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**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)**

## **2024 INTERIM RESULTS**

### **RESULTS AND OPERATION HIGHLIGHTS**

- Revenue increased by 8% to HK\$1,752,887,000, mainly attributable to the increase in revenues from coatings segment and insurance brokerage segment.
- Gross profit increased by 17% to HK\$401,628,000, mainly attributable to the increase in gross profit of coatings segment and the increase in revenue from insurance brokerage segment.
- Gross profit margin increased to 23%, mainly attributable to the increase of revenue contribution from higher-gross margin segments.
- Profit before income tax from the core business of shipping services increased by 23% to HK\$326,762,000.
- Profit attributable to equity holders of the Company increased by 16% to HK\$388,041,000, mainly attributable to the increase in revenue and the share of profit of a joint venture.
- Basic and diluted earnings per share was 26.47 HK cents (2023: 22.69 HK cents), increased by 17%. The Board has declared an interim dividend of 26.5 HK cents (2023: 22.5 HK cents) per share.
- The Group had net cash (represented by total non-current bank deposits, restricted bank deposits, and current deposits and cash and cash equivalents) of HK\$6,008,533,000 as at 30 June 2024.

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 unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024. The unaudited condensed consolidated results have been reviewed by the audit committee of the Company (the “Audit Committee”).

The Group's unaudited condensed consolidated income statement, unaudited condensed consolidated statement of comprehensive income, unaudited condensed consolidated statement of financial position and explanatory notes 1 to 11 as presented below are extracted from the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 (the "Unaudited Condensed Consolidated Interim Financial Information"), which has been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

		Unaudited Six months ended 30 June	
		2024	2023
	Note	HK\$'000	HK\$'000
Revenue	3	1,752,887	1,620,612
Cost of sales		<u>(1,351,259)</u>	<u>(1,277,483)</u>
<b>Gross profit</b>		<b>401,628</b>	343,129
Management fee income		36,256	37,910
Other income and gains — net	4	13,627	38,764
Selling, administrative and general expenses		<u>(315,625)</u>	<u>(273,911)</u>
<b>Operating profit</b>	5	<b>135,886</b>	145,892
Finance income	6	<b>140,095</b>	120,495
Finance costs	6	<b>(1,155)</b>	(763)
Finance income — net	6	<b>138,940</b>	119,732
Share of profits of joint ventures	3	<b>149,636</b>	109,448
Share of profits of associates	3	<b>11,083</b>	4,812
<b>Profit before income tax</b>		<b>435,545</b>	379,884
Income tax expenses	7	<u>(43,117)</u>	<u>(32,193)</u>
<b>Profit for the period</b>		<b><u>392,428</u></b>	<b><u>347,691</u></b>
<b>Profit attributable to:</b>			
Equity holders of the Company		<b>388,041</b>	335,917
Non-controlling interests		<u><b>4,387</b></u>	<u>11,774</u>
		<b><u>392,428</u></b>	<b><u>347,691</u></b>
<b>Earnings per share attributable to equity holders of the Company during the period</b>			
— basic and diluted, HK cents	8	<b><u>26.47</u></b>	<b><u>22.69</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
<b>Profit for the period</b>	<u>392,428</u>	<u>347,691</u>
<b>Other comprehensive (losses)/income</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Share of currency translation differences of joint ventures	(7,486)	(12,637)
Share of other reserves of an associate, net of tax	235	—
Currency translation differences	(21,481)	(62,044)
<b>Items that will not be reclassified to profit or loss:</b>		
Fair value gains on financial assets at fair value through other comprehensive income, net	<u>19,114</u>	<u>8,286</u>
<b>Other comprehensive losses for the period</b>	<u>(9,618)</u>	<u>(66,395)</u>
<b>Total comprehensive income for the period</b>	<u>382,810</u>	<u>281,296</u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	380,922	281,131
Non-controlling interests	<u>1,888</u>	<u>165</u>
	<u>382,810</u>	<u>281,296</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		363,618	106,843
Property, plant and equipment		199,782	208,363
Right-of-use assets		45,528	48,155
Investment properties		144,657	145,933
Investments in joint ventures		611,159	668,448
Investments in associates		173,928	159,961
Financial assets at fair value through other comprehensive income		84,063	64,949
Deferred income tax assets		26,385	33,100
Non-current bank deposits		207,931	—
		<u>1,857,051</u>	<u>1,435,752</u>
<b>Current assets</b>			
Inventories		295,610	298,333
Trade and other receivables	10	1,626,330	1,205,971
Current income tax recoverable		2,639	3,797
Restricted bank deposits		5,478	5,517
Current deposits and cash and cash equivalents		5,795,124	6,255,859
		<u>7,725,181</u>	<u>7,769,477</u>
<b>Total assets</b>		<u>9,582,232</u>	<u>9,205,229</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		146,597	146,597
Reserves		7,817,235	7,692,858
		<u>7,963,832</u>	<u>7,839,455</u>
<b>Non-controlling interests</b>		<u>349,832</u>	<u>347,944</u>
<b>Total equity</b>		<u>8,313,664</u>	<u>8,187,399</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	11	14,294	15,197
Deferred income tax liabilities		93,027	64,035
		<u>107,321</u>	<u>79,232</u>
<b>Current liabilities</b>			
Trade and other payables	11	1,002,682	705,489
Contract liabilities	11	121,240	212,739
Current income tax liabilities		33,767	17,956
Lease liabilities	11	3,558	2,414
		<u>1,161,247</u>	<u>938,598</u>
<b>Total liabilities</b>		<u>1,268,568</u>	<u>1,017,830</u>
<b>Total equity and liabilities</b>		<u>9,582,232</u>	<u>9,205,229</u>

## NOTES:

### 1 GENERAL INFORMATION

The Group is 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”). 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”).

The Unaudited Condensed Consolidated Interim Financial Information is presented in Hong Kong dollars, unless otherwise stated.

The Unaudited Condensed Consolidated Interim Financial Information was approved by the Board for issue on 23 August 2024.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Unaudited Condensed Consolidated Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by HKICPA and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The Unaudited Condensed Consolidated Interim Financial Information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

The accounting policies and methods used in the preparation of the Unaudited Condensed Consolidated Interim Financial Information are consistent with those set out in the annual financial statements for the year ended 31 December 2023 except that the Group has applied the accounting policy on “Intangible assets” as follows:

Customer relationships are acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis based on the timing of projected cash flows of the customer relationships over their estimated useful lives from 13 to 19 years.

The following amendments to existing standard issued by the HKICPA, which are relevant to its operations and are effective for accounting periods beginning on or after 1 January 2024.

**Effective for  
accounting periods  
beginning on or after**

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
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The adoption of the above amendments to existing standard did not result in any substantial changes to the Group’s accounting policies and had no material financial impact on the Unaudited Condensed Consolidated Interim Financial Information.

The following new standard and 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 2024 and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
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 new standard and amendments to existing standards. The adoption of these new standard and 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 period is as follows:

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Sale of coatings	595,777	428,884
Sale of marine equipment and spare parts	909,982	907,067
Commission income from ship trading agency	49,554	36,370
Commission income from insurance brokerage	111,633	76,870
Intelligent shipping services	333	—
General trading	85,608	171,421
	<u>1,752,887</u>	<u>1,620,612</u>

The executive directors have been identified as the chief operating decision-makers. 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:

<b>Reportable segments</b>	<b>Business activities</b>
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")

Others mainly comprise the holding of the Group's financial assets at fair value through other comprehensive income ("FVOCI"), and the results of Sinfeng Marine Services Pte. Ltd. and 上海吉遠綠色能源有限公司 (Shanghai JOYFuel Green Energy Co., Ltd.\*) ("Shanghai JOYFuel Green Energy").

Intelligent shipping services was newly identified as a reportable segment. Prior period comparative segment information has been restated to conform with the current period presentation.

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

	Shipping services					General trading	Others	Inter-segment elimination	Total
	Coatings HK\$'000	Marine equipment and spare parts HK\$'000	Ship trading agency HK\$'000	Insurance brokerage HK\$'000	Intelligent shipping services HK\$'000	Total HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended and as at 30 June 2024									
<b>Profit or loss items:</b>									
Segment revenue	595,777	909,982	49,554	112,366	1,525	1,669,204	85,608	—	1,752,887
Inter-segment revenue	—	—	—	(733)	(1,192)	(1,925)	—	—	—
Revenue from external customers	<u>595,777</u>	<u>909,982</u>	<u>49,554</u>	<u>111,633</u>	<u>333</u>	<u>1,667,279</u>	<u>85,608</u>	<u>—</u>	<u>1,752,887</u>
Segment operating profit/(loss)	21,261	49,366	33,946	71,792	(12,252)	164,113	(3,094)	7,164	168,183
Finance income	1,463	6,380	1,727	4,200	131	13,901	1,462	1,136	16,499
Finance costs	(330)	(543)	(2)	(184)	—	(1,059)	(72)	(5)	(1,136)
Share of profits of joint ventures	147,303	1,650	683	—	—	149,636	—	—	149,636
Share of profits/(losses) of associates	—	—	171	—	—	171	10,913	(1)	11,083
Segment profit/(losses) before income tax	169,697	56,853	36,525	75,808	(12,121)	326,762	9,209	8,294	344,265
Income tax expenses	(6,690)	(10,295)	(8,701)	(14,894)	—	(40,580)	(15)	—	(40,595)
Segment profit/(losses) after income tax	<u>163,007</u>	<u>46,558</u>	<u>27,824</u>	<u>60,914</u>	<u>(12,121)</u>	<u>286,182</u>	<u>9,194</u>	<u>8,294</u>	<u>303,670</u>
<b>Balance sheet items:</b>									
Total segment assets	1,696,223	1,123,677	377,609	1,028,838	44,141	4,270,488	635,698	137,921	5,040,634
Total segment assets include:									
— Joint ventures	593,744	10,958	6,457	—	—	611,159	—	—	611,159
— Associates	—	—	1,917	—	—	1,917	168,177	3,834	173,928
Total segment liabilities	<u>322,880</u>	<u>268,094</u>	<u>82,889</u>	<u>512,170</u>	<u>4,822</u>	<u>1,190,855</u>	<u>25,340</u>	<u>211</u>	<u>1,212,933</u>
<b>Other items:</b>									
Depreciation and amortisation, net of amount capitalised	(7,175)	(6,293)	(353)	(1,840)	(29)	(15,690)	(2,087)	—	(17,777)
(Provision)/Reversal of provision for impairment of trade receivables, net	(3,154)	—	—	—	—	(3,154)	12,745	—	9,591
Reversal of provision for impairment of other receivables	—	—	—	—	—	—	135	—	135
Provision for impairment of inventories, net	(1,411)	—	—	—	—	(1,411)	—	—	(1,411)
Additions to non-current assets (other than financial assets at FVOCI and deferred income tax assets) (note)	<u>2,071</u>	<u>722</u>	<u>1,449</u>	<u>3,123</u>	<u>47</u>	<u>7,412</u>	<u>—</u>	<u>—</u>	<u>7,412</u>

*Note:*

Additions to non-current assets (other than financial assets at FVOCI and deferred income tax assets) were primarily attributable to the acquisition of Helen Insurance Brokers Limited (“Helen Insurance Brokers”).



	Shipping services						General trading	Others	Inter-segment elimination	Total
	Coatings HK\$'000	Marine equipment and spare parts HK\$'000	Ship trading agency HK\$'000	Insurance brokerage HK\$'000	Intelligent shipping services HK\$'000	Total HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended and as at 31 December 2023										
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:										
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
	Shipping services						General trading	Others	Inter-segment elimination	Total
	Coatings HK\$'000	Marine equipment and spare parts HK\$'000	Ship trading agency HK\$'000	Insurance brokerage HK\$'000	Intelligent shipping services HK\$'000	Total HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended and as at 30 June 2023 (Restated)										
Profit or loss items:										
Segment revenue	428,884	907,067	36,370	77,631	—	1,449,952	177,476	—	(6,816)	1,620,612
Inter-segment revenue	—	—	—	(761)	—	(761)	(6,055)	—	6,816	—
Revenue from external customers	428,884	907,067	36,370	76,870	—	1,449,191	171,421	—	—	1,620,612
Segment operating profit/(loss)	15,986	52,975	23,484	55,902	(14)	148,333	(723)	2,613	—	150,223
Finance income	711	3,325	2,029	2,102	18	8,185	828	1,155	(1,324)	8,844
Finance costs	(145)	(451)	(3)	(143)	—	(742)	(1,331)	(2)	1,324	(751)
Share of profits of joint ventures	108,566	723	159	—	—	109,448	—	—	—	109,448
Share of profits of associates	—	—	228	—	—	228	4,584	—	—	4,812
Segment profit before income tax	125,118	56,572	25,897	57,861	4	265,452	3,358	3,766	—	272,576
Income tax expenses	(2,164)	(10,299)	(6,124)	(11,216)	—	(29,803)	(424)	—	—	(30,227)
Segment profit after income tax	122,954	46,273	19,773	46,645	4	235,649	2,934	3,766	—	242,349
Balance sheet items:										
Total segment assets	1,497,117	1,121,695	334,171	463,336	54,235	3,470,554	762,363	111,290	(92,451)	4,251,756
Total segment assets include:										
— Joint ventures	521,575	8,199	5,814	—	—	535,588	—	—	—	535,588
— Associates	—	—	1,690	—	—	1,690	152,849	—	—	154,539
Total segment liabilities	218,324	322,630	74,017	219,607	—	834,578	128,372	207	(92,451)	870,706
Other items:										
Depreciation and amortisation, net of amount capitalised	(7,357)	(2,780)	(346)	(744)	—	(11,227)	(2,344)	—	—	(13,571)
Reversal of provision for impairment of trade receivables, net	1,914	139	—	—	—	2,053	1,527	—	—	3,580
Reversal of provision for impairment of other receivables	—	—	—	—	—	—	174	—	—	174
Provision for impairment of inventories, net	(3,007)	—	—	—	—	(3,007)	—	—	—	(3,007)
Additions to non-current assets (other than financial assets at FVOCI and deferred income tax assets)	1,518	87	—	156	—	1,761	18	—	—	1,779

	Shipping services					General trading	Others	Inter-segment elimination	Total
	Coatings HK\$'000	Marine equipment and spare parts HK\$'000	Ship trading agency HK\$'000	Insurance brokerage HK\$'000	Total HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended and as at 31 December 2022									
<b>Balance sheet items:</b>									
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	<u>299,752</u>	<u>411,173</u>	<u>82,609</u>	<u>151,862</u>	<u>945,396</u>	<u>205,191</u>	<u>206</u>	<u>(123,881)</u>	<u>1,026,912</u>
<b>Other items:</b>									
Additions to non-current assets									
(other than financial assets at FVOCI and deferred income tax assets)	<u>14,404</u>	<u>4,944</u>	<u>2,172</u>	<u>264</u>	<u>21,784</u>	<u>836</u>	<u>—</u>	<u>—</u>	<u>22,620</u>

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	(Restated) HK\$'000
Profit before income tax for reportable segments	<b>335,971</b>	268,810
Profit before income tax for others	<u><b>8,294</b></u>	<u>3,766</u>
Profit before income tax for all segments	<b>344,265</b>	272,576
Elimination of segment income from corporate headquarters	<b>(659)</b>	(625)
Corporate finance income	<b>123,596</b>	111,651
Corporate finance costs	<b>(19)</b>	(12)
Corporate net exchange (losses)/gains	<b>(4,532)</b>	25,068
Corporate expenses, net of income	<u><b>(27,106)</b></u>	<u>(28,774)</u>
Profit before income tax for the Group	<b>435,545</b>	379,884
Income tax expenses for all segments	<b>(40,595)</b>	(30,227)
Corporate income tax expenses	<u><b>(2,522)</b></u>	<u>(1,966)</u>
Profit after income tax for the Group	<u><b>392,428</b></u>	<u>347,691</u>

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

	<b>30 June 2024</b>	31 December 2023	30 June 2023 (Restated)
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Total assets for reportable segments	<b>4,906,186</b>	4,316,456	4,232,917
Total assets for others	<b>137,921</b>	114,349	111,290
Elimination of inter-segment receivables	<u><b>(3,473)</b></u>	<u>(547)</u>	<u>(92,451)</u>
Total assets for all segments	<b>5,040,634</b>	4,430,258	4,251,756
Corporate assets (mainly deposits and cash and cash equivalents)	<b>4,557,709</b>	5,012,267	4,922,621
Elimination of receivables between corporate headquarters and segments	<u><b>(16,111)</b></u>	<u>(237,296)</u>	<u>(15,948)</u>
Total assets for the Group	<u><b>9,582,232</b></u>	<u>9,205,229</u>	<u>9,158,429</u>

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

	<b>30 June 2024</b>	31 December 2023	30 June 2023 (Restated)
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Total liabilities for reportable segments	<b>1,216,195</b>	933,949	962,950
Total liabilities for others	<b>211</b>	210	207
Elimination of inter-segment payables	<u><b>(3,473)</b></u>	<u>(547)</u>	<u>(92,451)</u>
Total liabilities for all segments	<b>1,212,933</b>	933,612	870,706
Corporate liabilities	<b>71,746</b>	321,514	83,424
Elimination of payables between corporate headquarters and segments	<u><b>(16,111)</b></u>	<u>(237,296)</u>	<u>(15,948)</u>
Total liabilities for the Group	<u><b>1,268,568</b></u>	<u>1,017,830</u>	<u>938,182</u>

#### 4 OTHER INCOME AND GAINS — NET

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
<b>Other income/(expenses):</b>		
— Rental income	1,617	1,873
— Direct operating expenses for generating rental income	(36)	(32)
— Dividend income from financial assets at FVOCI	<u>7,175</u>	<u>2,746</u>
Other income — net	<u>8,756</u>	<u>4,587</u>
<b>Other gains/(losses):</b>		
— Net gains/(losses) on disposal of property, plant and equipment	2,075	(5)
— Reversal of provision for impairment of trade receivables, net ( <i>note 10(b)</i> )	9,591	3,580
— Reversal of provision for impairment of other receivables	135	174
— Provision for impairment of inventories, net	(1,411)	(3,007)
— Government subsidy income	381	5,293
— Net exchange (losses)/gains	(7,309)	22,946
— Others	<u>1,409</u>	<u>5,196</u>
Other gains — net	<u>4,871</u>	<u>34,177</u>
Other income and gains — net	<u>13,627</u>	<u>38,764</u>

#### 5 OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Employee benefit expenses, including directors' emoluments and provident funds	231,390	212,770
Expenses related to short-term leases	16,863	15,623
Depreciation and amortisation, net of amount capitalised in inventories totalling HK\$1,689,000 (2023: HK\$1,378,000)	<u>17,854</u>	<u>14,112</u>

## 6 FINANCE INCOME — NET

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest income from:		
— a fellow subsidiary	5,226	2,709
— bank deposits	<u>134,869</u>	<u>117,786</u>
Total finance income	<u>140,095</u>	<u>120,495</u>
Interest expenses on lease liabilities	(394)	(232)
Other finance charges	<u>(761)</u>	<u>(531)</u>
Total finance costs	<u>(1,155)</u>	<u>(763)</u>
Finance income — net	<u>138,940</u>	<u>119,732</u>

## 7 INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the period.

The PRC enterprise income tax has been calculated on the estimated assessable profit derived from the Group's operations in the PRC for the period at 25% (2023: 25%). Except, for the period ended 30 June 2023, a subsidiary was taxed at a reduced rate of 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 period at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 17% to 35% (2023: 17% to 35%) during the period.

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. Pillar Two legislation was enacted in Germany, the jurisdiction in which Hanyuan Technical Service Center GmbH is incorporated and came into effect from 1 January 2024. Whereas the Pillar Two Model Rules were not effective in those other countries at the reporting date of the Group incorporated. 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. 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.

Deferred income tax is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the reporting date.

The amount of income tax charged for the period to the condensed consolidated income statement is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current income tax		
— current period		
— Hong Kong profits tax	15,917	12,284
— PRC enterprise income tax	13,327	11,124
— other overseas taxation	4,246	3,382
— under-provision in prior years		
— PRC enterprise income tax	535	47
— other overseas taxation	54	—
Deferred income tax charge, net	<u>9,038</u>	<u>5,356</u>
Income tax expenses	<u><u>43,117</u></u>	<u><u>32,193</u></u>

## 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\$388,041,000 (2023: HK\$335,917,000) and the weighted average number of ordinary shares outstanding during the period, adjusted for shares repurchased and cancelled during the period, of 1,465,971,429 shares (2023: 1,480,442,446 shares).

There was no potential dilutive ordinary share in existence during both periods.

## 9 DIVIDEND

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interim dividend, declared, of HK\$0.265 (2023: HK\$0.225) per ordinary share	<u><u>388,482</u></u>	<u><u>329,844</u></u>

At the Board meeting held on 23 August 2024, the directors of the Company declared an interim dividend of HK\$0.265 per ordinary share for the six months ended 30 June 2024. This dividend has not been recognised as a liability in the Unaudited Condensed Consolidated Interim Financial Information, but will be recognised in shareholders' equity for the year ending 31 December 2024.

A final dividend of HK\$256,545,000 relating to the year ended 31 December 2023 (2022: HK\$170,395,000) was paid in June 2024.

## 10 TRADE AND OTHER RECEIVABLES

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Trade receivables	866,534	605,957
Less: provision for impairment	<u>(44,385)</u>	<u>(54,286)</u>
Trade receivables, net ( <i>note (a)</i> )	822,149	551,671
Bills receivable, prepayments, deposits, other receivables and amounts due from related parties, net of provision for impairment	<u>804,181</u>	<u>654,300</u>
	<u><b>1,626,330</b></u>	<u><b>1,205,971</b></u>

### 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:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Current – 90 days	589,523	386,062
91 – 180 days	153,547	85,983
Over 180 days	<u>79,079</u>	<u>79,626</u>
	<u><b>822,149</b></u>	<u><b>551,671</b></u>

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:

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
At 1 January	54,286	26,461
Currency translation differences	(310)	(610)
Reversal of provision for impairment, net ( <i>note 4</i> )	<u>(9,591)</u>	<u>(3,580)</u>
At 30 June	<u><b>44,385</b></u>	<u><b>22,271</b></u>

# 11 TRADE AND OTHER PAYABLES, CONTRACT LIABILITIES AND LEASE LIABILITIES

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Trade payables ( <i>note (a)</i> )	647,578	336,531
Bills payable, accrued liabilities, other payables and amounts due to related parties	<u>355,104</u>	<u>368,958</u>
	1,002,682	705,489
Contract liabilities	121,240	212,739
Lease liabilities ( <i>note (c)</i> )	<u>17,852</u>	<u>17,611</u>
	<u><u>1,141,774</u></u>	<u><u>935,839</u></u>

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:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Current – 90 days	510,321	267,282
91 – 180 days	105,498	16,949
Over 180 days	<u>31,759</u>	<u>52,300</u>
	<u><u>647,578</u></u>	<u><u>336,531</u></u>

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

	Six months ended 30 June 2024 HK\$'000	2023 HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	<u><u>162,994</u></u>	<u><u>226,615</u></u>

- (c) Maturity analysis of lease liabilities is as below:

	30 June 2024 HK\$'000	31 December 2023 HK\$'000
Within one year	3,558	2,414
From the second to fifth year inclusive	<u>14,294</u>	<u>15,197</u>
	<u><u>17,852</u></u>	<u><u>17,611</u></u>



## **OVERALL ANALYSIS OF RESULTS**

During the first half of 2024, profit attributable to equity holders of the Company was HK\$388,041,000 (2023: HK\$335,917,000), increased by 16% year-on-year, while the basic and diluted earnings per share were 26.47 HK cents (2023: 22.69 HK cents), increased by 17% year-on-year. The increase was mainly due to the increase in revenue and the share of profit of a joint venture, Jotun COSCO.

## **FINANCIAL REVIEW**

### **Revenue**

For the six months ended 30 June 2024, the Group's revenue was HK\$1,752,887,000 (2023: HK\$1,620,612,000), increased by 8% year-on-year. Revenue from the core business of shipping services was HK\$1,667,279,000 (2023: HK\$1,449,191,000), increased by 15% year-on-year, and accounted for 95% (2023: 89%) of the Group's revenue, mainly due to the increase in revenues from coatings segment and commission income from insurance brokerage segment upon the completion of acquisition of Helen Insurance Brokers in January 2024. Revenue from general trading segment was HK\$85,608,000 (2023: HK\$171,421,000), decreased by 50% year-on-year, and accounted for 5% (2023: 11%) of the Group's revenue.

### **Gross Profit and Gross Profit Margin**

For the six months ended 30 June 2024, the Group's gross profit was HK\$401,628,000 (2023: HK\$343,129,000), increased by 17% year-on-year, mainly due to the increase in gross profit of coatings segment and the increase in revenue from insurance brokerage segment. The overall gross profit margin was 23% (2023: 21%), increased by 2 percentage points year-on-year, mainly due to the increase of revenue contribution from higher-gross profit margin segments.

### **Management Fee Income**

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\$36,256,000 (2023: HK\$37,910,000), decreased by 4% year-on-year, mainly due to the decrease in administrative and general expenses related to COSCO SHIPPING (Hong Kong) and its subsidiaries mentioned above.

### **Other Income and Gains — Net**

For the six months ended 30 June 2024, other income and gains — net was HK\$13,627,000 (2023: HK\$38,764,000), decreased by 65% year-on-year, mainly due to the decrease in net exchange gains.

## **Selling, Administrative and General Expenses**

For the six months ended 30 June 2024, selling, administrative and general expenses was HK\$315,625,000 (2023: HK\$273,911,000), increased by 15% year-on-year, mainly due to the increase in employee benefit expenses resulting from the acquisition of Helen Insurance Brokers and the newly 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 Digital Intelligence”).

## **Operating Profit**

The Group’s operating profit was HK\$135,886,000 (2023: HK\$145,892,000), decreased by 7% year-on-year, mainly due to the increase in selling, administrative and general expenses.

## **Finance Income**

Finance income, which primarily represented interest income on the Group’s bank deposits, was HK\$140,095,000 (2023: HK\$120,495,000), increased by 16% year-on-year, mainly due to the increase in interest rates of deposits.

## **Finance Costs**

Finance costs, which mainly represented interest expenses on lease liabilities and other finance charges, was HK\$1,155,000 (2023: HK\$763,000), increased by 51% year-on-year.

## **Share of Profits of Joint Ventures**

The Group’s share of profits of joint ventures was HK\$149,636,000 (2023: HK\$109,448,000). This item primarily represented the share of profits of Jotun COSCO of HK\$141,466,000 (2023: HK\$108,560,000) and Nasurfar Changshu of HK\$5,837,000 (2023: HK\$6,000) which were included in the coatings segment.

## **Share of Profits of Associates**

The Group’s share of profits of associates was HK\$11,083,000 (2023: HK\$4,812,000). This item primarily represented the share of profit of Zhejiang Four Brothers Rope of HK\$7,402,000 (2023: HK\$1,292,000), which was included in the general trading segment.

## **Profit Attributable to Equity Holders**

Profit attributable to equity holders of the Company was HK\$388,041,000 (2023: HK\$335,917,000), increased by 16% year-on-year.

## **FINANCIAL RESOURCES AND LIQUIDITY**

As at 30 June 2024, capital and reserves attributable to the Company's equity holders increased by 2% to HK\$7,963,832,000 (as at 31 December 2023: HK\$7,839,455,000). As at 30 June 2024, total cash and deposits (including restricted bank deposits of HK\$5,478,000) of the Group was HK\$6,008,533,000 (as at 31 December 2023: HK\$6,261,376,000, including restricted bank deposits of HK\$5,517,000). During the period and the same period of 2023, the Group had no drawdown or repayment of short-term borrowings. As at 30 June 2024, trading related facilities of the Group amounted to HK\$549,350,000 (as at 31 December 2023: HK\$576,567,000), of which HK\$30,672,000 (as at 31 December 2023: HK\$27,680,000) had been utilised. As at 30 June 2024 and 31 December 2023, the gearing ratio, which represented total borrowings over total assets, was nil. As at 30 June 2024, the Group had net cash (represented by total non-current bank deposits, restricted bank deposits, and current deposits and cash and cash equivalents) of HK\$6,008,533,000 (as at 31 December 2023: HK\$6,261,376,000). 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. During the period, return on the Group's cash was 4.58% (for the same period of 2023: 4.01%). The Group had no financial instruments for interest rate hedging purposes.

## **FINANCIAL RISK MANAGEMENT**

The Group principally operates in Hong Kong, the PRC and overseas, and is exposed to foreign exchange risk arising from foreign currencies held, mainly Renminbi and US dollars. Foreign exchange risk arises from commercial transactions and recognised assets and liabilities. The Group manages its foreign exchange exposure by regularly reviewing the foreign currency exposure of its operating subsidiaries and will consider hedging exposure by foreign exchange forward contracts when the need arises. The Group exercises stringent control over the use of derivative financial instrument. In addition, the conversion of Renminbi into foreign currencies in the PRC is subject to the rules and regulations of foreign exchange controls promulgated by the government of the PRC.

## **EMPLOYEES**

As at 30 June 2024, excluding joint ventures and associates, the Group had 846 (as at 31 December 2023: 860) employees, of which 193 (as at 31 December 2023: 195) were Hong Kong employees. During the period, total employee benefit expenses, including directors' emoluments and provident funds, were HK\$231,390,000 (for the same period of 2023: HK\$212,770,000). 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 period, 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 of the Company (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 24-month period (the second anniversary) from the respective dates of grant and ending on the last trading day of the 36-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 36-month period (the third anniversary) from the respective dates of grant and ending on the last trading day of the 48-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 48-month period (the fourth anniversary) from the respective dates of grant and ending on the last trading day of the 72-month period from the respective dates of grant.

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of 26.5 HK cents (2023: 22.5 HK cents) per share for the six months ended 30 June 2024 which will be payable on 25 September 2024 to the Shareholders whose names appear on the register of members of the Company (the “Register of Members”) on 12 September 2024.

For the purpose of ascertaining the Shareholders’ entitlement to the interim dividend, the Register of Members will be closed from 9 September 2024 to 12 September 2024, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify for the interim dividend for the six months ended 30 June 2024, 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 at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 6 September 2024.

## **REVIEW OF BUSINESS OPERATIONS**

In the first half of 2024, the global economy largely outperformed expectations. In particular, the economic activities in North America remained robust, while Europe exhibited signs of economic recovery, driven by the stronger services activity. These favorable factors contributed to the steady recovery of world economy and global trade in the first half of the year. In China, progress has been achieved with stability in economic development. Various data showed that China's economy had witnessed a moderate recovery with a faster growth in goods imports and exports. In the first half of the year, total goods imports and exports amounted to RMB21.17 trillion, representing a year-on-year increase of 6.1%. The growth rate in the second quarter of this year surpassed that in the first quarter of this year and the fourth quarter of last year, realizing a positive trend with steady year-on-year expansion and accelerating quarter-on-quarter growth.

Regarding the shipping market, solid performances were recorded across all major shipping market segments in the first half of the year. Due to the disruption in supply caused by the prolonged detour from the Red Sea, coupled with the stronger-than-expected demands for inventory replenishment in Europe and the United States and for trading between Asia and Europe, the global shipping market saw a rise in average freight rate across the board. The prosperity in shipping market also gave rise to a booming shipbuilding market. Driven by the cyclical turnover of shipping capacity and the accelerated transformation and development of green shipping, the shipbuilding market saw a strong trading demand for both new and used vessels with the price of new build vessels approaching a historical peak. According to the data of Clarksons, a total of 1,170 new vessels, amounting to 71.698 million dead weight tonnages ("DWT"), were transacted globally in the first half of 2024, representing a year-on-year growth of 15.5% in terms of DWT. The transaction scale was also larger than that for the same period of 2022 and 2023.

Against the backdrop that the shipping industry maintained its strong momentum, COSCO SHIPPING International continued to focus on the direction of dual-platform development, which comprised a green and digital intelligent shipping services platform and a marine green new energy platform, and achieved satisfactory results. The Group's intelligent shipping services business aims to offer green, low-carbon and digital intelligent solutions throughout the entire life-cycle of the shipping industry. COSCO SHIPPING Green Digital Intelligence, a non-wholly owned subsidiary in which the Company held 51% equity interest, is principally engaged in digital intelligent solutions for vessels. Shanghai JOYFuel Green Energy, an associate in which the Company holds 35% equity interest, serves as an investment platform specializing in renewable fuels including green methanol, and is principally engaged in the procurement, research and development, and sales of the green methanol industry chain.

## **1. Core Business — Shipping Services**

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

During the period, revenue from the Group's shipping services was HK\$1,667,279,000 (2023 (restated): HK\$1,449,191,000), representing a year-on-year increase of 15%. Profit before income tax from shipping services was HK\$326,762,000 (2023 (restated): HK\$265,452,000), representing a year-on-year increase of 23%, which included the particularly significant growth recorded in the insurance brokerage 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 period, revenue from the ship trading agency segment of the Group increased by 36% year-on-year to HK\$49,554,000 (2023: HK\$36,370,000). Segment profit before income tax was HK\$36,525,000 (2023: HK\$25,897,000), representing a year-on-year increase of 41%. These were mainly attributable to the year-on-year growth in commission income as a result of the higher number of new build vessels delivery.

During the period, the Group's aggregate number of new build vessels delivery was 10 (2023: 4), aggregating 836,486 DWT (2023: 136,600 DWT). A total number of 19 (2023: 27) new build vessels have been ordered, aggregating 1,912,300 DWT (2023: 2,215,650 DWT). In addition, the sale and purchase of a total of 20 (2023: 13) second-hand vessels were recorded, aggregating 872,199 DWT (2023: 931,655 DWT).

### **1.2 Insurance Brokerage**

The Group's insurance brokerage business is primarily engaged in the insurance and reinsurance intermediary services of marine and non-marine insurance, including the provision of professional insurance brokerage 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.

On 28 December 2023, the resolution in relation to the acquisition of the entire issued share capital of Helen Insurance Brokers was passed by the independent shareholders with a high majority at the special general meeting of the Company. Completion had been taken place in January 2024, providing strong additional growth to the insurance brokerage business of the Group during the period.



During the period, revenue from insurance brokerage segment of the Group was HK\$111,633,000 (2023: HK\$76,870,000), representing a year-on-year increase of 45%. Segment profit before income tax was HK\$75,808,000 (2023: HK\$57,861,000), representing a year-on-year increase of 31%, which was mainly attributable to the additional market share from the acquisition of Helen Insurance Brokers, which led to further expansion of the overall business and customer base, and further emergence of synergy benefits.

### **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 period, revenue from marine equipment and spare parts segment of the Group was HK\$909,982,000 (2023: HK\$907,067,000), achieving steady development. Segment profit before income tax was HK\$56,853,000 (2023: HK\$56,572,000), representing a slight increase.

### **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 (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 (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 the research and development, production and sales of biomaterial application products, including surfactants, coating raw materials and additives, as well as resin modifiers.

In order to further optimise the layout of coatings production capacity and enhance market competitiveness, the Company together with the other shareholders of COSCO Kansai Paint & Chemicals (Tianjin) Co., Ltd. ("COSCO Kansai (Tianjin)") had passed resolutions on 28 June 2024 to set up liquidation team to liquidate and close down COSCO Kansai (Tianjin) in accordance with the applicable laws and regulations in the PRC and the relevant business of COSCO Kansai (Tianjin) will be undertaken by COSCO Kansai Paint (Shanghai) and COSCO Kansai (Zhuhai), details of which were disclosed in the announcement of the Company dated 28 June 2024.

During the period, revenue from coatings segment of the Group was HK\$595,777,000 (2023: HK\$428,884,000), representing a year-on-year increase of 39%. Segment profit before income tax was HK\$169,697,000 (2023: HK\$125,118,000), representing a year-on-year increase of 36%, which was mainly attributable to the substantial increase in share of profit of Jotun COSCO and the significant improvement in its gross profit margin.

For container coatings, the sales volume of container coatings during the period increased by 202% year-on-year to 14,790 tonnes (2023: 4,890 tonnes), which was mainly attributable to the surge of demand for container coatings driven by the rising demand for containers in China. The sales volume of industrial heavy-duty anti-corrosion coatings together with workshop primer amounted to 10,713 tonnes (2023: 9,895 tonnes), representing a year-on-year increase of 8%.

For marine coatings, the sales volume of Jotun COSCO's coatings for new build vessels amounted to 39,233,000 litres (2023: 35,813,000 litres), representing a year-on-year increase of 10%. Sales volume of coatings for repair and maintenance was 19,134,000 litres (2023: 16,730,000 litres), representing a year-on-year increase of 14%. The sales volume of Jotun COSCO's marine coatings amounted to 58,367,000 litres (equivalent to approximately 78,795 tonnes) (2023: 52,543,000 litres (equivalent to approximately 70,933 tonnes)), representing a year-on-year increase of 11%. During the period, the Group's share of profit from Jotun COSCO was HK\$141,466,000 (2023: HK\$108,560,000), representing a year-on-year increase of 30%, which was mainly attributable to an increase in sales volume and the further improvement in gross profit margin.

During the period, the Group's share of profit from Nasurfar Changshu was HK\$5,837,000 (2023: HK\$6,000), representing a significant increase of 972 times year-on-year, which was mainly attributable to the significant increase in the number of orders received by Nasurfar Changshu driven by the strong performance of the container coatings and marine coatings markets.

## **1.5 *Intelligent Shipping Services***

The Group's intelligent shipping services business aims to offer green, low-carbon and digital intelligent solutions throughout the entire life-cycle of the shipping industry. The Group and 中遠海運科技股份有限公司 (COSCO SHIPPING Technology Co., Ltd.\*) jointly established COSCO SHIPPING Green Digital Intelligence, in which the Company held 51% equity interest, is principally engaged in digital intelligent solutions for vessels.

During the period, revenue of COSCO SHIPPING Green Digital Intelligence was HK\$333,000 (2023 (restated): nil) and the loss before income tax was HK\$12,121,000 (2023 (restated): profit before income tax of HK\$4,000). The loss was mainly due to the expenses incurred by COSCO SHIPPING Green Digital 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 period, revenue from general trading segment of the Group was HK\$85,608,000 (2023: HK\$171,421,000), representing a year-on-year decrease of 50%, which was mainly due to the Group's intention to gradually scale down its asphalt business, resulting a decrease of 39% in sales volume of asphalt to 20,285 tonnes (2023: 33,144 tonnes) year-on-year. Segment profit before income tax was HK\$9,209,000 (2023: HK\$3,358,000), representing a year-on-year increase of 174%, which was mainly due to the reversal of provision for impairment of trade receivables.

During the period, the Group's share of profit from Zhejiang Four Brothers Rope was HK\$7,402,000 (2023: HK\$1,292,000), representing a year-on-year increase of 473%.

## PROSPECTS

Looking ahead to the second half of the year, according to the "World Economic Outlook" released by the International Monetary Fund in July 2024, it is expected that the global economy will grow by 3.2% in 2024. It is also believed that the growth of developed economies will slow down considerably with an annual growth of merely 1.3%. With the United States presidential election approaching in the second half of the year, factors such as rising political risks, ongoing geopolitical issues, escalating trade tensions, fluctuations in energy and other commodity markets, increased uncertainties over financial and fiscal policies, and additions of new capacity to the shipping market will cause disturbance to global trade and the development of the shipping market. It is estimated that the global seaborne trade and seaborne transshipment will increase by 2.3% and 5% respectively in 2024. The market will be in a tight balance generally, and the average freight rates will remain at a high level.

View by business segments: In respect of the ship trading agency services business, with the high price of new build vessels, coupled with the upgrade of fleet with alternative green fuels as driven by the accelerating decarbonization of the shipping industry, it is expected that the Group's ship trading agency services will continue to benefit from the vigorous vessel market. In respect of the marine spare parts business, against the backdrop of high freight rates and buoyant shipping market, ship owners would have sufficient budgets for the procurement of marine spare parts. Hence, it is envisaged that the marine spare parts business will perform steadily in the second half of the year. In respect of the insurance brokerage business, it is expected that Helen Insurance Brokers will continue to make new contributions to the revenue and earnings of the Group. In addition, it is also expected that the active market for new build and trading of vessels will fuel the expansion of the marine insurance business. In respect of the coating business, the shipping detour gave a positive boost to the demand for new build containers, which will continue in the second half of the year and in turn have a positive impact on the demand for container coatings. Meanwhile, the demand for marine coatings will benefit from the high standards of shipbuilding completions this year. Moreover, as the carbon peak and carbon neutrality

goals have put forward higher requirements on advanced technologies and environmental protection of marine coatings, Jotun COSCO will enjoy greater advantages for development given its leading position in the industry.

Looking forward, with the inclusion of the shipping industry in the European Union Emission Trading Scheme (EU ETS) by the European Union officially came into force on 1 January this year and the European Union's FuelEU Maritime Regulation (Fuel EU) for specific vessels coming into force in 2025, the global shipping industry will be adopting alternative fuels at a faster pace. Clarksons predicts that by 2030, more than one-fifth of the global fleet will be using alternative fuels. The global shipping industry will usher in accelerated digitalization and transformation towards new and green energy, which will provide huge rooms for the development of COSCO SHIPPING International. Seizing the strategic development opportunities for green, low-carbon and intelligent vessels, we will focus on building robust and efficient platforms, i.e. the green and digital intelligent shipping services platform and the marine green new energy platform, to facilitate higher-quality development of the shipping industry on the new track of green, low-carbon and digital economy.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2024.

## **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 has complied with the code provisions of the Corporate Governance Code ("CG Code") set out in Part 2 of Appendix C1 to the Listing Rules during the six months ended 30 June 2024, except that (A) Mr. Zhu Changyu, the Chairman and Mr. Chen Dong, the then Non-executive Director were unable to attend the annual general meeting of the Company held on 31 May 2024 ("AGM") due to other business engagement, which deviated from the code provisions F.2.2 and C.1.6 of the CG Code respectively and (B) the roles of Chairman and Managing Director are currently performed by the same individual, Mr. Zhu Changyu, which deviated from the code provision C.2.1 of the CG Code. Regarding the deviation from code provisions F.2.2 and C.1.6 of the CG Code, despite the absence of the Mr. Zhu Changyu and Mr. Chen Dong at the AGM, Ms. Meng Xin, an Executive Director and the chairmen of the other relevant committees attended the AGM. Those Board members presented at the AGM were available to answer questions from Shareholders to ensure an effective communication with the Shareholders. Regarding the deviation from code provision C.2.1 of the CG Code, although the roles of the Chairman and the Managing Director of the Company are performed by the same individual, the Board believes that the roles of Chairman of the Board and the 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 fulfil 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. Save as mentioned above, 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 light of best practices.

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 overseeing 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. The Audit Committee and the independent external auditor have reviewed the Unaudited Condensed Consolidated Interim Financial Information.

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") set out 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 six months ended 30 June 2024, all Directors confirmed that they had complied with the required standards set out in the Model Code and the Securities Code during the period.

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

Hong Kong, 23 August 2024

*As at the date of this announcement, the Board comprises six directors with Mr. Zhu Changyu<sup>1</sup> (Chairman and Managing Director), Mr. Ma Xianghui<sup>2</sup>, Ms. Meng Xin<sup>1</sup>, Mr. Tsui Yiu Wa, Alec<sup>3</sup>, Mr. Jiang, Simon X.<sup>3</sup> and Mr. Kwong Che Keung, Gordon<sup>3</sup>.*

<sup>1</sup> *Executive Director*

<sup>2</sup> *Non-executive Director*

<sup>3</sup> *Independent Non-executive Director*

\* *for identification purposes only*