463
Less: Allowance for impairment	**(1,594)**	(1,594)
	66,165	106,945

There was no movement in the allowance for impairment in respect of trade receivables and contract assets during the year.

	2020 USD '000	2019 USD '000
Allowance for impairment as at 1 January 2019, 31 December 2019 and 31 December 2020	**1,594**	1,594

Loans receivable from joint venture/other receivables due from non-related parties

The Group has used a general 12-month approach in assessing the credit risk associated with other receivables and loans issued to the joint venture. As the loans extended to the joint venture forms an extension of the Group's investment in product tankers via co-ownership with another strategic investor, and the vessels owned by the joint venture generate positive cash flows, management considers the credit risk of loans issued to the joint venture as low. As a result of the assessment performed, no ECL provision has been recognised.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet operating and capital expenditure needs. To address the inherent unpredictability of short-term liquidity requirements, the Group maintains sufficient cash for its daily operations in short-term cash deposits with banks, has access to the unutilised portions of revolving credit facilities and entered into trade receivables factoring agreement (with limited recourse to the Company) with financial institutions.

The maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows is as follows:

	Less than 1 year USD '000	Between 1 and 2 years USD '000	Between 2 and 5 years USD '000	Over 5 years USD '000
At 31 December 2020				
Trade and other payables	70,518	-	-	-
Derivative financial instruments	6,749	4,337	4,753	143
Interest payments	35,885	30,592	49,582	7,586
Borrowings	144,834	315,910	350,077	309,836
Lease liabilities	36,246	36,813	80,217	19,082
	294,232	**387,652**	**484,629**	**336,647**

	Less than 1 year USD '000	Between 1 and 2 years USD '000	Between 2 and 5 years USD '000	Over 5 years USD '000
At 31 December 2019				
Trade and other payables[1]	105,474	-	-	-
Derivative financial instruments	881	983	495	181
Interest payments	50,130	43,379	79,560	25,179
Borrowings	169,996	139,996	571,640	341,785
Lease liabilities	46,482	50,394	107,762	33,608
	372,963	**234,752**	**759,457**	**400,753**

[1] *Excludes provision for reinstatement costs of leased vessels.*

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividends paid, return capital to shareholders, obtain new borrowings or sell assets to reduce borrowings.

The Group is in compliance with all externally imposed capital requirements.

(e) Accounting classifications and fair values

The following tables present assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(1) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(2) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and

(3) inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Note	Carrying amount: Mandatorily at FVTPL - others USD '000	Carrying amount: Financial assets at amortised cost USD '000	Carrying amount: Total USD '000	Fair value: Level 1 USD '000	Fair value: Level 2 USD '000	Fair value: Level 3 USD '000	Fair value: Total USD '000
At 31 December 2020								
Financial assets measured at fair value								
Forward foreign exchange contracts	21	40	-	40	-	40	-	40
Forward freight agreements	21	205	-	205	-	205	-	205
Interest rate caps	21	26	-	26	-	26	-	26
		271	-	271				
Financial assets not measured at fair value								
Loans receivable from joint venture	14	-	45,430	45,430				
Trade and other receivables[1]	13	-	158,918	158,918				
Cash and cash equivalents	16	-	100,671	100,671				
		-	305,019	305,019				

[1] *Excluding prepayments*

	Note	Carrying amount: Fair value-hedging instruments USD '000	Carrying amount: Other financial liabilities USD '000	Carrying amount: Total USD '000	Fair value: Level 1 USD '000	Fair value: Level 2 USD '000	Fair value: Level 3 USD '000	Fair value: Total USD '000
At 31 December 2020								
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	21	(15,991)	-	(15,991)	-	(15,991)	-	(15,991)
Financial liabilities not measured at fair value								
Bank borrowings	20	-	(1,110,527)	(1,110,527)	-	(1,110,527)	-	(1,110,527)
Loan from non-related parties	20	-	(4,781)	(4,781)	-	(4,781)	-	(4,781)
Trade payables	22	-	(70,518)	(70,518)				
		-	(1,185,826)	(1,185,826)				

	Note	Carrying amount: Mandatorily at FVTPL - others USD '000	Carrying amount: Financial assets at amortised cost USD '000	Carrying amount: Total USD '000	Fair value: Level 1 USD '000	Fair value: Level 2 USD '000	Fair value: Level 3 USD '000	Fair value: Total USD '000
At 31 December 2019								
Financial assets measured at fair value								
Forward freight agreements	21	2,620	-	2,620	-	2,620	-	2,620
Forward foreign exchange contracts	21	117	-	117	-	117	-	117
		2,737	-	2,737				
Financial assets not measured at fair value								
Loans receivable from joint venture	14	-	29,584	29,584				
Trade and other receivables[1]	13	-	223,065	223,065				
Cash and cash equivalents	16	-	91,612	91,612				
		-	344,261	344,261				

[1] *Excluding prepayments*

	Note	Carrying amount: Fair value – hedging instruments USD '000	Carrying amount: Other financial liabilities USD '000	Carrying amount: Total USD '000	Fair value: Level 1 USD '000	Fair value: Level 2 USD '000	Fair value: Level 3 USD '000	Fair value: Total USD '000
At 31 December 2019								
Financial liabilities measured at fair value								
Interest rate swaps and caps used for hedging	21	(6,514)	-	(6,514)	-	(6,514)	-	(6,514)
Financial liabilities not measured at fair value								
Bank borrowings	20	-	(1,211,048)	(1,211,048)	-	(1,211,048)	-	(1,211,048)
Loan from a related corporation	20	-	(8,500)	(8,500)	-	(8,500)	-	(8,500)
Loan from non-related parties	20	-	(5,172)	(5,172)	-	(5,172)	-	(5,172)
Trade payables[1]	22	-	(105,474)	(105,474)				
		-	(1,330,194)	(1,330,194)				

[1] *Excluding provision for reinstatement costs of leased vessels*

The Group has no Level 1 and Level 3 financial assets or liabilities as at 31 December 2020 and 2019.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. These financial instruments are included in Level 2, as all significant inputs required to fair value an instrument are observable.

(f) Offsetting financial assets and financial liabilities

The Group's financial assets and liabilities are not subjected to enforceable master netting arrangements or similar arrangements. Financial derivatives, financial assets and financial liabilities are presented separately on the consolidated balance sheet, without netting off of balances.

27. Holding corporations

The Company's ultimate and immediate holding corporation is BW Group Limited, incorporated in Bermuda, which is wholly owned by Sohmen family interests.

28. Related party transactions

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following transactions took place between the Group and related parties during the financial year on commercial terms agreed by the parties:

	2020 USD '000	2019 USD '000
Sale and purchase of services		
Support service fees paid/payable to a related corporation	**4,746**	7,705
Interest paid/payable to a related corporation	**-**	1,894
Rental paid/payable to a related corporation	**700**	634
Share capital contribution		
Subscription of shares by the immediate and ultimate holding corporation	**-**	50,000

Key management remuneration for the financial year ended 31 December 2020 amounted to USD 2,865,872 (2019: USD 2,187,826).

Related corporations refer to corporations controlled by Sohmen family interests.

29. Segment information

Operating segments are determined based on the reports submitted to management to make strategic decisions.

The management considers the business to be organised into four main operating segments:

(a) Long Range II ('LR2')
(b) Long Range I ('LR1')
(c) Medium Range ('MR')
(d) Handy size ('Handy')

The operating segments are organised and managed according to the size of the product tanker vessels.

The LR2 segment consists of vessels between 85,000 DWT and 124,999 DWT in size and provides transportation of clean petroleum oil products.

The LR1 segment consists of vessels between 55,000 DWT and 84,999 DWT in size and provides transportation of clean and dirty petroleum products.

The MR segment consists of vessels between 40,000 DWT and 54,999 DWT in size and provides transportation of clean and dirty oil products, vegetable oil and easy chemicals.

The Handy segment consists of vessels between 25,000 DWT and 39,999 DWT in size and provides transportation of clean and dirty oil products, vegetable oil and easy chemicals.

Management assesses the performance of the operating segments based on operating profit before depreciation, impairment and gain on disposal of vessels ("Operating EBITDA"). This measurement basis excludes the effects of impairment charges and gain on disposal of vessels that are not expected to recur regularly in every financial period. Interest income and finance expenses, which result from the Group's capital and liquidity position that is centrally managed for the benefit of various activities, are not allocated to segments.

	LR2 USD '000	**LR1 USD '000**	**MR USD '000**	**Handy USD '000**	**Total USD '000**
2020					
Revenue	58,644	276,827	427,557	111,071	874,099
Voyage expenses	(437)	(72,187)	(140,780)	(37,481)	(250,885)
TCE Income	58,207	204,640	286,777	73,590	623,214
Other operating income	(114)	11,794	3,375	2,534	17,589
Vessel operating expenses	(13,305)	(64,895)	(94,396)	(28,070)	(200,666)
Technical management expenses	(1,342)	(5,311)	(7,936)	(2,097)	(16,686)
Charter hire expenses	-	(7,997)	(16,590)	(2,393)	(26,980)
Operating EBITDA	43,446	138,231	171,230	43,564	396,471
Depreciation charge	(13,848)	(48,278)	(78,200)	(15,045)	(155,371)
					241,100
Unallocated					(89,670)
Profit before income tax					151,430
Segment assets	287,838	551,899	1,286,581	249,246	2,375,564
Segment assets include:					
Additions/adjustments to:					
- vessels	116	(9,479)	9,397	250	284
- dry docking	150	4,787	13,326	2,765	21,028
- right-of-use assets	-	(17,177)	17,045	-	(132)
Segment liabillities	1,715	18,441	25,806	5,921	51,883

	LR2 USD '000	LR1 USD '000	MR USD '000	Handy USD '000	Total USD '000
2019					
Revenue	25,452	299,831	389,777	112,795	827,855
Voyage expenses	(719)	(123,424)	(140,606)	(48,676)	(313,425)
TCE Income	24,733	176,407	249,171	64,119	514,430
Other operating income	-	6,128	2,412	1,822	10,362
Vessel operating expenses	(6,643)	(63,906)	(88,023)	(26,174)	(184,746)
Technical management expenses	(727)	(5,132)	(7,477)	(2,097)	(15,433)
Charter hire expenses	-	(4,846)	(12,021)	-	(16,867)
Operating EBITDA	17,363	108,651	144,062	37,670	307,746
Depreciation charge	(6,902)	(42,901)	(66,382)	(14,905)	(131,090)
	10,461	65,750	77,680	22,765	176,656
Unallocated					(103,907)
Profit before income tax					72,749
Segment assets	305,122	623,205	1,334,235	272,231	2,534,793
Segments assets include:					
Additions/adjustments to:					
- vessels/vessels under construction	177,635	2,056	54,308	1,888	235,887
- dry docking	16,496	(350)	751	3,127	20,024
- right-of-use assets	-	39,576	51,345	-	90,921
Segment liabilities	5,084	35,830	33,539	7,847	82,300

Reportable segments' assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. For the purposes of monitoring segment performance and allocating resources between segments, management monitors vessels, vessels under construction, dry docking, inventories, and trade and other receivables that can be directly attributable to each segment.

	2020 USD '000	2019 USD '000
Segment assets	**2,375,564**	2,534,793
Unallocated items:		
Cash and cash equivalents	**100,671**	91,612
Trade and other receivables	**56,184**	46,161
Derivative financial instruments	**271**	2,737
Inventories	**-**	992
Property, plant and equipment	**25**	100
Intangible assets	**4,424**	3,159
Associated companies and joint venture	**6,773**	1,718
Total assets	**2,543,912**	2,681,272

Reportable segments' liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. These liabilities are allocated based on the operations of the segments. Certain trade and other payables are allocated to the reportable segments. All other liabilities are reported as unallocated items.

	2020 USD '000	2019 USD '000
Segment liabilities	**51,883**	82,300
Unallocated items:		
Borrowings	**1,307,294**	1,448,126
Current income tax liabilities	**2,071**	1,416
Trade and other payables	**18,635**	24,412
Derivative financial instruments	**15,991**	6,514
Total liabilities	**1,395,874**	1,562,768

Geographical segments' revenue

The Group's vessels operate on an international platform with individual vessels calling at various ports across the globe. The Group does not consider the domicile of its customers as a relevant decision making guideline and hence does not consider it meaningful to allocate vessels and revenue to specific geographical locations.

Major customers

Revenues from the top five major customers of the Group across all operating segments represents approximately USD 195.5 million (2019: USD 284.4 million) of the Group's total revenues.

30. Dividends paid

	2020 USD '000	2019 USD '000
Final dividend paid in respect of Q4 2019 of USD 0.0573 per share	**21,204**	-
Interim dividend paid in respect of Q1 2020 of USD 0.1062 per share	**38,557**	-
Interim dividend paid in respect of Q2 2020 of USD 0.1062 per share	**38,557**	-
	98,318	-

The directors declared a dividend of USD 21.2 million for the financial year ended 31 December 2019. Together with the interim dividends paid for Q1 2020 and Q2 2020 of USD 0.1062 per share in both quarters, the total dividend paid in FY 2020 amounted to USD 0.2708 per share or USD 98.3 million.

Under the Bermuda Companies Act, dividends cannot be paid if there are reasonable grounds for believing that (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the Company's assets would thereby be less than its liabilities.

The Company has acted in accordance with the provisions of the Bermuda Companies Act when declaring dividends.

31. Events occurring after balance sheet date

On 5 January 2021, the Vista Joint Venture took delivery of the LR1 vessel, Hafnia Nanjing.

On 18 January 2021, the sale of Compass and Compassion (classified as assets held for sale) to external parties was completed.

On 25 January 2021, the Certificate of Cancellation of Hafnia Tankers LLC was filed with the Registrar of Corporations in the Republic of the Marshall Islands.

32. Authorisation of financial statements

These financial statements were authorised to be issued by a resolution of the Board of Directors of Hafnia Limited passed on 7 March 2021.

33. Listing of companies in the Group

Name of companies		Principal activities	Country of incorporation	Equity holding 2020 %	Equity holding 2019 %
BW Aldrich Pte. Ltd.		Shipowning	Singapore	**100**	100
BW Clearwater Pte. Ltd.		Shipowning	Singapore	**100**	100
BW Causeway Pte. Ltd		Dormant	Singapore	**100**	100
BW Fleet Management Pte. Ltd.		Ship-management	Singapore	**100**	100
BW Stanley Pte. Ltd.		Shipowning	Singapore	**100**	100
Hafnia Pools Pte. Ltd.		Chartering	Singapore	**100**	100
Komplementaranpartsselskabet Straits Tankers	a	Investment	Denmark	**100**	100
K/S Straits Tankers	c	Investment	Denmark	**100**	100
Straits Tankers Pte. Ltd.	c	Dormant	Singapore	**100**	100
BW Silvermine Pte. Ltd.		Dormant	Singapore	**100**	100
BW Magellan Limited	f	Dormant	Bermuda	**-**	100
BW Pacific Management Pte. Ltd.		Agency office	Singapore	**100**	100
Hafnia Pte. Ltd.		Chartering	Singapore	**100**	100
Hafnia Tankers LLC	a	Investment	Marshall Islands	**100**	100
Hafnia Tankers Marshall Islands LLC	a	Investment	Marshall Islands	**100**	100
Hafnia Tankers Singapore Holding Pte Ltd	a	Investment	Singapore	**100**	100
Hafnia Tankers Singapore Sub-Holding Pte Ltd	a	Shipowning	Singapore	**100**	100
Hafnia Tankers ApS	a	Shipowning	Denmark	**100**	100
Hafnia Tankers Shipholding Beta Pte. Ltd.	a	Dormant	Singapore	**100**	100
Hafnia Tankers Shipholding Alpha Pte Ltd	a	Shipowning	Singapore	**100**	100
Hafnia One Pte. Ltd.	b	Shipowning	Singapore	**100**	100
Hafnia Tankers Malta Limited (under liquidation)	a	Dormant	Malta	**-**	100
Hafnia Tankers Shipholding Malta Ltd. (under liquidation)	a	Dormant	Malta	**-**	100
Hafnia Tankers Singapore Pte Ltd	a	Investment	Singapore	**100**	100

Name of companies		Principal activities	Country of incorporation	**Equity holding 2020 %**	Equity holding 2019 %
Hafnia Tankers Shipholding Singapore Pte. Ltd.	a	Shipowning	Singapore	**100**	100
Hafnia Tankers Shipholding 2 Singapore Pte. Ltd.	a	Shipowning	Singapore	**100**	100
Hafnia Tankers Chartering Singapore Pte. Ltd.	a	Chartering	Singapore	**100**	100
Hafnia Tankers International Chartering Inc.	a	Chartering	Marshall Islands	**100**	100
Hafnia Tankers Services Singapore Pte Ltd	a	Ship-management	Singapore	**100**	100
Hafnia Management A/S	d	Ship-management	Denmark	**40**	40
Hafnia Bunkers ApS	d	Ship-management	Denmark	**40**	40
Hafnia Handy Pool Management ApS	d	Ship-management	Denmark	**40**	40
Hafnia MR Pool Management ApS	d	Ship-management	Denmark	**40**	40
Hafnia SARL	e	Corporate support	Monaco	**100**	-
Vista Shipping Pte. Ltd.	d	Investment	Singapore	**50**	50
Vista Shipholding I Pte. Ltd.	d	Shipowning	Singapore	**50**	50
Vista Shipholding II Pte. Ltd.	d	Shipowning	Singapore	**50**	50
Vista Shipholding III Pte. Ltd.	d	Shipowning	Singapore	**50**	50
Vista Shipholding IV Pte. Ltd.	d	Shipowning	Singapore	**50**	50
Vista Shipholding V Pte. Ltd.	d	Shipowning	Singapore	**50**	50
Vista Shipholding VI Pte. Ltd.	d	Shipowning	Singapore	**50**	50
Vista Shipholding VII Pte. Ltd.	e	Shipowning	Singapore	**50**	-
Vista Shipholding VIII Pte. Ltd.	e	Shipowning	Singapore	**50**	-

(a) This company became a subsidiary following the merger with Hafnia Tankers.
(b) This company was incorporated in 2019.
(c) This company was 100% acquired in May 2019 (Note 15).
(d) This company became an associated company/joint venture following the merger with Hafnia Tankers.
(e) This company was registered in 2020.
(f) This company was disposed in 2020.

HAFNIA LIMITED

(Incorporated in Bermuda)

COMPANY FINANCIAL STATEMENTS

For the financial year
ended 31 December

2020

Statement of comprehensive income

For the financial year ended 31 December 2020	Note	2020 USD '000	2019 USD '000
Dividend from a subsidiary		**91,319**	-
Other operating expenses	3	**(1,826)**	(457)
Operating profit/(loss)		**89,493**	(457)
Interest income		**333**	980
Interest expense		**(30)**	(30)
Other finance expense		**(38)**	(1)
Finance income – net		**265**	949
Profit before income tax		**89,758**	492
Income tax expense	4	**-**	-
Profit after tax, representing total comprehensive income for the financial year		**89,758**	492

Balance sheet

As at 31 December 2020	Note	2020 USD '000	2019 USD '000
Subsidiaries	7	**1,582,912**	1,188,120
Loans receivable from subsidiary	6	**4,900**	4,900
Total non-current assets		**1,587,812**	1,193,020
Other receivables	5	**70,124**	-
Loans receivable from subsidiary	6	**3,163**	2,830
Cash and cash equivalents	8	**1**	2
Total current assets		**73,288**	2,832
Total assets		**1,661,100**	1,195,852
Share capital	9	**3,703**	3,703
Share premium	9	**704,834**	704,834
Contributed surplus		**537,112**	537,112
Merger reserve		**(76,657)**	(76,657)
Share-based payment reserve		**1,859**	823
Treasury shares		**(13,001)**	(500)
Retained earnings		**5,853**	14,413
Total shareholders' equity		**1,163,703**	1,183,728
Other payables	11	**497,397**	12,124
Total liabilities		**497,397**	12,124
Total equity and liabilities		**1,661,100**	1,195,852

Statement of changes in equity

For the financial year ended 31 December 2020	Note	Share capital USD '000	Share premium USD '000	Con-tributed surplus USD '000	Merger reserve USD '000	Treasury shares USD '000	Share-based payment reserve USD '000	Retained earnings USD '000	Total USD '000
Balance at 1 January 2020		3,703	704,834	537,112	(76,657)	(500)	823	14,413	1,183,728
Transactions with owners									
Treasury shares acquired		-	-	-	-	(12,641)	-	-	(12,641)
Equity-settled share-based payment		-	-	-	-	140	1,036	-	1,176
Dividends paid	16	-	-	-	-	-	-	(98,318)	(98,318)
Total comprehensive income									
Profit after tax, representing total comprehensive income for the financial year		-	-	-	-	-	-	89,758	89,758
Balance at 31 December 2020		**3,703**	**704,834**	**537,112**	**(76,657)**	**(13,001)**	**1,859**	**5,853**	**1,163,703**

	Note	Share capital USD '000	Share premium USD '000	Con-tributed surplus USD '000	Merger reserve USD '000	Treasury shares USD '000	Share-based payment reserve USD '000	Retained earnings USD '000	Total USD '000
Balance at 1 January 2019		1,962	221,220	537,112	-	-	-	13,624	773,918
Transactions with owners									
Issue of shares to former shareholders of Hafnia Tankers	2.2	1,470	411,872	-	-	-	-	-	413,342
Acquisition of Hafnia Tankers' reserves	2.2	-	-	-	-	-	-	297	297
Merger accounting adjustments	2.2								
- Merger deficit on combination		-	-	-	(76,657)	-	-	-	(76,657)
Treasury shares acquired		-	-	-	-	(500)	-	-	(500)
Equity-settled share-based payment		-	-	-	-	-	823	-	823
Issue of common shares (net of capitalised listing fees)	9	271	71,742	-	-	-	-	-	72,013
Total comprehensive income									
Profit after tax, representing total comprehensive income for the financial year		-	-	-	-	-	-	492	492
Balance at 31 December 2019		**3,703**	**704,834**	**537,112**	**(76,657)**	**(500)**	**823**	**14,413**	**1,183,728**

Statement of cash flows

For the financial year ended 31 December 2020	2020 USD '000	2019 USD '000
Cash flows from operating activities		
Profit for the financial year	**89,758**	492
Adjustments for:		
- interest income	**(333)**	(980)
- dividend income	**(91,319)**	-
Operating cash flows before working capital changes	**(1,894)**	(488)
Changes in working capital:		
- other receivables	**(406,265)**	(11,523)
- other payables	**408,158**	11,956
Net cash used in operating activities	**(1)**	(55)
Net decrease in cash and cash equivalents	**(1)**	(55)
Cash and cash equivalents at beginning of the financial year	**2**	36
Acquisition of Hafnia Tankers' cash and cash equivalents on merger	**-**	21
Cash and cash equivalents at end of the financial year	**1**	2

Significant non-cash transactions

During the year USD 98.3 million of dividends payment to shareholder were settled by subsidiaries for and on behalf of the Company (2019: USD Nil).

USD 12.6 million of treasury shares acquired during the year were paid by a subsidiary for and on behalf of the Company (2019: USD 0.5 million).

Proceeds from issuance of common shares of USD 72.0 million during the listing of the Company's shares on Oslo Axess in 2019 were received by a subsidiary for and on behalf of the Company.

Notes to the financial statements

These notes form an integral part of and should be read in conjunction with the accompanying financial statements

1. General information

Hafnia Limited (the "Company"), is incorporated and domiciled in Bermuda. The address of its registered office is Washington Mall Phase 2, 4th Floor, Suite 400, 22 Church Street, HM 1189, Hamilton HM EX, Bermuda.

The principal activity of the Company is that of investment holding.

These financial statements were authorised for issue by the Board of Directors of Hafnia Limited on 7 March 2021.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2.2 Scheme of reorganisation and merger of entities (the "Merger")

On 16 January 2019, a wholly-owned subsidiary of Hafnia Limited (formerly known as BW Tankers Limited), BW Tankers Corporation, merged with Hafnia Tankers Limited ("Hafnia Tankers"), a fellow subsidiary of BW Group Limited ("BW Group"). The merger was effected through a share swap arrangement, where newly issued shares of BW Tankers Limited were exchanged for all outstanding shares of Hafnia Tankers Limited. On 21 January 2019, BW Tankers Corporation was merged with BW Tankers Limited without consideration in a simplified parent and subsidiary merger. BW Tankers Limited, the surviving entity, then changed its name to Hafnia Limited.

As both BW Tankers Limited and Hafnia Tankers Limited were under the common control of the BW Group before and after the merger, the Company applied the common control exemption and accounted for the opening balance of the merged Company using the book value accounting method. Under the book value accounting method, the combined assets, liabilities and reserves of the merged companies are recorded at their existing carrying amounts at the date of merger. Any adjustments that may be required in equity to reflect the difference between the consideration paid and the capital of the acquiree is recognised directly in reserves.

The merger of BW Tankers Limited and Hafnia Tankers Limited was performed on a relative net asset value ("NAV") basis, where the NAV of both merging entities were evaluated, added together and shareholdings allocated based on the proportionate contributions to the NAV of the merged entity. The NAV utilised in the exercise was performed based on the standalone financial statements of the merging entities. As a result, by utilising the book values of the merging entities from the standalone financial statements' perspective, management believes that such an approach better reflects the economics of the merger, and provides more relevant information to the shareholders. As a matter of practical expediency, management had effected the merger utilising the adjusted book values of both merging entities as at the beginning of the reporting period, 1 January 2019 as the financial effect of 16 days was not material to the financial position of the Company.

A summary of the combined assets, liabilities and reserves of the merged companies are presented below.

	BW Tankers Limited at 1 January 2019 USD '000	Hafnia Tankers Limited at 1 January 2019 USD '000	Merger adjustments USD '000	Total opening balances at 1 January 2019 USD '000
Subsidiaries	320,010	348,470	-	668,480
Other receivables	454,039	15	-	454,054
Cash and cash equivalents	36	21	-	57
Total assets	**774,085**	**348,506**	**-**	**1,122,591**
Trade and other payables	167	11,525	-	11,692
Total liabilities	**167**	**11,525**	**-**	**11,692**
Share capital[1]	1,962	336,684	(335,215)	3,431
Share premium[1]	221,220	-	411,872	633,092
Contributed surplus	537,112	-	-	537,112
Merger reserve	-	-	(76,657)	(76,657)
Accumulated losses	13,624	297	-	13,921
Total equity	**773,918**	**336,981**	**-**	**1,110,899**

Note 1 – USD 76.7 million represents the difference between the consideration paid of USD 413.3 million in the form of new issued shares of the Company and acquisition of Hafnia Tankers old shares of USD 336.7 million.

2.3 Changes in accounting policies

Amendments to published standards effective in 2020

The Company has adopted the new standards and amendments to published standards as of 1 January 2020. Changes in the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective standards and amendments.

The adoption of these new or amended standards did not result in substantial changes in the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.4 Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Estimates, assumptions and judgements are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no estimates and assumptions which have a material effect on the financial statements.

2.5 Revenue and income recognition

Dividend income

Dividend income is recognised when the right to receive payment is established.

2.6 Investments in subsidiaries

Subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.7 Financial assets

(a) Recognition and initial measurement

Other receivables are initially recognised when they are originated. Other financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss (FVTPL), which are recognised at fair value. Transaction costs for financial assets at FVTPL are recognised immediately as expenses.

(b) Classification

The Company classifies its financial assets in the following categories: at amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are presented as "Other receivables" and "Cash and cash equivalents" in the balance sheet.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

(c) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cashflows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(d) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the balance sheet, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(e) Impairment

For financial assets measured at amortised cost and contract assets, the Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for expected credit loss (ECL) at an amount equal to the lifetime expected credit loss if there has been a significant increase in credit risk since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company recognises an allowance for ECL at an amount equal to 12-month ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

For trade receivables and contract assets, the Company applied the simplified approach permitted by IFRS 9, which requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the balance sheet
Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience, informed credit assessment and other forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if the debtor is under significant financial difficulties, or when there is default or significant delay in payments. The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

2.8 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, and are derecognised when the Company's obligation has been discharged or cancelled or expired.

2.9 Impairment of non-financial assets

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less costs to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset (or CGU) other than goodwill is reversed if, and only if, there has been a change in the estimate of the asset's (or CGU's) recoverable amount since the last impairment loss was recognised. The carrying amount of the asset (or CGU) is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation and depreciation) had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of impairment loss for an asset (or CGU) other than goodwill is recognised in profit or loss.

2.10 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities measured at amortised costs approximate their fair values due to the short term nature of the balances.

2.11 Foreign currency translation

(a) Functional and presentation currency
The financial statements are presented in United States Dollars, which is the Company's functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

(b) Transactions and balances
Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date, are recognised in profit or loss.

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand short-term bank deposits, which are subject to an insignificant risk of change in value.

2.13 Share capital

Common shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

2.14 Dividend to Company's shareholders

Interim dividends are recognised in the financial year in which they are declared payable and final dividends are recognised when the dividends are approved for payment by the directors and shareholders respectively.

2.15 Financial guarantee contracts

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time as they become probable that the Company will be required to make a payment under the guarantee. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3. Expenses by nature

	2020 USD '000	2019 USD '000
Administrative expenses	**91**	113
Other expenses	**1,735**	344
Total other operating expenses	**1,826**	457

4. Income taxes

No provision for tax has been made for the year ended 31 December 2020 and 2019 as the Company does not have any income that is subject to income tax based on the tax legislation applicable to the Company.

There is no income, withholding, capital gains or capital transfer taxes payable in Bermuda.

5. Other receivables

	2020 USD '000	2019 USD '000
Other receivables		
- subsidiary	**70,116**	-
- non-related parties	**8**	-
	70,124	-

Other receivables due from subsidiary represent dividends receivable.

The carrying amounts of other receivables approximate their fair values.

Information about the Company's exposure to credit risk is disclosed in Note 13.

6. Loans receivable from subsidiary

	2020 USD '000	2019 USD '000
Loans receivable from subsidiary	**8,063**	7,730
Analysed as:		
- Non-current	**4,900**	4,900
- Current	**3,163**	2,830
	8,063	7,730

The loans receivable from subsidiary pertains to amounts provided to Hafnia Tankers Marshall Islands LLC ("HTMI LLC") for on-lending to a joint venture company, Vista Shipping Pte. Ltd., for making payments for newbuild instalments and other vessel related expenses.

The non-current loan relates to a loan agreement offered to HTMI LLC and matures on 31 December 2025. It is unsecured, bears interest at 6% per annum and repayable on the earlier of (i) the maturity date or (ii) repayment from Vista Shipping Pte. Ltd. to HTMI LLC.

The current loan relates to a loan agreement offered to HTMI LLC. It is unsecured, bears interest at 6% per annum and is repayable on demand.

7. Subsidiaries

	2020 USD '000	2019 USD '000
Equity investments at cost	**668,470**	668,470
Receivables from subsidiaries	**914,442**	519,650
	1,582,912	1,188,120

The receivables from subsidiaries originated from re-organisation of entities in prior years. Accordingly, these receivables are classified within "Subsidiaries" and are stated at amortised cost. These receivables are unsecured, interest-free, and settlement is at the absolute discretion of the subsidiaries. As the Company does not expect these receivables to be settled within the next 12 months, they have been classified as "non-current".

Name of companies	Principal activities	Country of incorporation	Equity holding 2020	Equity holding 2019
Hafnia Pte. Ltd.	Chartering	Singapore	**100%**	100%
Hafnia Tankers LLC	Investment	Marshall Islands	**100%**	100%
Hafnia Tankers Marshall Islands LLC	Investment	Marshall Islands	**100%**	-

Impairment assessment

The Company assesses whether there are any indicators of impairment of investments in subsidiaries at each reporting date.

Management has used the fair value less cost to sell approach to determine the recoverable amounts for its investment in subsidiaries. For this purpose, the net assets of the subsidiaries were used and where needed, adjusted to reflect their fair values, and this involves restating the carrying values of the vessels held by subsidiaries to their recoverable amounts based on the value in use approach as described below. Other items within the net assets computation are primarily current monetary items, whose carrying values already approximate their fair values.

Value in use was determined with reference to the future cash flows projections of vessels held by Hafnia Pte. Ltd., discounted at 6.9% and the operating cash flows available for immediate distribution. The discount rate takes into account the time value of money and the risks specific to the vessels' estimated cash flows. Cash flows were projected based on past experiences and actual operating results. Charter rates were included based on actual contractual charter rates and last estimates of contractual rates for the remaining useful lives of the vessels.

The projected cash outflows take into account existing and projected vessels' voyage and operating expenses.

Based on the assessment, no impairment loss (2019: USD Nil) was recognised in the statement of profit or loss by the Company.

8. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term bank deposits.

Cash and cash equivalents are principally denominated in USD.

9. Share capital and other reserves

	Number of Shares	Share capital USD '000	Share premium USD '000	Total USD '000
At 1 January 2020 and 31 December 2020	**370,244,325**	**3,703**	**704,834**	**708,537**
At 1 January 2019	196,241,352	1,962	221,220	223,182
Shares issued for merger	146,916,627	1,470	411,872	413,342
New shares issued	27,086,346	271	71,742	72,013
At 31 December 2019	370,244,325	3,703	704,834	708,537

(a) Authorised share capital

The total authorised number of shares is 600,000,000 (2019: 600,000,000) common shares at par value of USD 0.01 per share.

In October 2019, the total authorised number of shares was increased by 200,000,000 shares with a par value of USD 0.01 per share.

(b) Issued and fully paid share capital

On 16 January 2019, the Company issued 146,916,627 shares in a share swap arrangement, where newly issued shares of the Company were exchanged for all outstanding shares of Hafnia Tankers during the Merger.

On 8 November 2019, the Company completed a pre-listing private placement (the "Pre-listing Private Placement") and subsequent listing (the "Listing") on Oslo Axess, which is a fully regulated marketplace operated by the Oslo Stock Exchange. 27,086,346 new shares were issued, raising net proceeds of USD 72.0 million.

On 25 February 2020, the Company announced its share buy-back program under which the Company may repurchase up to 7,193,407 common shares representing up to 1.9% of the total number of issued and outstanding shares in the Company for a total consideration of up to USD 20.0 million. The Company subsequently repurchased a total of 7,037,407 of its own common shares at an average price of NOK17.08 per share, amounting to a total consideration of approximately USD 12.6 million.

Following an up-listing application to the Oslo Stock Exchange on 23 April 2020, the Company was subsequently listed on the Oslo Børs and commenced trading of its shares on 30 April 2020.

All issued common shares are fully paid. The newly issued shares rank pari passu with the existing shares.

(c) Share premium

The difference between the consideration for common shares issued and their par value is recognised as share premium.

USD 3.0 million of listing fees and expenses were capitalised against share premium after the Listing.

(d) Contributed surplus

Contributed surplus relates to the amount transferred from share capital account when the par value of each common share was reduced from USD 5 to USD 0.01 per share in 2015. Contributed surplus is distributable, subject to the fulfilment of the conditions as stipulated under the Bermudian Law.

(e) Treasury shares

The reserve for the Company's treasury shares comprises the cost of the Company's shares held. At 31 December 2020, the Company held 7,179,946 of its own shares (2019: 211,479).

10. Share-based payment arrangements

(a) Description of share option programme (equity-settled)

The Company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share options) in the Company. On 16 January 2019, 1 March 2019, 1 June 2019, 1 August 2019 and 25 February 2020, the Company granted share options to key management and senior employees. All options are to be settled by physical delivery of shares. The terms and conditions of the share options granted are as follows.

Grant date	Number of instruments in thousands	Vesting conditions	Expiry of options
Option grant to key management personnel on 16 January 2019 ("Tranche 1")	1,834	3 years' service condition from grant date of Tranche 1	16 January 2025
Option Grant to key management personnel on 1 March 2019 ("Tranche 2")	207	3 years' service condition from grant date of Tranche 1	16 January 2025
Option Grant to key management personnel on 1 June 2019 ("Tranche 3")	1,183	3 years' service condition from grant date of Tranche 1	16 January 2025
Option grant to key management personnel on 1 August 2019 ("Tranche 4")	207	3 years' service condition from grant date of Tranche 1	16 January 2025
Option Grant to key management personnel on 25 February 2020 ("LTIP 2020")	3,432	3 years' service condition from grant date	25 February 2026

The share options become void if the employee rescinds their position before the vesting date.

The fair value of services received in return for share options granted is based on the fair value of the share options granted, measured using the Black-Scholes model.

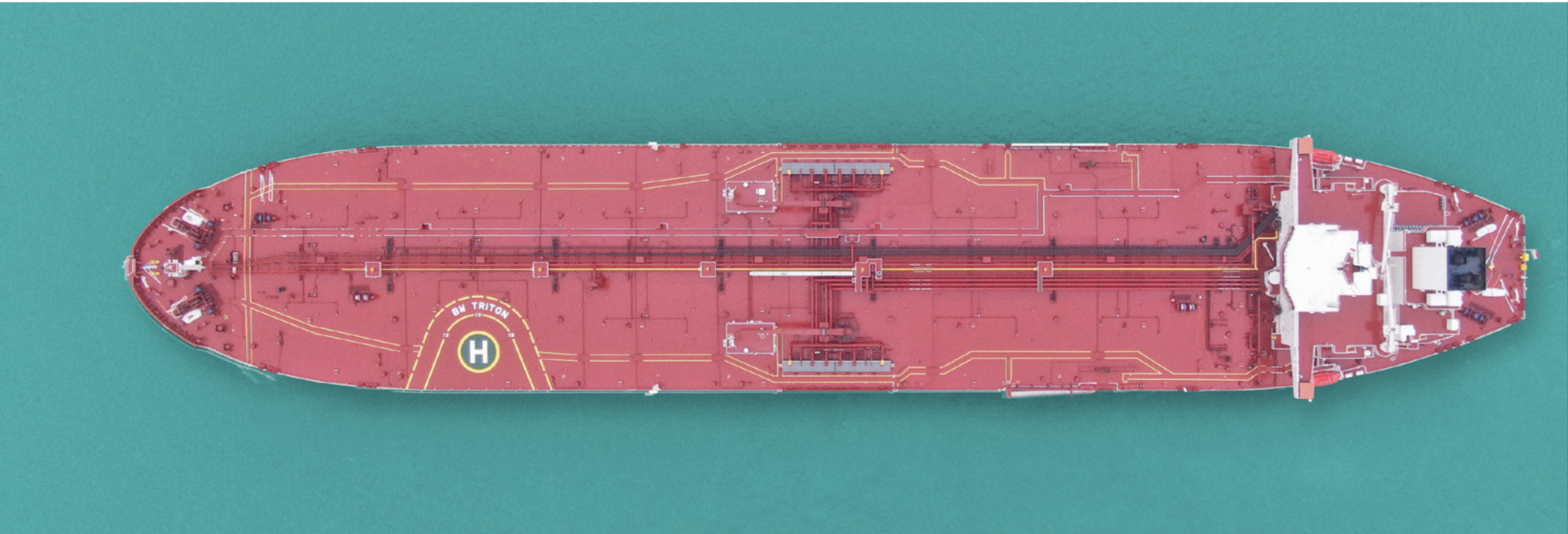
(b) Measurement of grant date fair values

The following inputs were used in the measurement of the fair values at grant date of the share options.

Share option programme

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	LTIP 2020
Grant date	16 January 2019	1 March 2019	1 June 2019	1 August 2019	25 February 2020
Share price (NOK)	24.03	24.17	24.47	24.67	20.57
Exercise price (NOK)	27.81	27.81	27.81	27.81	23.81
Time to maturity (years)	4.5	4.4	4.1	4.0	4.5
Risk free rate	2.54%	2.54%	1.93%	1.78%	1.24%
Volatility	50.00%	50.00%	50.00%	50.00%	50.00%
Dividends	-	-	-	-	-
Annual tenure risk	7.50%	7.50%	7.50%	7.50%	7.50%
Share options granted	1,833,958	207,278	1,183,063	207,278	3,431,577
Fair value at grant date (USD)	1,610,382	182,009	976,425	169,317	1,974,539

Volatility has been estimated as a benchmark volatility by considering the historical average share price volatility of a comparable peer group of companies.



11. Other payables

	2020 USD '000	2019 USD '000
Other payables		
- related corporations	**496,239**	10,683
Loan payable to related corporation	**1,045**	1,015
Accrued operating expenses	**113**	426
	497,397	12,124

The carrying amounts of other payables, principally denominated in United States Dollars, approximate their fair values due to the short period to maturity.

The other payables to related corporations are unsecured, interest-free and are repayable on demand.

The loan payable to a related corporation is unsecured, interest-free and has no fixed terms of repayment.

Information about the Company's exposure to currency and liquidity risks is included in Note 13.

12. Financial guarantee contracts

The Company's policy is to provide financial guarantees only to the wholly-owned subsidiaries or joint ventures. At 31 December 2020, the Company has issued financial guarantees to certain banks in respect of credit facilities granted to subsidiaries. These bank borrowings amount to USD 1,110.5 million (2019: USD 1,211.0 million) at the balance sheet date.

In addition, the Company and the joint venture partner, CSSC (Hong Kong) Shipping Company Limited, have issued a joint financial guarantee to certain banks in respect of credit facilities granted to the joint venture. Bank borrowings provided to the joint venture amounts to USD 152.5 million (2019: USD 105.0 million) at the balance sheet date. Corporate guarantee given will become due and payable on demand if an event of default occurs.

In addition, the Company issued a limited financial guarantee to a bank in respect of the USD 50.0 million (2019: USD Nil) receivables purchase agreement facility granted to the commercial pools.

(b) Credit risk

The Company's credit risk is primarily attributable to other receivables, loans receivable from subsidiary and cash and cash equivalents. Other receivables are neither past due nor impaired. The maximum exposure is represented by the carrying value of each financial asset on the balance sheet.

The Company has used a general 12-month approach in assessing the credit risk associated with loans receivable from subsidiary.

The Company performs ongoing credit risk assessment of subsidiary to make sure they have sufficient resources to make settlement of its liability to the Company. In this regard, the Company is of the opinion that the credit risk of default is low.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company maintains sufficient cash for its daily operations via short-term cash deposits at banks and funding from a subsidiary. Unless there is a liquidity need, the Company allows the vessel owning and operating subsidiaries to retain their surplus cash from operations.

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date on an undiscounted basis.

	Less than 1 year USD '000
At 31 December 2020	
Other payables	**497,397**
At 31 December 2019	
Other payables	12,124

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividends paid, return capital to shareholders, obtain new borrowings or sell assets to reduce borrowings.

The Company is not subject to any externally imposed capital requirements for the financial years ended 31 December 2020 and 2019.

(e) Accounting classifications and fair values

The following tables present assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(1) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(2) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and

(3) inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Note	Carrying amount: Financial assets at amortised cost USD ’000	Carrying amount: Total USD ’000	Fair value: Level 1 USD ’000	Fair value: Level 2 USD ’000	Fair value: Level 3 USD ’000	Fair value: Total USD ’000
At 31 December 2020							
Financial assets not measured at fair value							
Other receivables	5	8	8				
Loans receivable from subsidiary	6	8,063	8,063	-	8,063	-	8,063
Cash and cash equivalents	8	1	1				
		8,072	8,072				

	Note	Carrying amount: Other financial liabilities USD ’000	Carrying amount: Total USD ’000	Fair value: Level 1 USD ’000	Fair value: Level 2 USD ’000	Fair value: Level 3 USD ’000	Fair value: Total USD ’000
At 31 December 2020							
Financial liabilities not measured at fair value							
Other payables	11	497,397	497,397				
		497,397	497,397				

	Note	Carrying amount: Financial assets at amortised cost USD '000	Carrying amount: Total USD '000	Fair value: Level 1 USD '000	Fair value: Level 2 USD '000	Fair value: Level 3 USD '000	Fair value: Total USD '000
At 31 December 2019							
Financial assets not measured at fair value							
Loans receivable from subsidiary	6	7,730	7,730	-	7,730	-	7,730
Cash and cash equivalents	8	2	2				
		7,732	7,732				

	Note	Carrying amount: Other financial liabilities USD '000	Carrying amount: Total USD '000	Fair value: Level 1 USD '000	Fair value: Level 2 USD '000	Fair value: Level 3 USD '000	Fair value: Total USD '000
At 31 December 2019							
Financial liabilities not measured at fair value							
Other payables	11	12,124	12,124				
		12,124	12,124				

(f) Offsetting financial assets and financial liabilities

The Company's financial assets and liabilities are not subjected to enforceable master netting arrangements or similar arrangements.

14. Holding corporations

The Company's ultimate and immediate holding corporation is BW Group Limited, incorporated in Bermuda, which is wholly owned by Sohmen family interests.

15. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties during the financial year on commercial terms agreed by the parties:

	2020 USD '000	2019 USD '000
Share capital contribution		
Subscription of shares by the immediate and ultimate holding corporation	**-**	50,000

16. Dividends paid

	2020 USD '000	2019 USD '000
Final dividend paid in respect of Q4 2019 of USD 0.0573 per share	**21,204**	-
Interim dividend paid in respect of Q1 2020 of USD 0.1062 per share	**38,557**	-
Interim dividend paid in respect of Q2 2020 of USD 0.1062 per share	**38,557**	-
	98,318	-

The directors declared a dividend of USD 21.2 million for the financial year ended 31 December 2019. Together with the interim dividends paid for Q1 2020 and Q2 2020 of USD 0.1062 per share in both quarters, the total dividend paid in FY 2020 amounted to USD 0.2708 per share or USD 98.3 million.

Under the Bermuda Companies Act, dividends cannot be paid if there are reasonable grounds for believing that (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the Company's assets would thereby be less than its liabilities.

The Company has acted in accordance with the provisions of the Bermuda Companies Act when declaring dividends.

17. New or revised accounting standards and interpretations

A number of new standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

18. Events occurring after balance sheet date

On 25 January 2021, the Certificate of Cancellation of Hafnia Tankers LLC was filed with the Registrar of Corporations in the Republic of the Marshall Islands.

19. Comparative information

Following the Company's listing of its equity shares on Oslo Børs on 30 April 2020, this is the first time the Company publishes its financial statements. Accordingly, the comparative information has been produced to aid comparability.

Fleet list

Handy

Name	Mth-Year built	Shipyard	Capacity (dwt)	Flag	Ownership (%)
Hafnia Adamello	Aug-04	Saiki	40,002	Singapore	100%
Hafnia Bering	Apr-15	Hyundai Mipo	39,067	Singapore	100%
Hafnia Green	Aug-07	Saiki	39,808	Singapore	100%
Hafnia Hope	Jan-07	Saiki	40,009	Singapore	100%
Hafnia Karava	Mar-07	Saiki	40,020	Singapore	100%
Hafnia Magellan	May-15	Hyundai Mipo	39,067	Singapore	100%
Hafnia Malacca	Jul-15	Hyundai Mipo	39,067	Singapore	100%
Hafnia Rainier	Mar-04	Saiki	39,817	Singapore	100%
Hafnia Robson	May-04	Saiki	39,819	Singapore	100%
Hafnia Soya	Nov-15	Hyundai Mipo	39,067	Singapore	100%
Hafnia Sunda	Sep-15	Hyundai Mipo	39,067	Singapore	100%
Hafnia Torres	May-16	Hyundai Mipo	39,067	Singapore	100%
Hafnia Victoria	Jun-07	Saiki	39,821	Singapore	100%
TOTAL (13 VESSELS)					

MR

Name	Mth-Year built	Shipyard	Capacity (dwt)	Flag	Owner-ship (%)
Beagle	Mar-19	JMU	44,995	Panama	TC-in[2]
Boxer	Jun-19	JMU	49,552	Singapore	TC-in[2]
BW Bobcat	Aug-14	SPP	49,999	Singapore	100%
BW Cheetah	Feb-14	SPP	49,999	Singapore	100%
BW Cougar	Jan-14	SPP	49,999	Singapore	100%
BW Eagle	Jul-15	SPP	49,999	Singapore	100%
BW Egret	Nov-14	SPP	49,999	Singapore	100%
BW Falcon	Feb-15	SPP	49,999	Singapore	100%
BW Hawk	Jun-15	SPP	49,999	Singapore	100%
BW Jaguar	Mar-14	SPP	49,999	Singapore	100%
BW Kestrel	Aug-15	SPP	49,999	Singapore	100%
BW Leopard	Jan-14	SPP	49,999	Singapore	100%
BW Lioness	Jan-14	SPP	49,999	Singapore	100%
BW Lynx	Nov-13	SPP	49,999	Singapore	100%
BW Merlin	Sep-15	SPP	49,999	Singapore	100%
BW Myna	Oct-15	SPP	49,999	Singapore	100%
BW Osprey	Oct-15	SPP	49,999	Singapore	100%
BW Panther	Jun-14	SPP	49,999	Singapore	100%
BW Petrel	Jan-16	SPP	49,999	Singapore	100%
BW Puma	Nov-13	SPP	49,999	Singapore	100%
BW Raven	Nov-15	SPP	49,999	Singapore	100%
BW Swift	Jan-16	SPP	49,999	Singapore	100%
BW Tiger	Mar-14	SPP	49,999	Singapore	100%
BW Wren	Mar-16	SPP	49,999	Singapore	100%
Hafnia Ane	Nov-15	GSI	49,999	Malta	100%

MR *(continued)*

Name	Mth-Year built	Shipyard	Capacity (dwt)	Flag	Owner-ship (%)
Hafnia Androm-eda	May-11	GSI	49,999	Malta	100%
Hafnia Crux	Feb-12	GSI	49,999	Denmark	100%
Hafnia Daisy	Aug-16	GSI	49,999	Malta	100%
Hafnia Henriette	Jun-16	GSI	49,999	Malta	100%
Hafnia Kristen	Jan-17	GSI	49,999	Malta	100%
Hafnia Lene	Jul-15	GSI	49,999	Malta	100%
Hafnia Leo	Nov-13	GSI	49,999	Malta	100%
Hafnia Lise	Sep-16	GSI	49,875	Malta	100%
Hafnia Libra	May-13	GSI	49,999	Denmark	100%
Hafnia Lotte	Jan-17	GSI	49,999	Malta	100%
Hafnia Lupus	Apr-12	GSI	49,999	Denmark	100%
Hafnia Mikala	May-17	GSI	49,999	Malta	100%
Hafnia Nordica	Mar-10	Shin Ku-rushima	49,994	Malta	100%
Hafnia Pegasus	Oct-10	GSI	49,994	Denmark	100%
Hafnia Phoenix	Jul-13	GSI	49,999	Denmark	100%
Hafnia Taurus	Jun-11	GSI	50,385	Malta	100%
Hafnia Andrea	Jun-15	Hyundai Mipo	49,999	Singapore	100%
Hafnia Caterina	Aug-15	Hyundai Mipo	49,999	Singapore	100%
Orient Challenge	Jun-17	Hyundai Vinashin	49,972	Singapore	TC-in[2]
Orient Innova-tion	Jul-17	Hyundai Vinashin	44,994	Singapore	TC-in[2]
Bulldog	Feb-20	JMU	49,856	Singapore	TC-in[2]
Basset	Nov-19	JMU	49,875	Singapore	TC-in[2]
TOTAL (47 VESSELS)					

LR1

Name	Mth-Year built	Shipyard	Capacity (dwt)	Flag	Ownership (%)
BW Amazon	Oct-06	Dalian Shipbuilding	74,999	Singapore	100%
BW Clyde	Jun-04	New Century Shipbuilding	73,400	Singapore	100%
BW Columbia	Jan-07	Dalian Shipbuilding	74,999	Singapore	100%
BW Danube	Mar-07	Dalian Shipbuilding	69,855	Singapore	100%
BW Hudson	Jun-07	Dalian Shipbuilding	69,991	Singapore	100%
BW Kallang	Jan-17	STX Shipbuilding	74,189	Singapore	100%
BW Kronborg	Mar-07	New Century Shipbuilding	73,708	Singapore	100%
BW Lara	Aug-04	New Century Shipbuilding	73,495	Singapore	100%
BW Lena	Aug-07	Dalian Shipbuilding	74,988	Singapore	100%
BW Nile	Aug-17	STX Shipbuilding	74,189	Singapore	100%
BW Orinoco	Nov-07	Dalian Shipbuilding	74,988	Singapore	100%
BW Rhine	Mar-08	Dalian Shipbuilding	74,996	Singapore	100%
BW Seine	May-08	Dalian Shipbuilding	76,580	Singapore	100%
BW Shinano	Oct-08	Dalian Shipbuilding	74,998	Singapore	100%
BW Tagus	Mar-17	STX Shipbuilding	74,189	Singapore	100%
BW Thames	Aug-08	Dalian Shipbuilding	74,999	Singapore	100%
BW Yangtze	Jan-09	Dalian Shipbuilding	74,996	Singapore	100%

LR1 *(continued)*

Name	Mth-Year built	Shipyard	Capacity (dwt)	Flag	Ownership (%)
BW Yarra	Jul-17	STX Shipbuilding	74,000	Singapore	100%
BW Zambesi	Jan-10	Dalian Shipbuilding	74,995	Singapore	100%
Compass*	Feb-06	Dalian Shipbuilding	72,736	Singapore	100%
Compassion*	Jun-06	Dalian Shipbuilding	72,782	Singapore	100%
Hafnia Africa	May-10	STX	69,999	Singapore	BB-in[1]
Hafnia Arctic	Jan-10	Brodosplit	74,910	Malta	BB-in[1]
Hafnia Asia	Jun-10	STX	74,490	Malta	BB-in[1]
Hafnia Australia	May-10	STX	74,539	Singapore	BB-in[1]
Hafnia Guangzhou	Jul-19	GSI	74,999	Malta	50%[3]
Hafnia Beijing	Oct-19	GSI	74,999	Malta	50%[3]
Hafnia Europe	Aug-06	Onomichi	74,997	Singapore	100%
Hafnia Hong Kong	Jan-19	GSI	74,999	Malta	50%[3]
Hafnia Shanghai	Jan-19	GSI	74,999	Malta	50%[3]
Karimata	Aug-19	Onomichi	79,885	Panama	TC-in[2]
Sunda	Jul-19	Onomichi	79,902	Panama	TC-in[2]
Tectus	Jul-09	STX	74,862	Liberia	TC-in[2]
Hafnia Shenzhen	Aug-20	GSI	74,999	Singapore	50%[3]
Hafnia Nanjing	Jan-21	GSI	74,999	Singapore	50%[3]
TOTAL (35 VESSELS)					

LR2

Name	Mth-Year built	Shipyard	Capacity (dwt)	Flag	Owner-ship (%)
BW Despina	Jan-19	Daehan	109,990	Singapore	100%
BW Galatea	Mar-19	Daehan	109,990	Singapore	100%
BW Larissa	Apr-19	Daehan	109,990	Singapore	100%
BW Neso	Jul-19	Daehan	109,990	Singapore	100%
BW Thalassa	Sep-19	Daehan	109,990	Singapore	100%
BW Triton	Oct-19	Daehan	99,999	Singapore	100%
TOTAL (6 VESSELS)					

Newbuild

Name	Mth-Year built	Shipyard	Capacity (dwt)	Flag	Owner-ship (%)
Hafnia Nanjing	Jan-21	GSI	74,999	Singapore	50%
TOTAL (1 VESSEL)					

[1] "BB-in" = Bare boat charter in
[2] "TC-in" = Time charter in
[3] Owned through the Vista JV.
*Classified as assets held for sale