中遠海運國際(香港)有限公司
COSCO SHIPPING INTERNATIONAL (HONG KONG) CO., LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 00517)

2023 ANNUAL RESULTS

RESULTS AND OPERATION HIGHLIGHTS

- Revenue decreased by 16% to HK$3,341,729,000, mainly attributable to decrease in revenues from coatings segment and general trading segment.
- Gross profit slightly increased to HK$663,634,000, mainly attributable to an increase in gross profit margin of coatings segment and an increase in revenue from insurance brokerage segment. Gross profit margin increased to 20% which was mainly attributable to a significant increase in gross profit margin of coatings segment resulting from the decrease in materials costs.
- Profit before income tax from core business of shipping services increased by 33% to HK$500,338,000.
- Profit attributable to equity holders of the Company increased by 71% to HK$593,673,000, mainly attributable to significant increase in interest income and the share of profit of a joint venture.
- Basic and diluted earnings per share was increased by 77% to 40.33 HK cents (2022: 22.74 HK cents). The Board has recommended the payment of a final dividend of 17.5 HK cents per share. Together with the interim dividend of 22.5 HK cents per share, total dividends per share for the year 2023 are 40 HK cents. The dividend payout ratio is approximately 99%.
- The Group had net cash (represented by total restricted bank deposits, and current deposits and cash and cash equivalents) of HK$6,261,376,000 as at 31 December 2023.

The board of directors (the "Board" or the "Director(s)") of COSCO SHIPPING International (Hong Kong) Co., Ltd. (the "Company" or "COSCO SHIPPING International") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2023.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Note	**2023**	2022
		HK$'000	*HK$'000*
Revenue	*3*	**3,341,729**	3,962,539
Cost of sales		**(2,678,095)**	(3,301,927)
Gross profit		**663,634**	660,612
Management fee income		**82,954**	56,837
Other income and (losses) — net	*4*	**(6,346)**	(17,272)
Selling, administrative and general expenses	*5*	**(594,371)**	(497,346)
Operating profit		**145,871**	202,831
Finance income	*6*	**266,716**	98,366
Finance costs	*6*	**(1,832)**	(2,015)
Finance income — net	*6*	**264,884**	96,351
Share of profits of joint ventures		**237,582**	117,529
Share of profits of associates		**14,426**	8,647
Profit before income tax		**662,763**	425,358
Income tax expenses	*7*	**(54,157)**	(58,461)
Profit for the year		**608,606**	366,897
Profit attributable to:			
Equity holders of the Company		**593,673**	347,062
Non-controlling interests		**14,933**	19,835
		608,606	366,897
Earnings per share attributable to equity holders of the Company			
— basic and diluted, HK cents	*8*	**40.33**	22.74

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
Profit for the year	**608,606**	366,897
Other comprehensive (losses)/income		
Items that may be reclassified subsequently to profit or loss:		
Share of currency translation differences of joint ventures	**(9,916)**	(22,677)
Share of other reserves of an associate, net of tax	**397**	—
Currency translation differences	**(23,496)**	(179,981)
Reserves realised upon disposal of an associate	**—**	640
Items that will not be reclassified to profit or loss:		
Fair value gains/(losses) on financial assets at fair value through other comprehensive income, net	**11,100**	(7,322)
Other comprehensive (losses) for the year	**(21,915)**	(209,340)
Total comprehensive income for the year	**586,691**	157,557
Total comprehensive income/(losses) attributable to:		
Equity holders of the Company	**577,118**	166,692
Non-controlling interests	**9,573**	(9,135)
	586,691	157,557

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
ASSETS			
Non-current assets			
Intangible assets		**106,843**	108,721
Property, plant and equipment		**208,363**	221,838
Right-of-use assets		**48,155**	43,815
Investment properties		**145,933**	151,305
Investments in joint ventures		**668,448**	527,896
Investments in associates		**159,961**	154,716
Financial assets at fair value through other comprehensive income		**64,949**	53,849
Deferred income tax assets		**33,100**	40,531
		1,435,752	1,302,671
Current assets			
Inventories		**298,333**	304,765
Trade and other receivables	*10*	**1,205,971**	1,689,698
Current income tax recoverable		**3,797**	4,239
Restricted bank deposits		**5,517**	5,597
Current deposits and cash and cash equivalents		**6,255,859**	5,927,523
		7,769,477	7,931,822
Total assets		**9,205,229**	9,234,493
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**146,597**	148,169
Reserves		**7,692,858**	7,654,418
		7,839,455	7,802,587
Non-controlling interests		**347,944**	318,993
Total equity		**8,187,399**	8,121,580
LIABILITIES			
Non-current liabilities			
Lease liabilities	*11*	**15,197**	6,969
Deferred income tax liabilities		**64,035**	67,336
		79,232	74,305
Current liabilities			
Trade and other payables	*11*	**705,489**	703,137
Contract liabilities	*11*	**212,739**	305,483
Current income tax liabilities		**17,956**	21,046
Lease liabilities	*11*	**2,414**	8,942
		938,598	1,038,608
Total liabilities		**1,017,830**	1,112,913
Total equity and liabilities		**9,205,229**	9,234,493

NOTES

1 GENERAL INFORMATION

The Group are principally engaged in the provision of shipping services and general trading.

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its principal place of business is 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong.

The ultimate holding company of the Company is 中國遠洋海運集團有限公司 (China COSCO Shipping Corporation Limited*), a state-owned enterprise established in the People's Republic of China (the "PRC").

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income ("FVOCI") and investment properties, which are carried at fair value.

(i) Adoption of amendments to existing standards

In 2023, the Group has adopted the following amendments to existing standards issued by the HKICPA, which are relevant to its operations:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules	1 January 2023

The Group has initially applied the Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction, from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences — e.g. lease liabilities. For lease liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur after the beginning of the earliest period presented.

The Group previously accounted for deferred income tax on leases that results in a similar outcome to the amendments, except that the deferred income tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred income tax asset in relation to its lease liability and a deferred income tax liability in relation to its right-of-use asset. However, there is no impact on the consolidated statement of financial position at 30 June 2022 and 31 December 2022 because the balances qualify for offset under paragraph 74 of HKAS 12. There was also no impact on the opening retained earnings at 1 January 2023, consolidated income statement and basic and diluted earnings per share for the year ended 31 December 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred income tax assets and liabilities recognised includes restatement of opening balance and movement whereas the key impact to deferred income tax liabilities is the same as deferred income tax assets in an opposite direction. The impact on the Group's deferred income tax liabilities at 1 January 2023 is as follow:

	HK$'000
Deferred income tax liabilities at 31 December 2022	(67,336)
Reclassify deferred income tax impact of right-of-use assets from deferred income tax assets	(1,093)
Deferred income tax liabilities at 1 January 2023	(68,429)

In December 2021, the Organisation for Economic Co-operation and Development published Tax Challenges Arising from the Digitalisation of the Economy — Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on Base Erosion and Profit Shifting ("Pillar Two Model Rules"). The Group is within the scope of the Pillar Two Model Rules. Since the Pillar Two Model Rules were not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

The Group is in the process of assessing its exposure to the Pillar Two Model Rules for when it comes into effect. Due to the complexities in applying the legislation, the quantitative impact is not yet reasonably estimable.

Except for the above, the adoption of these amendments to existing standards did not have any significant impact on the Group's accounting policies and had no significant impact on the results and the financial position of the Group.

(ii) Amendments to existing standards those are not yet effective

The following amendments to existing standards have been published by the HKICPA and are relevant to the Group's operations. They are not yet effective for accounting periods beginning on 1 January 2023 and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the related impact of adopting the above amendments to existing standards. The adoption of these amendments to existing standards is not expected to have any significant impact on the results and the financial position of the Group.

3 REVENUE AND SEGMENT INFORMATION

Turnover, representing revenue, recognised at a point in time, during the year is as follows:

	2023	2022
	HK$'000	*HK$'000*
Sale of coatings	**826,045**	1,067,153
Sale of marine equipment and spare parts	**1,725,018**	1,669,821
Commission income from ship trading agency	**86,782**	85,413
Commission income from insurance brokerage	**139,707**	114,584
Intelligent shipping services	**97**	—
General trading	**564,080**	1,025,568
	3,341,729	3,962,539

The chief operating decision-maker has been identified as the executive directors. The executive directors review the Group's internal reports in order to make decisions about resources to be allocated to the segment and assess its performance. Management considers the business from a product perspective and has identified the following reportable segments on the basis of these reports:

Reportable segments	**Business activities**
Coatings	Production and sale of coatings, and holding of investments in joint ventures, namely Jotun COSCO Marine Coatings (HK) Limited ("Jotun COSCO") and 常熟耐素生物材料科技有限公司 (Nasurfar Biomaterial Technology (Changshu) Co., Ltd.*) ("Nasurfar Changshu")
Marine equipment and spare parts	Trading and supply of marine equipment and spare parts, and holding of investments in joint ventures
Ship trading agency	Provision of agency services relating to shipbuilding, ship trading and bareboat charter business, and holding of investments in a joint venture and an associate
Insurance brokerage	Provision of insurance brokerage services
Intelligent shipping services	Providing green, low-carbon and digital intelligent solutions for the full life cycle of the shipping industry
General trading	Trading, storage, processing and supply of asphalt and other products, and holding of investments in associates, including 浙江四兄繩業有限公司 (Zhejiang Four Brothers Rope Co., Ltd.*) ("Zhejiang Four Brothers Rope")

As the Group disposed its entire shareholding interest in a former associate, Double Rich Limited ("Double Rich"), on 29 December 2022, marine fuel and other products was no longer identified as a reportable segment in 2023. Prior year comparative segment information has been restated to conform with the current year presentation.

Others mainly comprise the holding of Group's financial assets at FVOCI and the results of Sinfeng Marine Services Pte. Ltd. ("Sinfeng").

Management assesses the performance of the operating segments based on a measure of profit before income tax.

	Year ended and as at 31 December 2023									
	Shipping services						General trading	Others	Inter-segment elimination	Total
	Coatings	Marine equipment and spare parts	Ship trading agency	Insurance brokerage	Intelligent shipping services	Total				
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit or loss items:										
Segment revenue	826,045	1,725,018	86,782	140,773	97	2,778,715	570,060	—	(7,046)	3,341,729
Inter-segment revenue	—	—	—	(1,066)	—	(1,066)	(5,980)	—	7,046	—
Revenue from external customers	826,045	1,725,018	86,782	139,707	97	2,777,649	564,080	—	—	3,341,729
Segment operating profit/(loss)	15,928	97,521	41,029	90,908	(3,525)	241,861	(45,059)	2,014	—	198,816
Finance income	4,177	8,236	4,708	5,047	79	22,247	1,748	2,376	(1,604)	24,767
Finance costs	(333)	(989)	(13)	(283)	—	(1,618)	(1,789)	(5)	1,604	(1,808)
Share of profits of joint ventures	234,872	1,928	782	—	—	237,582	—	—	—	237,582
Share of profits of associates	—	—	266	—	—	266	14,160	—	—	14,426
Segment profit/(loss) before income tax	254,644	106,696	46,772	95,672	(3,446)	500,338	(30,940)	4,385	—	473,783
Income tax credit/(expenses)	246	(21,044)	(10,274)	(16,603)	—	(47,675)	(7,940)	—	—	(55,615)
Segment profit/(loss) after income tax	254,890	85,652	36,498	79,069	(3,446)	452,663	(38,880)	4,385	—	418,168
Balance sheet items:										
Total segment assets	1,706,128	1,206,005	355,900	329,520	52,282	3,649,835	666,621	114,349	(547)	4,430,258
Total segment assets include:										
— Joint ventures	652,754	9,548	6,146	—	—	668,448	—	—	—	668,448
— Associates	—	—	1,760	—	—	1,760	158,201	—	—	159,961
Total segment liabilities	283,916	360,239	85,819	142,078	532	872,584	61,365	210	(547)	933,612
Other items:										
Depreciation and amortisation, net of amount capitalised	(14,205)	(5,289)	(685)	(1,631)	(3)	(21,813)	(4,530)	—	—	(26,343)
Reversal of provision/(provision) for impairment of trade receivables, net	3,958	636	—	—	—	4,594	(33,729)	—	—	(29,135)
Provision for impairment of other receivables	—	—	—	—	—	—	(143)	—	—	(143)
Provision for impairment of inventories, net	(3,537)	—	—	—	—	(3,537)	—	—	—	(3,537)
Government subsidy income	2,776	665	—	2,300	—	5,741	371	—	—	6,112
Additions to non-current assets (other than financial assets at FVOCI and deferred income tax assets)	22,868	469	20	1,799	157	25,313	244	—	—	25,557

	Year ended and as at 31 December 2022 (Restated)								
	Shipping services					General trading	Others	Inter-segment elimination	Total
	Coatings	Marine equipment and spare parts	Ship trading agency	Insurance brokerage	Total				
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit or loss items:									
Segment revenue	1,067,153	1,669,821	85,413	115,628	2,938,015	1,029,229	—	(4,705)	3,962,539
Inter-segment revenue	—	—	—	(1,044)	(1,044)	(3,661)	—	4,705	—
Revenue from external customers	1,067,153	1,669,821	85,413	114,584	2,936,971	1,025,568	—	—	3,962,539
Segment operating profit/(loss)	35,700	86,332	48,598	79,626	250,256	(3,160)	(6,001)	—	241,095
Finance income	2,363	1,751	3,281	1,940	9,335	1,796	612	(2,176)	9,567
Finance costs	(457)	(915)	(21)	(166)	(1,559)	(2,603)	(2)	2,176	(1,988)
Share of profits of joint ventures	114,756	1,858	915	—	117,529	—	—	—	117,529
Share of profits of associates	—	—	104	—	104	8,543	—	—	8,647
Segment profit/(loss) before income tax	152,362	89,026	52,877	81,400	375,665	4,576	(5,391)	—	374,850
Income tax (expenses)/credit	(5,402)	(16,566)	(13,748)	(15,309)	(51,025)	485	—	—	(50,540)
Segment profit/(loss) after income tax	146,960	72,460	39,129	66,091	324,640	5,061	(5,391)	—	324,310
Balance sheet items:									
Total segment assets	1,581,576	1,174,174	331,531	353,340	3,440,621	857,925	101,735	(123,881)	4,276,400
Total segment assets include:									
— Joint ventures	514,195	7,858	5,843	—	527,896	—	—	—	527,896
— Associates	—	—	1,517	—	1,517	153,199	—	—	154,716
Total segment liabilities	299,752	411,173	82,609	151,862	945,396	205,191	206	(123,881)	1,026,912
Other items:									
Depreciation and amortisation, net of amount capitalised	(16,175)	(5,646)	(510)	(628)	(22,959)	(5,625)	—	—	(28,584)
Reversal of provision/(provision) for impairment of trade receivables, net	14,290	222	—	—	14,512	(12,166)	—	—	2,346
Provision for impairment of other receivables	—	—	(116)	—	(116)	(19,725)	—	—	(19,841)
Provision for impairment of inventories, net	(1,544)	—	—	—	(1,544)	—	—	—	(1,544)
Provision for impairment of assets held for sale	—	—	—	—	—	—	(8,275)	—	(8,275)
Government subsidy income	5,630	2,087	—	704	8,421	326	—	—	8,747
Additions to non-current assets (other than financial assets at FVOCI and deferred income tax assets)	14,404	4,944	2,172	264	21,784	836	—	—	22,620

A reconciliation of the total of the reportable segments' profit before income tax to the Group's profit after income tax is as follows:

	2023 *HK$'000*	(Restated) 2022 *HK$'000*
Profit before income tax for reportable segments	**469,398**	380,241
Profit/(loss) before income tax for others	**4,385**	(5,391)
Profit before income tax for all segments	**473,783**	374,850
Elimination of segment income from corporate headquarters	**(626)**	(601)
Corporate finance income	**241,949**	88,799
Corporate finance costs	**(24)**	(27)
Corporate net exchange gains	**12,404**	6,469
Corporate expenses, net of income	**(64,723)**	(44,132)
Profit before income tax for the Group	**662,763**	425,358
Income tax expenses for all segments	**(55,615)**	(50,540)
Corporate income tax credit/(expenses)	**1,458**	(7,921)
Profit after income tax for the Group	**608,606**	366,897

A reconciliation of the total of the reportable segments' assets to the Group's total assets is as follows:

	2023 *HK$'000*	(Restated) 2022 *HK$'000*
Total assets for reportable segments	**4,316,456**	4,298,546
Total assets for others	**114,349**	101,735
Elimination of inter-segment receivables	**(547)**	(123,881)
Total assets for all segments	**4,430,258**	4,276,400
Corporate assets (mainly deposits and cash and cash equivalents)	**5,012,267**	5,217,375
Elimination of receivables between corporate headquarters and segments	**(237,296)**	(259,282)
Total assets for the Group	**9,205,229**	9,234,493

A reconciliation of the total of the reportable segments' liabilities to the Group's total liabilities is as follows:

	2023	(Restated) 2022
	HK$'000	*HK$'000*
Total liabilities for reportable segments	**933,949**	1,150,587
Total liabilities for others	**210**	206
Elimination of inter-segment payables	**(547)**	(123,881)
Total liabilities for all segments	**933,612**	1,026,912
Corporate liabilities	**321,514**	345,283
Elimination of payables between corporate headquarters and segments	**(237,296)**	(259,282)
Total liabilities for the Group	**1,017,830**	1,112,913

The Company is domiciled in Hong Kong. The Group's revenue from external customers derived from Hong Kong and places other than Hong Kong (principally in the PRC) are HK$1,146,831,000 (2022: HK$1,147,473,000) and HK$2,194,898,000 (2022: HK$2,815,066,000) respectively.

The total of non-current assets, other than financial assets at FVOCI and deferred income tax assets, located in Hong Kong and places other than Hong Kong are HK$738,665,000 (2022: HK$611,705,000) and HK$599,038,000 (2022: HK$596,586,000) respectively.

4 OTHER INCOME AND (LOSSES) — NET

	2023 *HK$'000*	2022 *HK$'000*
Other income/(expenses):		
— Rental income	**3,717**	3,708
— Direct operating expenses for generating rental income	**(68)**	(75)
— Dividend income from financial assets at FVOCI	**2,541**	3,760
Other income — net	**6,190**	7,393
Other gains/(losses):		
— Net losses on disposal of property, plant and equipment	**(17)**	(25)
— Net losses on dissolution of a subsidiary *(Note (a))*	**—**	(200)
— Net losses on disposal of an associate *(Note (b))*	**—**	(620)
— Fair value losses on investment properties	**(5,360)**	(2,182)
— (Provision)/reversal of provision for impairment of trade receivables, net *(note 10(b))*	**(29,135)**	2,346
— Provision for impairment of other receivables	**(143)**	(19,841)
— Provision for impairment of inventories, net	**(3,537)**	(1,544)
— Provision for impairment of assets held for sale *(note (b))*	**—**	(8,275)
— Net exchange gains/(losses)	**13,987**	(7,217)
— Government subsidy income *(note (c))*	**6,112**	11,225
— Others	**5,557**	1,668
Other (losses) — net	**(12,536)**	(24,665)
Other income and (losses) — net	**(6,346)**	(17,272)

Notes:

(a) 中遠(北京)海上電子設備有限公司 (COSCO (Beijing) Marine Electronic Equipment Limited*) was dissolved on 11 August 2022.

(b) On 28 June 2022, the Group entered into an agreement with the purchaser and agreed to sell the entire 18% equity interest of Double Rich held by the Group with a consideration of US$8,804,200 (approximately HK$68,779,000). As a result, the investment in an associate was reclassified as assets held for sale and an impairment of HK$8,275,000 was recognised. The disposal was completed on 29 December 2022, upon completion of the disposal, Double Rich ceased to be an associate of the Group, net losses on disposal of HK$620,000 was recognised.

(c) During the year ended 31 December 2022, government subsidy income included HK$4,230,000 recognised in respect of Employment Support Scheme granted by the Government of the Hong Kong Special Administrative Region. The remaining amount represented other government subsidy income.

5 SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	2023	2022
	HK$'000	*HK$'000*
Selling expenses	**148,298**	126,116
Depreciation of property, plant and equipment	**4,487**	4,430
Amortisation of intangible assets	**2,028**	1,744
Depreciation of right-of-use assets	**8,449**	8,475
Expenses related to short-term leases	**28,221**	26,811
Employee benefit expenses included in administrative and general expenses	**325,599**	267,282
Auditors' remuneration	**5,379**	5,332
Others	**71,910**	57,156
	594,371	497,346

6 FINANCE INCOME — NET

	2023	2022
	HK$'000	*HK$'000*
Interest income from:		
— a fellow subsidiary	**10,042**	6,777
— bank deposits	**256,674**	91,589
Total finance income	**266,716**	98,366
Interest expenses on:		
— loans from fellow subsidiaries	**—**	(60)
— lease liabilities	**(473)**	(534)
Other finance charges	**(1,359)**	(1,421)
Total finance costs	**(1,832)**	(2,015)
Finance income — net	**264,884**	96,351

7 INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the year.

The PRC enterprise income tax has been calculated on the estimated assessable profit derived from the Group's operations in the PRC for the year at 25% (2022: 25%) except for a subsidiary, which was taxed at a reduced rate of 15% (2022: 15%) based on different local preferential policies on income tax and approval by relevant tax authorities.

Other overseas taxation has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 17% to 35% (2022: 17% to 35%) during the year.

	2023	2022
	HK$'000	*HK$'000*
Current income tax		
— current year		
— Hong Kong profits tax	**21,369**	18,098
— PRC enterprise income tax	**22,793**	28,904
— other overseas taxation	**7,475**	6,420
— (over-provision)/provision in prior years		
— Hong Kong profits tax	**(538)**	(38)
— PRC enterprise income tax	**(2,349)**	(2,937)
— other overseas taxation	**51**	(459)
Deferred income tax charge — net	**5,356**	8,473
Income tax expenses	**54,157**	58,461

8 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to equity holders of the Company of HK$593,673,000 (2022: HK$347,062,000) and the weighted average number of ordinary shares outstanding during the year, adjusted for shares repurchased and cancelled during the year, of 1,472,160,717 shares (2022: 1,526,108,930 shares).

There were no potential dilutive ordinary shares in existence for both years.

9 DIVIDENDS

	2023	2022
	HK$'000	*HK$'000*
Interim dividend paid of HK$0.225 (2022: HK$0.11) per ordinary share	**329,844**	168,625
Final dividend proposed of HK$0.175 (2022: HK$0.115) per ordinary share	**256,545**	170,395
	586,389	339,020

At the board meeting held on 26 March 2024, the directors of the Company proposed a final dividend of HK$0.175 per ordinary share for the year ended 31 December 2023. These proposed dividends have not been recognised as a liability in the financial statements for the year ended 31 December 2023, but will be reflected as an appropriation of retained profits for the year ending 31 December 2024.

10 TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**605,957**	720,703
Less: provision for impairment *(Note (b))*	**(54,286)**	(26,461)
Trade receivables — net *(Note (a))*	**551,671**	694,242
Bills receivable, prepayments, other receivables and amounts due from related parties, net of provision for impairment	**654,300**	995,456
	1,205,971	1,689,698

Notes:

(a) The ageing analysis of trade receivables (including amounts due from related parties which are trading in nature) based on invoice date and after provision for impairment is as follows:

	2023	2022
	HK$'000	*HK$'000*
Current – 90 days	**386,062**	466,773
91 – 180 days	**85,983**	130,306
Over 180 days	**79,626**	97,163
	551,671	694,242

For sale of coatings, marine equipment and spare parts, asphalt and other products, the majority of sales are on credit terms from 30 days to 120 days. Other than those with credit terms, all invoices are payable upon presentation.

(b) Movements on the provision for impairment of trade receivables are as follows:

	2023	2022
	HK$'000	*HK$'000*
At 1 January	**26,461**	31,169
Currency translation differences	**(524)**	(2,246)
Provision/(reversal of provision) for impairment, net	**29,135**	(2,346)
Amount written off	**(786)**	(116)
At 31 December	**54,286**	26,461

11 TRADE AND OTHER PAYABLES, CONTRACT LIABILITIES AND LEASE LIABILITIES

	2023	2022
	HK$'000	*HK$'000*
Trade payables *(Note (a))*	**336,531**	342,964
Bills payable, other payables, accrued liabilities and amounts due to related parties	**368,958**	360,173
	705,489	703,137
Contract liabilities *(Note (b))*	**212,739**	305,483
Lease liabilities *(Note (c))*	**17,611**	15,911
	935,839	1,024,531

Notes:

(a) The ageing analysis of trade payables (including amounts due to related parties which are trading in nature) based on invoice date is as follows:

	2023	2022
	HK$'000	*HK$'000*
Current – 90 days	**267,282**	270,833
91 – 180 days	**16,949**	43,622
Over 180 days	**52,300**	28,509
	336,531	342,964

(b) Revenue recognised in the current reporting period related to brought-forward contract liabilities:

	2023	2022
	HK$'000	*HK$'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**301,430**	241,940

(c) Maturity analysis of lease liabilities is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within one year	**2,414**	8,942
From the second to fifth year inclusive	**15,197**	6,969
	17,611	15,911

OVERALL ANALYSIS OF RESULTS

In 2023, profit attributable to equity holders of the Company was HK$593,673,000 (2022: HK$347,062,000), representing an increase of 71% year-on-year, while the basic and diluted earnings per share were 40.33 HK cents (2022: 22.74 HK cents), representing an increase of 77% year-on-year. It was mainly due to significant increase in interest income and the share of profit of a joint venture, Jotun COSCO.

FINANCIAL REVIEW

Revenue

During the year, the Group's revenue was HK$3,341,729,000 (2022: HK$3,962,539,000), decreased by 16% year-on-year. Revenue from the core business of shipping services was HK$2,777,649,000 (2022: HK$2,936,971,000), decreased by 5% year-on-year, and accounted for 83% (2022: 74%) of the Group's revenue, mainly due to decrease in revenue from the coatings segment resulting from decrease in demand and sales volume of container coatings. Revenue from the general trading segment was HK$564,080,000 (2022: HK$1,025,568,000), decreased by 45% year-on-year, and accounted for 17% (2022: 26%) of the Group's revenue.

Gross Profit and Gross Profit Margin

During the year, the Group's gross profit was HK$663,634,000 (2022: HK$660,612,000), slightly increased year-on-year, mainly due to an increase in gross profit margin of the coatings segment and an increase in revenue from the insurance brokerage segment. Gross profit margin was 20% (2022: 17%), increased by 3 percentage points year-on-year. The overall increase in gross profit margin was mainly due to a significant increase in gross profit margin of the coatings segment resulting from the decrease in materials costs.

Management Fee Income

During the year, management fee income arising from the provision of management services by the Company in relation to the day-to-day business operations and management of COSCO SHIPPING (Hong Kong) Co., Limited ("COSCO SHIPPING (Hong Kong)") and its subsidiaries (other than those relating to the Group and Piraeus Port Authority S.A.) was HK$82,954,000 (2022: HK$56,837,000), increased by 46% year-on-year, mainly due to an increase in administrative and general expenses related to COSCO SHIPPING (Hong Kong) and its subsidiaries mentioned above.

Other Income and (Losses) — Net

During the year, other income and (losses) — net losses was HK$6,346,000 (2022: net losses of HK$17,272,000), mainly attributed from the provision for impairment of trade receivables, and the exchange gains offset part of the impact.

Selling, Administrative and General Expenses

During the year, selling, administrative and general expenses was HK$594,371,000 (2022: HK$497,346,000), increased by 20% year-on-year, mainly due to an increase in sales expenses, employee benefit expenses and research and development expenses.

Operating Profit

The Group's operating profit was HK$145,871,000 (2022: HK$202,831,000), decreased by 28% year-on-year.

Finance Income

Finance income, which primarily represented interest income on the Group's bank deposits, was HK$266,716,000 (2022: HK$98,366,000), increased by 171% year-on-year, mainly due to an increase in interest rates of deposits.

Finance Costs

Finance costs, which mainly represented interest expenses on lease liabilities and other finance charges, was HK$1,832,000 (2022: HK$2,015,000), decreased by 9% year-on-year.

Share of Profits of Joint Ventures

The Group's share of profits of joint ventures was HK$237,582,000 (2022: HK$117,529,000), increased by 102% year-on-year. This item primarily represented the share of profits of Jotun COSCO of HK$232,255,000 (2022: HK$106,720,000) and of Nasurfar Changshu of HK$2,617,000 (2022: HK$8,036,000), which were included in the coatings segment.

Share of Profits of Associates

The Group's share of profits of associates was HK$14,426,000 (2022: HK$8,647,000). This item primarily represented the share of profit of Zhejiang Four Brothers Rope of HK$7,946,000 (2022: HK$3,424,000), which was included in the general trading segment.

Income Tax Expenses

During the year, the Group's income tax expenses was HK$54,157,000 (2022: HK$58,461,000), decreased by 7% year-on-year. The ratio of income tax expenses to profit before income tax, excluding the share of profits of joint ventures and associates, decreased from 19% in 2022 to 13%, mainly due to increase in interest income from bank deposits, which is not subject to income tax.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company was HK$593,673,000 (2022: HK$347,062,000), increased by 71% year-on-year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent but flexible approach towards financial management which aims at maintaining a healthy statement of financial position, a low level of borrowings and adequate liquidity. The Board believes this approach can ensure sufficient financial resources available for merger and acquisition opportunities that fits in well with the Group's strategic direction, and is therefore in line with the Group's long-term development target.

The Group's main sources of liquidity comprises cash, bank balances and non-committed unutilised banking facilities. The liquidity is primarily for financing of general working capital requirements, dividend payments and future capital expenditure. As at 31 December 2023, deposits and cash and cash equivalents held by the Group accounted for 81% (2022: 75%) of the Group's total current assets.

As at 31 December 2023, the Group's total assets slightly decreased to HK$9,205,229,000 (2022: HK$9,234,493,000). Total liabilities decreased by 9% to HK$1,017,830,000 (2022: HK$1,112,913,000). The Group remained cautious about potential credit risks that surrounded the shipping services industry. All business units focused on internal management, receivables management, working capital management and costs control.

Net asset value attributable to shareholders was HK$7,839,455,000 (2022: HK$7,802,587,000). Net asset value per share, calculated based on the 1,465,971,429 shares outstanding at the end of the year (2022: 1,481,693,429 shares), was HK$5.35 (2022: HK$5.27), which increased slightly as compared to the end of 2022.

As at 31 December 2023, the Group's total short-term borrowings was nil (2022: nil). The Group's total cash on hand (representing total restricted bank deposits and current deposits and cash and cash equivalents) increased by 6% to HK$6,261,376,000 (2022: HK$5,933,120,000) and non-committed unutilised standby banking facilities decreased by 28% to HK$548,887,000 (2022: HK$767,627,000) respectively. The gearing ratio, which represented total borrowings over total assets, was nil (2022: nil).

Debt Analysis

As at 31 December 2023, the Group's total borrowings was nil (2022: nil).

The Group had restricted bank deposits of HK$5,517,000 (2022: HK$5,597,000), representing deposits placed to meet the statutory requirement of its insurance brokerage business in the PRC.

Considering the Group's current level of cash and bank balances, funds generated internally from operations, the unutilised banking facilities available and a low debt level, the Board is confident that the Group will have sufficient resources to meet its foreseeable capital expenditures and liquidity requirements.

TREASURY POLICY

The Group operates principally in Hong Kong, the PRC and overseas, and is exposed to foreign exchange risk arising from various currency exposures, primarily respect to Renminbi and United States dollars. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group managed its foreign exchange exposure through matching its operating costs and borrowings against its trade receivables. Nevertheless, the Group is still exposed to relevant foreign exchange risk in respect of Renminbi and United States dollars exchange rate fluctuations such that the Group's profit might be impacted accordingly.

The Group continued to monitor and adjust its debt portfolio from time to time in light of market conditions, the objective of which is to reduce potential interest rate risk exposure, improve debt structure and lower interest expenses.

As for cash management, the Group selects suitable cash investment instruments based on the balance among security, return and liquidity to ensure sufficient funds are available and an appropriate level of liquidity is maintained to meet all its obligations during different stages of the shipping cycle.

The Group maintained a healthy cash position. As at 31 December 2023, the Group had net cash, which represented total restricted bank deposits, current deposits and cash and cash equivalents, less short-term borrowings, of HK$6,261,376,000 (2022: HK$5,933,120,000). To enhance the Group's finance income and to ensure availability of cash at appropriate times to meet the Group's commitments and needs, the Group, on the basis of balancing risk, return and liquidity, invested in a mixture of stable and conservative financial products, including overnight deposits, term deposits and offshore fixed deposits. Cash and deposits of the Group were placed with highly reputable financial institutions in Hong Kong, the PRC, Singapore, Japan, Germany and the United States. During the year, the Group strengthened its funds management and had actively negotiated with banks to strive for higher deposit yields for the huge sum of liquid funds on hand. The Group achieved a 4.37% rate of return on the Group's cash for the year (2022: 1.62%), representing an increase of 275 basis points year-on-year. The Group had no financial instruments for interest rate hedging purposes.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, sales to the largest customer and aggregate sales to the five largest customers accounted for 9% and 29% respectively (2022: 11% and 27% respectively) of the total revenue of the Group, while purchases from the largest supplier and aggregate purchases from the five largest suppliers accounted for 11% and 24% respectively (2022: 9% and 18% respectively) of the total cost of sales of the Group.

None of the Directors or their associates had interests in any of the five largest customers and suppliers.

Save as disclosed above, to the knowledge of the Directors, none of the shareholders of the Company ("Shareholders") owning more than 5% of the Company's shares had interests in the five largest customers and suppliers.

EMPLOYEES

As at 31 December 2023, excluding joint ventures and associates, the Group had 860 (2022: 851) employees, of which 195 (2022: 179) were Hong Kong employees. During the year, total employee benefit expenses, including directors' emoluments and provident funds, were HK$446,150,000 (2022: HK$405,348,000). Employees were remunerated on the basis of their performance and experience. Remuneration packages include salary and a year-end discretionary bonus, which are determined with reference to market conditions and individual performance. During the year, all of the Hong Kong employees have participated in the Mandatory Provident Fund Scheme or recognised occupational retirement scheme.

The share option incentive scheme of the Company was adopted by the Shareholders at the special general meeting of the Company on 9 April 2020 (the "Share Option Incentive Scheme").

The Company granted an aggregate of 23,830,000 share options to certain directors of the Company and certain employees of the Group to subscribe for a total of 23,830,000 shares of the Company at a price of HK$2.26 per share on 28 April 2020 under the Share Option Incentive Scheme. Subject to the fulfilment of the relevant conditions, these share options granted are exercisable from 28 April 2022 to 27 April 2026 in batches.

The Company granted an aggregate of 2,460,000 share options to certain employees of the Group to subscribe for a total of 2,460,000 shares of the Company at a price of HK$2.184 per share on 6 October 2020 under the Share Option Incentive Scheme. Subject to the fulfilment of the relevant conditions, these share options granted are exercisable from 6 October 2022 to 5 October 2026 in batches.

The Company granted an aggregate of 1,370,000 share options to certain employees of the Group to subscribe for a total of 1,370,000 shares of the Company at a price of HK$2.72 per share on 7 April 2021 under the Share Option Incentive Scheme. Subject to the fulfilment of the relevant conditions, these share options granted are exercisable from 7 April 2023 to 6 April 2027 in batches.

Each batch of the above share options is exercisable within the periods stated as follows: (a) 33.3% of the share options will be exercisable commencing on the first trading day after the expiration of the 24th month period (the second anniversary) from the respective dates of grant and ending on the last trading day of the 36th month period from the respective dates of grant; (b) 33.3% of share options will be exercisable commencing on the first trading day after the expiration of the 36th month period (the third anniversary) from the respective dates of grant and ending on the last trading day of the 48th month period from the respective dates of grant; and (c) 33.4% of the share options will be exercisable commencing on the first trading day after the expiration of the 48th month period (the fourth anniversary) from the respective dates of grant and ending on the last trading day of the 72nd month period from the respective dates of grant.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 17.5 HK cents (2022: 11.5 HK cents) per share for the year ended 31 December 2023. The proposed final dividend will be payable on 28 June 2024 to Shareholders whose names appear on the register of members of the Company (the "Register of Members") on 14 June 2024 subject to the Shareholders' approval in annual general meeting of the Company to be held on 31 May 2024 (the "AGM"). The proposed final dividend together with the interim dividend of 22.5 HK cents per share (2022: 11 HK cents), total dividends per share for the year 2023 are 40 HK cents (2022: 22.5 HK cents).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' right to attend and vote at the AGM, the Register of Members will be closed from 28 May 2024 to 31 May 2024, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited (the "Branch Share Registrar") at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 27 May 2024.

For the purpose of ascertaining shareholders' entitlement to the proposed final dividend, the Register of Members will be closed from 11 June 2024 to 14 June 2024, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify the proposed final dividend for the year ended 31 December 2023, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Branch Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 7 June 2024.

REVIEW OF BUSINESS OPERATIONS

Despite the year of 2023 marking the beginning of the post-pandemic era, the stability of global economic growth faced challenges brought on by a turbulent state of international affairs, persistent geopolitical tensions, wide-ranging wars, conflicts and climate hazards as seen in many countries, as well as high inflation, high interest rates and a slow destocking process. Trade barriers and geoeconomic and political fragmentation have worsened the fragmentation of global trade and supply chains, leading to a decline in global trade levels. According to the "World Economic Outlook" released by the International Monetary Fund in January 2024, the global economy in 2023 attained year-on-year growth of 3.1%, while global trade only achieved year-on-year growth of 0.4%, both below historical averages.

Confronted by various macro factors, China's foreign trade performance suffered but demonstrated remarkable resilience. According to the latest information from the World Trade Organization, China's international market share in terms of exports is expected to remain at a relatively high level of around 14% for 2023.

Trade barriers, geopolitical uncertainty and climate issues greatly weighed on the shipping industry. Incidents such as the Black Sea blockade, the Red Sea crisis and the Panama Canal drought caused congestion and delays in cargo transport, while pushing up the freight rates the shipping companies consequently had to endure greater operating costs. Nevertheless, the shipping industry managed to achieve relatively stable development. According to studies from Clarksons, in 2023, the global seaborne trade saw a year-on-year increase of 3% to 12.4 billion tonnes. In terms of specific freight type, liquefied gas carriers, tankers, offshore installations and car carriers segments delivered strong performance, in contrast to relatively sluggish dry bulk and container seaborne trade.

In respect of shipbuilding, according to the 2023 船舶工業經濟運行分析 (Analysis of Economic Operation of the Shipbuilding Industry in 2023) published by China Association of the National Shipbuilding Industry, in 2023, the national shipbuilding completions amounted to 42.32 million dead weight tonnages ("DWT"), representing year-on-year growth of 11.8%; new orders amounted to 71.2 million DWT, representing year-on-year growth of 56.4%; and orders on hand as at the end of December 2023 amounted to 139.39 million DWT, representing year-on-year growth of 32.0%. In particular, export vessels accounted for 81.6%, 93.4% and 93.4% of the national shipbuilding completions, new orders and orders on hand respectively. China's position as a major shipbuilding country was further entrenched, with its market share being the largest in the world for 14 consecutive years.

China has become a major maritime nation with important influence in the world and is now leading the development of global shipping industry with green transition and digital empowerment. On seizing the trend of green and smart shipping development, COSCO SHIPPING International and 中遠海運科技股份有限公司 (COSCO SHIPPING Technology Co., Ltd.*) ("COSCO SHIPPING Technology") jointly established 中遠海運綠色數智船舶服務有限公司 (COSCO SHIPPING Green Digital Intelligence Ship Services Co., Ltd.*) ("COSCO SHIPPING Green Intelligence") in February 2023, with the aim of providing green, low-carbon and digital intelligent solutions for the maritime transport life cycle to improve efficiency in the shipping industry. Further than that, in December 2023, COSCO SHIPPING International also entered into a cooperation agreement regarding the establishment of a joint venture, 上海吉遠綠色能源有限公司 (Shanghai JOYFuel Green Energy Co., Ltd.*) ("Shanghai JOYFuel Green Energy") with 吉林電力股份有限公司 (Jilin Electric Power Co., Ltd.*) ("Jilin Electric Power") and 上港集團能源(上海)有限公司 (Shanggang Group Energy (Shanghai) Co., Ltd*) ("Shanggang Energy") (the "Cooperation Agreement") in order to advance the development of renewable fuels such as green methanol, expedite the deployment of renewable marine fuels, and drive the shift towards green energy in the shipping industry.

1. Core Business — Shipping Services

The Group's core business of shipping services mainly include ship trading agency services, insurance brokerage services, supply of marine equipment and spare parts, production and sale of coatings and intelligent shipping services etc..

During the year, revenue from the Group's shipping services was HK$2,777,649,000 (2022: HK$2,936,971,000), representing a year-on-year decrease of 5%, which was mainly due to the decline in revenue from production and sale of coatings. Profit before income tax from shipping services was HK$500,338,000 (2022 (restated): HK$375,665,000), representing a year-on-year increase of 33%, which included the considerable growth recorded in the insurance brokerage services, supply of marine equipment and spare parts and production and sale of coatings businesses.

1.1 *Ship Trading Agency Services*

The Group's ship trading agency business is principally engaged in the provision of agency services relating to ship building, ship trading and chartering for shipping enterprises.

During the year, revenue from the ship trading agency segment of the Group increased by 2% to HK$86,782,000 (2022: HK$85,413,000) year-on-year. Segment profit before income tax was HK$46,772,000 (2022: HK$52,877,000), representing a year-on-year decrease of 12%. These were mainly attributable to the year-on-year increase in operating costs.

During the year, the Group's aggregate number of new build vessels delivery was 16 (2022: 18), aggregating 792,200 DWT (2022: 855,400 DWT). A total number of 57 (2022: 40) new build vessels have been ordered, aggregating 4,207,750 DWT (2022: 2,094,776 DWT). In addition, the sale and purchase of a total of 17 (2022: 23) second-hand vessels were recorded, aggregating 1,928,030 DWT (2022: 1,145,103 DWT).

1.2 *Insurance Brokerage Services*

The Group's insurance brokerage services business is primarily engaged in the insurance and reinsurance intermediary services of marine and non-marine insurance, including the provision of professional insurance brokerage services such as risk assessment and analysis, designing insurance and reinsurance programmes, discussing insurance coverage, reviewing insurance policies, claims adjustment and claims handling for domestic and international customers and receive service commissions.

During the year, revenue from insurance brokerage segment of the Group was HK$139,707,000 (2022: HK$114,584,000), representing a year-on-year increase of 22%. Segment profit before income tax was HK$95,672,000 (2022: HK$81,400,000), representing a year-on-year increase of 18%, which was mainly attributable to the continual business expansion by virtue of further expansion of new business and customers, and the significant increases in the premium rates for hull insurance, protection and indemnity insurance and war risks insurance rates.

1.3 *Supply of Marine Equipment and Spare Parts*

The Group's supply of marine equipment and spare parts business is principally engaged in the sale and installation of equipment and spare parts for existing and new build vessels, as well as equipment of radio communications systems, satellite communications and navigation systems for ships, offshore facilities, coastal stations and land users; marine materials supply and voyage repair. Its business network covers cities such as Hong Kong, Shanghai and Beijing and countries such as Japan, Singapore, Germany and the United States, etc..

During the year, revenue from marine equipment and spare parts segment of the Group was HK$1,725,018,000 (2022: HK$1,669,821,000), representing a year-on-year increase of 3%, which was mainly due to the persistent exploration of new customers that continued the growth momentum of the business volume in recent years. Segment profit before income tax increased by 20% year-on-year to HK$106,696,000 (2022: HK$89,026,000), which was mainly attributable to an increase of interest income and a decrease of net exchange losses.

1.4 *Production and Sale of Coatings*

The coating business of the Group primarily includes the production and sale of container coatings, industrial heavy-duty anti-corrosion coatings and marine coatings. COSCO Kansai Paint & Chemicals (Tianjin) Co., Ltd. ("COSCO Kansai (Tianjin)"), COSCO Kansai Paint & Chemicals (Zhuhai) Co., Ltd. ("COSCO Kansai (Zhuhai)"), 中遠關西塗料(上海)有限公司 (COSCO Kansai Paint (Shanghai) Co., Ltd.*) ("COSCO Kansai Paint (Shanghai)") and 中遠關西塗料化工(上海)有限公司 (COSCO Kansai Paint & Chemicals (Shanghai) Co., Ltd.*) ("COSCO Kansai (Shanghai)") are non-wholly owned subsidiaries of the Company. COSCO Kansai (Tianjin), COSCO Kansai (Zhuhai) and COSCO Kansai Paint (Shanghai), which have their own plants, are principally engaged in the production and sale of coatings, while COSCO Kansai (Shanghai) is primarily engaged in the sale of coatings. Jotun COSCO, a 50/50 joint venture formed by the Company and Jotun A/S, Norway, an international coating supplier, is principally engaged in the production and sale of marine coatings. Nasurfar Changshu, in which the Company held 33% equity interest, is principally engaged in research and development, production and sales of biomaterial application products, including surfactants, coating raw materials and additives, as well as resin modifiers.

During the year, revenue from coatings segment of the Group was HK$826,045,000 (2022: HK$1,067,153,000), representing a year-on-year decrease of 23%. Segment profit before income tax was HK$254,644,000 (2022: HK$152,362,000), representing a year-on-year increase of 67%, which was mainly attributable to the significant increase in share of profit of Jotun COSCO.

For container coatings, during the year, the sales volume of container coatings decreased by 41% to 11,750 tonnes (2022: 19,788 tonnes) year-on-year. The sales volume of industrial heavy-duty anti-corrosion coatings together with workshop primer amounted to 19,119 tonnes (2022: 15,949 tonnes), representing a year-on-year increase of 20%.

For marine coatings, the sales volume of Jotun COSCO's coatings for new build vessels amounted to 75,030,000 litres (2022: 61,353,000 litres), representing a year-on-year increase of 22%. Sales volume of coatings for repair and maintenance was 34,247,000 litres (2022: 30,628,000 litres), representing a year-on-year increase of 12%. The sales volume of Jotun COSCO's marine coatings amounted to 109,277,000 litres (equivalent to approximately 147,524 tonnes) (2022: 91,981,000 litres (equivalent to approximately 124,174 tonnes)), increased by 19% year-on-year. During the year, the Group's share of profit from Jotun COSCO was HK$232,255,000 (2022: HK$106,720,000), representing a significant year-on-year increase of 118%, which was mainly attributable to the considerable growth recorded in both sales volume and gross profit margin.

During the year, the Group's share of profit from Nasurfar Changshu was HK$2,617,000 (2022: HK$8,036,000), representing a year-on-year decrease of 67%, which was mainly attributable to the increase in depreciation expenses for newly expanded plants.

1.5 *Trading and Supply of Marine Fuel and Related Products*

New Renown Limited, a wholly-owned subsidiary of the Company, completed the disposal of its entire 18% equity interest in Double Rich to 中國船舶燃料有限責任公司 (China Marine Bunker (PetroChina) Co., Ltd.*) on 29 December 2022. As a result, marine fuel and other products segment was no longer regularly reviewed by the Group's chief operating decision-maker in deciding how to allocate resources and in assessing performance, and the management considered that the segment was no longer presented as a reportable segment in 2023.

In 2022, the Group had recorded no revenue from the marine fuel and other products segment, and segment loss before income tax was HK$8,647,000, which mainly consisted of provision for impairment of assets held for sale of HK$8,275,000. During the year, the Group recorded no revenue from Sinfeng, and profit before income tax of Sinfeng was included in the "Others" segment.

1.6 *Intelligent Shipping Services*

In February 2023, the Company entered into an investment and cooperation agreement with COSCO SHIPPING Technology in relation to formation of a joint venture, COSCO SHIPPING Green Intelligence. During the year, revenue of COSCO SHIPPING Green Intelligence was HK$97,000 (2022: N/A) and the loss before income tax was HK$3,446,000 (2022: N/A). The loss was mainly due to the expenses incurred by COSCO SHIPPING Green Intelligence during the start-up period.

2. General Trading

The Group's general trading business is principally engaged in the trading, storage, processing, supply of asphalt and other comprehensive trading.

During the year, revenue from general trading segment of the Group was HK$564,080,000 (2022: HK$1,025,568,000), representing a year-on-year decrease of 45%, which was mainly due to a decrease of 41% in sales volume of asphalt to 113,036 tonnes (2022: 190,717 tonnes) year-on-year since the Group intended to gradually reduce its asphalt business. Segment loss before income tax was HK$30,940,000 (2022: segment profit before income tax HK$4,576,000), which was mainly due to the increase in provision for impairment of trade receivables.

During the year, the Group's share of profit from Zhejiang Four Brothers Rope was HK$7,946,000 (2022: HK$3,424,000), representing a year-on-year increase of 132%.

EVENTS AFTER THE BALANCE SHEET DATE

The Company entered into a share transfer agreement with COSCO SHIPPING Development (Hong Kong) Co., Limited ("COSCO SHIPPING Development HK") on 10 November 2023, pursuant to which the Company had agreed to purchase and COSCO SHIPPING Development HK had agreed to sell the entire issued share capital of Helen Insurance Brokers Limited ("Helen Insurance") at a consideration of HK$270,980,600 (the "Acquisition"), details of which were disclosed in the announcement of the Company dated 10 November 2023 and the circular of the Company dated 6 December 2023 respectively. The Acquisition was approved at the special general meeting of the Company on 28 December 2023 and completed in January 2024. After the completion of the Acquisition, Helen Insurance has become a wholly-owned subsidiary of the Company. This is a milestone for the Group to further expand and consolidate its market share and competitive advantages in the insurance brokerage business. The Acquisition will optimise the allocation of insurance brokerage resources and service processes, reduce costs and increase efficiency, thereby enhancing the Group's overall profitability and shareholders' return.

The Company entered into the Cooperation Agreement with Jilin Electric Power and Shanggang Energy on 29 December 2023 in relation to the formation of Shanghai JOYFuel Green Energy. Shanghai JOYFuel Green Energy will be an investment platform specialising in renewable fuels including green methanol. Pursuant to the terms of the Cooperation Agreement, the registered capital of Shanghai JOYFuel Green Energy shall be RMB1,000 million, of which Jilin Electric Power, the Company and Shanggang Energy shall contribute RMB550 million, RMB350 million and RMB100 million respectively, accounting for 55%, 35% and 10% of the registered capital respectively. Subsequently, Shanghai JOYFuel Green Energy was established in February 2024. Accordingly, Shanghai JOYFuel Green Energy shall be owned as to 55% by Jilin Electric Power, 35% by the Company and 10% by Shanggang Energy upon its establishment, details of which were disclosed in the announcement of the Company dated 29 December 2023.

PROSPECTS

Looking ahead to 2024, various factors such as geopolitical tension, differing monetary policies and economic performances, restricted credit conditions, sluggish global trade and investment, and weakening consumption in developed countries will introduce multiple layers of uncertainty to the stability of economic development. The International Monetary Fund expected that global economic growth will remain at 3.1% in 2024, below the historical average of 3.8%. Nonetheless, the easing of global inflation and the rapid recovery of China's economy will support steady global economic development. With China's emphasis on promoting a green economy and establishing a comprehensive economic framework that advocates for green, low-carbon, and circular development, in addition to the proactive fiscal and financial measures implemented by the central government to enhance consumer confidence and stimulate investment demand, China is set to adopt a low-carbon and green direction, to achieve sustainable development path of high quality, significant social benefits, harmony, mutual progress, prosperity, and cultural enrichment.

For the shipping sector, given the fragile state of the global economy, elevating geopolitical risks, declining stability in the supply chain, and the low growth rate in fleet supply, the structural market trends are expected to endure. Clarksons predicts that the markets for most major ship types, with the exception of certain segments, will remain influenced by market intricacies and uncertainties.

In addition, the global shipping industry is facing challenges from decarbonization. It is a must to shift towards a sustainable future, to achieve decarbonization and embrace digitalization. Regulatory pressure on decarbonization is increasing, among those the International Maritime Organization (IMO) implemented more stringent targets in July of 2023. The shipping industry is tasked with a 20% reduction in carbon emissions by 2030 and reaching net-zero emissions by around 2050. Additionally, since 1 January 2024, the shipping industry has been officially integrated into the EU Emissions Trading System (ETS). Under these circumstances, building upon progress of 2023, COSCO SHIPPING International is committed to advancing green and intelligent shipping services vigorously in 2024. The proactive development of intelligent operational solutions and new energy industry chains for vessels is expected to offer green, low-carbon, digital, and intelligent solutions throughout the shipping industry's entire life cycle. This initiative aims to contribute to the high-quality, sustainable, and robust development of international shipping with China's wisdom.

When examining each sector, the Group's shipping services business is poised to maintain steady progress. In the realm of ship trading agency services, amidst the pressure of decarbonization and the shift towards green shipping practices, it is anticipated that shipping enterprises will persist in constructing new environmentally-friendly vessels and new energy will become the "standard" for new build vessels, thereby driving an ongoing increase in new vessel orders. Regarding insurance brokerage services, following the approval of the acquisition of Helen Insurance at the special general meeting of the Company on 28 December 2023, the contribution from Helen Insurance will be factored into the operations of 2024. Along with the synergies brought by its integration with our existing insurance business, the competitiveness and profitability of the Group's insurance brokerage services will enhance steadily. For the supply of marine equipment and spare parts, digital construction and green and environmental-friendly spare parts business will continue to be the business growth drivers. As for coatings, the marine coatings sector will continue to benefit from the demand for new vessels, but profit margins will be determined by fluctuations in raw material prices. In the realm of general trading, the Group is actively facilitating business transformation and consolidating resources to concentrate on enhancing the strategic development of its core business.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2023, the Company repurchased a total of 15,722,000 shares of the Company ("Shares") on the Stock Exchange for an aggregate consideration of HK$41,080,040 before expenses. All the aforesaid repurchased Shares were subsequently cancelled. The repurchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the Shares repurchased are as follows:

Month of Share(s) repurchased in 2023	No. of Shares repurchased	Highest price paid *(HK$)*	Lowest price paid *(HK$)*	Aggregate consideration (before expenses) *(HK$)*
May	9,224,000	2.71	2.50	24,470,060
June	6,498,000	2.66	2.48	16,609,980
Total:	15,722,000			41,080,040

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2023.

CORPORATE GOVERNANCE

Maintaining high standards of corporate governance has always been one of the Company's priorities. This is achieved through an effective, timely disclosure of information by the Board and a proactive investor relations programme. The Company will continue to implement measures in order to further strengthen its corporate governance and overall risk management.

The Board believed that the Company had complied with the code provisions of the Corporate Governance Code ("CG Code") set out in Part 2 of the Appendix C1 of the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year ended 31 December 2023, except that (A) Mr. Chen Dong, the Non-executive Director, who was unable to attend the annual general meeting of the

Company held on 31 May 2023 (the "AGM") and the special general meeting of the Company held on 28 December 2023 (the "SGM") due to other business engagement, and (B) the roles of the Chairman and the Managing Director are currently performed by the same individual, Mr. Zhu Changyu and were formerly performed by the same individual, Mr. Zhu Jianhui (ex-Director), which deviate from code provisions C.1.6 and C.2.1 of the CG Code respectively. Regarding the deviation from the code provision C.1.6 of the CG Code, although Mr. Chen Dong was unable to attend the AGM and the SGM, there were sufficient Directors, including Executive Directors and Independent Non-executive Directors, present to enable the Board to develop a balanced understanding of views of the Company's shareholders. Regarding the deviation from code provision C.2.1 of the CG Code, although the roles of the Chairman and the Managing Director are performed by the same individual, the Board believes that the roles of Chairman of the Board and Managing Director being performed by the same individual will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) all the Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among others, that he acts for the benefit and in the best interests of the Company; (ii) the balance of power and authority is ensured by the operations of the Board; and (iii) the overall strategy and other key business, financial and operational policies of the Company are made collectively after thorough discussion at both the Board and senior management of the Company, there is no other matter deviated from the CG Code. In addition to complying with applicable statutory requirements, the Company aims to continually review and enhance its corporate governance practices in the light of best practices.

The audit committee of the Company (the "Audit Committee") comprised of three Independent Non-executive Directors and the chairman of which is a certified public accountant. The main duties of the Audit Committee include reviewing the accounting policies and the Company's financial reporting; monitoring the performance of both the internal and external auditors; reviewing and examining the effectiveness of the financial reporting, the risk management and internal control systems; ensuring compliance with applicable statutory accounting and reporting requirements. The Audit Committee has discussed the internal controls and financial reporting matters with management of the Company and reviewed the results announcement and the audited consolidated financial statements of the Group for the year ended 31 December 2023.

The Company has received from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors to be independent.

The Company has adopted a code of conduct regarding securities transactions of Directors and employees (the "Securities Code") no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") contained in Appendix C3 to the Listing Rules. In order to ensure the Directors' dealings in the securities of the Company are conducted in accordance with the Model Code and the Securities Code, a committee was set up to deal with such transactions. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code and the Securities Code during the year ended 31 December 2023, all Directors confirmed that they had complied with the required standards set out in the Model Code and the Securities Code during the year.

By Order of the Board
COSCO SHIPPING International (Hong Kong) Co., Ltd.
Zhu Changyu
Chairman and Managing Director

26 March 2024

As at the date of this announcement, the Board comprises six directors with Mr. Zhu Changyu[1] (Chairman and Managing Director), Mr. Chen Dong[2], Ms. Meng Xin[1], Mr. Tsui Yiu Wa, Alec[3], Mr. Jiang, Simon X.[3] and Mr. Kwong Che Keung, Gordon[3].

[1] *Executive Director*
[2] *Non-executive Director*
[3] *Independent Non-executive Director*

* *for identification purposes only*