



中遠海運發展股份有限公司

COSCO SHIPPING Development Co., Ltd.

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

Stock Code: 2866



2024
ANNUAL REPORT

SHIPPING INDUSTRY AND
FINANCE OPERATOR

Company Profile

COSCO SHIPPING Development Co., Ltd. (the “**Company**” or “**COSCO SHIPPING Development**”) is a subsidiary of China COSCO SHIPPING Corporation Limited (“**China COSCO SHIPPING**”) specialized in integrated shipping, logistics services and industry-finance operation, which is one of core business under China COSCO SHIPPING. The Company was established in 1997, with head office in Shanghai, and is listed in both Hong Kong and Shanghai. The registered capital of the Company is RMB13,573 million. With its focus on shipping and logistics industry, the Company is committed to developing container manufacturing, container leasing and shipping leasing businesses chain as the core businesses to achieve the integrated development of production-finance-investment through investment management

The Company’s container manufacturing business engages in the research and development, production, and sales of international-standard dry containers, reefer containers, and specialized containers. As the world’s second-largest container manufacturer, its clients include globally renowned shipping lines and major container leasing companies. The Company continues to advance smart manufacturing in the container sector, enhancing its competitive edge through technological innovation and green, low-carbon transformation. By strengthening synergy between container leasing and manufacturing and improving “container+” customization capabilities, it aims to become a world-class logistics equipment technology enterprise.

The Company’s container leasing business primarily focuses on container leasing, management, and sales, ranking among the industry leaders with a global operational footprint. The Company continuously strengthens its capabilities in full lifecycle asset management of containers, consolidates and expands steadily its business scale, optimises its global network, and drives digital transformation. Leveraging its unique synergy between leasing and manufacturing, the Company maintains its unparalleled influence in the container industry.

The Company’s shipping leasing business is primarily dedicated to operating leases and financial leases for various vessel types, including container ships and dry bulk carriers, positioning it as a leading player in the domestic ship leasing market. Capitalizing on the green and low-carbon transformation opportunities in the shipping industry, the Company optimises internal and external resource allocation, fully leverages synergies across the industrial chain, strengthens industry-finance collaboration, and focuses on addressing service demands across the entire lifecycle of maritime assets. This enables the delivery of high-quality solutions to support fleet development in the shipping sector.

The Company’s investment management business adheres to the principle of “driving industrial growth through investment and integrating industry with finance”, fostering the convergence of industrial resources, capital, and financial expertise. It continues to refine its asset structure, explore innovative investments, expand strategic emerging industry portfolios, and empower collaborative development across the shipping supply chain. By aligning capital with industrial advancement, the Company promotes synergistic growth between financial and industrial sectors.

Guided by the concept of “Excellence”, with “integrity, efficiency, proactiveness and mutual benefit” as its core values, the Company fully leverages its advantages in shipping industry chain and expands the value of capital flows in the shipping logistics ecosystem to develop into a world-class industry-finance operator in the shipping industry with COSCO SHIPPING’s characteristics.



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Corporate Information

DIRECTORS

CHAIRMAN, EXECUTIVE DIRECTOR

Mr. Zhang Mingwen

NON-EXECUTIVE DIRECTORS

Mr. Liang Yanfeng

Mr. Ip Sing Chi

Ms. Zhang Xueyan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shao Ruiqing

Mr. Chan Kwok Leung

Mr. Wu Daqi

SUPERVISORS

Mr. Ye Hongjun (*Chairman*)

Mr. Zuo Zhenyong

Mr. Zhao Xiaobo

EXECUTIVE COMMITTEE

Mr. Zhang Mingwen

INVESTMENT STRATEGY COMMITTEE

Mr. Zhang Mingwen

Mr. Liang Yanfeng

Mr. Ip Sing Chi

Ms. Zhang Xueyan

Mr. Shao Ruiqing

Mr. Chan Kwok Leung

RISK AND COMPLIANCE MANAGEMENT COMMITTEE

Mr. Wu Daqi (*Chairman*)

Mr. Shao Ruiqing

Mr. Chan Kwok Leung

AUDIT COMMITTEE

Mr. Shao Ruiqing (*Chairman*)

Ms. Zhang Xueyan

Mr. Chan Kwok Leung

REMUNERATION COMMITTEE

Mr. Shao Ruiqing (*Chairman*)

Mr. Chan Kwok Leung

Mr. Wu Daqi

NOMINATION COMMITTEE

Mr. Chan Kwok Leung (*Chairman*)

Mr. Zhang Mingwen

Mr. Shao Ruiqing

CHIEF ACCOUNTANT

Mr. Hu Haibing

BOARD SECRETARY

Mr. Cai Lei

COMPANY SECRETARY

Mr. Cai Lei

AUTHORISED REPRESENTATIVES

Mr. Zhang Mingwen

Mr. Cai Lei

LEGAL ADDRESS IN THE PRC

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Shanghai

the PRC

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The PRC

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INTERNATIONAL AUDITOR

SHINEWING (HK) CPA Limited

DOMESTIC AUDITOR

ShineWing Certified Public Accountants LLP

LEGAL ADVISERS

Paul Hastings (As to Hong Kong law)

Grandall Law Firm (As to PRC law)

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China
Industrial and Commerce Bank of China
China Construction Bank
Bank of Communications
The Export-Import Bank of China
China Development Bank
Agricultural Bank of China
Standard Chartered Bank

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COMPANY WEBSITE

<http://development.coscoshipping.com>

H SHARE LISTING PLACE

Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”)

LISTING DATE

16 June 2004

NUMBER OF H SHARES IN ISSUE

3,676,000,000 H Shares⁽¹⁾

BOARD LOT (H SHARES)

1,000 Shares

STOCK EXCHANGE STOCK CODE

02866

A SHARE LISTING PLACE

Shanghai Stock Exchange

LISTING DATE

12 December 2007

NUMBER OF A SHARES IN ISSUE

9,899,938,612 A Shares⁽¹⁾

BOARD LOT (A SHARES)

100 Shares

SHANGHAI STOCK EXCHANGE STOCK CODE

601866

* The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name “COSCO SHIPPING Development Co., Ltd.”

Note:

- (1) These were the number of Company's shares in issue as at 31 December 2024. The Company has cancelled a total of 72,220,500 A shares repurchased between 14 November 2024 and 8 April 2025, on 9 April 2025, and a total of 147,101,000 H shares repurchased between 1 November 2024 and 21 February 2025, on 15 April 2025. For details, please refer to the section headed “Report of the Board of Directors – Purchase, Sale or Redemption of the Listed Securities of the Company” of this Annual Report. As of the last practicable date prior to the issue of this Annual Report (the “**latest practicable date**”) (i.e., 16 April 2025), the number of issued H shares and A shares of the Company are 3,528,899,000 H shares and 9,827,718,112 A shares (including 28,724,292 A shares held as treasury shares), respectively.

Financial Highlights

COMPARISON OF 2024 AND 2023 KEY FINANCIAL FIGURES BY CHART FORM

Consolidated Results

(Under Hong Kong Financial Reporting Standards ("HKFRS"))

	2024 RMB'000	2023 RMB'000	Change %
Revenue	27,411,245	15,533,247	76
Operating profit	4,064,531	3,706,105	10
Profit before income tax from continuing operations	1,547,572	1,345,266	15
Profit for the year from a discontinued operation	213,660	30,077	610
Profit for the year attributable to owners of parent	1,685,947	1,407,555	20
Basic earnings for the year per share	RMB0.1246	RMB0.1040	20
Gross profit margin (continuing operations)	17%	28%	Decreased by 11 percentage points
Profit margin before income tax (continuing operations)	6%	9%	Decreased by 3 percentage points
Net gearing ratio ¹	259%	263%	Decreased by 4 percentage points

1. Net gearing ratio is net debts over shareholders' equity.

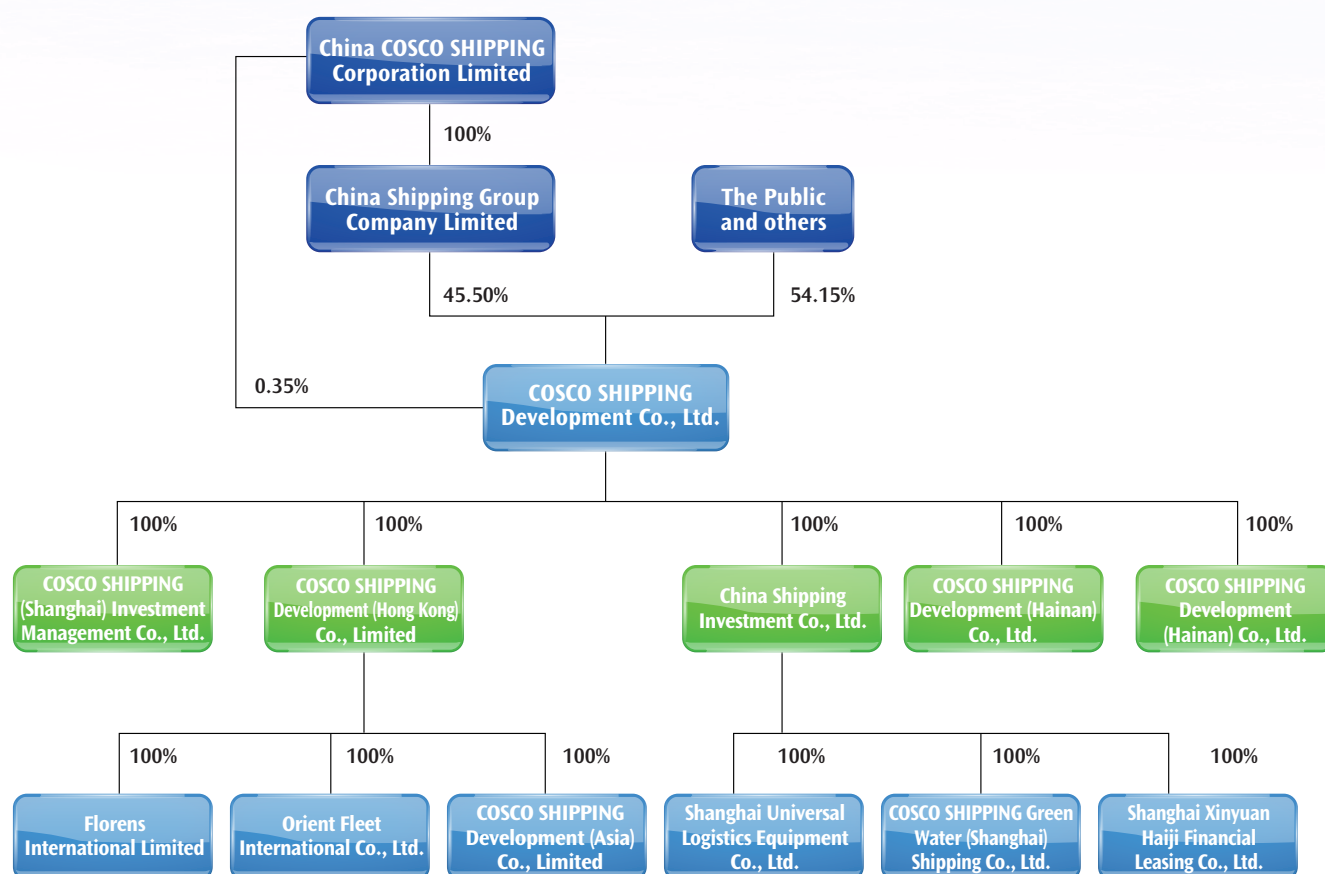
Consolidated Statement of Financial Position

(Under HKFRS)

	2024 RMB'000	2023 RMB'000	Change %
Total assets	126,367,138	125,930,990	–
Non-current assets	108,238,698	103,309,374	5
Current assets	18,128,440	22,621,616	(20)
Total liabilities	95,761,459	96,647,312	(1)
Current liabilities	39,371,497	38,211,188	3
Net current liabilities	(21,243,057)	(15,589,572)	36
Net assets	30,605,679	29,283,678	5

Corporate Structure

The following chart shows the simplified corporate and shareholding structure of the Company and its principal subsidiaries as at 31 December 2024:



Particulars of the subsidiaries, associated companies and joint ventures of the Company are contained in note to the consolidated financial statements.

Management Discussion and Analysis

I. CHAIRMAN'S STATEMENT

In 2024, amidst profound adjustments in the global industrial and supply chain landscape and frequent geopolitical disturbances, the shipping industry has demonstrated robust resilience in its development while making significant strides forward on the path of green and low-carbon transformation alongside digital and intelligent advancement. Facing the market environment where challenges and opportunities coexisted, the Company insisted on seeking progress while maintaining stability and improving quality while maintaining stability, achieving steady improvement in operating quality and efficiency, and striding towards the goal of high-quality and sustainable development.

In 2024, the Company achieved an operating revenue of RMB27.411 billion, representing an increase of 76.47% compared with 2023. Net profit attributable to shareholders of the Company was RMB1.686 billion, representing an increase of 19.78% compared with 2023. Basic earnings per share amounted to RMB0.1246.

The Company paid an interim dividend of RMB0.019 per share for 2024, and the Board proposed the payment of a final dividend of RMB0.019 per share for 2024, which represented an aggregate dividend of RMB0.038 per share for 2024.

REVIEW OF OPERATIONS

In 2024, the Company focused on enhancing core industrial, financial and investment functions, continuously strengthening the drive of technological innovation, fully excavating green and low-carbon value, dedicating efforts to boosting new quality management performance, and consolidating the bottom line of risk prevention and control. At the same time, the Company actively practiced shareholder returns and jointly promoted the realization of value.

1. *ENHANCING THE FUNCTIONS OF "INDUSTRY-FINANCE-INVESTMENT", FURTHER UNLEASHING SYNERGIES ACROSS THE INDUSTRIAL CHAIN*

In respect of the container manufacturing business:

The Company deeply tapped into the market potential, continued to improve its service capacities, and strived to deepen industrial chain collaboration, so as to achieve a year-on-year growth of 204.08% in container sales throughout the year. Through further expanding "container+" products, actively tackling key problems in the development of new products and materials, the storage containers delivered to leading enterprises in the new energy industry increased by 123.17% year on year. In line with market demand, we optimized the built-in carrier frame and helped the national automobile exports.

In respect of the container leasing business:

The scale of the container fleet has been steadily expanded, successfully exceeding 4 million TEU, further consolidating its market position. With a focus on breaking down the barriers between the container leasing and manufacturing industries, the Company promoted the unique marketing model of "free switching between leasing and manufacturing", deepened the cooperation with important customers and expanded the cooperation with new customers, with a year-on-year increase of 112.97% in new leasing orders throughout the year. At the same time, the Company closely conformed to the new trade pattern, expanded more than 10 yard resources, and continuously optimized the global layout of its business network.

In respect of the shipping leasing

business: The Company achieved a new breakthrough in the integration of industry and finance, promoted the linkage of “leasing-manufacturing-shipping” in the shipping industry, and invested in the construction and leasing of 42 bulk cargo vessels, achieving a substantial increase in the scale of high-quality ship assets, and contributing long-term stable revenue and cash flow to the Company. Two 700 TEU Yangtze River electric vessels have been put into operation successively, achieving carbon emission reduction of 1,249 tonnes during the year, and creating a demonstration of green, low-carbon and intelligent shipping in inland waterways.

In respect of the investment management

business: The Company continued to optimize its investment portfolio and adjust its asset structure and allocation. Centering on the digital intelligence and green development of the shipping industry and focusing on industry chain segments, the Company further improved the shipping assets operation service framework, and facilitated the upgrading of the industrial structure.

2. *STRENGTHENING TECHNOLOGY INNOVATION-DRIVEN GROWTH TO ACCELERATE DIGITAL-INTELLIGENT DEVELOPMENT*

New breakthroughs have been achieved in scientific and technological research and development.

The Company actively created new quality productivity in industry and finance, and the digital intelligence empowered us to build up momentum. In 2024, the Company invested a total of RMB243 million in scientific and technological research and development, and the new invention patents applied for and obtained increased by 69.23% year on year. The Company accelerated the construction of innovation platforms, and Shanghai Universal

Logistics Technology Co., Ltd. (上海寰宇物流科技有限公司) passed the assessment for Shanghai’s specialized, sophisticated, distinctive and innovative enterprises. The influence of scientific and technological innovation achievements has been further enhanced. Two proposals, including “Application and Prospect of Replaceable Lithium Battery Storage Cabinet Technology”, were recognized by the International Maritime Organization, making China’s voice heard for promoting the development of the international electric vessel industry.

Digital empowerment achieved new advances.

The iFlorens digital operation platform has continuously explored the practice of industrial chain operation management, and has been connected to the container management system of the industrial chain, which has pushed the dynamics of over 190,000 TEU containers, and effectively enhanced the response efficiency of the customers of the industrial chain in terms of the use of containers and the accuracy of container allocation. The container digital disposal project was awarded the third prize of the 4th Central Enterprises Stars Innovation and Creativity Contest organized by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC).

Intelligent manufacturing has risen to new heights.

The Company has actively promoted the implementation of more than 100 various technical reform projects, effectively improving service efficiency. DFIC Ningbo was awarded the Level 3 Assessment Certificate of China Manufacturing Maturity Model, becoming the first enterprise in the container manufacturing industry to pass the standard; DFIC Qidong was awarded the “Best Innovative Enterprise in China’s Energy Storage Industry in 2024”; and DFIC Qingdao was selected as one of the “National 5G Factories”.

Management Discussion and Analysis

3. *ANCHORING GREEN AND LOW-CARBON TRANSFORMATION, FURTHER HIGHLIGHTING THE RESULTS OF VALUE CONVERSION*

To strengthen green production, the Company has accelerated the green and low-carbon upgrading of production equipment and processes, which has realized the full coverage of provincial green factories in 6 container factories, of which 4 have been evaluated as national green factories. **To expand green business,** the Company has established the world's first Container Carbon Footprint and Environmental Product Declaration (CFP & EPD) platform, which has attracted nearly 100 industrial chain enterprises to join, and released a total of 25 EPD certification reports, 15 CFP reports and 7 Product-Category Rules (PCR). The Company released its first green container label, which was promoted and applied to approximately 36,000 containers. **To incubate green assets,** the Company has actively explored the value of carbon reduction data of electric vessels and issued the first Certificate of Greenhouse Gas Emission Reduction in the domestic shipping industry in China in cooperation with the China Quality Certification Centre (CQC) to meet the demand of customers for quantitative emission reduction. **To innovate green financing,** the Company has launched the world's first container full industrial chain transformation financial project and the country's first water transportation industry transformation financial loan, and successfully issued the first low-carbon transformation corporate bonds for shipping enterprises, effectively contributing to the sustainable development of the industry and finance business.

4. *STEADILY ENHANCING SHAREHOLDER RETURNS AND FURTHER EXPANDING VALUE REALIZATION PATHWAYS*

The Company has always adhered to the market value management concept with value creation as the core, actively implemented the relevant spirit of regulatory guidelines, and created greater value for shareholders on the basis of accumulating long-term and stable growth momentum. We have taken multiple measures and made concerted efforts to promote value creation and value realization, improving the market value management system and scientific and standardized market value management behaviors. The Company has implemented a series of measures to improve quality and efficiency to increase endogenous growth, and strengthened multi-dimensional shareholder returns to enhance the Company's investment value.

In 2024, the Company achieved the sixth consecutive year of annual dividend distribution and the first interim dividend distribution, and paid a cash dividend of RMB690 million during the year. The Company actively explored the "toolbox" of market value management and launched H-share and A-share repurchases based on the firm belief in the steady and sustainable development of the future. As at 28 March 2025, we have repurchased a total of 147 million H shares and 64 million A shares, totalling 211 million shares and with a repurchase amount of approximately RMB306 million, further enriching the return channels for investors and promoting the reasonable return of the Company's market value.

Management Discussion and Analysis

5. DEDICATED TO REFINING ESG GOVERNANCE TO ELEVATE SUSTAINABLE DEVELOPMENT

The Company has consistently adhered to the concept of sustainable development to guide solid development and innovative practices, and has vividly written a new chapter in ESG governance. In 2024, the Company successively won more than 10 honors in the ESG field: it was awarded the “A” rating from China Reform ESG rating and the “ESG Competitiveness Model – Dual Carbon Pioneer” of 2024 Golden Bee, remained in S&P Global’s “Sustainability Yearbook (China Edition)”, and was included in CCTV’s “Yangtze River Delta ESG • Top 50 Pioneer” list. Meanwhile, the Company was actively concerned about social well-being, and actively participated in rural revitalization with industrial advantages. The Company has built a container canteen for the No. 1 Primary School of Lajiu Township, Luolong County, Changdu City, Tibet, to provide a warm and spacious dining environment for children on the roof of the world. At the same time, the Company assisted in the construction of cultural tourism post station of national highway, adding green vitality to tourism through renewable energy utilization.

6. ACTIVELY BUILDING NEW QUALITY MANAGEMENT TO FURTHER STRENGTHEN THE FOUNDATION FOR HIGH-QUALITY DEVELOPMENT

The Company has continuously deepened new quality management, coordinated the use of management tools including KPI, OKR, benchmarking, and digitalization, and focused on empowering key links in the Company’s business management to achieve multi-dimensional optimization and improvement in the industrial chain, supply chain, capital chain, and value chain.

Meanwhile, the Company actively promoted new breakthroughs in the integration of the rule of law and risk prevention and control with operation and management, pushed forward the integration of risk assessment, system construction, compliance management and internal control supervision, and established a sound management system for early warning, prevention and emergency response of international risks, promoting a leap in the quality and efficiency of legal risk control. In addition, the Company has solidly promoted the action of tackling the root causes of safety production. The six container factories under the Company have all been awarded the honorary title of “National Safety Culture Construction Demonstration Enterprise”, and the safety foundation for high-quality development continued to be consolidated.

Management Discussion and Analysis

OUTLOOK

In 2025, as the global economic landscape evolves rapidly and the external environment becomes increasingly complex and challenging, the shipping industry will confront the accelerated restructuring of global supply chains and industrial chains. By embracing technological innovation as a key driving force, it will continuously seek new balance and development amidst uncertainties and transitional opportunities.

Looking ahead, we will continue to focus on consolidating the foundation of shipping industry-finance integration while diversifying empowerment to forge differentiated competitive advantages. The container manufacturing segment will accelerate its transition towards high-end, intelligent and green development. The container leasing segment will enhance asset profitability and earnings stability through innovative operational models. The shipping leasing segment will deepen integration into shipping industry chains and value chains while strengthening specialized operational capabilities. We will intensify efforts in green-digital convergence, vigorously expand artificial intelligence application scenarios, and cultivate new quality productive forces in shipping industry-finance. Concurrently, guided by value creation principles, standardized governance frameworks, and investor return orientation, we will explore multi-path approaches for market value management and embrace the philosophy of sustainable development.

With a new journey setting sail and renewed momentum for departure, by anchoring in our strategic positioning of building a world-class integrated shipping industrial-financial operator, we will uphold the principle of value co-creation, adopt a pragmatic yet pioneering approach, and maintain an innovative advancement momentum. With steadfast commitment to long-term goals, we will advance steadily on the new journey of high-quality development.

II. DEVELOPMENT STRATEGY

The Company will revolve around the main line of the shipping and logistics industry and focus on an integrated development model with container manufacturing, container leasing, and shipping leasing as core businesses, and investment management as support. Aligned with COSCO SHIPPING Group's vision of "accelerating the building of a world-class shipping technology enterprise," the Company will adhere to the principle of "integrating industry and finance to promote industrial development", leverage technological innovation as a key driver, and concentrate on two major tracks – digital intelligence and green and low-carbon transformation in order to comprehensively enhance service quality and efficiency, strengthen risk prevention and control, deepen management innovation, continuously improve core functions of "industry, finance and investment", boost the core competitiveness of industry-finance integration, and strive to build itself into a world-class shipping industry-finance operator with features of COSCO SHIPPING.

In terms of container manufacturing business, the Company will advance continuous upgrades of intelligent manufacturing, leverage technological innovation and green and low-carbon transformation to establish advantages in cost, product and technology. By deepening synergies between container leasing and manufacturing and enhancing the "container+" customization capabilities, the Company will strengthen its core competitiveness of the trinity of "standard containers + reefer containers + special containers" to build a world-leading logistics equipment technology enterprise.

Management Discussion and Analysis

In terms of container leasing business, the Company will further enhance full lifecycle asset operation capabilities for containers, leverage synergies across the industry chain such as “leasing-manufacturing” and “leasing-transportation”. The Company will analyze the container market cycles, continuously optimize product portfolios, accelerate digital transformation, expand business scale steadily, further strengthen global service network layouts, and consolidate its leading position in the global container leasing industry.

In terms of shipping leasing business, the Company will actively seize opportunities from the green and low-carbon transformation of the shipping industry. By optimizing internal and external resource allocation and actively collaborating with shipping industry chain partners, the Company will focus on full lifecycle service demands for various shipping assets, strengthen its “purchase, lease, finance and sale” industrial-financial service capabilities, and deliver premium solutions for shipping development, so as to continue to solidify its leading position in the ship leasing industry in China.

In terms of investment management business, the Company will uphold the principle of “investment promoting industry and industry-finance integration” to promote the convergence of industrial resources, capital and financial resources. The Company will further optimize asset structures, continue to explore innovative investment models, improve the layout of strategic emerging industries, empower shipping industry chain synergy, and promote coordinated development between capital and industry.

III. MAJOR RISKS AND COUNTERMEASURES

1. MARKET VOLATILITY RISK

In 2025, the global shipping market will continue to face uncertainty, with trade protectionism, tariff policy, inflation level and geopolitical factors posing challenges to the global commodity trade order, and the imbalance between supply and demand in the shipping market will affect the container leasing and manufacturing market and the ship leasing market, posing risks to the Company’s business operations.

The Company will continue to improve the market monitoring system, capture market dynamic changes in a timely manner, actively optimize resource allocation, flexibly adjust business layout, strengthen collaboration with upstream and downstream partners and enhance its overall risk-resistant capability, so as to ensure that market volatility risks are controllable, and the Company’s operations are stable.

2. POLITICAL AND POLICY RISK

At present, the stability of the upstream and downstream of the shipping market industry chain is facing various challenges due to multiple factors such as supply chain relations between major countries, geopolitical situation, trade protectionist policies, and energy security, which have an impact on the Company’s production, operation and financial costs.

Management Discussion and Analysis

The Company will pay close attention to changes in the international political situation, conduct in-depth studies on the policy directions of various countries, and formulate flexible response strategies to ensure that political policy risks can be controlled. At the same time, through diversified market layout and supply chain optimization, the Company will reduce its reliance on a single market or customer and enhance its adaptability and resilience to risks in a complex political environment.

3. CREDIT RISK

Credit risk is the risk that a company suffers unexpected losses due to the counterparty's inability to fulfill or fail to fulfill its contractual obligations on time, or adverse changes in the counterparty's credit status.

The Company will continue to improve the customer credit management system, strengthen the risk early warning mechanism, and at the same time strengthen communication and cooperation with customers to ensure that credit risks are controllable.

4. EXCHANGE RATE FLUCTUATION RISK

In 2025, the global exchange rate market is full of uncertainties. Factors such as adjustments in the monetary policies of major economies and its changes in interest rate differentials as well as geopolitical situations may have an impact on exchange rates, which in turn may expose the Company to exchange rate risk in international trade settlements.

In order to effectively manage the risk of exchange rate fluctuations, the Company has comprehensively used financial instruments for risk hedging, optimized the structure of foreign currency assets and liabilities, and reduced the impact of exchange rate fluctuations on its financial condition. At the same time, the Company will continue to strengthen the capacity building of exchange rate risk management and improve the overall professional quality and response level.

5. STRATEGY RISK

Strategy risk refers to the risk that the actual results of the selection and implementation of the strategy may deviate from the expected goal of the strategy due to uncertainties in the internal and external environment of the Company.

The Company has set up and continually improved its working procedures for strategy risk management to identify, analyze and monitor strategy risk. On the basis of fully considering the factors such as the Company's market environment, customer profiling, its risk appetite and capital position, the Company has formulated and regularly reviewed strategic plans to strengthen its implementation.

IV. FINANCIAL REVIEW OF THE GROUP

The Group recorded revenue of RMB27,411,245,000 during the Period, representing an increase of 76.47% as compared with revenue of RMB15,533,247,000 for the same period of last year; profit before income tax from continuing operations amounted to RMB1,547,572,000, representing an increase of 15.04% as compared with profit of RMB1,345,266,000 for the same period of last year; profit attributable to owners of the Company for the year amounted to RMB1,685,947,000, representing an increase of 19.78% as compared with the profit of RMB1,407,555,000 for the same period of last year.

Analysis of segment results is as follows:

Unit: RMB'000

Segment	Revenue			Cost		
	2024	2023	Change (%)	2024	2023	Change (%)
Container manufacturing business	23,444,541	10,465,213	124.02	22,334,955	9,862,882	126.45
Container leasing business	5,217,353	4,959,210	5.21	3,233,101	2,842,447	13.74
Shipping leasing business	2,297,140	2,473,073	(7.11)	817,938	884,392	(7.51)
Investment management business	24,895	10,509	136.89	3,500	1,909	83.34
Offset amount	(3,572,684)	(2,374,758)	50.44	(3,622,493)	(2,358,537)	53.59
Total	27,411,245	15,533,247	76.47	22,767,001	11,233,093	102.68

1. ANALYSIS OF CONTAINER MANUFACTURING BUSINESS

1) Operating Revenue

The operating revenue from the container manufacturing business amounted to RMB23,444,541,000, representing an increase of 124.02% as compared with the revenue of RMB10,465,213,000 for the same period of last year, mainly due to increased demand for new containers as a result of recovery in the container market. During the Period, the aggregate container sales were 1,795,900 TEU, representing an increase of 204.08% as compared with 590,600 TEU for the previous period.

2) Operating Costs

Operating costs of the container manufacturing business mainly consist of raw material costs, transportation costs, employee compensation and depreciation expenses. The operating costs amounted to RMB22,334,955,000 for the year ended 31 December 2024, representing an increase of 126.45% as compared with the costs of RMB9,862,882,000 for the same period of last year. Such increase was mainly due to the corresponding increase in production costs, such as materials and labour, as a result of the increase in sales volume.

Management Discussion and Analysis

2. ANALYSIS OF CONTAINER LEASING BUSINESS

1) *Operating Revenue*

The Group recorded revenue from the container leasing, management and sales business of RMB5,217,353,000, representing an increase of 5.21% as compared with the revenue of RMB4,959,210,000 for the same period of last year, which was mainly due to the year-on-year increase in the Company's container leasing volume in line with the recovery of the container market.

2) *Operating Costs*

Operating costs of the container leasing business mainly include the depreciation and maintenance costs of containers, net carrying value of sale of containers returned upon expiry and interest costs of finance lease business. The operating costs for the year ended 31 December 2024 amounted to RMB3,233,101,000, representing an increase of 13.74% as compared with the costs of RMB2,842,447,000 for the same period of last year, which was mainly due to the year-on-year increase in container depreciation costs as a result of the growth in the size of container assets during the Period.

3. ANALYSIS OF SHIPPING LEASING BUSINESS

1) *Operating Revenue*

The Group recorded operating revenue from the ship leasing business of RMB2,297,140,000, representing a decrease of 7.11% as compared with the revenue of RMB2,473,073,000 for the same period of last year, which was mainly due to the year-on-year decrease in the size of the fleet under finance leases. As at 31 December 2024, the Company's ship operating lease assets remained stable, while the number of ship finance lease assets decreased by 4.39% year-on-year.

2) *Operating Costs*

The cost of the ship leasing business mainly comprised depreciation of ships and interest expenses. Operating costs of the shipping leasing business amounted to RMB817,938,000, representing a decrease of 7.51% as compared with the costs of RMB884,392,000 for the same period of last year, which was mainly due to the year-on-year decrease in the size of the fleet under finance leases.

Management Discussion and Analysis

(3) Details of the Group's finance lease business

The Group entered into finance lease arrangements with leased assets for certain vessels, machinery, equipment and facilities used in shipping, transportation and logistics industries, etc. The term of finance leases entered into mainly ranges from one to ten years. The interest rate of finance leases mainly ranges from 1.97% to 13.92%. Finance lease receivables of the Group are secured over the leased assets. As at 31 December 2023 and 31 December 2024, the total present value of minimum finance lease receivables of the Group amounted to RMB32,729,294,000 and RMB30,839,309,000, respectively. As at 31 December 2024, the number of clients for the Group's finance lease business was approximately 70.

As at 31 December 2023 and 31 December 2024, the balance of finance lease transactions for the largest single client of the Group accounted for approximately 12.00% and 11.55% of the total assets of the Group, respectively, while the balance of finance lease transactions for the largest single group client accounted for approximately 18.81% and 17.86% of the total assets of the Group, respectively.

The following table sets forth the degree of concentration of single client and single group client of the Group as at 31 December 2024:

Concentration indicator	Balance of finance lease transactions as at 31 December 2024 (RMB)	Balance of finance lease transactions as a percentage of the total assets of the Group
Degree of concentration of single client financing	14,600,451,000	11.55%
Degree of concentration of single group client financing	22,573,701,000	17.86%

Management Discussion and Analysis

The following table sets forth details of the balance of finance lease transactions with the top ten single clients of the Group as at 31 December 2024:

Name of the client	Business segment	Balance of finance lease transactions (RMB)	Percentage of finance lease related assets
Client A	Ship leasing	14,600,451,000	47.34%
Client B	Ship leasing	4,393,173,000	14.25%
Client C	Container leasing	4,102,848,000	13.30%
Client D	Ship leasing	3,517,569,000	11.41%
Client E	Ship leasing	438,643,000	1.42%
Client F	Ship leasing	415,041,000	1.35%
Client G	Ship leasing	400,999,000	1.30%
Client H	Ship leasing	388,704,000	1.26%
Client I	Ship leasing	154,196,000	0.50%
Client J	Ship leasing	108,114,000	0.35%
Total	–	28,519,738,000	92.48%

Note:

- (1) Client A, Client B and Client D are subsidiaries of the same holding company, as such, they are companies of the same group.

The following table sets forth the industrial distribution of net amount of finance lease receivables of the Group as at 31 December 2024:

Business segment	Balance of finance lease transactions as at 31 December 2024 (RMB in 100 millions)	Percentage of finance lease related assets
Vessel leasing	254.04	82.38%
Transportation and logistics	3.58	1.16%
Container leasing	50.77	16.46%
Total	308.39	100.00%

Management Discussion and Analysis

The Group strictly complies with the regulatory requirements for finance leasing business and achieves a dynamic balance of risk and return through front-end risk screening, enhanced asset control and optimized industry layout. The objective of risk management in finance leasing business is to control business risks within the Company's business risk appetite, avoid risk losses to the maximum extent possible and, on this premise, to obtain reasonable returns by assuming reasonable credit risks. In respect of ship finance and leasing, the core risk management policy of the business segment emphasizes risk control in the whole process, and through strict admission standards and the implementation of differentiated rental coverage ratios, the leading shipping companies in the industry, region and industry chain are preferentially selected; in respect of container finance and leasing, the quality of the customers is strictly controlled through multi-dimensional risk assessment, and the layered approval mechanism and the dynamic monitoring system with blacklist linkage are implemented. We also set credit limits for tail customers (non-head liner enterprises, small and medium-sized forwarders, etc.).

The Group has implemented the following internal control measures in terms of loan collection:

- (1) the Group has implemented an asset management policy to proactively manage potential risks in connection with the Group's leased assets;
- (2) the asset management department under the Group has conducted regular inspections of the leased assets to identify any potential risks in the lessees' operations and to ensure that the leased assets are in satisfactory condition. On-site inspections shall be carried out immediately in the event of emergency (including but not limited to serious accidents, seizure of the leased assets by authorities, or bankruptcy of the lessees);
- (3) in the event of non-payment of rent, the relevant department will attempt to collect the unpaid amount and any interests thereof from the lessee by making phone calls or written demand, or carry out on-site collection from the lessees, depending on the number of day(s) such payment is overdue and the circumstances of the lessees;
- (4) depending on factors such as the value of the leased assets, business operations and creditworthiness of the lessees and how the Group monitors the assets, the Group categorizes the leased assets into five classes and takes appropriate monitoring/ collection actions from time to time according to the classes assigned to specific assets; and
- (5) for leased assets the rental payment of which is overdue for more than 30 days, the Group may further attempt to collect the unpaid amount from the lessees, bring legal or arbitral proceedings against the lessees, or apply for seizure of property or specific performance from the court, depending on the circumstances.

Details of the future lease payments, aging analysis, qualitative and quantitative information regarding credit risks and ECLs of finance lease receivables are disclosed in notes 23 and 49 to the consolidated financial statements.

Management Discussion and Analysis

4. ANALYSIS OF INVESTMENT MANAGEMENT BUSINESS

As of 31 December 2024, for details of analysis of the Company's equity investment business, please refer to the section headed "Significant Investment in Equity".

GROSS PROFIT

Due to the above reasons, the Group recorded gross profit of RMB4,644,244,000 for the year ended 31 December 2024 (gross profit for the same period of last year: RMB4,300,154,000).

SIGNIFICANT INVESTMENT IN EQUITY

As at 31 December 2024, the carrying value of the Company's external equity investments amounted to RMB27,034,192,000, representing an increase of RMB1,232,776,000 or 4.78% as compared with that as at the beginning of the Period, which was mainly attributable to recognition of investments in associates in the Period.

As at 31 December 2024, the carrying value of the Company's financial assets measured at fair value amounted to RMB2,127,989,000, representing a decrease of RMB834,005,000 or 28.16% as compared with that as at the beginning of the Period, which was mainly due to the disposal of certain stocks and recognition of changes in fair value of financial assets during the reporting Period.

In 2024, the Company realized investment income of RMB1,518,423,000, representing a decrease of 3.66% as compared with RMB1,576,039,000 for the same period of last year, which was mainly attributable to the year-on-year decline in the operating results of associates.

In 2024, the gain on changes in fair value amounted to RMB-170,241,000, representing a decrease of RMB237,758,000 as compared with that for the same period last year, mainly due to the decrease in the valuation of the Company's financial asset investments resulted from fluctuations in the capital market.

Management Discussion and Analysis

1. Shareholdings in Other Listed Companies

Stock code	Company name	Investment cost (RMB)	Shareholding		Book value at the end of the Period (RMB)	Gain during the Period (RMB)	Changes in other reserve during the Period (RMB)	Gain from disposal (RMB)	Dividends received during the Period (RMB)	Accounting ledger	Sources of the shareholding
			at the beginning of the Period (%)	at the end of the Period (%)							
09668	China Bohai Bank Co., Ltd.	5,749,379,000	11.12	11.12	11,014,525,000	500,947,000	490,301,000	-	-	Investment in associates	Purchase
601818/06818	China Everbright Bank Co., Ltd.	3,398,255,000	1.23	1.23	5,871,123,000	451,965,000	105,943,000	-	125,252,000	Investment in associates	Purchase
000039/02039	China International Marine Containers (Group) Co., Ltd.	747,363,000	1.53	-	-	-	-	57,587,000	-	Financial assets at fair value through profit or loss	Purchase
600179	Antong Holdings Co., Ltd.	49,023,000	0.27	0.27	32,212,000	3,797,000	-	-	-	Financial assets at fair value through profit or loss	Purchase
600390	Minmetals Capital Co., Ltd.	547,727,000	1.44	-	-	23,997,000	-	78,032,000	-	Financial assets at fair value through profit or loss	Purchase
Total		10,491,747,000	/	/	16,917,860,000	980,706,000	596,244,000	135,619,000	125,252,000		

2. Shareholdings in Financial Enterprises

Name of investee	Investment cost (RMB)	Shareholding		Book value at the end of the Period (RMB)	Gain during the Period (RMB)	Changes in other reserve during the Period (RMB)	Gain from disposal (RMB)	Dividends received during the Period (RMB)	Accounting ledger	Sources of the shareholding
		at the beginning of the Period (%)	at the end of the Period (%)							
Bank of Kunlun Co., Ltd.	1,077,153,000	3.74	3.74	1,619,011,000	63,721,000	38,758,000	-	30,768,000	Investment in associates	Purchase
CIB Fund Management Co., Ltd.	100,000,000	10.00	10.00	506,108,000	42,566,000	-	-	5,000,000	Investment in associates	Purchase
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	137,284,000	25.00	25.00	65,465,000	3,288,000	-	-	-	Investments in joint ventures	Purchase
COSCO SHIPPING Finance Company Limited	2,914,166,000	13.38	13.38	3,349,358,000	139,802,000	5,003,000	-	53,910,000	Investment in associates	Purchase
Powchan Financial Group Co., LTD.	3,575,320,000	40.81	40.81	4,094,174,000	312,574,000	-	-	232,006,000	Investment in associates	Purchase
Total	7,803,923,000	/	/	9,634,116,000	561,951,000	43,761,000	-	321,684,000		

Management Discussion and Analysis

(a) Summary of principal business of the investees in the investments

Name of Investee	Exchange	Principal business
China Bohai Bank Co., Ltd.	Hong Kong Stock Exchange	Banking business
Bank of Kunlun Co., Ltd.	/	Banking business
Powchan Financial Group Co., LTD.	/	Leasing business
CIB Fund Management Co., Ltd.	/	Fund management business
COSCO SHIPPING Finance Company Limited	/	Banking business
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	/	Leasing business
China International Marine Containers (Group) Co., Ltd.	Shenzhen Stock Exchange/ Hong Kong Stock Exchange	Manufacture and sale of containers
Antong Holdings Co., Ltd.	Shanghai Stock Exchange	Logistic business
China Everbright Bank Co., Ltd.	Shanghai Stock Exchange/ Hong Kong Stock Exchange	Banking business
Minmetals Capital Co., Ltd.	Shanghai Stock Exchange	Integrated financial business

The capital market was volatile in 2024. The Company expects that the investment portfolio of the Group (including the above major investments) will be subject to, among other things, the movement of interest rates, market factors and overall economic performance. Moreover, the market value of individual shares will be affected by relevant companies' financial results and development plan as well as the prospects of the industry where they operate. To mitigate relevant risks, the Group will take appropriate measures as and when necessary and adjust its investment strategies in a timely manner in response to the changes in market conditions.

INCOME TAX

According to the Corporate Income Tax Law of the PRC, which was effective from 1 January 2008, the CIT rate applicable to the Company and its subsidiaries established in the PRC was 25% for the years ended 31 December 2024 and 2023.

Hong Kong profits tax was provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits of the Group's subsidiaries operating in Hong Kong during the year.

Taxes or profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

For the year ended 31 December 2024, the Group's selling, administrative and general expenses were RMB1,182,444,000, representing a decrease of 7.30% as compared with the expenses for the same period of last year, which was mainly attributable to the optimization of the resources allocation and the enhancement of cost management during the Period.

OTHER GAINS, NET

For the year ended 31 December 2024, other gains of the Group were RMB386,189,000, representing a decrease of RMB56,149,000 as compared with other gains of RMB442,338,000 for the same period of last year, which was mainly due to the year-on-year decrease in the fair value of financial assets held during the Period.

PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the year ended 31 December 2024, the profit for the year attributable to owners of the Company was RMB1,685,947,000, representing an increase of 19.78% as compared with the profit of RMB1,407,555,000 for the same period of last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

ANALYSIS OF LIQUIDITY AND BORROWINGS

The Group's principal sources of liquidity are cash flow from operating business and short-term bank borrowings. The Group's cash is mainly used for expenses of operating cost, repayment of borrowings, procurement of containers and support of the Group's financial leasing business. During the Period, the Group's net operating cash inflow was RMB6,704,059,000. As at 31 December 2024, the Group's cash and cash equivalents were RMB8,677,216,000.

As at 31 December 2024, the Group's total bank and other borrowings amounted to RMB75,806,056,000, with RMB32,493,803,000 repayable within one year, RMB23,912,089,000 repayable within the second year, RMB15,018,001,000 repayable within the third to fifth year and RMB4,382,163,000 repayable after five years. The Group's long-term bank and other borrowings were mainly used for carrying out finance leasing business, acquisition of vessel, purchase of containers. As at 31 December 2024, the Group's long-term bank and other loans were secured by certain containers and vessels with an aggregate value of RMB20,734,424,000 and guaranteed by finance lease receivables with an aggregate value of RMB4,343,206,000.

As at 31 December 2024, the Group held corporate bonds payable totaling RMB12,000,000,000 and the proceeds raised from the bonds were used for repayment of debts as they fell due.

The Group's RMB-denominated borrowings at fixed interest rates amounted to RMB4,854,304,000. USD-denominated borrowings at fixed interest rates amounted to USD1,392,681,000 (equivalent to approximately RMB10,011,148,000), RMB-denominated borrowings at floating interest rates amounted to RMB11,452,300,000, and

Management Discussion and Analysis

USD-denominated borrowings at floating interest rates amounted to USD6,884,467,000 (equivalent to approximately RMB49,488,304,000). The Group's borrowings are settled in RMB or USD while its cash and cash equivalents are primarily denominated in RMB and USD.

The Group expects that capital needs for regular liquidity and capital expenditure can be funded by the internal cash flow of the Group or external financing. The Board will review the operating cash flow of the Group from time to time. It is the intention of the Group to maintain an appropriate composition of equity and debt to ensure an effective capital structure.

NET CURRENT LIABILITIES

As at 31 December 2024, the Group's net current liabilities amounted to RMB21,243,057,000. Current assets mainly included inventories of RMB2,267,719,000; trade and notes receivables of RMB2,557,244,000; contract assets of RMB6,718,000; prepayments and other receivables of RMB2,035,663,000; financial assets at fair value through profit or loss of RMB34,354,000; the current portion of finance lease receivables of RMB2,524,940,000; cash and cash equivalents of RMB8,677,216,000; restricted deposits of RMB24,586,000. Current liabilities mainly included trade and notes payables of RMB3,870,652,000; other payables and accruals of RMB2,642,846,000; contract liabilities of RMB83,607,000; tax payable of RMB151,384,000; the current portion of bank and other borrowings of RMB32,493,803,000; the current portion of lease liabilities of RMB87,209,000; derivative financial instruments of RMB41,996,000.

CASH FLOWS

For the year ended 31 December 2024, the Group's net cash inflow generated from operating activities was RMB6,704,059,000, denominated principally in RMB and USD, representing an increase of RMB1,389,699,000 as compared with the net cash inflow generated from operating activities of RMB5,314,360,000 for the corresponding period of 2023. The cash inflow generated from financing activities of the Group for the Period was mainly derived from bank and other borrowings and such funds were used mainly for short-term operation and the purchase and construction of vessels and containers. The balance of cash and cash equivalents as at 31 December 2024 decreased by RMB4,346,340,000 as compared with that at the beginning of the Period, mainly due to optimization of the capital structure and reduction in the scale of liabilities.

The following table provides the information regarding the Group's cash flow for the years ended 31 December 2024 and 31 December 2023:

Unit: RMB

	2024	2023
Net cash generated from operating activities	6,704,059,000	5,314,360,000
Net cash (used in)/generated from investing activities	(3,113,127,000)	962,726,000
Net cash used in financing activities	(8,293,151,000)	(8,927,755,000)
Impact of changes in exchange rate on cash	355,879,000	233,665,000
Net cash and cash equivalents	(4,346,340,000)	(2,417,004,000)

NET CASH GENERATED FROM OPERATING ACTIVITIES

For the year ended 31 December 2024, the net cash inflow generated from operating activities was RMB6,704,059,000, representing an increase of RMB1,389,699,000 as compared with the net cash inflow generated from operating activities of RMB5,314,360,000 for the same period of last year. The increase was mainly due to the increase in market demand, revenue growth, and accelerated collection of payments in the container leasing and manufacturing sector.

NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES

For the year ended 31 December 2024, the net cash outflow used in investing activities was RMB3,113,127,000, representing an increase of net cash outflow of RMB4,075,853,000 as compared with the net cash inflow generated from investing activities of RMB962,726,000 for the same period of last year. This was mainly due to the promotion of industry-finance integration project and the investment outflow for purchasing and building ships.

NET CASH USED IN FINANCING ACTIVITIES

For the year ended 31 December 2024, the net cash outflow used in financing activities was RMB8,293,151,000, representing a decrease of RMB634,604,000 as compared with the net cash outflow used in financing activities of RMB8,927,755,000 for the same period of last year. This was mainly because the Company continued to implement the work of “deleveraging and curtailing liabilities” to use our best endeavours to optimize the capital structure and reduce the scale of liabilities. During the year ended 31 December 2024, the Group borrowed bank and other borrowings amounting

to RMB41,268,909,000, repaid bank and other borrowings amounting to RMB48,196,899,000, and issued additional bonds amounting to RMB4,000,000,000 during the Period.

USE OF PROCEEDS AND FUTURE PLANS

As approved by the Approval on the Acquisition of Assets through Issuance of Shares of COSCO SHIPPING Development Co., Ltd. to COSCO SHIPPING Investment Holdings Co., Ltd. and Raising Ancillary Funds (Zheng Jian Xu Ke [2021] No. 3283) 《關於核准中遠海運發展股份有限公司向中遠海運投資控股有限公司發行股份購買資產並募集配套資金申請的批覆》(證監許可[2021]3283號)) issued by the China Securities Regulatory Commission, the Company non-publicly issued 530,434,782 RMB ordinary shares (A shares) to 8 eligible investors, including China Shipping Group Company Limited, at the issue price of RMB2.76 per share (the “**Issuance**”). Total proceeds from the Issuance were RMB1,463,999,998.32 and net proceeds were RMB1,460,904,954.84, net of issue cost of RMB3,095,043.48 (including value-added tax).

Such proceeds were fully received on 16 December 2021 and receipt of proceeds from the Issuance was verified by ShineWing Certified Public Accountants LLP, who issued a Capital Verification Report on the Proceeds from the Non-public Issuance of Shares of COSCO SHIPPING Development Co., Ltd. (No. XYZH/2021BJAA131539) in this regard on 17 December 2021. To regulate the management of the proceeds and protect the legitimate rights and interests of investors, a Tripartite Supervision Agreement for the Designated Accounts for Proceeds and a Quadripartite Supervision Agreement for the Designated Accounts for Proceeds were entered into among the Company, the subsidiaries implementing the proceeds investment projects, the independent financial adviser and the bank opening a special account for the proceeds, pursuant to which a special account for the proceeds was opened up for the purpose of placing such proceeds only.

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As of 31 December 2024, the use of the proceeds is as follows:

Unit: RMB

Item	Amount of proceeds
Net proceeds	1,460,904,954.84
Accumulated proceeds used as at the beginning of the Period	Amount of projects financed by the proceeds Replacement of the pre-invested internal funds with the proceeds Bank charges Interest income
	1,210,884,865.84 230,811,074.74 5,069.03 1,377,258.16
Balance in the special account for proceeds as of 31 December 2023	20,581,203.39
Amount used in the Year	Amount of projects financed by the proceeds Bank charges Interest income Transfer of permanent supplementary working capital
	20,605,397.01 911.00 27,449.08 2,344.46
Accumulated proceeds used as at the end of the Period	Amount of projects financed by the proceeds Bank charges Interest income Transfer of permanent supplementary working capital
	1,462,301,337.59 5,980.03 1,404,707.24 2,344.46
Balance in the special account for proceeds as of 31 December 2024	—

To regulate the management, storage and use of proceeds and protect the legitimate rights and interests of investors, the Company has formulated the Proceeds Management Policies according to the Measures for the Administration of the Funds Raised by Listing Companies on the Shanghai Stock Exchange 《上海證券交易所上市公司募集資金管理辦法》 and the Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies 《上市公司監管指引第 2 號 – 上市公司募集資金管理和使用的監管要求》 and other laws and regulations.

According to the Proceeds Management Policies, the Company implemented special account placement for the proceeds. A special bank account has been opened with China Development Bank Shanghai Branch for the exclusive deposit, management and utilization of the proceeds. A Tripartite Supervision Agreement for the Designated Accounts for Proceeds was entered into among the Company, China International Capital Corporation Limited as the independent financial adviser and China Development Bank Shanghai Branch in January 2022. There is no material difference between such agreement and the Tripartite Supervision Agreement for the Designated Accounts for Proceeds (Template) of the Shanghai Stock Exchange.

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In addition, Dong Fang International Container (Qidong) Co., Ltd. (寰宇東方國際集裝箱(啟東)有限公司), Dong Fang International Container (Qingdao) Co., Ltd. (寰宇東方國際集裝箱(青島)有限公司), Dong Fang International Container (Ningbo) Co., Ltd. (寰宇東方國際集裝箱(寧波)有限公司) and Shanghai Universal Logistics Technology Co., Ltd. (上海寰宇物流科技有限公司), as the subsidiaries of project implementation entities of the Company, have opened up a special account for the proceeds with Bank of China Limited, Shanghai Branch for the exclusive deposit, management and utilization of the proceeds. In February 2022, they entered into the Quadripartite Supervision Agreement for the Designated Accounts for Proceeds with the Company, China International Capital Corporation Limited as the independent financial adviser and Bank of China Limited, Shanghai Branch. There is no material difference between such agreement and the Tripartite Supervision Agreement for the Designated Accounts for Proceeds (Template) of the Shanghai Stock Exchange.

As of 31 December 2024, the amounts in the proceeds accounts numbered 31001560021137250000, 454682512528, 439082519935, 440382523907 and 439082531816 were fully utilized and such accounts were cancelled.

As of 31 December 2024, the actual utilization of the proceeds was as follows:

Unit: RMB'0,000

Item	Total committed investment of proceeds	Investment committed as of the end of the Period	Investment accumulated as of the end of the Period	Difference between the investment accumulated and the investment committed as of the end of the Period	Date of project reaching the scheduled usable status
Production lines technology transformation project	19,400.00	19,400.00	19,422.10	22.10	May 2023
Container production lines technology transformation project	20,000.00	20,000.00	20,033.55	33.55	July 2023
Logistics equipment transformation project	9,200.00	9,200.00	9,233.00	33.00	May 2024
Information system upgrade and setup project	8,800.00	8,800.00	8,820.74	20.74	May 2023
Replenishment of the working capital of the Company	89,000.00	88,690.50	88,720.74	30.24	N/A
Permanent replenishment of the working capital	—	—	0.23	0.23	
Total	146,400.00	146,090.50	146,230.36	139.86	—

Management Discussion and Analysis

As of 31 December 2024, the use and intended use of proceeds from the Issuance were in line with the use of proceeds as previously disclosed. For the details of intended use of proceeds from the Issuance, please refer to the circular of the Company dated 24 May 2021 and the relevant overseas regulatory announcements.

TRADE AND NOTES RECEIVABLES

As at 31 December 2024, the Group's net amount of trade and notes receivables was RMB2,557,244,000, representing an increase of RMB778,949,000 as compared with the same period last year, of which notes receivables decreased by RMB1,397,000, and trade receivables increased by RMB780,346,000, which was mainly due to the increase in receivables for containers sales as a result of the increasing demand in containers market.

GEARING RATIO ANALYSIS

As of 31 December 2024, the Company's net gearing ratio (i.e. net debts over shareholders' equity) was 259.3%, which was lower than that of 263.3% last year. The decrease in net gearing ratio was mainly due to the reduction in the scale of liabilities during the Period.

FOREIGN EXCHANGE RISK ANALYSIS

Revenues and costs of the Group's container manufacturing, container leasing and shipping leasing operations are settled or denominated in USD. As a result, the impact on the net operating revenue due to RMB exchange rate fluctuation can be offset by each other to a certain extent. For the Period, the Group recorded an exchange gain of RMB406,910,000, which was mainly due to fluctuations of the USD exchange rate during the Period; the increase in exchange difference which was charged to equity attributable to shareholders of the parent company amounted to RMB115,740,000. The Group will continue to closely monitor the exchange rate fluctuation of RMB and major international settlement currencies in the future

to reduce exchange rate exposure and thus minimize the impact of exchange rate fluctuation.

CAPITAL EXPENDITURES

For the year ended 31 December 2024, the Group's expenditures on the acquisition of containers, machinery and equipment, ships and other expenditures amounted to RMB7,696,072,000, expenditures on the acquisition of finance lease assets amounted to RMB2,219,351,000.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had RMB10,494,678,000 in capital commitment to fixed assets which had been contracted but not provided for, and the Group entered into an investment agreement and the unpaid subscribed investment amount was RMB67,378,000.

PLEDGE

As at 31 December 2024, certain container vessels and containers with net carrying value of approximately RMB20,734,424,000 (31 December 2023: RMB20,065,989,000), finance lease receivables of RMB4,343,206,000 (31 December 2023: RMB8,286,209,000) and restricted deposits of RMB934,000 (31 December 2023: RMB2,953,000) of the Group were pledged for the grant of bank borrowings and issuance of corporate bonds.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Period, the Group disposed of its subsidiary, Helen Insurance Brokers Limited, on 15 January 2024. The Company considered that the insurance broking business engaged by Helen Insurance Brokers Limited was classified as discontinued operation as a separate operating business. The profit from discontinued operation attributable to the owners of the parent company amounted to RMB213,660,000.

SUBSEQUENT EVENTS

On 28 March 2025, the Board proposed the payment of a final dividend of RMB0.019 per share (inclusive of applicable tax) for the year ended 31 December 2024. As at 28 March 2025, the total share capital of the Company is 13,575,938,612 shares and 240,044,992 shares have been repurchased. Based on 13,335,893,620 shares (being total share capital of the Company less the number of shares repurchased by the Company), the aggregate dividend would amount to RMB253,382,000 (inclusive of applicable tax), which is subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company.

CONTINGENT LIABILITIES

As at 31 December 2024, there were no significant contingent liabilities for the Group.

EMPLOYEES, TRAINING AND BENEFITS

As at 31 December 2024, the Group had 15,669 employees, and the total staff costs for the Period (including staff remuneration, welfare cost and social insurance fees etc.) amounted to approximately RMB3,420,049,000 (including outsourced labor costs).

Remuneration management, as one of the most effective incentives and a form of enterprise value distribution, is carried out on the basis of total budget control, value creation, internal fairness, market competition and sustainable development. Based on the principle of “contractualised management, differential compensation”, the senior management of the Company has introduced and implemented the professional manager system and strengthened

the incentive and restraint mechanism based on performance management. The Company’s comprehensive remuneration system applicable to the employees mainly consists of two aspects: (1) salaries, including position/title salary, performance salary, special incentives and allowances; and (2) benefits, including mandatory social insurance, provident housing fund as stipulated by the state and its own corporate welfares.

To support the Company’s human resources management reform, talent development and cultivation, the Company has re-constructed its employee training system to make it based on identification of demand, with the support of clearly defined responsibilities and list-based management. We have enhanced the training content and implementation system, and improved the effectiveness of training resource allocation, staff training participation and satisfaction. Based on the training system, various training programs were designed and implemented to address different types of business and positions, covering topics such as transformation and innovation, industry development, management capability, industrial and financial business, risk management, safety and individual caliber.

In addition, through the implementation of the stock option incentive scheme, the Company will further establish and improve the long-term incentive mechanism of the Company to attract and retain outstanding talents, fully mobilize the enthusiasm of the senior management and core staff of the Company, promote business innovation and expansion, and facilitate the achievement of the Company’s long-term strategic objectives, thereby maximizing shareholder value and preserving the value of state-owned assets.

Management Discussion and Analysis

DIVIDEND

The Company had paid an interim dividend of RMB0.019 per share for 2024 (inclusive of applicable taxes). The Board proposed to distribute a final dividend of RMB0.019 per share (inclusive of applicable taxes) for the year ended 31 December 2024 (2023: RMB0.032 per share), subject to the approval of shareholders of the Company at the forthcoming annual general meeting. The final dividend will be denominated and declared in RMB, payable to the holders of A shares and H shares of the Company in RMB and Hong Kong dollars, respectively within two months after the approval at the annual general meeting (other than those who are holders of H shares of the Company through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, the final dividend will be paid to them in RMB).

The Company will make further announcements as and when necessary to disclose further details including, among other things, the expected timetable and arrangements of closure of register of members of H shares by the Company, and the proposal to distribute final dividend.

Biographies of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTOR

MR. ZHANG MINGWEN (張銘文), AGED 46

is currently the chairman of the Board, the secretary of the Party Committee and the general manager of the Company, and a non-executive director of China Merchants Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600999); and the Hong Kong Stock Exchange (stock code: 06099)), and a non-executive director of China Everbright Bank Company Limited (a company listed on the Shanghai Stock Exchange (stock code: 601818); and the Hong Kong Stock Exchange (stock code: 06818)). He has more than 20 years of experience in shipping industry and extensive experience in areas including finance and capital management, shipping finance and capital operation. Mr. Zhang successively served as the deputy section chief, vice director of the capital centre of the planning and finance department, the assistant to the general manager of the planning and finance department, and the assistant to the general manager of the financial capital department of China Shipping (Group) Company, the deputy chief financial officer (副總會計師) and the chief financial officer (總會計師) of China Shipping Container Lines Co., Ltd., the chief financial officer (總會計師) of COSCO SHIPPING Development Co., Ltd.*, the chief financial officer (總會計師) of COSCO SHIPPING Holdings Co., Ltd., the chief financial officer of Orient Overseas (International) Limited, and a director, the chief financial officer and a member of the executive committee of Orient Overseas Container Line Ltd.. Mr. Zhang graduated from the Faculty of Finance of Shanghai University of Finance and Economics majoring in investment economics and from the Antai College of Economics & Management of Shanghai Jiao Tong University majoring in business administration, and obtained a bachelor's degree in economics and a master's degree in business administration. Mr. Zhang is a Chartered Financial Analyst (CFA) and a senior accountant.

NON-EXECUTIVE DIRECTORS

MR. LIANG YANFENG (梁岩峰), AGED 59

is currently a non-executive Director of the Company, the chairman of the board of directors and secretary of the Party Committee of COSCO SHIPPING Heavy Industry Co., Ltd., the chairman of the board of directors and secretary of the Party Committee of Shanghai Shipping Transportation Science Research Institute Co., Ltd./COSCO SHIPPING Technology Co., Ltd.. He successively served as the deputy director of the cadre department of the organization division of China Ocean Shipping (Group) Company, deputy general manager of the human resources department of China Ocean Shipping (Group) Company, deputy general manager of the human resources department and director of staff management department of China Ocean Shipping (Group) Company, the general manager, a member of the Party Committee and the director of COSCO talent service centre of COSCO Human Resources Development Company, the general manager of capital operations division of China Ocean Shipping (Group) Company, a standing committee member of Luzhou Municipal Committee of the Communist Party of China and the deputy mayor (temporary) of Luzhou Municipal Government of Sichuan Province, the deputy general manager of COSCO SHIPPING International Holdings Limited, the general manager of COSCO SHIPPING International Holdings Limited, the vice president, a member of the Party Committee and the legal counsel of COSCO (Hong Kong) Group Limited, the secretary of the Party Committee and deputy general manager of Dalian Ocean Shipping Company Limited; and the general manager and deputy secretary of the Party Committee of COSCO Shipyard Group Co., Ltd.. Mr. Liang Yanfeng obtained a master's degree and an executive master of business administration (EMBA) degree from Tsinghua University and is a senior economist.

Biographies of Directors, Supervisors and Senior Management

MR. IP SING CHI (葉承智), AGED 71

is currently a non-executive Director of the Company, the group managing director of Hutchison Port Holdings Limited and the chairman of Yantian International Container Terminals Limited. Mr. Ip is also an executive director of Hutchison Port Holdings Management Pte. Limited (the trustee-manager of Hutchison Port Holdings Trust listed in Singapore (stock code: NS8U)); a non-executive director of Orient Overseas (International) Limited (a company listed on the Hong Kong Stock Exchange (stock code: 00316.HK)); an independent non-executive director of Piraeus Port Authority S.A. (a company listed in Greece (stock code: PPA)); and an independent non-executive director of Westports Holdings Berhad (a company listed in Malaysia (stock code: 5246)). He was the founding chairman (2000-2001) of the Hong Kong Container Terminal Operators Association Limited, and served as a non-executive director of Tradelink Electronic Commerce Limited (a company listed on the Hong Kong Stock Exchange (stock code: 00536.HK)); an external director of HMM Company Limited (formerly known as Hyundai Merchant Marine Co., Ltd.) (a company listed in Korea (stock code: 011200)); an independent non-executive director of COSCO SHIPPING Ports Limited (a company listed on the Hong Kong Stock Exchange (stock code: 01199.HK)) from November 2012 to October 2016; and an independent non-executive director of COSCO SHIPPING Energy Transportation Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 01138.HK)) from June 2014 to June 2020. Besides, Mr. Ip was a member of the Hong Kong Port Development Council from 2009 to the end of December 2014, with over 40 years of experience in the shipping industry. Mr. Ip holds a Bachelor of Arts degree.

MS. ZHANG XUEYAN (張雪雁), AGED 50

is currently a non-executive Director of the Company. Ms. Zhang has served in roles including a deputy general manager of Capital Management & Operation Division of China COSCO SHIPPING Corporation Limited since December 2017 and has extensive experience in capital operation. She has served as a non-executive director of Shanghai Rural Commercial Bank Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 601825)) since June 2023, and a non-executive director of COSCO SHIPPING International (Hong Kong) Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 00517)) since January 2025. Ms. Zhang started her career in 1999 and since 2013, she has successively served as a deputy manager of the capital operation office of the Strategic Development Division of China Ocean Shipping Co., Ltd. and COSCO SHIPPING Holdings Co., Ltd., a manager of capital operation office of the Capital Management & Operation Division and a deputy general manager of the Capital Management & Operation Division of China COSCO SHIPPING Corporation Limited. Ms. Zhang graduated from Beijing Normal University with a master's degree in economics, majoring in international investment and international trade. She holds a professional title of senior economist and is a certified public accountant (CPA).

Biographies of Directors, Supervisors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. SHAO RUIQING (邵瑞慶), AGED 67

is currently an independent non-executive Director of the Company. Mr. Shao currently serves as an accounting professor (level-2 professor) in Shanghai Lixin University of Accounting and Finance, and a doctoral tutor in Shanghai Maritime University, and concurrently as an independent director of Shanghai International Port (Group) Co., Ltd. (stock code: SH600018), and an independent director of China Everbright Bank Company Limited (stock code: SH601818/HK6818). He has been a professor in Shanghai Lixin University of Accounting and Finance since June 2016. He served as a professor in Shanghai Lixin University of Accounting from February 2015 to May 2016, a vice president and professor of Shanghai Lixin University of Accounting from February 2004 to January 2015, the dean, a professor and doctoral tutor of School of Economics and Management of Shanghai Maritime University from January 2002 to January 2014, the vice dean and a professor of School of Management of Shanghai Maritime University from October 1999 to December 2001, the head, an assistant professor and a professor of the Finance and Accounting Department of Shanghai Maritime University from May 1994 to September 1999, and a teaching assistant, a lecturer and an assistant professor of the Management Department and the Economics Department of Shanghai Maritime University from August 1982 to April 1994. Mr. Shao Ruiqing has been engaged in professional teaching and scientific research on accounting since 1982. He graduated from the Accounting Department of Shanghai Maritime University as an undergraduate (with a bachelor's degree in economics), the Accounting Department of Shanghai University of Finance and Economics as a master (with a master's degree in management) and the Technological Economics and Management Department of Tongji University as a doctor (with a doctoral degree in management). Mr. Shao has been appointed as a member of the Accounting & Finance Expert Advisory Committee by the Ministry of

Transport, and concurrently serves as the vice president of the China Communications Accounting Society, and an executive director of the Auditing Society of Shanghai. Mr. Shao is entitled to a special government allowance provided by the State Council.

MR. CHAN KWOK LEUNG (陳國樑), AGED 67

is currently an independent non-executive Director of the Company. Mr. Chan was appointed as the chief operating officer and an executive director of Singamas Container Holdings Limited (a company listed on the Hong Kong Stock Exchange (stock code: 00716)) and a director of various subsidiaries of this company. Mr. Chan previously served as the chief technical officer of XTRA Corporation, Genstar Container Corporation and Unicon International Ltd. Mr. Chan Kwok Leung has over 40 years of experience in factory management, marketing, container leasing, container depot management and container quality management. Mr. Chan studied in Hong Kong Baptist University with a major in production management and received professional training in container inspection from the Institute of International Container Lessors.

Biographies of Directors, Supervisors and Senior Management

MR. WU DAQI (吳大器), AGED 70

is currently an independent non-executive Director of the Company. Mr. Wu is a national second-level professor and a non-practicing certified public accountant. He was graduated from Shanghai University of Finance and Economics, majoring in accounting. From 2005 to 2014, he served as associate dean and second-level professor of Shanghai Institute of Finance. He served as deputy director (unattending) of the People's Congress of Pudong District, Shanghai from 2007 to 2017. He served as a counselor of the Shanghai Municipal People's Government from 2014 to 2022, providing decision-making consultation and retired in June 2022. From 2003, he had successively served as an independent director and chairman of the audit committee of listed companies including Shanshan (stock code: SH600884), Shanghai Industrial Development (stock code: SH600748), Oriental Enterprise (stock code: SH600278), Lianhe Chemical Technology (stock code: SZ002250), Shanghai Electric Power (stock code: SH600021) and SHRCB (stock code: SH601825). After his retirement in 2022, Mr. Wu has been an independent director of the listed company J-Yuan Trust (formerly known as Anxin Trust, stock code: SH600816), an independent director of Chaint Haint and an external supervisor of Xishang Bank, and is currently a vice chairman of the Expert Committee of the Shanghai Financial Association. He has served in academic roles including a member of the Financial Expert Committee of Accounting Society of China, vice president of the Finance Law Committee under the Shanghai Law Society, and honorary president of the Accounting Institute of Pudong New Area, Shanghai. His accounting books include "Accounting Theory and Practice 《會計理論與實務》", "Accounting Law and Auditing Law 《會計法與審計法》", and "Theory and Practice of Financial Accounting 《金融會計的理論與實務》". He was the editor-in-chief of the "Blue Book on the Construction of Shanghai International Financial Centre 《上海國際金融中心建設藍皮書》" from 2009 to 2020. Mr. Wu was also a deputy to the Shanghai Municipal People's Congress and a member of the Shanghai Municipal Committee of the Chinese People's Political Consultative Conference. In 1995, he

was awarded a special allowance by the State Council, and the title of National Prominent Teacher. He was awarded the title of Shanghai Outstanding Professional and Technical Talent in 2004.

MEMBERS OF SUPERVISORY COMMITTEE

MR. YE HONGJUN (葉紅軍), AGED 62

is currently a Supervisor of the Company, and was the chief legal counsel of China COSCO SHIPPING Corporation Limited. Mr. Ye previously worked in Beijing Communications Management Institute for Executives, and successively served as the deputy section chief and section chief of the Department of Policies and Regulations and the deputy director of the Legal Section of the Ministry of Transport, the deputy director and director of the Price Regulatory Section of the Water Transportation Management Department of the Ministry of Transport, the director of the Regulatory Section of the Water Transportation Department of the Ministry of Transport, the assistant to the head (temporary) of the Maritime Safety Administration of the Ministry of Transport, and the director of the Section of Domestic Shipping Management of the Water Transportation Bureau of the Ministry of Transport. Mr. Ye graduated from the Law School of Fudan University with a master's degree.

Biographies of Directors, Supervisors and Senior Management

MR. ZUO ZHENYONG (左振永), AGED 53

is currently a Supervisor of the Company. Mr. Zuo started his career in 1995 and since 2006, he has served in roles including a deputy manager of the Supervisory Business Management Office of the Supervision Department of China Ocean Shipping (Group) Company, during which he served as deputy secretary of the County Party Committee of Luolong County, Qamdo Prefecture, Xizang Autonomous Region; a manager of the Supervisory Business Management Office of the Discipline Inspection Department/Supervision Department of China Ocean Shipping (Group) Company/China COSCO, the director of the Supervision Department/Case Inspection Office II of Disciplinary Inspection Department/Supervisory Business Management Office of China Ocean Shipping (Group) Company/China COSCO; the director of the Discipline Inspection and Supervision Office of the Supervision and Audit Headquarters/Party Discipline Inspection Group Working Department of China COSCO SHIPPING Corporation Limited, a member of the party committee and the secretary of the discipline inspection commission of COSCO Shipping (Shanghai) Co., Ltd., a member of the party committee and the secretary of the discipline inspection commission of COSCO SHIPPING Logistics Co., Ltd., member of the party committee and the secretary of the discipline inspection commission of COSCO SHIPPING Logistics Supply Chain Co., Ltd.; and a full-time external director of units directly affiliated to China COSCO SHIPPING Corporation Limited. Mr. Zuo graduated from Beijing Wuzi University, majoring in logistics management and obtained a bachelor's degree in economics. He is a senior political engineer.

MR. ZHAO XIAOBO (趙小波), AGED 39

is currently an employee supervisor of the Company and the chief accountant of Orient International Containers (Jinzhou). He had previously served as a supervisor, senior supervisor, assistant manager and deputy manager of the financial management department of China Shipping Investment Co., Ltd. and/or Shanghai Universal Logistics Equipment

Co., Ltd. as well as the chief accountant of Orient International Containers (Guangzhou). Mr. Zhao Xiaobo graduated from the University of Shanghai for Science and Technology majoring in national economics, and obtained a master's postgraduate degree. He holds the titles of senior accountant and certified public accountant (CPA).

COMPANY SECRETARY

MR. CAI LEI (蔡磊), AGED 45

is currently the Secretary to the Board, the Company Secretary of the Company, Mr. Cai successively served as an officer and an assistant director of the commercial office of the shipping department of Oil Tanker Company of China Shipping Development Company Limited from 2004 to 2011, as the senior chief of the general office of China Shipping (Group) Company and the secretary to the Group's Party leadership group from 2011 to 2016, as the secretary to the Party leadership group of China COSCO SHIPPING Corporation Limited from January 2016 to June 2019, and as the secretary to the Board of COSCO SHIPPING Development Co., Ltd. from August 2019. Mr. Cai graduated from the Graduate School of Shanghai Maritime University majoring in civil and commercial law with a master of laws. He is qualified as a national judicial professional and an insurance assessor, and holds the title of senior economist. He has also been a member of the Review Committee of the Shanghai Stock Exchange since December 2022.

Biographies of Directors, Supervisors and Senior Management

SENIOR MANAGEMENT

MR. HU HAIBING (胡海兵), AGED 53

is currently the Chief Accountant of the Company. Mr. Hu started his career in 1994. Since 2005, Mr. Hu has held various positions including the deputy manager of the Assets Supervision Office of the Finance Department of China Ocean Shipping (Group) Company* (中國遠洋運輸(集團)總公司) (currently known as China Ocean Shipping Company Limited); the deputy manager (in charge of the work) and manager of the Assets Supervision Office of the Finance Department of China Ocean Shipping (Group) Company; manager of the Assets Supervision Office of the Finance Department of China Ocean Shipping (Group) Company and China COSCO Holdings Company Limited* (中國遠洋控股股份有限公司) (currently known as COSCO SHIPPING Holdings Co., Ltd.); the chief accountant and a member of the Party Committee of Hainan COSCO Bo'ao Co., Ltd.* (海南中遠博鰲有限公司); the chief accountant and a member of the Party Committee of COSCO Shipbuilding Industry Company* (中遠造船工業公司); the chief accountant and a member of the Party Committee of China Ocean Shipping Tally Company* (中國外輪理貨總公司); the chief accountant and a member of the Party Committee of COSCO SHIPPING Bulk Co., Ltd.* (中遠海運散貨運輸有限公司). Mr. Hu graduated from Central University of Finance and Economics, majoring in accounting, with a bachelor's degree in economics and is a senior accountant.

MS. DU HAIYING (杜海英), AGED 49

is currently deputy general manager of the Company. Ms. Du started working in 1998 and served as the director of the development department of China Shipping (Hainan) Haisheng Shipping Co., Ltd. from March 2009 to September 2015, and the vice principal of the Party School of the China Shipping (Group) Company. She has concurrently served as the deputy dean of the Management Cadre College of China Shipping (Group) Company from September 2013. From September 2015 to December 2019, she served

as the deputy general manager and a member of CCP Committee of China Shipping Investment Co., Ltd., an assistant to the general manager of COSCO SHIPPING Development Co., Ltd. and the deputy general manager of China Shipping Investment Co., Ltd. and an assistant to the general manager and the general manager of the financial business department of COSCO SHIPPING Development Co., Ltd. and the deputy general manager of China Shipping Investment Co., Ltd. Since January 2020, she serves as the deputy general manager of COSCO SHIPPING Development Co., Ltd. Ms. Du graduated from the Antai College of Economics and Management, Shanghai Jiao Tong University, majoring in business administration with a master of business administration. She holds the title of economist.

MS. YU TAO (于濤), AGED 51

is currently the deputy general manager of the Company. Ms. Yu started her career in 1993 and served successively as the deputy general manager of the Engineering Logistics Division of COSCO Logistics Co., Ltd. (中國遠洋物流有限公司), the assistant to general manager, the deputy general manager and a member of the Party Committee of COSCO Container Lines Co., Ltd., the deputy general manager and a member of the Party Committee of COSCO SHIPPING Holdings Co., Ltd., the deputy general manager and a member of the Party Committee of COSCO SHIPPING Lines Co., Ltd., the director and a member of the executive committee of Orient Overseas Container Line Limited (東方海外貨櫃航運有限公司) and a director of COSCO SHIPPING (Piraeus) Port Co., Ltd. (中遠海運(比雷埃夫斯)港口有限公司). Ms. Yu holds a Master's degree in business administration from Guanghua School of Management of Peking University, and is a senior economist.

Biographies of Directors, Supervisors and Senior Management

MR. YU ZHEN (俞震), AGED 47

is currently deputy general manager of the Company. Mr. Yu started his career in 1999, and had successively served as a section clerk and section chief of the finance department of China Shipping International Trading Co., Ltd., manager of the finance department of China Shipping (Romania) Agency Co., Ltd., the general manager of the finance department of China Shipping (Europe) Holding GmbH, deputy general manager of the board secretary office of China Shipping Container Lines Company Limited (former name of the Company), deputy general manager of general management department/director secretary office of the Company, the board secretary, joint company secretary and company secretary of the Company, secretary of the Party Committee, director, secretary of the discipline inspection committee and deputy general manager of Shanghai Universal Logistics Equipment Co., Ltd.. Mr. Yu Zhen graduated from the finance and accounting faculty of Shanghai Shipping College with a bachelor's degree in economics. He is a certified public accountant (CPA) of the PRC and holds the title of intermediate accountant.

MS. HU YANFANG (胡彦芳), AGED 49

is currently the deputy general manager of the Company. Ms. Hu began her career in 1998. Since 2008, she had successively served as an assistant to the general management and the manager of overseas department and the manager of marketing department, an assistant to the general manager and the deputy general manager of Shanghai Puhai Shipping Co., Ltd. (上海浦海航運有限公司), the deputy general manager of Golden Sea Shipping Pte. Co., Ltd. (鑫海航運有限公司), the deputy general manager of New Golden Sea Shipping Pte. Co., Ltd. (新鑫海航運有限公司) and the general manager of strategic development department of COSCO SHIPPING Holdings and COSCO SHIPPING Lines. Ms. Hu graduated from Shanghai Maritime College majoring in maritime law and from the joint MBA program by Shanghai Maritime University and Maastricht School of Management in the Netherlands, and obtained a bachelor's degree in laws and a MBA degree. She is an intermediate economist.

MR. ZHANG MINGMING (張明明), AGED 48

is currently the Deputy General Manager of the Company. Mr. Zhang began his career in July 1999. He had successively served as deputy general manager and general manager of the finance department of China Shipping (Hong Kong) Holdings Co., Limited, general manager of the finance department of COSCO Shipping Financial Holdings Co., Limited, deputy general manager of the finance department, general manager of the financial management department, general manager of the fund management department, assistant to the general manager of COSCO SHIPPING Development Co., Ltd., as well as general manager and a member of the Party Committee of Haifa Baocheng Financial Leasing Co., Ltd.. Mr. Zhang graduated from Shanghai Maritime University majoring in foreign accounting with a bachelor's degree in economics. He is a senior accountant.

* For identification purpose only

Report of the Board of Directors

The Board submits its annual report together with the audited consolidated financial statements for the year ended 31 December 2024 (the “Year” or “Period”).

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Group and its subsidiaries are set out in Note 1 to the consolidated financial statements.

An analysis of the Group’s operation results for the Year by business and geographical segments is set out in Note 4 to the consolidated financial statements.

RESULTS

The operation results of the Group for the Year are set out in the consolidated statement of profit or loss on page 113 of this Annual Report.

BUSINESS REVIEW

Business review of the Group for the year ended 31 December 2024, an analysis of the Group’s performance for the Year using key financial metrics, recent development, a discussion on the future business development of the Group, subsequent events after the period and a description of the potential major risks and uncertainties facing the Group are set out in “Management Discussion and Analysis” on pages 6 to 28 of this Annual Report. The Company’s environmental policy and performance, its compliance with relevant laws and regulations that have significant effects on the Group and the relationship between the Group and its employees, customers and suppliers are set out in “Report of the Board of Directors” and “Corporate Governance Report” on pages 36 to 104 of this Annual Report.

DIVIDENDS

	31 December 2024 RMB’000	31 December 2023 RMB’000
Interim dividend paid – RMB0.019 per ordinary share (2023: nil)	257,397	–
Proposed final dividend – RMB0.019 per ordinary share (2023: RMB0.032)	253,382	433,511
Total	510,779	433,511

The proposed final dividend for the Year is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

The Company paid an interim dividend of RMB0.019 per share for 2024 and the Board proposed the payment of a final dividend of RMB0.019 (2023: RMB0.032) per share (inclusive of applicable tax) for the year ended 31 December 2024. On the basis of 13,335,893,620 shares, representing 13,575,938,612 shares of the Company in issue as at 28 March 2025 deducting 92,943,992 A shares and 147,101,000 H shares repurchased by the Company, the total dividend would amount to RMB253,382 thousand. Such final dividend is subject to approval by the shareholders of the Company at the forthcoming annual general meeting. Such proposed dividend has not been recognized as a liability in the consolidated financial statements for the year ended 31 December 2024, but will be reflected as an appropriation of retained profits for the year ending 31 December 2025.

Report of the Board of Directors

If there is a change in the total share capital of the Company available for equity distribution as a result of share repurchase or exercise of share options during the period from 28 March 2025 to the record date for the equity distribution, the Company will adjust the total distribution amount based on the principle of maintaining an unchanged distribution amount per share. Should further changes to the total share capital occur thereafter, the Company will issue a separate announcement detailing specific adjustments.

RESERVES

Movement of the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on pages 118 to 119 of this Annual Report, Note 41 and Note 50 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 39 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

In accordance with the PRC Company Law, the Company may only distribute dividends out of its distributable profits (i.e. the Company's profit after income tax after deducting: (i) the accumulated losses brought forward from the previous years; and (ii) the allocations to the statutory surplus reserve and, if any, the balance after discretionary surplus reserve (allocated into various funds in such order of priorities)). In determining the appropriate amount of dividends, the Board takes into account, among other things, the distributable profits realized by the Company, the liquidity of the Company, the capital needs and cash flow requirements satisfying the normal operation of the Company, the profitability and stage of development of the Company.

According to the Company's articles of association (the "**Articles of Association**"), for the purpose of determining profit available for distribution, the distributable profit of the Company is the lesser of its profit after income tax calculated in accordance with: (i) the PRC accounting standards and regulations; and (ii) Hong Kong Financial Reporting Standards.

As at 31 December 2024, the retained earnings of the Company, calculated based on the above principles, amounted to approximately RMB1.390 billion, which was prepared in accordance with the PRC accounting standards and regulations.

PRE-EMPTIVE RIGHTS

Under the Articles of Association and the laws of the PRC, no pre-emptive rights exist which require the Company to submit proposal of new shares offering to its existing shareholders in proportion to their shareholdings.

Report of the Board of Directors

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 250 of this Annual Report.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

On 28 June 2024, the 2023 annual general meeting, the 2024 first A Share class meeting and the 2024 first H Share class meeting of the Company considered and approved the grant of a general mandate to the Board to repurchase A Shares and H Shares, so as to repurchase A Shares and H Shares not exceeding 10% of the number of A Shares ("**General Mandate to Repurchase A Shares**") and H Shares ("**General Mandate to Repurchase H Shares**") in issue as at the date of the 2023 annual general meeting, the 2024 first A Share class meeting and the 2024 first H Share class meeting of the Company, respectively. On 18 October 2024, the Board considered and approved the "Resolution on the Shares Repurchase Plan of COSCO SHIPPING Development with Special Bank Loan and Own Funds 《關於中遠海運發展以銀行專項貸款及自有資金回購股份方案的議案》", pursuant to which it is proposed to repurchase A Shares through centralized price bidding pursuant to the General Mandate to Repurchase A Shares ("**A Shares Repurchase Plan**") and to repurchase H Shares pursuant to the General Mandate to Repurchase H Shares. On 13 November 2024, the extraordinary general meeting of the Company considered and approved the implementation of the A Shares Repurchase Plan. All purchased Shares shall be cancelled and the registered share capital shall be reduced accordingly.

Monthly reports on the repurchase of A Shares and H Shares for the Year are as follows:

REPURCHASE OF A SHARES

Month of Repurchase	Repurchased Shares	Purchase price per share		Total price (excluding transaction costs) (RMB)
		Highest (RMB/Share)	Lowest (RMB/Share)	
November	16,164,700	2.71	2.51	42,566,313
December	24,335,300	2.8	2.59	65,408,734
Total	40,500,000			107,975,047

REPURCHASE OF H SHARES

Month of Repurchase	Repurchased Shares	Price per share		Total price (excluding transaction costs) (HK\$)
		Highest (HK\$/Share)	Lowest (HK\$/Share)	
November	53,287,000	1.1	0.99	56,423,750
December	54,962,000	1.08	0.99	56,285,900
Total	108,249,000			112,709,650

In order to implement the relevant requirements of the State Council and the State-owned Assets Supervision and Administration Commission of the State Council on further improving the quality of listed companies, and to preserve the value of the Company and the interests of the Shareholders, the Company had completed the A Share Repurchase Plan on 8 April 2025 and repurchased an aggregate of 72,220,500 A Shares from 14 November 2024 to 8 April 2025 and 147,101,000 H Shares from 1 November 2024 to 21 February 2025 pursuant to the General Mandate to Purchase H Shares, with a total of 219,321,500 Shares repurchased, which were fully cancelled on 9 April 2025 and 15 April 2025 respectively, with an aggregate repurchase amount of approximately RMB323 million. As at the end of the Year and the date of this report, the 28,724,292 A shares previously repurchased by the Company before the Year were held by it as treasury shares for the purpose of A share option incentive scheme.

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 (including sale of treasury shares) during the Year.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The remuneration of the non-executive Directors and independent non-executive Directors mainly consists of director's fees. The executive Directors and the employee Supervisors, who are employed as management or non-management personnel of the Company, shall receive remuneration after the remuneration proposal of their positions has been approved, and shall receive no additional remuneration as a Director or an employee Supervisor. The Remuneration Committee formulates specific remuneration plans or programs based on the scope of work, responsibilities and importance of the Directors and Supervisors and the remuneration levels of relevant positions in other relevant enterprises. The remuneration plans for Directors and Supervisors are considered and approved at a general meeting after being proposed by the Remuneration Committee.

The remuneration of the Company's senior management mainly consists of salary for position/duty, performance – based bonus, special incentives and allowances, and the remuneration plan of the senior management is proposed by the Remuneration Committee and approved by the Board. In the appraisal of performance of senior management, the Company organically integrated the basic business objectives, key strategic tasks, risks and management constraints of the Company through the structure of "basic indicators, classification indicators and constraint indicators" according to the basic principle of "integration of unification and division", and the specific assessment index system is refined for each senior management position's division of responsibilities.

Details of the remuneration of the Directors, chief executive and the five highest paid individuals of the Group are set out in Notes 10 and 11 of the consolidated financial statements. There were no arrangements under which a Director or chief executive had waived or agreed to waive any remuneration for the year ended 31 December 2024.

Report of the Board of Directors

DIRECTORS AND SUPERVISORS

The Directors and Supervisors who held office as at the date of this Annual Report are:

DIRECTORS

CHAIRMAN AND EXECUTIVE DIRECTOR

Mr. Zhang Mingwen

NON-EXECUTIVE DIRECTORS

Mr. Liang Yanfeng

Mr. Ip Sing Chi

Ms. Zhang Xueyan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shao Ruiqing

Mr. Chan Kwok Leung

Mr. Wu Daqi

SUPERVISORS

Mr. Ye Hongjun (*Chairman*)

Mr. Zuo Zhenyong

Mr. Zhao Xiaobo

According to the Articles of Association, the term of service of the Directors and Supervisors of the Company shall be three years.

- Notes:*
1. The Company held a board meeting on 29 April 2024 to elect Mr. Zhang Mingwen as the Chairman of the seventh session of the Board.
 2. In accordance with the requirements for the term of office of independent non-executive Directors under the Listing Rules of Shanghai Stock Exchange, Mr. Lu Jianzhong retired as an independent non-executive Director and a member of the relevant special committee under the Board on 16 July 2024.
 3. Mr. Huang Jian resigned as a non-executive Director and a member of the relevant special committees under the Board on 29 September 2024 due to work adjustment.
 4. In accordance with the requirements for the term of office of independent non-executive Directors under the Listing Rules of Shanghai Stock Exchange, Ms. Zhang Weihua retired as an independent non-executive Director and a member of the relevant special committee under the Board on 24 October 2024.
 5. Ms. Zhang Xueyan was formally appointed as a non-executive Director on 24 October 2024 and took over as a member of the relevant special committees under the Board from Mr. Huang Jian on 30 October 2024.
 6. Mr. Wu Daqi was formally appointed as a non-executive Director of the Company on 24 October 2024 and took over the positions of a member of the relevant special committees under the Board from Ms. Zhang Weihua on 30 October 2024.
 7. Ms. Zhu Mei retired as a Supervisor on 24 October 2024 due to age. On the same day, the Company held a general meeting to elect Mr. Zuo Zhenyong as a Supervisor.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors of the Board and Supervisors of the Supervisory Committee for this term has a service contract with the Company until the conclusion of the seventh session of the Board of Directors and the Supervisory Committee of the Company.

The Company did not enter into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) with any Director or Supervisor.

DIRECTORS' AND SUPERVISORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this Report of the Board of Directors (including but not limited to the connected transactions and continuing connected transactions stated below), no transactions, arrangements or contracts of significance (as defined in Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **"Listing Rules"**)), in which a Director or a Supervisor of the Company or their connected entities are or were materially interested, directly or indirectly, subsisted during the Year or at the end of the Year.

Save as disclosed in this Report of the Board of Directors (including but not limited to the connected transactions and continuing connected transactions stated below), no contracts of significance in which the Company or any of its subsidiary and its controlling shareholders (as defined in Appendix D2 to the Listing Rules) or a subsidiary of its controlling shareholders was a party, subsisted during the Year or at the end of the Year.

Save as disclosed in this Report of the Board of Directors (including but not limited to the connected transactions and continuing connected transactions stated below), no contracts of significance in relation to the service provided by controlling shareholders or their subsidiaries to the Company or its subsidiaries, subsisted during the Year or at the end of the Year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year. The Company has arranged appropriate insurance cover for its Directors and senior management in respect of legal action that may be brought against them in connection with company activities.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors, Supervisors and senior management are set out on pages 29 to 35 of this Annual Report. As at 31 December 2024, Ms. Zhang Xueyan was the department deputy general manager of China COSCO SHIPPING. As at 31 December 2024, China COSCO SHIPPING had interests or short positions in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the **"SFO"**).

Report of the Board of Directors

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No arrangements to which the Company or its subsidiary is or was a party to enable the Directors, Supervisors or chief executives of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate subsisted at any time during the Year.

INTERESTS OR SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE(S) IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests or short positions of the Directors, Supervisors or chief executive(s) of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such Directors, Supervisors or chief executive(s) of the Company was taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

INTERESTS IN THE SHARES OF THE COMPANY

Name	Position	Class of shares	Capacity	Number of shares interested (Note 1)	Approximate percentage of the total number of the relevant class of shares of the Company (%)	Approximate percentage of the issued share capital of the Company (%)
Chan Kwok Leung	Director	H shares	Beneficial owner	235,000(L)	0.01	0.00
		H shares	Interest of spouse	60,000 (L) (Note 2)	0.00	0.00

Notes:

- "L" means long position in the shares.
- The spouse of Mr. Chan Kwok Leung is the beneficial owner of 60,000 H shares. Mr. Chan Kwok Leung is deemed to be interested in the 60,000 H shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at 31 December 2024, none of the Directors, Supervisors or chief executive(s) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such Directors, Supervisors or chief executive(s) of the Company was taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

INTERESTS OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES OR UNDERLYING SHARES

As at 31 December 2024, to the knowledge of the Directors, Supervisors or chief executive(s) of the Company, the interests or short positions of the shareholders who were entitled to exercise or control 5% or more of the voting power at any general meeting or other persons (other than a Director, Supervisor or chief executive(s) of the Company) in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or which have been notified to the Company and the Hong Kong Stock Exchange were as follows:

Name of shareholder	Class of shares	Capacity	Number of shares interested (Note 1)	Approximate percentage of the total number of the relevant class of shares of the Company (%)	Approximate percentage of the issued share capital of the Company (%)
China Shipping Group Company Limited ("China Shipping")	A shares	Beneficial owner	4,628,015,690 (L)	46.75	34.09
	A shares	Interest of controlled corporation	1,447,917,519 (L) (Note 2)	14.63	10.67
	A shares	Other	28,724,292 (L) (Note 3)	0.29	0.21
	H shares	Interest of controlled corporation	100,944,000 (L) (Note 4)	2.75	0.74
China COSCO SHIPPING Corporation Limited	A shares	Interest of controlled corporation	6,075,933,209 (L)	61.37	44.76
	A shares	Beneficial owner	47,570,789 (L)	0.48	0.35
	A shares	Other	28,724,292 (L) (Note 3)	0.29	0.21
	H shares	Interest of controlled corporation	100,944,000 (L) (Note 4)	2.75	0.74
COSCO SHIPPING Investment Holdings Co., Limited	A shares	Beneficial owner	1,447,917,519 (L) (Note 2)	14.63	10.67

Notes:

- "L" means long position in the shares.
- Such 1,447,917,519 A shares represent the same block of shares.
- These 28,724,292 A shares were repurchased and held by the Company as A-share treasury shares for the purpose of A Share Option Incentive Scheme (as defined below). As at 31 December 2024, each of China COSCO SHIPPING Corporation Limited and China Shipping controlled one-third or more of the voting rights at general meetings of the Company and was therefore deemed to be interested in these treasury A shares for the purposes of Part XV of the SFO.

Report of the Board of Directors

4. Such 100,944,000 H shares represent the same block of shares held by Ocean Fortune Investment Limited, an indirectly wholly-owned subsidiary of China Shipping.

Save as disclosed above, as at 31 December 2024, no other person (other than Directors, Supervisors or chief executive(s) of the Company) had any interest or short position in any shares or underlying shares of the Company which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which was required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or which have been notified to the Company and the Hong Kong Stock Exchange.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As of the date of this Report, the changes in Directors, Supervisors or Senior Management that are required to be disclosed by the Company pursuant to Rule 13.51B(1) of the Listing Rules are set out as follows:

Name	Position	Change	Reason for changes
Zhang Mingwen	Chairman	Election	Election
Huang Jian	Non-Executive Director	Resignation	Due to work adjustments
Zhang Xueyan	Non-Executive Director	Election	Election
Lu Jianzhong	Independent Non-Executive Director	Retirement	After six years of service as an independent non-executive Director
Zhang Weihua	Independent Non-Executive Director	Retirement	After six years of service as an independent non-executive Director
Wu Daqi	Independent Non-Executive Director	Election	Election
Zhu Mei	Supervisor	Retirement	Due to age
Zuo Zhenyong	Supervisor	Election	Election
Ming Dong	Deputy General Manager	Resignation	Due to change in position
Lin Feng	Chief Accountant	Resignation	Due to change in position
Hu Haibing	Chief Accountant	Appointment	Appointment
Hu Yanfang	Deputy General Manager	Appointment	Appointment
Yu Tao	Deputy General Manager	Appointment	Appointment
Zhang Mingming	Deputy General Manager	Appointment	Appointment

A SHARE OPTION INCENTIVE SCHEME

1. PURPOSE AND PARTICIPANTS OF THE A SHARE OPTION INCENTIVE SCHEME

The purpose of the A Share Option Incentive Scheme is to, among other things, facilitate the establishment and improvement of the incentive systems of the Company and incentivize the senior management and core management and business personnel of the Group, thereby tying the interests of the Company, the shareholders and the management together and facilitating the achievement of the development targets of the Company.

The scope of participants under the A Share Option Incentive Scheme includes, in principle, directors, senior management and core management, technical and business cadres who have a direct impact on the overall performance and sustainable development of the Group.

2. TOTAL NUMBER OF SHARE OPTIONS GRANTED UNDER THE A SHARE OPTION INCENTIVE SCHEME AND ITS PERCENTAGE

On 16 December 2019, the Board approved the Company's proposed adoption of the Share Option Incentive Scheme (the **"Share Option Incentive Scheme"**). In order to further optimize the Share Option Incentive Scheme, the Board approved the proposed adoption of the revised share option incentive scheme (the **"Revised Share Option Incentive Scheme"**, together with Share Option Incentive Scheme, the **"A Share Option Incentive Scheme"**) on 22 January 2020. On 5 March 2020, the Revised Share Option Incentive Scheme was approved by the shareholders of the Company at the extraordinary general meeting and the class meetings of the Company. The total number of the share options to be granted under the A Share Option Incentive Scheme is 88,474,448 (inclusive of 8,847,445 Reserved Share Options) and the number of underlying A shares in relation thereto was 88,474,448 A shares, representing approximately 0.7622% of the then total issued share capital of the Company and 1.1154% of the then A share capital of the Company. The A Share Option Incentive Scheme shall be effective for 10 years from 5 March 2020. For details, please refer to the Company's announcements dated 16 December 2019 and 22 January 2020 and circular dated 17 February 2020.

On 30 March 2020 (the **"Date of Grant for the First Batch of the Share Options"**), an aggregate of 78,220,711 share options were granted to 124 participants, which comprise nine Directors and senior management of the Company and 115 core management and business personnel of the Group. The exercise price was RMB2.52 per A share, which shall be adjusted upon the occurrence of ex-right or ex-dividend events before the exercise of the share options (the **"First Batch of the Share Option Granted"**). The closing price of A shares on the trading day immediately before 30 March 2020 was RMB2.00 per A share. For details, please refer to the Company's announcement dated 30 March 2020.

On 6 May 2021 (the **"Date of Grant for Reserved Share Options"**), 8,847,445 Reserved Share Options were granted to 19 participants, who are core management and business personnel of the Group. The exercise price was RMB2.52 per A share, which shall be adjusted upon the occurrence of ex-right or ex-dividend events before the exercise of the share options (the **"Reserved Share Options Granted"**). The closing price of A shares on the trading day immediately before 6 May 2021 was RMB2.94 per A share. For details, please refer to the Company's announcement dated 6 May 2021.

Report of the Board of Directors

On 29 April 2022, the Company convened the fifty-third meeting of the sixth session of the Board and the twenty-first meeting of the sixth session of the Supervisory Committee, at which (i) the Resolution on the Adjustment to the Exercise Price, the List of Participants of the First Grant and Number of Share Options and the Cancellation of Partial Granted but Outstanding Share Options was considered and approved, and since the Company implemented the 2019 and 2020 profit distribution plans, the exercise price under the A Share Option Incentive Scheme has been adjusted from RMB2.52 per share to RMB2.419 per share. Due to reasons such as the resignation of participants, the list of participants of the first grant and number of share options were adjusted accordingly, and the number of participants changed from 124 to 110, the number of share options under the first grant changed from 78,220,711 to 68,833,794, and 9,386,917 share options were cancelled, and on 1 February 2023, 9,386,917 shares in respect of these options were cancelled. For details, please refer to the Company's overseas regulatory announcement dated 31 January 2023, and the next day disclosure return dated 1 February 2023; (ii) the Resolution on the First Exercise Period of the First Grant of Share Options under the A Share Option Incentive Scheme Fulfilling Exercise Conditions was considered and approved to agree with the adjustment to the benchmark companies under the A Share Option Incentive Scheme and the compliance with the first exercise period of the first grant of share options under the A Share Option Incentive Scheme with exercise conditions, and approve the exercise of share options by the participants who meet the conditions (the **"Exercise of the First Batch of the Share Option Granted in the First Exercise Period"**). The actual number of exercised shares upon Exercise of the First Batch of the Share Options Granted in the First Exercise Period was 20,560,412 shares, which 2,384,186 shares underlying the unexercised 2,384,186 share options were cancelled on 1 February 2023. For details, please refer to the Company's overseas regulatory announcements dated 29 April 2022 and 24 May 2022 and the next day disclosure return dated 1 February 2023.

On 22 May 2023, the Company convened the fifth meeting of the seventh session of the Board and the fourth meeting of the seventh session of the Supervisory Committee and at each of which the Resolution on the Exercise of Options under the Share Option Incentive Scheme of the Company and Related Matters was considered and passed to (i) approve the cancellation of a total of 7,867,835 lapsed share options, including those which had been granted but not yet exercised due to the retirement and termination of employment of the participants, as well as those which had been granted but not yet exercised upon expiration of the first exercise period of the First Batch of the Share Options Granted. After such adjustment, the number of participants for the First Batch of the Share Options Granted of the Company changed from 110 to 100, and the number of the First Batch of the Share Options Granted changed from 48,273,382 to 40,871,202, and the number of participants for the Reserved Share Options Granted changed from 19 to 18, and the number of the Reserved Share Options Granted changed from 8,847,445 to 8,381,790; (ii) approve the fulfillment of the exercise conditions for the second exercise period of the First Batch of the Share Options Granted under the A Share Option Incentive Scheme, and approve the exercise of share options by a total of 100 eligible participants to exercise an aggregate of 20,435,601 share options (the **"Exercise of the First Batch of the Share Option Granted in the Second Exercise Period"**); (iii) approve the fulfillment of the exercise conditions for the first exercise period of the Reserved Share Options under the A Share Option Incentive Scheme, and approve the exercise of share options by a total of 18 eligible participants to exercise an aggregate of 2,793,924 share options (the **"Exercise of Reserved Share Options Granted in the First Exercise Period"**); (iv) pursuant to the Share Option Incentive Scheme of COSCO SHIPPING Development Co., Ltd. (Revised Draft), the Company should make corresponding adjustments to the exercise price in the event of dividend distribution, the Company was approved to adjust the exercise price under the A Share Option Incentive Scheme by adjusting the exercise price under the A Share Option Incentive Scheme from RMB2.419 per share to RMB2.193 per share. The actual number of exercised shares upon Exercise of the First Batch

Report of the Board of Directors

of the Share Option Granted in the Second Exercise Period was 17,164,904 shares; the actual number of exercised shares upon Exercise of Reserved Share Options Granted in the First Exercise Period was 2,638,706 shares. On 9 June 2023, the Company completed the transfer and registration procedures for the second exercise period for the First Batch of the Share Options Granted and the first exercise period for the Reserved Share Options. On 15 June 2023, the shares issued in connection with the exercise of the Reserved Share Options Granted were listed and circulated. For details, please refer to the Company's overseas regulatory announcements dated 22 May 2023 and 12 June 2023.

As at 31 December 2024, the Company had 26,023,467 share options outstanding under the A Share Option Incentive Scheme. Pursuant to the terms of the A Share Option Incentive Scheme, the exercise in full of the outstanding share options would result in the transfer of a total of 20,435,601 A shares held as treasury shares or repurchased from the secondary market to the share option grantees, and the transfer of 5,587,866 A shares of the Company directionally issued to the share option grantees. The 26,023,467 A shares which would be transferred to the share option grantees upon the full exercise of the outstanding share options represented approximately 0.26% of the total issued A shares (excluding treasury shares) of the Company and approximately 0.19% of the total issued shares (excluding treasury shares) of the Company as at 31 December 2024, and represented approximately 0.27% of the total issued A shares (excluding treasury shares) of the Company and approximately 0.20% of the total issued shares (excluding treasury shares) of the Company as at latest practicable date (being 16 April 2025).

Details of the participants and changes in share options during the Year were as follows:

A. Share options granted previously to the Directors and chief executive of the Company

As at 1 January 2024, none of the Directors and chief executive of the Company held outstanding share options granted. During the Year, no share options were granted to any Director or chief executive of the Company, and as no Director or chief executive of the Company held any share options under the A Share Option Incentive Scheme, there was no movement in share options held by Directors and chief executive of the Company (including exercise, cancellation and lapse).

B. Share options granted previously to all of other participants

	Number of participants	Granted and outstanding as at 1 January 2024 ⁽¹⁾⁽²⁾	Granted during the Year	Exercised during the Year ⁽³⁾⁽⁴⁾	Cancelled during the Year	Lapsed during the Year	Granted and outstanding as at 31 December 2024 ⁽¹⁾⁽²⁾	Percentage of total issued A share capital of the Company	Percentage of total issued share capital of the Company	Date of grant
Senior management of the Company ⁽⁵⁾	7	3,883,502	-	-	-	1,731,032	2,152,470	0.0217%	0.0159%	Note (6)
Other key business and management personnel of the Company	101	18,829,396	-	-	-	1,042,965	17,786,431	0.1797%	0.1310%	Note (6)
	19	5,743,084	-	-	-	155,218	5,587,866	0.0564%	0.0412%	Note (7)
Resigned Director	1 ⁽⁵⁾	993,400	-	-	-	496,700	496,700	0.0050%	0.0037%	Note (6)
Total	128	29,449,382	-	-	-	3,425,915	26,023,467	0.2629%	0.1917%	

Report of the Board of Directors

Notes:

- (1) The validity period, vesting period, exercisable date and exercise period of the share options were set out below.
- (2) The exercise price was RMB2.193 per share.
- (3) On 22 May 2023, relevant resolutions were considered and approved at the Company's fifth meeting of the seventh session of the Board and the fourth meeting of the seventh session of the Supervisory Committee, the exercise price under the A Share Option Incentive Scheme had been adjusted from RMB2.419 per share to RMB2.193 per share. The second exercise period for the First Batch of the Share Options Granted and the first exercise period of the Reserved Share Options Granted under the A Share Option Incentive Scheme had met the exercise conditions, and the exercise of share options by eligible incentive recipients was approved. The actual number of shares in respect of the share options to be exercised in the second exercise period for the First Batch of the Share Options Granted was 17,164,904 shares; the actual number of shares in respect of the share options to be exercised in the first exercise period for the Reserved Share Options Granted was 2,638,706 shares, with the exercise price of RMB2.193 per share. On 9 June 2023, the Company completed the transfer and registration procedures for the second exercise period for the First Batch of the Share Options Granted and the first exercise period for the Reserved Share Options Granted. On 15 June 2023, the shares issued in connection with the exercise of the Reserved Share Options Granted were listed and circulated.
- (4) The weighted average closing price of the relevant shares immediately before the share options exercise date was RMB2.54 per share.
- (5) The above share options are held by a resigned Director.
- (6) Such A share options were granted on 30 March 2020 (i.e., the Date of Grant for the First Batch of the Share Options).
- (7) Such A share options were granted on 6 May 2021 (i.e., the Date of Grant for Reserved Share Options).
- (8) Such senior management include the Company's chief accountant, deputy general managers, secretary of the disciplinary committee, safety director and secretary of the Board.

No share options of the Company were granted, exercised or cancelled during the Year. At the beginning of the Year, 29,449,382 A shares may be issued or transferred under the A Share Option Incentive Scheme of the Company, representing approximately 0.30% of the weighted average number of A shares in the issued share capital of the Company (excluding treasury shares) during the Year. During the Year, there were 3,425,915 share options lapsed and there were 26,023,467 share options granted and outstanding at the end of the Year, therefore as at the end of the Year, 26,023,467 A shares may be issued or transferred under the A Share Option Incentive Scheme of the Company, representing approximately 0.26% of the weighted average number of A shares in the issued share capital of the Company (excluding treasury shares) during the Year.

During the Period, there were no participants with share options granted and to be granted in excess of the individual limit of 1%, or related entity participants or service providers with share options granted or to be granted during any 12-month period in excess of 0.1% of the relevant class of shares (excluding treasury shares) of the Company in issue.

3. THE CAP OF SHARE OPTIONS THAT MAY BE GRANTED TO PARTICIPANTS

The total number of A shares issued and to be issued after the exercise of the share options (including exercised and unexercised share options) granted to each participant during any 12-month period shall not exceed 1% of the total issued A share capital of the Company.

4. VALIDITY PERIOD, VESTING PERIOD, EXERCISABLE DATE AND EXERCISE PERIOD AND THE EFFECTIVE CONDITIONS

The A Share Option Incentive Scheme shall be effective for 10 years from 5 March 2020 (as at the date of this Report, there are 4 years and 10 months remaining for the term). The vesting period of the share options is two years from the date of grant and the exercise period of the share options is seven years commencing from the date of grant. Subject to the satisfaction of the conditions of exercise, each share option entitles the participant to acquire one A share at the exercise price.

Subject to the satisfaction of the conditions of exercise, the share options granted under the A Share Option Incentive Scheme will be exercisable in three tranches after the expiration of the vesting period in accordance with the following arrangement:

Exercise period	Duration	Proportion of share options exercisable to the total number of share options granted
First exercise period	Commencing on the first trading day after the expiration of the 24-month period from the date of grant and ending on the last trading day of the 36-month period from the date of grant.	1/3
Second exercise period	Commencing on the first trading day after the expiration of the 36-month period from the date of grant and ending on the last trading day of the 48-month period from the date of grant	1/3
Third exercise period	Commencing on the first trading day after the expiration of the 48-month period from the date of grant and ending on the last trading day of the 84-month period from the date of grant.	1/3

The A share options will only become effective and exercisable by the participants (including the participants for whom share options are reserved) in accordance with the terms of the A Share Option Incentive Scheme when certain conditions are satisfied. For details of these conditions, please refer to the circular of the Company dated 17 February 2020.

Report of the Board of Directors

5. BASIS FOR DETERMINATION OF EXERCISE PRICE OF GRANTED SHARE OPTIONS

According to the A Share Option Incentive Scheme approved at the extraordinary general meeting and the class meetings on 5 March 2020, the basis for determination of exercise price of the share options to be granted shall be revised to the highest of the followings:

- (i) the average trading price of A shares on the last trading day immediately before the announcement date of the A Share Option Incentive Scheme (i.e., approximately RMB2.52 per A share);
- (ii) the average trading price of A shares on the 20 trading days immediately before the announcement date of the A Share Option Incentive Scheme (i.e., approximately RMB2.50 per A share); and
- (iii) par value of A share (i.e., RMB1.00 per A share).

Pursuant to the A Share Option Incentive Scheme, from the date of grant of the share options and prior to the exercise of the share options, in the event of any dividend payment and other ex-rights and ex-dividend matters of the Company, the corresponding exercise price shall be adjusted accordingly with reference to the relevant provisions of A Share Option Incentive Scheme. The adjustment method is as follows: $P = P_0 - V$ where: P_0 represents the exercise price before adjustment; V represents the dividend per share; and P represents the exercise price after adjustment. On 29 April 2022, since the Company had implemented the 2019 and 2020 profit distribution plans, the exercise price under the A Share Option Incentive Scheme was adjusted from RMB2.52 per share to RMB2.419 per share. On 22 May 2023, as a result of the implementation of the 2021 profit distribution plan of the Company, the exercise price under the A Share Option Incentive Scheme was adjusted from RMB2.419 per share to RMB2.193 per share in accordance with the aforesaid rules.

For details of the basis for determining the exercise price and the method and procedure of adjustment, please refer to the Company's circular dated 17 February 2020.

Participants are not required to make any payment for the application or acceptance of the share option(s) under the A Share Option Incentive Scheme; and there are no period within which payments or calls that must be made or loans for such purposes must be repaid.

No further new share option(s) will be granted pursuant to the A Share Option Incentive Scheme.

Further details of the A Share Option Incentive Scheme were set out in note 40 to the consolidated financial statements of this report.

DIRECTORS AND EMPLOYEES OF THE SUBSTANTIAL SHAREHOLDERS

Certain Directors and Supervisors of the Company are the directors or employees of China COSCO SHIPPING and/or China Shipping (details of which are set out on pages 29 to 35 of this Annual Report), and China COSCO SHIPPING and China Shipping have interests in the shares and underlying shares of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information that is within the knowledge of the Company and also known to the Directors, as at the latest practicable date (being 16 April 2025), there was sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

MANAGEMENT CONTRACTS

No contracts were entered into and subsisted (other than the service contracts with any Directors or Supervisors or any of the full-time staff of the Company), and pursuant to which, the management and administration of the whole or any substantial part of the business of the Company were undertaken by any individuals, firms or body corporates.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the Group sold in aggregate 52.39% of its goods and services to its five largest customers during the Year, including 19.09% to its largest customer.

During the Year, the Group purchased in aggregate 40.19% of its goods and services from its five largest suppliers, including 12.56% from its largest supplier.

China COSCO SHIPPING, the controlling shareholder of the Company indirectly holding 45.85% of the total issued share capital of the Company, is beneficially interested in one of the Group's five largest customers.

Save as disclosed above, none of the Directors, their close associates or any shareholders (who to the knowledge of the Board owns more than 5% of the issued shares of the Company) has interest in the five largest customers or the five largest suppliers of the Group.

Report of the Board of Directors

EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into by the Group or subsisted during the Year.

BOND ISSUES

During the year, the Company issued new bonds amounting to RMB4,000,000,000, comprising: (1) on 15 April 2024, 20,000,000 bonds with a nominal value of RMB100 were issued for a total amount of RMB2,000,000,000. The bonds have a term of five years from the date of issue and bear interest at 2.45% per annum and are repayable on maturity; (2) on 19 July 2024, 5,000,000 bonds with a nominal value of RMB100 were issued for a total amount of RMB500,000,000. The bonds have a term of five years from the date of issue and bear interest at 2.10% per annum and are repayable on maturity; and (3) on 19 July 2024, 15,000,000 bonds with a nominal value of RMB100 were issued for a total amount of RMB1,500,000,000. The bonds have a term of ten years from the date of issue and bear interest at 2.47% per annum and are repayable on maturity. The proceeds from the issuance of the corporate bonds will be used to supplement the Company's daily capital requirements, adjust the debt structure of the Company, repay debts as and when they fall due, pay for the progress of the acquisition of vessels by the Company and its subsidiaries, and for purposes permitted by the relevant applicable laws and regulations and/or regulatory authorities.

Please refer to the Company's announcement dated 30 August 2024 and the circular dated 9 October 2024 for details of the Company's revised bond issue plan during the Year.

CHARITABLE DONATIONS

There was a charitable donation with a total amount of approximately RMB25,000,000 made by the Group during the Year.

RELATIONSHIP WITH KEY STAKEHOLDERS

RELATIONSHIP WITH EMPLOYEES

COSCO SHIPPING Development and its subsidiaries strictly abide by laws and regulations such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, and respect and strictly protect the basic rights and interests of employees. We are committed to safeguarding the basic rights and interests of employees in fair employment, diversity and inclusiveness, and reasonable working hours, and continuously optimizing the management level of employees in recruitment, training, promotion, salary, and welfare benefits.

The Company prioritized safety production work and strictly abided by laws and regulations such as the Production Safety Law of the People's Republic of China, the Fire Protection Law of the People's Republic of China, and the Occupational Disease Prevention and Control Law of the People's Republic of China. Shanghai Universal followed the policy of "safety-foremost with prevention-oriented and comprehensive treatment" and has formulated a series of health and safety policies covering all its own employees, part-time employees and suppliers to ensure the occupational health and safety of each employee. In 2024, Shanghai Universal's head office and its six container factories revised a total of 35 occupational health and safety-related systems to build up a barrier of safety for its employees.

Report of the Board of Directors

COSCO SHIPPING Development has set up the Production Safety and Ecological Environment Protection Committee as the highest responsible organ for production safety management, which is responsible for organising the safety committees of the subordinate companies at all levels to carry out work on occupational health and production safety, and each unit has signed the annual Work Responsibility Statement on Production Safety and Ecological Environment Protection at each level to implement the work system for work safety and production responsibility, and implemented management requirements for outsourced and dispatched employees at the same level as those for its own employees. As the first-line production base of the Company's container manufacturing business, Shanghai Universal has formulated the Occupational Health and Safety Responsibility System, which specifies the occupational health and safety responsibilities of the persons-in-charge at all levels, the functional departments and their management personnel and the personnel in each position, applicable to all employees and functional departments of the Company, and implemented a one-vote veto system for the matters serious safety hazards or violation of the safety regulations, so as to ensure that the safety management is serious and effective. In addition, Shanghai Universal has incorporated various safety and environmental protection indicators into its appraisal system and linked production safety and ecological and environmental protection work to the performance of the Board of Directors. At the same time, Shanghai Universal has established the Production Safety Reward and Punishment System, which links all employees' work related to production safety and occupational health to performance appraisal, and effectively enhances the level of occupational health and safety management as well as the efficiency of its operations by clarifying the penalties imposed on production safety and implementing the standards for rewards and penalties.

Shanghai Universal has formulated the Regulations on Safety Production Risk Management and Management Provisions on Identification and Rectification of Production Safety Hazards, established a dual prevention mechanism for safety risk classification and control and hazards identification and rectification, regulated the identification, assessment and classification of safety production risks, implemented risk prevention and control, prevented production safety accidents and continuously optimized the monitoring and handling of hidden accidents to identify and eliminate safety hazards in a timely manner.

Shanghai Universal has formulated the Production Safety Accident Reporting, Investigation and Handling System, which strictly regulates the reporting procedures, reporting to the persons-in-charge at different levels according to the level of safety accidents, and launching corresponding handling procedures. At the same time, Shanghai Universal stipulated that the safety committee shall organize and convene a special meeting at least once every quarter to listen to the report from the safety management department and review the Company's annual work plan and implementation of production safety.

COSCO SHIPPING Development has always been adhering to the concept of safety development, continuously reinforcing the awareness of safety red line and strengthening the safety management in a comprehensive manner. As a focus of production safety management, the six container factories under Shanghai Universal strictly implemented the annual safety inspection plan formulated by Shanghai Universal headquarters, and carried out a number of on-site safety inspections, put forward rectification suggestions and followed up on their implementation to ensure that risks and potential hazards were effectively eliminated.

Report of the Board of Directors

In terms of labour outsourcing management, Shanghai Universal strictly implemented the production safety management system, issued special safety management reminders for contractors and outsourced construction parties, and comprehensively implemented the principle of “four-same” management (the same system, the same standards, the same requirements and the same treatment). Outsourced employees are subject to the same occupational health and safety management system as regular employees and enjoy the same occupational health and safety protection. The Company organizes regular health check-ups for outsourced staff every year, establishes a comprehensive occupational health monitoring file and strengthens the occupational health management of outsourced employees. China Classification Society (CCS) takes the health and safety management of outsourced workers as an audit indicator during the annual certification of the occupational health and safety system to ensure that various management measures are fully implemented.

Based on the principle of “strategic matching and structural optimization” and with the objective of cultivating “the Group’s high-quality talent team”, the Company has continued to strengthen the construction of the talent team, improve the career development system and enhance the strategic layout of talents. The Company has scientifically set up performance indicators and scoring standards in accordance with the appraisal orientation, and established a sound performance feedback and supervision mechanism to ensure the transparency and openness of the entire process, and to accept supervision and feedback from various parties, so as to ensure the objectivity and fairness of the results of the performance appraisal.

The Company adheres to the people-oriented approach, establishes a sound mechanism for helping employees in difficulty, promotes the construction of a social security system for employees, solves urgent, difficult and worrying problems of employees, and focuses on building employee activities to continuously enhance the sense of well-being of employees.

RELATIONSHIP WITH CUSTOMERS

COSCO SHIPPING Development adheres to the concept of “customer first”, continues to promote the construction of quality management system, creates excellent quality with ingenuity, focuses on customer value creation, continuously promotes service upgrades, and comprehensively enhances the influence of corporate brands. The Company has formulated confidentiality systems such as the Measures for the Administration of Information Disclosure and the Measures for the Protection and Administration of Commercial Secrets, and has strictly protected the privacy of customers and the security of commercial secrets through various measures such as signing confidentiality agreements and adding contract confidentiality clauses. Shanghai Universal has formulated the Measures for the Management of Customer Complaints, which divides the main responsible departments according to the types of problems, sets the treatment level according to the degree of impact, and quickly formulates a solution based on customer complaints to maximize to save customer losses.

During the reporting period, the Company comprehensively improved its customer service capabilities through synergy of leasing and manufacturing and overseas network optimization. In terms of synergy of leasing and manufacturing, the special management committee of the Company’s industrial and financial platform for synergy of leasing and manufacturing coordinated various container factories in Florens and Shanghai Universal to provide customers with integrated service solutions around key links such as quality management and efficient container delivery. In terms of overseas network construction, Florens has formulated a Plan for Further Optimizing Overseas Network Construction to accelerate the optimization of network layout and the linkage of resources. In 2024, Florens added 12 new depots in the tight depot area along the “Belt and Road”, and the regional service capacity was significantly improved.

In 2024, COSCO SHIPPING Development and its subsidiaries sold or shipped a total of 1,942,971 products, with no complaints or product recalls. Shanghai Universal conducted a satisfaction survey for 72 customers of Dong Fang International Container (Hong Kong) Co., Ltd., including five aspects: "production and execution according to the contract, product quality, delivery and delivery of containers, timely handling of customer complaints, communication and customer service", with 99.74% of the customer satisfaction as a result.

RELATIONSHIP WITH SUPPLIERS

COSCO SHIPPING Development implemented hierarchical management of the procurement business, strictly implemented the operation mechanism of "separation of needs and procurement" and "separation of management and measures", implemented the list of prevention standards of related enterprises, and established an efficient, unified, standardized and transparent procurement management implementation system through the establishment of a self-inspection and self-inspection mechanism for purchasing database and purchasing data. In accordance with the principle of separation of incompatible positions, each subsidiary reasonably set up the procurement business posts and clarified the work authority.

In 2024, the Company revised six procurement management systems, including the Procurement Management Measures of COSCO SHIPPING Development Co., Ltd. and Supplier Management Measures of COSCO SHIPPING Development Co., Ltd., with the coverage of the Company's headquarters and its wholly-owned subsidiaries, holding subsidiaries and business departments at all levels, and required all the subsidiaries to formulate corresponding procurement management in combination with actual business needs. The Company integrated the risk management concept into the management of the procurement business, established and improved the internal control process of the procurement business, the procurement management and supervision and assessment mechanism, formulated the major procurement risk response plan, continuously improved the supply chain risk prevention and control capabilities, and effectively ensured the safety of the supply chain. The Company implemented the requirements of the Regulations on Guaranteeing Payment for Small and Medium-sized Enterprises and the Regulations on the Promotion of Private Economy, and made timely payments to small and medium-sized enterprises and private enterprises at the time of procurement, so as to maintain the legitimate rights and interests of small and medium-sized enterprises and private enterprises. During the reporting period, the Company did not default on accounts receivable to SMEs.

The Company implemented the supplier qualification pre-examination system, and all qualified suppliers must pass the audit of the environment, society, governance, business relevance and country, industry, commodity specific risk and other factors, and signed the Supplier Anti-Commercial Bribery Commitment of COSCO SHIPPING Development Co., Ltd., promising to strictly abide by the anti-commercial bribery laws and regulations, and to prevent the direct or indirect provision of cash, physical goods and other improper benefits to the Company's employees. Suppliers who passed the pre-examination can enter the supply warehouse. Suppliers who joined the Company's supply warehouse must follow the prescribed procedures and sign the Self-Examination Questionnaire on the Compliance of the Supplier Social Standards of COSCO SHIPPING Development Co., Ltd. covering health and safety, environment, child labor, forced labor, payment and working hours, anti-discrimination, employee rights, supply chains, etc.

Report of the Board of Directors

The Company regularly evaluated suppliers, and the Company's headquarters and its units formulated evaluation standards and methods covering multiple dimensions such as environment, society, governance, business relevance and specific risks according to the actual situation of suppliers, and established a supplier evaluation group composed of procurement experts, procurement personnel and users' company personnel to carry out supplier evaluation on a regular basis. The content of the evaluation covered key indicators such as basic qualifications, cost competitiveness, performance, product quality, service quality, work efficiency, business innovation and safety and environmental protection, and preferentially selected suppliers with excellent performance in sustainable development.

According to the results of the annual evaluation, suppliers were divided into four grades: A to D, and a system of grading management, dynamic quantitative assessment, management of promotion and demotion, and prohibition of trading of suppliers was implemented. Class C suppliers were auxiliary suppliers, and the Company conducted key inspections on their relevant links to promote rectification, and suspended procurement transactions during the rectification period.

ENVIRONMENTAL POLICY AND PERFORMANCE

COSCO SHIPPING Development adhered to the concept of green, low-carbon and intelligent shipping industry development, realized the harmonious coexistence of business development and ecological environment through low-carbon transformation, and cooperated with upstream and downstream partners of the industrial chain to demonstrate the actions and responsibilities of global climate governance by deeply cultivating the green background of green production, green business, green assets and green finance business.

OPTIMIZATION OF ENVIRONMENT MANAGEMENT SYSTEM

COSCO SHIPPING Development strictly complies with the Water Pollution Prevention and Control Law of the People's Republic of China 《中華人民共和國水污染防治法》, the Atmospheric Pollution Prevention Law of the People's Republic of China 《中華人民共和國大氣污染防治法》, the Energy Conservation Law of the People's Republic of China 《中華人民共和國節約能源法》 and other laws and regulations. Guided by the latest national environmental management policies and the requirements of ecological civilisation construction, the Company has formulated special internal environmental protection regulations in the light of its own actual situation and continued to revise them. In 2024, the Company did not experience any incident of environmental non-compliance.

PROMOTING CLIMATE GOVERNANCE

COSCO SHIPPING Development regards climate change as a key substantive issue and as one of the important contents of the Company's sustainable development management. The Company has set up a leading group and a working group to guide, coordinate and promote the work of carbon peaking, and the strategic development department, the industrial investment department, Shanghai Universal, the shipping leasing department and other departments and its subsidiaries cooperate in the implementation of relevant work.

PROACTIVELY EXPLORING GREEN CONTAINER MANUFACTURING

Shanghai Universal integrates environmental management objectives into the overall development strategy of the enterprise to ensure that the management fully considers environmental factors in the decision-making process and to promote business activities in line with the concept of sustainable development. Shanghai Universal has formulated a feasible environmental management plan, and formulated specific measures around the areas of resource conservation, wastes treatment and pollution control. At the same time, by signing safety and environmental protection responsibility letters with all levels every year, we clarify the responsibilities and objectives, establish an effective tracking and evaluation mechanism, and ensure the effective implementation and continuous improvement of environmental management.

EMBARKING ON A GREEN SHIPPING

COSCO SHIPPING Development, anchored in its vision to become a world-class shipping industry-finance operator with distinctive COSCO SHIPPING characteristics, implements the “integration of industry and finance, leveraging finance to boost industry” strategy. By investing in green fleet assets characterised by younger vessel age, excellent environmental performance, and high operational efficiency, the Company solidifies the premium asset foundation for its shipping leasing business and accelerates its transformation into a value-oriented industry-finance investor and innovation-driven financial service provider. Aligning with the energy revolution trend, the Company prioritises clean technology innovation initiatives to seize market opportunities. Through increased investment in clean technologies, it strengthens its presence in the clean energy sector, drives low-carbon transformation across the shipping industry chain, and enhances sustainable development capabilities.

PIONEERING GREEN FINANCING

In June 2024, COSCO SHIPPING Development released its *Mid-Term Revised Version of the “14th Five-Year Plan” Development Strategy*, which outlined the overarching goals and key initiatives for medium-to-long-term capital allocation. Additionally, the Company assessed funding requirements and formulated budgets for critical tasks and major projects specified in its *Green and Low-Carbon Transition Development Plan*. This ensures robust financial support for advancing green and low-carbon transformation, standardizes the management and utilization of dedicated green transition funds, and explores the establishment of a diversified investment mechanism. The Company has intensified support for green and low-carbon innovation projects and technological R&D while enhancing capital efficiency. Throughout the year of 2024, COSCO SHIPPING Development’s total green and low-carbon financing exceeded RMB3.0 billion. Meanwhile, Shanghai Universal, a subsidiary, invested over RMB16.57 million in green and low-carbon initiatives during the year.

SOCIAL RESPONSIBILITIES

The Company has prepared the 2024 Sustainability Report of COSCO SHIPPING Development Co., Ltd. in accordance with the requirements of the Guidelines on Environmental, Social and Governance Reporting in Appendix C2 to the Listing Rules. For details, please see the Company’s website at <http://development.coscoshipping.com> and the HKExnews’s website at www.hkexnews.hk. During the Period, the Company complied with the “Comply or Explain” provisions set out in the Guidelines on Environmental, Social and Governance Reporting.

Report of the Board of Directors

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS WHICH HAVE A SIGNIFICANT IMPACT ON THE GROUP

The Group is principally engaged in container manufacturing, container leasing, shipping leasing and investment management businesses. The businesses of the Company and its subsidiaries are subject to a number of laws and regulations such as the Company Laws of the People's Republic of China, the Securities Law of the People's Republic of China, the Civil Code of the People's Republic of China, Notice of the Ministry of Commerce and the State Administration of Taxation on Relevant Issues Concerning Undertaking Financing Lease Business 《商務部、國家稅務總局關於從事融資租賃業務有關問題的通知》, the Interim Measures for the Supervision and Administration of Financial Leasing Companies 《融資租賃公司監督管理暫行辦法》 and other applicable rules, policies and normative legal documents based on these laws and regulations. The Group has the procedure of compliance in place to ensure compliance with applicable laws, regulations and normative legal documents, and in particular those would have material effects on its principal businesses such as leasing, investment and integrated financial services. The Group will notify the relevant employees and operating teams of any change in applicable laws, rules and normative legal documents relating to its principal businesses from time to time.

In addition, certain requirements under other applicable laws and regulations also apply to the Group (e.g. the Labour Law of the People's Republic of China, the Stock Listing Rules of the Shanghai Stock Exchange 《上海證券交易所股票上市規則》, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Companies Ordinance (Cap 622 of the Laws of Hong Kong) and the Employment Ordinance (Cap. 57 of the Laws of Hong Kong)). The Group has strived to allocate its resources to different aspects in accordance with processes of internal control and approval, and ensures its compliance with these requirements by training and supervising over different business units. Implementation of these measures requires substantial internal resources and will incur additional operating costs. Nevertheless, the Group has put particular emphasis on compliance with applicable laws and regulations.

CONNECTED TRANSACTIONS

During the year ended 31 December 2024, the Company entered into the following connected transactions:

HEAVY INDUSTRY SHIPBUILDING CONTRACTS AND VESSEL LEASING SERVICE MASTER AGREEMENT

Unless the context otherwise requires, the terms in the following contents will be as defined in the Company's announcement dated 1 September 2024 and the circular dated 9 October 2024.

Heavy Industry Shipbuilding Contracts

- Date, parties and their nature of the interests, and details of the transaction:

On 30 August 2024, (1) Heavy Industry (Dalian) (as the seller) agrees to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) (as the buyer) agrees to purchase and take delivery of, thirteen 80,000 DWT bulk cargo vessels, which are expected to be delivered in 2026 and 2027; (2) Heavy Industry (Yangzhou) (as the seller) agrees to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) (as the buyer) agrees to purchase and take delivery of, two 82,500 DWT bulk cargo vessels, which are expected to be delivered in 2027; and (3) Heavy Industry (Zhoushan) (as the seller) agrees to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) (as the buyer) agrees to purchase and take delivery of, five 64,000 DWT bulk cargo vessels, which are expected to be delivered in 2027.

- Total consideration and terms:

The aggregate contract price for the twenty vessels to be built shall be RMB5,832,212,389.38: (i) the aggregate contract price for thirteen 80,000 DWT bulk cargo vessels is RMB4,061,061,946.89; (ii) the aggregate contract price for the two 82,500 DWT bulk cargo vessels is RMB542,389,380.54; and (iii) the aggregate contract price for five 64,000 DWT bulk cargo vessels is RMB1,228,761,061.95, subject to adjustments in accordance with the terms of the Heavy Industry Shipbuilding Contracts. The twenty vessels under the Heavy Industry Shipbuilding Contracts are methanol-ready eco-friendly bulk cargo vessels. The abovementioned contract price was determined after arm's length negotiation between (i) COSCO SHIPPING Development (Hainan); and (ii) Heavy Industry (Dalian), Heavy Industry (Yangzhou) or Heavy Industry (Zhoushan) (as the case may be) with reference to the market price of the same type of vessel.

Report of the Board of Directors

- Connected relationship of the parties to the transaction:

COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 45.95% of the total issued share capital of the Company (excluding 28,724,292 A Shares held by the Company as Treasury A Shares). Accordingly, COSCO SHIPPING is a controlling Shareholder and therefore a connected person of the Company. Heavy Industry (Dalian), Heavy Industry (Yangzhou) and Heavy Industry (Zhoushan) are indirect wholly-owned subsidiaries of COSCO SHIPPING and therefore are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Vessel Leasing Service Master Agreement

- Date, parties and their nature of the interests, and details of the transaction:

On 30 August 2024, the COSCO SHIPPING Development (Hainan) Group (as lessor) has agreed to provide vessel leasing services to the COSCO SHIPPING Bulk Group (as lessee) in relation to the forty-two vessels to be built under the Shipbuilding Contracts. The vessels to be chartered under the Vessel Leasing Service Master Agreement are the forty-two vessels, comprising thirty-five 80,000 DWT bulk cargo vessels, two 82,500 DWT bulk cargo vessels and five 64,000 DWT bulk cargo vessels, which are the vessels to be built under the Shipbuilding Contracts. The Vessel Leasing Service Master Agreement has become effective upon satisfaction of all the conditions set out below with a term from the effective date thereof to 31 December 2044.

- Total consideration and terms:

For details on the specific annual caps, pricing terms and policies, please refer to the Company's announcement dated 1 September 2024 and the circular dated 9 October 2024. The pricing and transaction terms of continuing connected transactions actually conducted by the Company are in accordance with the relevant annual caps, pricing terms and policies.

No transaction amount has been incurred nor is expected to be incurred for the two years ending 31 December 2025 as the relevant vessels are expected to be delivered in 2026 and 2027, respectively, and no annual cap has been set correspondingly. Notwithstanding the aforementioned, having considered the terms of the Vessel Leasing Service Master Agreement and to allow the Directors and the Shareholders appropriate opportunities to review such proposed annual caps thereunder in case of any changes to applicable industry and market conditions, the proposed annual caps for the remaining term of the Vessel Leasing Service Master Agreement (i.e. those for the years from 1 January 2026 to 31 December 2044) will be submitted to the Board and a general meeting of the Company every three years for re-consideration and approval by the Directors and the Independent Shareholders at the relevant time, subject to compliance with the then applicable laws, regulations and listing rules requirements. In the event that such approvals from the Board and/or the Independent Shareholders are not obtained, the relevant proposed annual caps not being approved shall be revoked. The Company shall re-negotiate and determine the proposed annual cap(s) of the relevant year(s) in accordance with the then applicable laws, regulations and listing rules requirements as and when required.

Report of the Board of Directors

- Connected relationship of the parties to the transaction:

COSCO SHIPPING Bulk is a wholly-owned subsidiary of COSCO SHIPPING, a controlling Shareholder, and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the Vessel Leasing Service Master Agreement exceed 5%, the transactions under the Vessel Leasing Service Master Agreement constitute non-exempted continuing connected transactions of the Company.

With a focus on shipping and logistics industry, the Company will concentrate on the integrated development with container manufacturing, container leasing and shipping leasing business as the core business and underpinned by investment management, continuously accelerate “integrating industry and finance and facilitating industry development with finance for synergy”, so as to strive to grow into a world-class industry-finance operator in the shipping industry. The construction of vessels under the Shipbuilding Contracts and the subsequent leasing of such vessels by the Group to the COSCO SHIPPING Bulk Group, are part and parcel of the overall operating lease arrangements between the Group and the COSCO SHIPPING Bulk Group. The Company will be able to actively grasp the opportunities arising from the green and low-carbon transformation of the shipping industry, will further implement its strategic development plan for a shipping industry-finance operator, will enhance its value discovery and value creation capabilities. The transactions under the Shipbuilding Contracts and the Vessel Leasing Service Master Agreement, will effectively strengthen the cornerstone of the development of its vessel leasing business, contribute long-term stable income and cash flow, and improve its overall financial stability. In addition, the Company will be able to collaborate with enterprises upstream and downstream of the shipping industry chain to deepen a RMB application scenario of “manufacturing, leasing and shipping”, to promote the implementation of the use of RMB in the international shipping field and helping to demonstrate the new momentum of high-quality development of the Company.

The Directors (including the independent non-executive Directors) considered that the Heavy Industry Shipbuilding Contracts and the Vessel Leasing Service Master Agreement were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of the Heavy Industry Shipbuilding Contracts and the Vessel Leasing Service Master Agreement, and the proposed annual caps under the Vessel Leasing Service Master Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The above transactions were considered and approved by the independent Shareholders at the extraordinary general meeting of the Company convened on 24 October 2024.

For further details of the above transactions, please refer to the Company’s announcement dated 1 September 2024 and the circular dated 9 October 2024.

Report of the Board of Directors

OTHER CONTINUING CONNECTED TRANSACTIONS

As of 31 December 2024, the Company had the following non-exempt continuing connected transactions and partially exempt continuing connected transactions, and relevant annual caps which were announced and subsequently revised and approved at the Company's general meeting. The actual annual figures as of 31 December 2024 in relation to those continuing connected transactions are also set out below. Unless otherwise defined, terms used in the following table shall have the same meanings as defined in the Company's announcements dated 16 September 2022 and 30 November 2022.

No.	Continuing connected transactions	Signing date of the transaction	Term	Parties and connected relationship	Nature of transaction	Pricing terms ⁴	Transaction amount	Annual cap
							Year ended 31 December 2024	Year ended 31 December 2024
							RMB'000	RMB'000
A	Revenue from China COSCO SHIPPING							
1	Services provided by the Group under the Master Operating Lease Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	Operating lease services	Market prices	2,432,324	6,000,000
2	Service provided by the Group under the Master Finance Lease Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	Finance lease services	Market prices	16,800	500,000
3	Products and services provided by the Group under the Master Containers Services Purchase Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	Purchase of container and ancillary services	Market prices	3,247,150	7,000,000
4	Services provided by the Group under the Master Insurance Brokerage Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	Insurance brokerage services	Market prices	–	40,000
B	Revenue from COSCO SHIPPING Investment							
5	New management services provided by COSCO SHIPPING Development under the New Management Services Agreement	16 September 2022	1 September 2022 to 31 August 2025	The Company, China COSCO SHIPPING ¹ and COSCO SHIPPING Investment	Management services	(i) Basic management fee ⁵ plus floating income fee ³	18,022	80,000
C	Expenditure to China COSCO SHIPPING							
6	Services provided to the Group under the Master Vessel Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	Vessel and ancillary services	Market prices	331,244	850,000

Report of the Board of Directors

No.	Continuing connected transactions	Signing date of the transaction	Term	Parties and connected relationship	Nature of transaction	Pricing terms ⁴	Transaction amount	Annual cap
							Year ended	Year ended
							31 December 2024	31 December 2024
							RMB'000	RMB'000
7	Products and services provided to the Group under the Master Containers Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	Purchase of Container and other ancillary services	Market prices	1,295,964	1,350,000
8	Lease of properties to the Group under the Master Tenancy Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	Property leasing and other ancillary services	Market prices	226,425	350,000
9	Services provided to the Group under the Master General Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	General services	Market prices	176,079	300,000
D	Financial Transactions with COSCO SHIPPING Finance							
10	The maximum daily outstanding balance of deposits (including accrued interest and handling fee) to be placed by the Group at COSCO SHIPPING Finance under the Master COSCO SHIPPING Finance Financial Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and COSCO SHIPPING Finance ²	Deposit services	The interest rate for the deposit services shall be no less than (a) the benchmark interest rate prescribed by the PBOC for the same type of deposits; and (b) the interest rate offered in the ordinary course of business by a major independent commercial bank in the PRC in the place where the services are provided or in its vicinity for such type of deposits.	10,638,027	18,000,000

Report of the Board of Directors

Notes:

- 1 China COSCO SHIPPING, its subsidiaries and/or its associates are indirect controlling shareholders (as defined in the Listing Rules) of the Company, which are connected persons of the Company.
- 2 Such companies are associates (as defined in the Listing Rules) of China COSCO SHIPPING, which are connected persons of the Company.
- 3 Floating income fee: During the management service period, if the return on equity of the Target Equities exceeds the predetermined ratio, an additional floating income will be charged at a proportion of the excess income; If the return on equity of the Target Equities does not reach the predetermined ratio, the basic management service fee will be deducted at a proportion of the shortfall, whereas the maximum cap of the deduction amount is the basic management service fee for the whole year.
- 4 For details of the specific pricing terms and pricing policy, please refer to the announcements dated 16 September 2022 and 30 November 2022 and the circular dated 1 December 2022 of the Company. The pricing and transaction terms of continuing connected transactions actually conducted by the Company are in accordance with the relevant pricing policy.
- 5 The Basic management service fee is RMB20,000,000 per year.

The reasons for the above continuing connected transactions (excluding the financial services provided by COSCO SHIPPING Finance to the Group), and the nature and extent of the interests of the connected persons in the relevant continuing connected transactions are as follows:

Due to the long-established and close business relationship between the members of the Group and China COSCO SHIPPING, a number of transactions have been and will continue to be entered into between the Group and China COSCO SHIPPING, which are individually significant and collectively essential to the core business of the Group, and will continue to be beneficial to the Group. In addition, the renewal of the continuing connected transactions under the Agreements is in line with the business strategy of the Company and will facilitate the Company to achieve its strategic target of building a financial services platform for the logistic industry.

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In addition, as China Shipping and China COSCO SHIPPING are key state-owned enterprises and large shipping conglomerates that operate across different regions, sectors and countries, and the relevant connected persons (most of them are associates of China Shipping and/or China COSCO SHIPPING) are well-known marine transportation corporations with outstanding competency in shipping industry and have developed good experience and service systems in respect of the products and services under the continuing connected transactions set out above. The cooperation with China Shipping, China COSCO SHIPPING and other connected persons enables the Group to fully leverage on their advantages to achieve better operating performance.

Finally, the terms and conditions provided by the relevant connected persons in relation to the continuing connected transactions set out above are generally more favourable to the Group than those provided by independent third parties to the Group, or those provided by the relevant connected persons to independent third parties.

The reasons for the transactions under which COSCO SHIPPING Finance provides financial services to the Group, and the nature and extent of the interests of the connected party in the relevant continuing connected transactions are as follows:

The terms and conditions of deposit services, loan services, settlement services and other financial services provided by COSCO SHIPPING Finance under the Master Financial Services Agreement are generally more favourable to the Group than those provided by independent third parties, or those provided by COSCO SHIPPING Finance to independent third parties. Furthermore, the Group is not restricted under the Master Financial Services Agreement to approach, and in fact may choose, any bank or financial institution to satisfy its financial service needs. Its criteria in making the choice could be made on costs and quality of services. Therefore, the Group may, but is not obliged to, continue to use COSCO SHIPPING Finance's deposit services, loan services, settlement services and other financial services if the service quality provided is competitive. Having such flexibility afforded under the Master Financial Services Agreement, the Group is able to better manage its current capital and cash flow position.

In addition, it is also expected that COSCO SHIPPING Finance will mainly provide more efficient deposit services, loan services and settlement services to the Group, as compared to independent third-party banks. As COSCO SHIPPING Finance is familiar with the Group's business, it is able to provide funds required by the Group in a more efficient and timely way as compared to independent third-party banks. In view of the Group's business development and its strong demand for funds, the Group hopes to obtain financial assistance from COSCO SHIPPING Finance, which may help broaden the Group's financing channels and lower its financing costs.

For further details regarding the above connected transactions and continuing connected transactions, and material transactions between the Group and related parties, please refer to note 46 to the consolidated financial statements. In respect of the significant related party transactions set out in note 46 to the consolidated financial statements, the transactions that constituted connected transactions or continuing connected transactions (as the case may be) of the Company during the year are disclosed above. Save as disclosed above, the related party transactions referred to in the foregoing note do not fall within the definition of "connected transaction" or "continuing connected transaction" under Chapter 14A of the Listing Rules, as the case may be, and were subject to reporting requirements during the Year. The Company confirmed that it has disclosed the connected transactions and continuing connected transactions pursuant to the definitions of "connected transaction" and "continuing connected transaction" (as the case may be) of Chapter 14A of the Listing Rules and pursuant to the disclosure requirements of Chapter 14A of the Listing Rules.

Report of the Board of Directors

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 30 November 2022, and considering the term of the above Continuing Connected Transaction Agreements had previously expired on 31 December 2022, in view of the Company's intention to continue to enter into transactions of similar nature from time to time after the relevant expiry date, on 30 November 2022, the Company entered into the following agreements with China COSCO SHIPPING:

- (1) Master Operating Lease Services Agreement, pursuant to which the Group agreed to provide to China COSCO SHIPPING, and China COSCO SHIPPING agreed to purchase from the Group, the operating lease services;
- (2) Master Finance Lease Services Agreement, pursuant to which the Group agreed to provide to China COSCO SHIPPING, and China COSCO SHIPPING agreed to purchase from the Group, the finance lease services;
- (3) Master Vessel Services Agreement, pursuant to which China COSCO SHIPPING agreed to provide to the Group, and the Group agreed to purchase from China COSCO SHIPPING, the vessel and other ancillary services;
- (4) Containers Services Procurement Agreement, pursuant to which the Group and China COSCO SHIPPING agreed to mutually provide/purchase container and other ancillary services;
- (5) Master Insurance Brokerage Services Agreement, pursuant to which the Group agreed to provide to China COSCO SHIPPING, and China COSCO SHIPPING agreed to purchase from the Group, the insurance brokerage services;
- (6) Master General Services Agreement, pursuant to which China COSCO SHIPPING agreed to provide to the Group, and the Group agreed to purchase from China COSCO SHIPPING, the general services;
- (7) Master Tenancy Agreement, pursuant to which China COSCO SHIPPING agreed to provide to the Group, and the Group agreed to purchase from China COSCO SHIPPING, the property leasing services and other ancillary services; and
- (8) Trademark License Agreement, pursuant to which China COSCO SHIPPING agreed to grant a non – exclusive license to the Group with the right to use certain trademarks owned by China COSCO SHIPPING.

On 30 November 2022, the Company and COSCO SHIPPING Finance entered into the Master Financial Services Agreement, pursuant to which COSCO SHIPPING Finance agreed to provide to the Group, and the Group agreed to purchase the financial services from COSCO SHIPPING Finance.

The term of the aforesaid Agreement shall be three years from 1 January 2023 to 31 December 2025. For more details, please refer to the announcement and circular of the Company dated 30 November 2022. The non-exempt continuing connected transactions under the above agreement together with their respective proposed annual caps were considered and approved at the extraordinary general meeting held on 19 December 2022. For details, please refer to the announcement of the Company dated 19 December 2022.

INTERNAL CONTROL PROCEDURES

Pursuant to the terms of the continuing connected transaction framework agreements of the Group, the Group may, from time to time and as necessary, enter into separate implementation agreements for each of the specific transactions contemplated under the continuing connected transaction framework agreements of the Group.

Each implementation agreement shall set out the specific terms and other relevant conditions for the particular transaction, including but not limited to rights and benefits of the parties, coordination of the parties, fees and expenses, payments, use of information, breach of agreement and exclusion of liabilities. Any execution and amendments of such implementation agreements shall not contravene the relevant continuing connected transaction framework agreements.

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, the Company has implemented the following internal control procedures to ensure that the terms offered by the relevant connected parties are no less favourable than those available to or from independent third parties (as the case may be) and the continuing connected transactions of the Group are conducted in accordance with the pricing policy under the respective continuing connected transaction framework agreements:

- (i) the Company has prepared and implemented the Methods for Management of Connected Transactions which sets out, among other things, the relevant requirements for and identification of connected transactions, the responsibilities of relevant departments in the conduct and management of connected transactions, reporting procedures and ongoing monitoring, with a view to ensuring compliance of the Group with applicable laws and regulations (including the Listing Rules) in relation to connected transactions;
- (ii) before entering into any implementation agreements pursuant to the continuing connected transaction framework agreements, the relevant executives of the relevant departments of the Company will review contemporaneous prices and other relevant terms offered by at least two independent third parties operating at the same or nearby area before the commencement of the relevant transaction, and ensure that the terms offered by the relevant connected persons are fair and reasonable and comparable to those offered by independent third parties. In case where the offers made by independent third parties are more favourable to the Company, the Company would take up those offers of the independent third parties;

Report of the Board of Directors

- (iii) following the entering into of the implementation agreements pursuant to the continuing connected transaction framework agreements, the Company will regularly examine the pricing of the transactions under the continuing connected transaction framework agreements to ensure that they are conducted in accordance with the pricing terms thereof, including reviewing the transaction records of the Company for the purchase or provision of similar goods or services to or from independent third parties, as the case may be;
- (iv) the Company will regularly convene meetings to discuss any issues in the transactions under the continuing connected transaction framework agreements and recommendations for improvement;
- (v) the Company will regularly summarise the transaction amounts incurred under the respective continuing connected transaction framework agreements and submit periodic reports which sets out, among other things, the historical transaction amounts, the estimated future transaction amounts and the applicable annual caps, to the management of the Company. If the aforementioned transaction amount incurred reach 80% of the respective applicable annual cap, immediate reporting will be made to the management of the Company. In doing so, the management and the relevant departments of the Company can be informed of the status of the continuing connected transactions in a timely manner such that the transactions can be conducted within the applicable annual caps;
- (vi) if it is anticipated that the existing annual caps may be exceeded in the event that the Company continues to conduct the continuing connected transactions, the relevant business departments shall report to the management of the Company at least two months in advance, the Company will then take all appropriate steps in advance to revise the relevant annual caps in accordance with the relevant requirements of the Listing Rules and if necessary, the Company will refrain from further conducting the relevant continuing connected transactions until the revised annual caps are approved; and
- (vii) the supervision department of the Company will periodically review and inspect the process of the relevant continuing connected transactions.

By implementing the above procedures, the Directors consider that the Company has established sufficient internal control measures to ensure the pricing basis of each of the continuing connected transaction agreements will be on normal commercial terms (or better to the Group), fair and reasonable, in accordance with the pricing policy of the Company and in the interests of the Company and its Shareholders as a whole.

The relevant departments (such as finance department and securities department) of the Company will also collect statistics of each of the continuing connected transaction agreements on a quarterly basis to ensure the annual caps approved by the independent Shareholders or as announced are not exceeded.

Report of the Board of Directors

The independent non-executive Directors, Mr. Shao Ruiqing, Mr. Chan Kwok Leung and Mr. Wu Daqi had reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

- (1) in the ordinary and usual course of business of the Company;
- (2) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether the above continuing connected transactions are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as the case may be) independent third parties; and
- (3) in accordance with the relevant agreement terms of the above continuing connected transactions and these transaction terms are fair and reasonable and in the interests of the shareholders of the Company as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, SHINEWING (HK) CPA Limited, the international auditor of the Company, has confirmed to the Company regarding the continuing connected transactions disclosed above that nothing has come to the auditor's attention that causes them to believe that:

1. the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;
2. the transactions were not conducted, in all material respects, in accordance with the pricing policies of the Company;
3. the transactions were not conducted, in all material respects, in accordance with the relevant agreements governing such transactions; and
4. the continuing connected transactions have exceeded the relevant maximum aggregate annual cap amount disclosed in the previous announcements of the Company in respect of each of the disclosed continuing connected transactions.

Report of the Board of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has made an annual confirmation of his/her independence as required by the Listing Rules. The Company is of the view that all the independent non-executive Directors have been in compliance with the independence guidelines requirements as set out in the Listing Rules and are independent in accordance with the provisions of the guidelines.

PENSION SCHEME

Details of the Group's pension scheme for the year ended 31 December 2024 are set out in Note 2.4 to the consolidated financial statements.

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2024, the Group had not placed any designated deposits with any financial institution in the PRC, nor had it failed to collect any time deposits upon maturity during the Year.

TAX RELIEF AND EXEMPTION

The Company is not aware that holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 72 to 104.

AUDIT COMMITTEE

The audit committee of the Company is comprised of two independent non-executive Directors, namely Mr. Shao Ruiqing and Mr. Chan Kwok Leung, and one non-executive Director, namely Ms. Zhang Xueyan. The Group's final results for the year ended 31 December 2024 and interim results for the six months ended 30 June 2024 have been reviewed by the audit committee.

AUDITOR

Auditor appointed by the Company in the past three years is as follows:

2022, 2023 and 2024: SHINEWING (HK) CPA Limited

The financial statements set out in this Annual Report have been audited by SHINEWING (HK) CPA Limited.

Zhang Mingwen

Chairman

Shanghai, the People's Republic of China
28 March 2025

Corporate Governance Report

The Group always strives to enhance corporate governance standards and views corporate governance as a part of value creation and a reflection of the commitment of all Directors and senior management to comply with corporate governance. Transparency is maintained for shareholders and we aim to maximize the interests of all shareholders.

Save as disclosed in this Corporate Governance Report, the Board confirms that the Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules during the year ended 31 December 2024.

The Company will continue to consistently review the corporate governance practices of the Group to ensure that they are thoroughly implemented. Improvements will also be made continuously to comply with the latest trends of corporate governance, including any new amendments to the Corporate Governance Code in the future.

A. BOARD OF DIRECTORS

1. COMPOSITION OF THE SEVENTH SESSION OF THE BOARD

The current members of the seventh session of the Board include:

DIRECTORS

Chairman, executive Director

Mr. Zhang Mingwen

Non-executive Directors

Mr. Liang Yanfeng

Mr. Ip Sing Chi

Ms. Zhang Xueyan

Independent non-executive Directors

Mr. Shao Ruiqing

Mr. Chan Kwok Leung

Mr. Wu Daqi

Notes:

1. The Company held a board meeting on 29 April 2024 to elect Mr. Zhang Mingwen as the Chairman of the seventh session of the Board.
2. In accordance with the requirements for the term of office of independent non-executive Directors under the Listing Rules of Shanghai Stock Exchange, Mr. Lu Jianzhong retired as an independent non-executive Director and a member of the relevant special committee under the Board on 16 July 2024.
3. Mr. Huang Jian resigned as a non-executive Director and a member of the relevant special committee under the Board on 29 September 2024 due to work adjustment.
4. In accordance with the requirements for the term of office of independent non-executive Directors under the Listing Rules of Shanghai Stock Exchange, Ms. Zhang Weihua retired as an independent non-executive Director and a member of the relevant special committee under the Board on 24 October 2024.
5. Ms. Zhang Xueyan was formally appointed as a non-executive Director on 24 October 2024 and took over the positions of a member of the relevant special committees under the Board from Mr. Huang Jian on 30 October 2024.
6. Mr. Wu Daqi was formally appointed as an independent non-executive Director of the Company on 24 October 2024 and took over the positions of a member of the relevant special committees under the Board from Ms. Zhang Weihua on 30 October 2024.

Corporate Governance Report

The list of current Directors (including names, duties and brief biographies) is shown on the Company's website: <http://development.coscoshipping.com>. Except for Mr. Zhang Mingwen, an executive Director of the Company, who served as both the Chairman and the General Manager during the year, there is no relationship (including financial, business, family or other material/relevant relationship(s)) among the Board members.

In 2024, the Board had at least three independent non-executive Directors (and representing at least one-third of the Board members) in accordance with the requirement of the Listing Rules, of whom one had appropriate professional qualifications or accounting or related financial management expertise. Each independent non-executive Director has re-confirmed his/her independence to the Company in accordance with the requirement of the Listing Rules. Based on their confirmation, the Company considers that they are independent.

2. RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board is responsible for managing the businesses and affairs of the Group with the aim of enhancing shareholder value; presenting a balanced, clear and comprehensible assessment of the Group's performance, position and prospects as set out in the annual and interim reports, other price sensitive announcements and other financial information disclosed pursuant to the requirement of the Listing Rules; and reporting to regulators any information which is required to be disclosed as per statutory requirements.

The Board owes fiduciary and statutory duties to the Company and the Group. Other duties include: formulating the general strategy and policies of the Group, and establishing corporate and management goals, major operational measures and risk management policies in accordance with the strategic objectives of the Group; supervising and monitoring the operational and financial performance; and approving expenditure budget and key capital spending, key investments, major acquisitions and disposals of assets, corporate or financial reorganization, major finance consent and management matters.

The Board also delegates authority and obligation to the management to manage and decide matters relating to the day-to-day business of the Group, and to report to the Board on the day-to-day business management of the Group.

The Board has set up the Audit Committee, the Remuneration Committee, the Investment Strategy Committee, the Nomination Committee, the Risk and Compliance Management Committee and the Executive Committee successively. Please refer to the following paragraphs for the composition and duties of the Audit Committee, the Remuneration Committee, the Investment Strategy Committee, the Nomination Committee, the Risk and Compliance Management Committee and the Executive Committee. Each committee should make recommendations to the Board in accordance with its own duties; such recommendations should be ultimately determined by the Board, unless prescribed clearly in each committee's terms of reference.

The Company Secretary provides information regarding the latest developments in relation to the Listing Rules and other applicable regulatory requirements for all Directors. The Company confirms that the Company Secretary had attended over 15 hours of professional training during the Year. Any Director may require the Company Secretary to arrange independent professional advice at the expense of the Company to assist the Director(s) in performing his/her/their duties to the Company effectively. The Company has reviewed the mechanism and confirmed its effective implementation.

3. CORPORATE GOVERNANCE FUNCTION

The Board is responsible for the formulation of corporate governance policies of the Group and the performance of the following corporate governance duties:

- (1) to formulate and review the Group's policies and practices on corporate governance;
- (2) to review and monitor the training and continuing professional development of the Directors and senior management;
- (3) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- (4) to formulate, review and monitor the code of conduct of Directors and employees; and
- (5) to review the Group's compliance with the Corporate Governance Code and disclosures in the Corporate Governance Report.

In 2024, the Board performed its corporate governance duties through the Board Diversity Policy (and regularly reviews its implementation and effectiveness on an annual basis), reviewed and monitored the training and continuing professional development of the Directors and senior management and compliance with relevant laws and regulations, and other practices. It also put great effort in improving the Group's corporate governance practices.

4. CHAIRMAN AND GENERAL MANAGER

Mr. Zhang Mingwen has been appointed as the Chairman for the seventh session of the Board of the Directors selected by the Board of the Directors of the Company on 29 April 2024. As required by the Articles of Association, the Chairman and the General Manager perform their duties separately. The Chairman exercises the duties to preside over the general meetings, convene and preside over the meetings of the Board to supervise and inspect the implementation of the resolutions of the Board, to sign the securities certificates issued by the Company, to listen to the work report on the rule of law construction of the Company and such other authorities as may be delegated by the Board. The Chairman takes primary responsibility for the Company and ensures that sound corporate governance practices and procedures are in place. The Chairman also attends the annual general meeting and invites the chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee and other committees of the Company to attend. The General Manager is responsible for organizing the implementation of the decisions, resolutions, approaches, policies and development plans of the Board and the Supervisory Committee, and reporting to the Board; organizing the implementation of the Company's annual business plans, budgets and investment plans; coordinating the Company's internal and external relations; formulating the Company's internal management department establishment plans; devising the Company's basic management systems; drawing up the Company's basic rules and regulations; submitting annual work reports and other reports to the Board; employing or dismissing management personnel whose employment or dismissal is not subject to the approval of the Board and determining their assessment and remuneration; proposing the convening of extraordinary meetings of the Board; and other duties as authorized by the Articles of Association and the Board. At the same

Corporate Governance Report

time, the General Manager is also responsible for implementing the daily operations management of the Company; convening daily performance analysis meetings of the Company; coordinating the daily operations management of subsidiaries; drafting annual development plans, operational policies and annual business plans of the Company; drafting the basic management systems of the Company; drafting specific rules and regulations of the Company; coordinating the operation of each department of the Company; reviewing and approving all budgeted expenses and costs of the Company; drawing up the salaries, benefits, rewards and punishments of the Company's employees and determining their engagement and dismissal; business development and staff training of the Company; and other duties as authorized by the Articles of Association and the Board.

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year, Mr. Zhang Mingwen, an executive Director, held the positions of both chairman and chief executive officer (i.e. the general manager of the Company). All major decisions of the Company are made in consultation with members of the Board (including the independent non-executive Directors) as well as senior management. There are adequate balances of power and safeguards in place for the Board to ensure the appropriate balance of power in the Company. In addition, having regard to Mr. Zhang Mingwen's extensive industry experience and his track record with the Group, the Board considers that it is in the interest of the Company for him to act as both the chairman and the general manager of the Company during the Year.

5. TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

(1) Newly appointed Directors

Each newly appointed Director will receive a set of training materials which cover the legal responsibilities of Directors, specific legal responsibilities, rules governing the dealings in securities of a listed company, disclosure of sensitive share price information, disclosable transactions, connected transactions, other continuing responsibilities, Corporate Governance Code and disclosure of interests under the SFO to ensure each newly appointed Director fully understands his/her duties under the Listing Rules and other regulatory requirements. The Directors Ms. Zhang Xueyan and Mr. Wu Daqi, who were newly appointed on 24 October 2024, attended such training, and obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 17 October 2024, and such Directors confirmed that they understood their obligations as a director of the Company, and any consequences which may arise from the making of any false statement or the giving of any false information to the Hong Kong Stock Exchange.

(2) The Company provides relevant laws and regulations or their amended or updated versions for its Directors on an irregular basis for learning purposes. In order to comply with the continuing professional development requirement under the Corporate Governance Code, the Directors attended the trainings regarding the functions and duties of Directors during the Year.

Corporate Governance Report

According to the Company's records, in order to comply with the continuing professional development requirement under the Corporate Governance Code, the Directors received the following trainings in 2024:

Director	Reading written materials regarding updates on the Board practices and development, corporate governance and regulations	Attending related risk management, strategy, business and industry specific briefings, seminars or training
<i>Chairman, executive Director</i>		
Zhang Mingwen	✓	✓
<i>Non-executive Directors</i>		
Liang Yanfeng	✓	✓
Ip Sing Chi	✓	✓
Zhang Xueyan	✓	✓
<i>Independent non-executive Directors</i>		
Shao Ruiqing	✓	✓
Chan Kwok Leung	✓	✓
Wu Daqi	✓	✓
<i>Resigned Directors</i>		
Huang Jian	✓	✓
Lu Jianzhong	✓	✓
Zhang Weihua	✓	✓

Notes:

1. The Company held a board meeting on 29 April 2024 to elect Mr. Zhang Mingwen as the Chairman of the seventh session of the Board.
2. In accordance with the requirements for the term of office of independent non-executive Directors under the Listing Rules of Shanghai Stock Exchange, Mr. Lu Jianzhong retired as an independent non-executive Director and a member of the relevant special committee under the Board on 16 July 2024.
3. Mr. Huang Jian resigned as a non-executive Director and a member of the relevant special committee under the Board on 29 September 2024 due to work adjustment.
4. In accordance with the requirements for the term of office of independent non-executive Directors under the Listing Rules of Shanghai Stock Exchange, Ms. Zhang Weihua retired as an independent non-executive Director and a member of the relevant special committee under the Board on 24 October 2024.

Corporate Governance Report

5. Ms. Zhang Xueyan was formally appointed as a non-executive Director on 24 October 2024 and took over as a member of the relevant special committees under the Board from Mr. Huang Jian on 30 October 2024.
 6. Mr. Wu Daqi was formally appointed as an independent non-executive Director of the Company on 24 October 2024 and took over as a member of the relevant special committees under the Board from Ms. Zhang Weihua on 30 October 2024.
- (3) The Company provides latest information about the production and operation of the Company for the Directors through monthly operation reports, physical Board meetings and replies to the questions raised by the Directors, so that the Directors can perform their duties.

6. BOARD MEETINGS

The Board meets at least four times a year, and Directors entitled to attend regular meetings shall attend in person or actively participate by means of electronic communication. In addition, the Chairman had meetings with the independent non-executive Directors, without the presence of the other Directors, to consider issues. During 2024, the Chairman held 3 meetings with the independent non-executive Directors, without the presence of the other directors. The Securities and Public Relations Department of the Company would provide an official agenda of items to be considered and determined by the Board before any Board meeting. Notice would be given 10 business days before each regular Board meeting. Directors may include related matters in the agenda for discussion at the Board meeting. The Company Secretary assists the Chairman in preparing an agenda for each Board meeting and ensures it is prepared in accordance with applicable statutory requirements and regulations in relation to the meeting. The ultimate agenda and Board papers would be sent to all Directors at least 3 days before the Board meeting. Any Director with a conflicting interest in any resolution to be considered by the Board should abstain from voting on such resolution, and independent non-executive Directors who do not have a material interest in the transaction themselves and their close associates should attend the relevant board meetings.

The Company has established an effective mechanism to ensure independent views and opinions are available to the Board, which include the Company's procedures for the nomination and appointment of Directors (including independent non-executive Directors), the mechanism for directors to abstain from voting on relevant resolutions to be considered by the Board, and functions of the independent non-executive Directors to independently engage external auditing and consulting firms. The Board reviews the implementation and effectiveness of the above mechanism annually.

Corporate Governance Report

The Board held 13 Board meetings during 2024. Attendance record of each Director is set out as follows:

Attendance of Directors at Board Meetings and General Meetings

Name of Director	Attendance at Board Meetings					Attendance at general meetings ⁽¹⁾		
	Board meetings to attend this year	Meetings attended in person	Meetings attended through proxy	Meetings attended by way of telecommunication	Attendance rate %	Unable to attend in person for two consecutive Board meetings	Annual general meeting attended	Extraordinary general meetings attended
<i>Chairman, Executive Director</i>								
Zhang Mingwen	13	13	0	9	100	No	1/1	2/2
<i>Non-executive Directors</i>								
Liang Yanfeng	13	12	1	9	100	No	1/1	2/2
Ip Sing Chi	13	12	1	9	100	No	1/1	2/2
Zhang Xueyan	2	2	0	1	100	No	0/0	1/1
<i>Independent non-executive Directors</i>								
Shao Ruiqing	13	13	0	9	100	No	1/1	2/2
Chan Kwok Leung	13	13	0	9	100	No	1/1	2/2
Wu Daqi	2	2	0	1	100	No	0/0	1/1
<i>Resigned Directors</i>								
Huang Jian	9	9	0	6	100	No	1/1	0/0
Lu Jianzhong	8	8	0	6	100	No	1/1	0/0
Zhang Weihua	11	11	0	8	100	No	1/1	1/1

Notes:

- (1) The number of meetings represents the actual number of meetings attended by the Director/number of general meetings Directors are entitled to attend.
- (2) In accordance with the requirements for the term of office of independent non-executive Directors under the Listing Rules of Shanghai Stock Exchange, Mr. Lu Jianzhong retired as an independent non-executive Director and a member of the relevant special committee under the Board on 16 July 2024.
- (3) Mr. Huang Jian resigned as a non-executive Director and a member of the relevant special committee under the Board of the Company on 29 September 2024 due to work adjustment.

Corporate Governance Report

- (4) In accordance with the requirements for the term of office of independent non-executive Directors under the Listing Rules of Shanghai Stock Exchange, Ms. Zhang Weihua retired as an independent non-executive Director and a member of the relevant special committee under the Board on 24 October 2024.
- (5) Ms. Zhang Xueyan was formally appointed as a non-executive Director at the first extraordinary general meeting of the Company for 2024 on 24 October 2024 and took over as a member of the relevant special committees under the Board from Mr. Huang Jian on 30 October 2024.
- (6) Mr. Wu Daqi was formally appointed as a non-executive Director at the first extraordinary general meeting of the Company for 2024 on 24 October 2024 and took over as a member of the relevant special committees under the Board from Ms. Zhang Weihua on 30 October 2024.

7. SUPPLY OF AND ACCESS TO INFORMATION

All Directors of the Company are entitled to have access to the relevant documents and other information of the Board from the Company Secretary in order to make informed decisions.

8. APPOINTMENT AND RESIGNATION OF DIRECTORS

The Board reviews its structure, size and composition regularly. The Company appoints new Directors to the Board in accordance with formal, well thought-out and transparent procedures.

The Board held one meeting in 2024 to review the appointment and resignation of the Directors and make recommendations thereon, and the attendance rate of the Directors was 100%. Attendance record of each Director is set out as follows:

Chairman, executive Director

Director	Number of meetings attended	Attendance rate
Zhang Mingwen	1	100%

Non-executive Directors

Director	Number of meetings attended	Attendance rate
Liang Yanfeng	1	100%
Ip Sing Chi	1	100%
Zhang Xueyan	N/A	N/A

Independent non-executive Directors

Director	Number of meetings attended	Attendance rate
Shao Ruiqing	1	100%
Chan Kwok Leung	1	100%
Wu Daqi	N/A	N/A

Resigned Directors

	Number of meetings attended	Attendance rate
Huang Jian	N/A	N/A
Lu Jianzhong	N/A	N/A
Zhang Weihua	1	100%

9. BOARD COMMITTEES

(1) Audit Committee

The seventh session of the Audit Committee of the Board currently consists of Mr. Shao Ruiqing and Mr. Chan Kwok Leung, who are independent non-executive Directors, and Ms. Zhang Xueyan, who is a non-executive Director. Mr. Shao Ruiqing is the Chairman of the Audit Committee.

The primary duties of the Audit Committee are to oversee the integrity of the financial reports, annual and interim reports of the Group, and to review its financial control.

During the reporting period, the Audit Committee of the Board convened six meetings with the attendance rate of 100%.

(i) Four regular meetings were held as follows:

1. The seventh meeting of the seventh session of the Audit Committee of the Board was convened on site on 27 March 2024, at which the following proposals were considered and passed by a unanimous vote:
 - (1) Report Regarding 2023 Annual Financial Report and Internal Control Audit of ShineWing;
 - (2) Proposal Regarding the Company's Financial Report for 2023;

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- (3) Proposal Regarding the Company's Annual Report and Results Announcement for 2023;
 - (4) Proposal Regarding the Re-election of the Company's Domestic and Overseas auditor and Internal Control Auditor for 2024;
 - (5) Report Regarding the Company's Internal Audit Results Including Relevant Material Matters for 2023;
 - (6) Proposal Regarding the Company's Internal Audit for 2023-2024;
 - (7) Proposal Regarding the Company's Report on Work of Internal Control System for 2023;
 - (8) Proposal Regarding the Company's Internal Control Evaluation Report for 2023;
 - (9) Proposal Regarding the Report on the Discharge of Duties by the Audit Committee of the Board in 2023.
2. The eighth meeting of the seventh session of the Audit Committee of the Board was convened through voting by written resolutions on 28 April 2024, at which the Proposal Regarding the Company's Report for the First Quarter of 2024 was considered and passed by a unanimous vote.
3. The tenth meeting of the seventh session of the Audit Committee of the Board was convened with physical presence on 28 August 2024, at which the following proposals were considered and passed by a unanimous vote:
 - (1) Report Regarding ShineWing's Review for the First Half of 2024 for (both Domestic and Overseas);
 - (2) Proposal Regarding the Company's Financial Report for the First Half of 2024 (Including Financial Position);
 - (3) Proposal Regarding the Company's Financial Report and Interim Results Announcement for the First Half of 2024;
 - (4) Proposal Regarding the Bulk Cargo Vessel Leasing Business Cooperation Conducted between COSCO SHIPPING Development and COSCO Shipping Bulk;
 - (5) Proposal Regarding the Company's Interim Report on Internal Controls for 2024;
 - (6) Report Regarding Performance of the Company's Internal Audit for the First Half of 2024;
 - (7) Report Regarding the Company's Internal Audit Findings on Material Matters for the First Half of 2024.

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4. The eleventh meeting of the seventh session of the Audit Committee of the Board was convened through written resolutions on 29 October 2024, at which the Proposal Regarding the Company's Report for the Third Quarter of 2024 was considered and passed by a unanimous vote.

(ii) Two extraordinary meetings were held as follows:

1. The ninth meeting of the seventh session of the Audit Committee of the Board was convened through written resolutions on 14 June 2024, at which the Proposal Regarding the Adjustment of the Company's Senior Executives was considered and passed by a unanimous vote.
2. The twelfth meeting of the seventh session of the Audit Committee of the Board was convened via a combination of physical presence and video conferences on 24 December 2024, at which the Report Regarding ShineWing's A Share and H Share Internal Control and Audit Plan of 2024 was heard and approved.

Attendance record of each member of the Audit Committee is set out as follows:

Director	Number of Meetings attended/number of meetings held	Attendance rate
The seventh session of the Audit Committee of the Board		
Shao Ruiqing (<i>independent non-executive Director</i>) (<i>chairman</i>)	3/3	100% during the tenure of office
Zhang Xueyan (<i>non-executive Director</i>)	1/1	100% during the tenure of office
Chan Kwok Leung (<i>independent non-executive Director</i>)	6/6	100%
Lu Jianzhong (<i>independent non-executive Director</i>) (<i>former chairman</i>)	3/3	100% during the tenure of office
Huang Jian (<i>non-executive Director</i>) (<i>former committee member</i>)	4/4	100% during the tenure of office

Notes:

1. In accordance with the requirements for the term of office of independent non-executive Directors under the Listing Rules, Mr. Lu Jianzhong retired as an independent non-executive Director and a member of the relevant special committee under the Board on 16 July 2024.
2. Mr. Huang Jian resigned as a non-executive Director and a member of the relevant special committee under the Board on 29 September 2024 due to work adjustment.

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(2) *Remuneration Committee*

The seventh session of the Remuneration Committee of the Board of the Company currently consists of Mr. Shao Ruiqing, Mr. Chan Kwok Leung and Mr. Wu Daqi, who are independent non-executive Directors. Mr. Shao Ruiqing is the Chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's remuneration policy and structure for all Directors, Supervisors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration policy; to have the delegated responsibility by the Board to determine specific remuneration packages of Directors, Supervisors and senior management holding positions in the Company, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of office or appointment), and make recommendations to the Board on the remuneration of non-executive Directors (the Remuneration Committee will consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration); to review and approve performance-based remuneration with reference to corporate goals and objectives passed by the Board from time to time; to review and approve the compensation payable to executive Directors, Supervisors and senior management in connection with any loss or termination of office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and reasonable and does not impose an overly heavy burden on the Company; to review and approve compensation arrangements relating to dismissal or removal of Directors or Supervisors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that such compensation payment is otherwise reasonable and appropriate; and to ensure that no Director or Supervisor or any of his/her associates is involved in determining his/her own remuneration; to handle specific matters in relation to employee equity incentives and report and make proposals to the Board (including review and/or approval of matters relating to share schemes as referred to in Chapter 17 of the Listing Rules).

With respect to the performance appraisal and remuneration of Directors, Supervisors and senior management of the Company, the Remuneration Committee formulates specific remuneration plans or proposals based on the scope of work, responsibilities and importance of the Directors and Supervisors and the remuneration levels of relevant positions in other relevant enterprises. The remuneration plans for Directors and Supervisors are considered and approved at a general meeting after being proposed by the Remuneration Committee.

The Remuneration Committee is also responsible for formulating the remuneration packages for senior management and submitting them to the Board for approval. The affairs management department of the Board is responsible for coordinating with the personnel department and other departments to provide the Remuneration Committee with information on the achievement of the Company's major financial targets and operating objectives, the scope of work and major responsibilities of the Company's senior management, the achievement of the targets involved in the performance appraisal system for the positions of Directors, Supervisors and senior management, the operating performance of the Directors, Supervisors and senior management in terms of their business innovation and revenue creating ability, and the basis for the measurement of the Company's remuneration allocation plan and allocation method based on the Company's performance, etc. for the Remuneration Committee's decision making.

With respect to the Company's share option incentive plan, the Remuneration Committee is responsible for preparing the draft incentive plan and submitting it to the Board for consideration; reviewing the scope of participants initially proposed by the Human Resources Department in accordance with the provisions of the Company's share option plan and the Company's business development focus to review whether the Company and the participants are qualified to exercise or unlock their share options, etc.

Two meetings of the Remuneration Committee of the Board were held in 2024, with an attendance rate of 100%. The Proposal Regarding Total Amount of Remuneration of the Company for 2023 was considered at the third meeting of the seventh session of the Remuneration Committee of the Board; the Proposal Regarding the Annual Remuneration of the Directors and Supervisors of the Company for 2024 was considered at the fourth meeting of the seventh session of the Remuneration Committee of the Board.

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Attendance record of each member of the Remuneration Committee is set out as follows:

Director	Number of meeting attended/number of meetings held	Attendance rate
The seventh session of the Remuneration Committee of the Board		
Shao Ruiqing (<i>independent non-executive Director</i>) (<i>chairman</i>)	2/2	100%
Chan Kwok Leung (<i>independent non-executive Director</i>)	2/2	100%
Wu Daqi (<i>independent non-executive Director</i>)	N/A	N/A
Zhang Weihua (<i>independent non-executive Director</i>) (<i>former committee member</i>)	2/2	100% during the tenure of office

Note:

- Due to the length of tenure limit on the term of office of independent non-executive Directors under the Listing Rules, on 24 October 2024, Ms. Zhang Weihua retired as independent non-executive Director and relevant positions of the special committees under the Board.

(3) Investment Strategy Committee

The seventh session of the Investment Strategy Committee of the Board of the Company currently consists of Mr. Zhang Mingwen, who is a chairman and an executive Director, Mr. Liang Yanfeng, Mr. Ip Sing Chi and Ms. Zhang Xueyan, who are non-executive Directors, and Mr. Shao Ruiqing and Mr. Chan Kwok Leung, who are independent non-executive Directors.

The primary duties of the Investment Strategy Committee are to consider and make recommendations on the strategic plan for the Group's long-term development and on material investment and financing proposals and material capital operation and asset operation projects which are subject to the Board's approval as required by the Articles of Association.

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During the reporting period, the Investment Strategy Committee of the Board convened four meetings with the attendance rate of 100%. On 4 March 2024, the Proposal Regarding on the Company's 2024 Investment and Disposal Plan was considered and passed at the third meeting of the seventh session of the Investment Strategy Committee of the Board, and was recommended to the Board for approval. On 27 March 2024, the Proposal Regarding on the Company's 2023 Sustainability Report was considered and passed at the fourth meeting of the seventh session of the Investment Strategy Committee of the Board, and was recommended to the Board for approval. On 27 June 2024, the Proposal Regarding on Formulating the 14th Five-Year Plan for COSCO SHIPPING Development (Interim Adjustment Draft) was considered and passed at the fifth meeting of the seventh session of the Investment Strategy Committee of the Board, and was recommended to the Board for approval. On 28 August 2024, the Proposal Regarding on the Company's 2024 Investment and Disposal and Adjustment Plan was considered and passed at the sixth meeting of the seventh session of the Investment Strategy Committee of the Board, and was recommended to the Board for approval.

Director	Number of meeting attended/number of meeting held	Attendance rate
The seventh session of the Investment Strategy Committee of the Board		
Zhang Mingwen (<i>chairman and executive Director</i>)	4/4	100%
Liang Yanfeng (<i>non-executive Director</i>)	4/4	100%
Ip Sing Chi (<i>non-executive Director</i>)	4/4	100%
Zhang Xueyan (<i>non-executive Director</i>)	N/A	N/A
Shao Ruiqing (<i>independent non-executive Director</i>)	4/4	100%
Chan Kwok Leung (<i>independent non-executive Director</i>)	4/4	100%
Huang Jian (<i>non-executive Director</i>)		100% during
(<i>former committee member</i>)	4/4	the tenure of office

Note:

1. Mr. Huang Jian resigned as a non-executive Director and a member of the relevant special committee under the Board of the Company on 29 September 2024 due to work adjustment.

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(4) *Nomination Committee*

The seventh session of the Nomination Committee of the Board currently consists of Mr. Chan Kwok Leung and Mr. Shao Ruiqing, who are independent non-executive Directors, and Mr. Zhang Mingwen, who is an executive Director. Mr. Chan Kwok Leung is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to make recommendations to the Board on the headcount and composition of the Board and the composition of senior management in accordance with the Company's business activities, asset size and shareholding structure; to consider and make recommendations to the Board on the criteria and procedures for selecting Directors and members of senior management; to review and make recommendations on the qualifications of the candidates of Directors and members of senior management; and to assess the independence of independent non – executive Directors. The Nomination Committee's procedures and criteria for selecting and making recommendations for appointment of Board members are designed to satisfy high standards of corporate governance. In identifying suitable candidates, the Nomination Committee shall consider candidates on merit against objective criteria and with due regard to the benefits of the diversity of the Board. The factors considered by the Nomination Committee in assessing the suitability of a proposed candidate include: (i) reputation for integrity; (ii) accomplishments, professional knowledge and industry experience which may be relevant to the Group; (iii) commitment to the business of the Group in respect of time, interest and attention; (iv) perspectives, skills and experience that the individual can contribute to the Board; (v) diversity in a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; (vi) Board succession planning considerations and long-term objectives of the Group; and (vii) in the case of a candidate for independent non-executive Director, the independence of such candidate with reference to, among other things, the requirements as set out in Rule 3.13 of the Listing Rules. These processes meet or exceed the Hong Kong Stock Exchange's requirements to ensure that every Director has the requisite character, experience and integrity and is able to demonstrate a standard of competence commensurate with his position as a director of a listed issuer, and that where the nomination of independent non-executive Directors is under consideration, the requirements of Rule 3.13 of the Listing Rules are satisfied.

On 28 August 2013, the Board passed the Board Diversity Policy. The Nomination Committee has formulated the Board Diversity Policy, which is set out in the Working Rules for the Nomination Committee of the Board of the Company. The main contents include: when determining the composition of the Board, the Company will consider the Board diversity in terms of, among other things, gender, age, cultural and educational background, professional experience, skills, knowledge and term of service. The taking into account of these factors in determining the Board diversity contributes to the enhanced management standard of the Company, and results in a more comprehensive and balanced Board composition and decision-making process. All appointments of the Directors are based on meritocracy, and candidates will be considered against objective criteria, taking into account the benefits of board diversity. The final selection of candidates will be determined based on their merits and contribution to the Board. The composition of the Board is basically in line with the diversity (including gender diversity) principle, details of which are set out under the section headed "Composition of the Seventh Session of the Board" in the "Corporate Governance Report".

The biographies of Directors set out on pages 29 to 35 also set out the diverse skills, professional knowledge, experience and qualifications of the Directors. Currently, the Board has not set any measurable objectives for implementing the Board Diversity Policy (including gender diversity).

The Board of Directors currently has one female Director out of seven Directors and is committed to maintaining gender diversity when identifying suitable candidates. In order to maintain gender diversity, similar considerations will be taken into account in the recruitment and selection process of key management and other personnel for our business. As of 31 December 2024, the senior management of the Company (who were appointed by the Board) consisted of 3 male employees and 2 female employees.

There are no factors or circumstances that would make achieving gender diversity more challenging or less relevant for all employees (including senior management). During the year, the Company had reviewed the implementation and effectiveness of the gender diversity policy for its employees, including senior management. As a result of these measures, the gender diversity policy for employees (including senior management) was considered to have been effectively implemented.

During the Reporting Period, the Nomination Committee of the Board convened three meetings with the attendance rate of 100%. The Proposal Regarding the Adjustment of the Company's Senior Executives was considered at the second meeting of the seventh session of the Nomination Committee of the Board; the Proposal Regarding the Adjustment of the Company's Senior Executives was considered at the third meeting of the seventh session of the Nomination Committee of the Board; and the Proposal Regarding the Election of Ms. Zhang Xueyan as a Non-executive Director Candidate of the Company and the Proposal Regarding on the Election of Mr. Wu Daqi as a Independent Non-executive Director Candidate of the Company were considered at the fourth meeting of the seventh session of the Nomination Committee of the Board. All proposals mentioned above were agreed to be submitted to the Board for further review.

Attendance record of each member of the Nomination Committee is set out as follows:

Director	Number of meetings attended/number of meetings held	Attendance rate
The seventh session of the Nomination Committee of the Board		
Chan Kwok Leung (<i>independent non-executive Director</i>) (<i>chairman</i>)	3/3	100%
Zhang Mingwen (<i>Chairman, executive Director</i>)	3/3	100%
Shao Ruiqing (<i>independent non-executive Director</i>)	3/3	100%

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(5) Risk and Compliance Management Committee

The seventh session of the Risk and Compliance Management Committee of the Board currently consists of Mr. Wu Daqi, Mr. Shao Ruiqing and Mr. Chan Kwok Leung, who are independent non-executive Directors. Mr. Wu Daqi is the Chairman of the Risk and Compliance Management Committee.

The primary duties of the Risk and Compliance Management Committee are to consider the Group's work plans for internal control and risk management and review the Group's risk management and internal control systems; to consider the establishment of risk management departments and proposals for their responsibilities and review the responsibilities in the risk management and internal control systems; to consider the Group's basic rules and regulations on internal control and risk management and discuss the risk management and internal control systems with the management to ensure that management has performed its duty to establish an effective system; to consider internal control evaluation reports and risk management reports of the Group and communicate with external auditors with regard to matters concerning internal control and audit; to review major investigation findings on risk management and internal control matters and the management's response to these findings on its own initiative or as appointed by the Board; and to perform other duties as delegated by laws and regulations, the Listing Rules and the Board.

During the Reporting Period, the Risk and Compliance Management Committee convened two meetings with the attendance rate of 100%.

No.	Date of meeting	Name of meeting	Voting method	Proposal
1.	27 March 2024	The third meeting of the seventh session of the Risk and Compliance Management Committee of the Board	Physical presence	1. Proposal Regarding the Company's 2023 Rule of Law Final Report 2. Proposal Regarding the Company's 2023 Risk Management Report 3. Proposal Regarding the Risk Continuity Assessment Report of COSCO SHIPPING Finance Company Limited
2.	28 August 2024	The fourth meeting of the seventh session of the Risk and Compliance Management Committee of the Board	Physical presence	1. Proposal Regarding the Company's 2024 Interim Rule of Law Risk Control Report 2. Proposal Regarding the Risk Continuity Assessment Report of COSCO SHIPPING Finance Company Limited

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All proposals mentioned above were approved and some of them were submitted to the Board for further review. Attendance rate of each member of the Risk and Compliance Management Committee is set out as follows:

Director	Number of meetings attended/number of meetings held	Attendance rate
The seventh session of the Risk and Compliance Management Committee of the Board		
Wu Daqi (<i>independent non-executive Director</i>) (<i>chairman</i>)	N/A	N/A
Shao Ruiqing (<i>independent non-executive Director</i>)	1/1	100% during the tenure of office
Chan Kwok Leung (<i>independent non-executive Director</i>)	2/2	100%
Zhang Weihua (<i>independent non-executive Director</i>) (<i>former chairman</i>)	2/2	100% during the tenure of office
Lu Jianzhong (<i>independent non-executive Director</i>) (<i>former committee member</i>)	1/1	100% during the tenure of office

Notes:

1. In accordance with the requirements for the term of office of independent non-executive Directors under the Listing Rules of Shanghai Stock Exchange, Mr. Lu Jianzhong retired as an independent non-executive Director and a member of the relevant special committee under the Board on 16 July 2024.
2. In accordance with the requirements for the term of office of independent non-executive Directors under the Listing Rules of Shanghai Stock Exchange, Ms. Zhang Weihua retired as an independent non-executive Director and a member of the relevant special committee under the Board on 24 October 2024.
3. Mr. Wu Daqi was at the first extraordinary general meeting of the Company for 2024 and formally appointed as a non-executive Director of the Company on 24 October 2024 and took over the positions of a member of the relevant special committees under the Board from Ms. Zhang Weihua on 30 October 2024.

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(6) Executive Committee

The seventh session of the Executive Committee of the Board currently consists of executive Director.

The primary duties of the Executive Committee are to consider and decide matters relating to operations management of the Company which involve a certain amount of expenses on behalf of the Board during the adjournments of the Board meetings; to coordinate and implement the decisions approved by the Board; to exercise the special disposal power over the affairs of the Company in the event of force majeure and report to the Board and the general meeting thereafter; and to perform other duties as provided by the Articles of Association or delegated by the Board.

During the Reporting Period, the Executive Committee did not convene any meetings.

10. SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules as the standards for securities transactions by Directors, Supervisors and relevant employees. The Company confirms, having made specific enquiries with all Directors and Supervisors, that during the year ended 31 December 2024, its Directors and Supervisors have complied with the requirements relating to securities transactions by Directors and Supervisors as set out in the Model Code. The Company is not aware of any non-compliance with these guidelines by relevant employees.

11. ANNUAL REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Remuneration of the Directors and key management personnel of the Company is determined according to the remuneration policy and structure of the Company.

For the year ended 31 December 2024, the remuneration of the Directors and key management personnel is divided into the following grades:

Basic annual salary grade	No. of people
HKD1,000,000 and below (approximately RMB906,000 and below)	10
HKD1,000,001 to HKD1,500,000 (approximately RMB906,001 to RMB1,359,000)	1
HKD1,500,001 to HKD2,000,000 (approximately RMB1,359,001 to RMB1,812,000)	3
HKD2,000,001 to HKD2,500,000 (approximately RMB1,812,001 to RMB2,266,000)	1

Details of the annual remuneration of Directors for the year ended 31 December 2024 are set out in notes 10 and 11 to the consolidated financial statements.

12. THE TERM OF OFFICE FOR NON-EXECUTIVE DIRECTORS FOR THE YEAR AND UP TO THE DATE OF THIS ANNUAL REPORT

Non-executive Director	Term
Liang Yanfeng	The seventh session of the Board: from 27 February 2023 to the end of term of the seventh session of the Board
Ip Sing Chi	The seventh session of the Board: from 27 February 2023 to the end of term of the seventh session of the Board
Zhang Xueyan	The seventh session of the Board: from 24 October 2024 to the end of term of the seventh session of the Board
Huang Jian	The seventh session of the Board: from 27 February 2023 to 29 September 2024

B. ACCOUNTABILITY AND AUDITING

1. EXTERNAL AUDITORS

ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited were appointed as the external domestic and overseas auditors of the Company at the 2023 annual general meeting by the shareholders, respectively, until the conclusion of the next annual general meeting.

The Company has paid ShineWing Certified Public Accountants LLP RMB4,960,000 as remuneration for its foreign auditing service and related service provided for the year 2024, RMB5,280,000 as remuneration for its domestic auditing service and related service provided for the year 2024, and RMB920,000 as remuneration for its internal control and auditing service provided for the year 2024.

2. ACKNOWLEDGEMENT OF THE DIRECTORS AND AUDITORS

All Directors have confirmed their responsibility for preparing the annual accounts for the year ended 31 December 2024. SHINEWING (HK) CPA Limited, the auditor of the Company, has confirmed its reporting responsibilities as set out in the auditor's report in the financial statements for the year ended 31 December 2024.

C. INTERNAL CONTROL AND RISK CONTROL

PROCESS OF IDENTIFYING, ASSESSING AND MANAGING SIGNIFICANT RISKS

The Group has established the risk identification system, process or guidelines to ascertain the types, identification accountability and frequency of risks and the path of reporting. Based on this principle, the Group has adopted qualitative and quantitative approaches for risk assessment. The Group ascertained the focus of risk management according to its development strategies and conditions. It also selected risk management tools to formulate risk management solutions. The Group continued to monitor significant risks by establishing a risk management mechanism and contingency plans.

PROCESS OF REVIEWING THE EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS AND RESOLVING MATERIAL INTERNAL CONTROL DEFECTS

The Group has strengthened the three-layer risk management system by establishing a vertical top-down delegation and bottom-up approval system. The Group has established a three-line defense system, which includes risk identification, assessment, response and self-appraisal among different departments horizontally. The risk management department shall be responsible for the entire organization, coordination, guidance and supervision, while the audit department shall be responsible for regular audit and supervision. Meanwhile, the Group shall carry out an assessment of the effectiveness of internal control on a regular basis and prepare an annual internal control assessment report so that it can identify and address the deficiencies in a timely manner.

PROCEDURES FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION AND INTERNAL CONTROL MEASURES

The Group has established a stringent process to handle and disseminate inside information in accordance with relevant requirements under the Listing Rules and the SFO. To step up the Group's efforts for confidentiality of inside information, the Company has formulated the Registration and Filing System for Persons Who Possess Inside Information, which specifies the definition and scope of inside information and ascertains the process of registration and filing. The Group has also entered into confidentiality agreements with the persons who possess inside information.

PROCEDURES FOR MONITORING ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE RISKS

The Company has established a sustainability management organization and the Board is the highest decision – making body of the sustainability management organization. The Company's Investment Strategy Committee, as the coordinating and guiding body of the sustainability management organization, is responsible for guiding, analyzing and studying global political, social and environmental risks and opportunities that may affect the Company, overseeing and managing the Company's sustainable development strategy, related systems and ESG performance, and making decisions on major sustainable development issues. The above duties have been incorporated into the Working Rules for Investment Strategy Committee under the Board of the Company.

REVIEW OF THE INTERNAL CONTROL AND RISK CONTROL SYSTEMS

The Board is responsible for reviewing the effectiveness of the Group's internal control and risk control systems. The internal control and risk control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against any material misstatement or loss. The Board has assessed and reviewed the effectiveness of the internal control system through discussion with the Risk and Compliance Management Committee, the Audit Committee, the senior management, the internal audit team, the legal compliance and risk management department and external auditors and based on the reports from the internal audit team. The internal audit team and legal compliance and risk management department review all key controls in accordance with their audit plans on a regular basis, including financial, operational and compliance controls as well as risk management functions. They also report the findings to the Board and provide recommendations for improving the internal control of the Company. During 2024, there were two aforementioned reports. The Risk and Compliance Management Committee of the Board has considered the recommendations given by the external auditors at the meetings of the Risk and Compliance Management Committee of the Board.

The Board reviews the effectiveness of the Group's internal control system for the period semi-annually. The Board assesses the effectiveness of the internal control and risk control systems with reference to the evaluation by the Risk and Compliance Management Committee, the Audit Committee, the management as well as the internal audit team, the legal compliance and risk management department and external auditors. An annual review will also be made by considering the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

For the year ended 31 December 2024, the Board has reviewed the effectiveness of the Group's internal control and risk control systems with reference to the evaluation by the Audit Committee of the Board, the Risk and Compliance Management Committee, the senior management and the internal audit team. The Board is of the opinion that the internal control and risk control systems of the Group for financial reporting and non-financial reporting (including operational and compliance controls) are effective and adequate.

WHISTLEBLOWING POLICY AND SYSTEM

The employees of the Company may unanimously raise concerns about any impropriety that might arise in financial reporting or otherwise. The Audit Committee shall ensure that there are appropriate arrangements so that the Company can carry out fair and independent investigation and take proper actions against such matters.

POLICIES AND SYSTEMS THAT PROMOTE AND SUPPORT ANTI-CORRUPTION LAWS AND REGULATIONS

The Company strictly abide by the Interim Provisions on Banning Commercial Bribery, the Rules on Integrity of Executives of State-owned Enterprises, the Regulations of the Communist Party of China on Punishment for Party Discipline Violations, the Supervision Law of the People's Republic of China and the Implementation Rules for the Oversight Law of the People's Republic of China as well as other regulations. By establishing the sound anti-corruption mechanism, carrying out anti-corruption audit and cultivating an anti-corruption culture, we incorporated anti-corruption into our corporate governance and business process to strengthen the atmosphere of integrity, eliminate any form of corrupt behavior, and thus protect the sustainable development of the Company.

The Company has established an anti-corruption management mechanism coordinated by the leadership, with the Supervision and Audit Department as the lead department, and it has incorporated "major disciplinary matters" as an operational risk monitoring indicator into the overall risk monitoring indicator system of the Company, and conducted daily monitoring of the risk of corruption in the Company's operation with occasional risk checks. In 2024, we continued to promote the implementation of integrity responsibilities, carried out integrity inspections and special governance, and carried out systematic management of integrity issues to promote sound operation of the Company.

The Company has established a comprehensive and closed-loop internal audit and rectification mechanism to prevent corruption risks, and supervise the rectification of any problem identified; made a strict accordance with the State-owned Assets Supervision and Administration Commission of the State Council's regulations on the engagement of final-accounts auditing institutions by central SOEs and relevant requirements of the Group, we replace the annual final-accounts auditors through competitive negotiations regularly, and follow the approval procedures for listed companies. The Company's internal audit department and external auditors report to the Audit Committee on a regular basis each year. The Audit Committee is composed of directors with strong audit and financial backgrounds to provide assurance for scientific decisions at the corresponding decision-making level of the Board.

In addition, the Company strengthens the integrity management of its employees through the development of a wide variety of anti-corruption culture activities, and continues to strengthen and enhance the awareness and behavior of its employees in terms of integrity and self-discipline, thus creating a comprehensive anti-corruption culture of the Company.

D. SHAREHOLDER RIGHTS

1. PROCEDURES FOR EXTRAORDINARY GENERAL MEETINGS CONVENED BY SHAREHOLDERS

Shareholders shall demand the convening of an extraordinary general meeting according to the following procedures:

- (1) Shareholders individually or collectively holding more than 10% of the Company's shares shall be entitled to propose to the Board the convening of an extraordinary general meeting, provided that such proposal shall be made in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days after receiving such proposal. The aforementioned number of shares held is calculated based on the number shares held by the shareholder on the date of submission of the written proposal.
- (2) In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such proposal, shareholders individually or collectively holding more than 10% of the Company's shares shall be entitled to propose to the Supervisory Committee the convening of the extraordinary general meeting, provided that such proposal shall be made in writing.
- (3) Failure of the Supervisory Committee to issue the notice of the general meeting within the specified period shall be deemed failure of the Supervisory Committee to convene and preside over a general meeting, and shareholders individually or collectively holding more than 10% of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on a unilateral basis. The procedures for convening the meeting should be similar to those for convening a general meeting by the Board as far as possible. The venue of the meeting should also be at the location of the Company.
- (4) Where the shareholder(s) decide(s) to convene the general meeting by himself/herself/themselves, he/she/they shall send out a written notice to the Board, and shall report to the dispatched office of the CSRC and the stock exchange at the place where the Company is located. The convening shareholder(s) shall submit relevant evidence to the dispatched office of the CSRC and the stock exchange at the place where the Company is located upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.
- (5) The Board and the Secretary to the Board shall cooperate with respect to matters relating to a general meeting convened by the shareholder(s) at his/her/their own discretion. The Board shall provide the register of members as of the share registration date.
- (6) Necessary expenses on a general meeting convened by shareholders at their own discretion shall be borne by the Company and deducted from the monies payable by the Company to the defaulting Directors.

2. PROCEDURES FOR PROPOSING MOTIONS AT GENERAL MEETINGS

At general meetings of the Company, shareholders severally or jointly holding more than 3% of the Company's shares may propose motions to the Company. Shareholders severally or jointly holding 3% or more of the Company's shares may submit extraordinary motions in writing to the convener 10 days before the general meeting is convened. The convener shall issue a supplementary notice of general meeting within two days upon receipt of such extraordinary motions to announce the particulars of the extraordinary motions.

3. PROCEDURES FOR SHAREHOLDERS TO RECOMMEND AN INDIVIDUAL FOR ELECTION FOR A DIRECTOR

Shareholder nominees who fulfill requirements can participate in elections for the position of Director at the Company's annual general meeting and extraordinary general meeting. According to the Articles of Association:

- (1) The list of candidates for Directors shall be submitted as a resolution to be resolved at general meetings. Candidates for Directors other than independent Directors shall be nominated by the Board, the Supervisory Committee, or shareholder(s) severally or jointly holding more than 3% of the total number of shares with voting rights of the Company, and shall be elected at a general meeting of the Company. Candidates for independent Directors shall be nominated by the Board, the Supervisory Committee, or shareholder(s) severally or jointly holding more than 1% of the total number of shares with voting rights of the Company, and shall be elected at a general meeting of the Company.
- (2) A written notice of the intent of candidates nominated for Directors and the candidates' clear indication of their acceptance of nomination shall be delivered to the Company after the date of delivery of the notice of the general meeting at which a Director is to be elected and at least seven days before the date of such meeting, and the notice period shall not be shorter than seven days.
- (3) Resolutions in respect of the election for Directors shall be resolved by cumulative voting at the general meeting.
- (4) The Company shall announce the general meeting voting results in a timely manner. Appointed Directors shall enter into appointment contracts with the Company.

4. PROCEDURES FOR SHAREHOLDERS TO MAKE INQUIRIES TO THE BOARD OF DIRECTORS

Shareholders can submit their inquiries and questions in writing to the Board of Directors through the Company Secretary at any time. The Company Secretary can be contacted through the following methods:

No. 1 Building, Lane 1318, Shangcheng Road, Pudong New Area, Shanghai, the PRC

Postal code: 200127

Email: ir@coscoshipping.com

Shareholders can also make inquiries to the Board at the Company's general meetings.

E. COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company puts particular emphasis on communication with shareholders, and the implementation of measures related to the Company's communication with its shareholders is adequate and effective. All information related to the business, business strategies, and development of the Group is provided in the Company's annual report and interim report. The Company encourages shareholders to attend the annual general meeting and each extraordinary general meeting, which should serve as valuable communication forums with the management and for each other.

The Company actively promotes and enhances investor relations and communication with investors, and formulates the Investor Relations Management Measures of COSCO SHIPPING Development Co., Ltd. in accordance with the Hong Kong Listing Rules and other applicable laws, regulations and relevant provisions, which enhanced communication with investors and potential investors through information disclosure and communication, increases investors' understanding and recognition of the Company, and improves the level of corporate governance and overall value in order to maximize the overall interests of the Company and protect the legal interests of investors. The Company has set up a dedicated management post for investor relations responsible for issues related to investor relations. The Company utilizes results promotions, road shows, telephone conferences, the Company's website and investor visits to strengthen the ties and communication with investors and securities analysts as well as to constantly raise awareness of the Company among investors.

Shareholders, investors and the public can obtain the latest information about the Group on the Company's website.

Corporate Governance Report

In order to standardize and enhance the transparency of cash dividends distribution of the Company, the Resolution Regarding Amendments to the Articles of Association of the Company and Related Corporate Governance Systems was considered and approved at the twelfth meeting of the seventh session of the Board of the Company and the 2023 annual general meeting in accordance with the Company Law, Securities Law and other relevant laws, regulations and normative documents and based on the actual situation of the Company. Pursuant to the revised Articles of Association, the profit distribution policy of the Company is as follows:

1. The Company may distribute the dividends in the following forms:
 - (1) cash;
 - (2) shares.
2. The basic principles of the profit distribution policy of the Company:
 - (1) the Company shall take full account of return to investors and distribute dividend to its shareholders each year in proportion to the distributable profit realized in the year concerned (being the lower of the amounts as stated in the financial statements and the consolidated financial statements of the parent company);
 - (2) the Company shall place an emphasis in creating reasonable return to its shareholders, maintain the continuity and stability of its profit distribution policy, and operate its businesses for the long-term interest of the Company, the entire interest of all its shareholders and the sustainable development of the Company; the Company's profit distribution shall neither exceed the amount of accumulated distributable profit nor undermine its ongoing operation;
 - (3) the Company shall give priority to dividend distribution in cash.
3. The profit distribution policy of the Company is specified as follows:
 - (1) Profit distribution

The Company may distribute dividends in cash, in shares, in a combination of both cash and shares or otherwise as permitted by laws and regulations. The Company shall give priority to dividend distribution in cash.

(2) Intervals of profit distribution

Subject to the adherence of the profit distribution principles and pre-conditions, the Company shall in principle distribute profit each year. The Board of the Company may propose interim profit distribution with reference to the Company's profitability and capital requirements where available. When the Company convenes an annual general meeting to consider the annual profit distribution plan, it may consider and approve the conditions, maximum proportion and maximum amount of cash dividends for the interim period of the next year. The maximum amount of interim dividend for the next year shall not exceed the net profit attributable to shareholders of the Company for the corresponding period. The Board shall formulate a specific interim dividend plan in accordance with the resolutions of the shareholders' general meeting, subject to the conditions of profit distribution.

(3) Specific conditions and proportions of cash dividend

The following conditions shall be met at the same time in distributing annual cash dividends by the Company:

- i. If the Company makes profit and the distributable profit realized in the year concerned (i.e. profits after tax after the Company covers the losses and withdraws the reserve) are positive (according to the financial statements of the parent company) with adequate liquidity, the Company may distribute dividend in cash provided that it shall not undermine the subsequent ongoing operation of the Company.
- ii. Auditors had issued a standard unqualified audit report for the financial statements of the Company for the year concerned.
- iii. The capital needs for the Company's normal operation are satisfied and there is no such event as significant cash expenditure, excluding projects funded by raised proceeds.

Such significant cash expenditure refers to the proposed external investment, asset acquisition, repayment of net debts or acquisition of equipment by the Company with accumulated expenditure within the next 12 months amounting to or exceeding 30% of the latest audited net assets of the Company.

The Company shall comply with the policy objectives set out as follows when distributing cash dividends:

Corporate Governance Report

Pursuant to the provisions of the Company Laws of the People's Republic of China and relevant laws and regulations, as well as the Articles of Association, provided that the conditions for cash dividend distribution are satisfied and are consistent with the normal operation and sustainable development of the Company, dividends distributed in the form of cash to be made shall not be less than 10% of the distributable profit realized for the year concerned, on the condition that no significant cash expenditure are expected. In addition, the accumulated profits to be distributed in cash for any three consecutive years concerned shall not be less than 30% of the average annual distributable profit for that three years. The specific distribution proportion for each year shall be determined by the Board of the Company based on the Company's operating conditions and relevant rules of the CSRC and submitted to the general meeting for consideration and approval.

The Board of the Company shall take various factors into consideration, including its industry features, development stages, business model and profitability, debt servicing capability as well as whether it has any substantial capital expenditure arrangements and investor returns, and differentiate the following circumstances to propose a differentiated policy for cash dividend distribution pursuant to the procedures stipulated in the Articles of Association:

- i. Where the Company is in a developed stage with no substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 80% of the profit distribution;
- ii. Where the Company is in a developed stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 40% of the profit distribution;
- iii. Where the Company is in a developing stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 20% of the profit distribution.

In the case that it is difficult to distinguish the Company's development stage but the Company has significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to item iii of the preceding paragraph.

(4) Specific conditions of distributing dividends

The Company may make profit distribution in form of shares when its operation performance is satisfactory and the Board believes that the price of the Company's shares does not match the size of the Company's share capital and that the distribution of dividends is in the interest of all shareholders of the Company as whole, provided that the above conditions for cash dividends are met. When the Company makes profit distribution in form of shares, it shall be based on the premise of giving shareholders reasonable cash dividend and returns and maintaining the appropriate size of the share capital, as well as taking into account the growth of the Company and the dilution of net assets per share.

The profit distribution plan for the Year is as follows:

The Company distributed 2024 interim cash dividend of RMB0.19 per 10 shares (including tax) and intended to distribute 2024 final cash dividend of RMB0.19 per 10 shares (including tax) to all shareholders.

According to the relevant regulations of the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited, the A shares and H shares that have been repurchased but not yet deregistered by the Company are not entitled to the right of profit distribution. As of 28 March 2025, the total share capital of the Company was 13,575,938,612 shares, 92,943,992 A shares and 147,101,000 H shares were deposited in the Company's repurchase account, and the total share capital was calculated as 13,335,893,620 shares after deducting the number of shares that have been repurchased but not yet deregistered, and the total planned cash dividend was about RMB253 million (including tax). The total amount of cash dividends (including the cash dividends distributed in the interim period) for the year was approximately RMB511 million, and the total amount paid by the Company for the repurchase of A-shares through centralized bidding was approximately RMB108 million, and the total amount of cash dividends and repurchases amounted to approximately RMB619 million, accounting for approximately 36.70% of the net profit attributable to shareholders of listed companies during the year.

If there is a change in the total share capital of the Company that can participate in the distribution of rights and interests from 28 March 2025 to the date of registration of the implementation of the distribution of rights and interests, the Company will adjust the total amount of distribution accordingly in accordance with the principle that the amount of distribution per share remains unchanged. If there is a change in the total share capital of the follow-up, a separate announcement will be made to adjust the situation.

The profit distribution plan has yet to be submitted to the general meeting for review.

Corporate Governance Report

F. MATERIAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In 2024, the amended version of the Company's Articles of Association became effective and published, which was considered and approved at the 12th meeting of the seventh session of the Board and the 2023 annual general meeting, the 2024 first A share class meeting and the 2024 first H share class meeting of the Company.

G. COMPANY SECRETARY

Mr. Cai Lei is the company secretary of the Company and one of the Company's main contact persons with the Hong Kong Stock Exchange. Pursuant to Rule 3.29 of the Listing Rules, during the year ended 31 December 2024, Mr. Cai Lei attended more than 15 hours of relevant professional training.

Report of the Supervisory Committee

In accordance with the regulations of the Company Law, Securities Law, the Articles of Association of COSCO SHIPPING Development Co., Ltd. (hereinafter, the “**Company**”) and the rules of procedures of the Supervisory Committee, the Supervisory Committee of the Company upheld the spirit of responsibility to all shareholders, faithfully carried out its supervisory obligations and commenced work in a proactive and effective manner, thus safeguarding the legitimate interests of the shareholders of the Company.

I. WORKING STATUS OF THE SUPERVISORY COMMITTEE

During the reporting period, the Supervisory Committee of the Company attended general manager meetings, Board meetings, general meetings of the Company and examined the Company according to the regulations of the Articles of Association, conducting thorough monitoring and inspection on the operating status and financial status of the Company, as well as the status of the Board of the Company and its management carrying out their obligations.

During the reporting period, the Supervisory Committee convened five meetings:

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject
Seventh meeting of the seventh session of the Supervisory Committee	28 March 2024	Physical presence	All	1. Proposal Regarding the Company's Report of the Supervisory Committee for 2023
				2. Proposal Regarding the Company's Financial Report for 2023
				3. Proposal Regarding the Company's Profit Distribution for 2023
				4. Proposal Regarding the Company's 2023 Annual Report and the Results Announcement
				5. Proposal Regarding the Special Report on the Deposit and Use of Proceeds in 2023
				6. Proposal Regarding the Company's Internal Control Assessment Report for 2023
Eighth meeting of the seventh session of the Supervisory Committee	29 April 2024	Physical presence	All	1. Proposal Regarding the Company's Report for the First Quarter of 2024

Report of the Supervisory Committee

Name of meeting	Convening time	Convening method	Attendance of Supervisors	Subject
Ninth meeting of the seventh session of the Supervisory Committee	30 August 2024	Physical presence	All	1. Proposal Regarding the Company's Financial Report for the First Half of 2024 2. Proposal Regarding the Company's Interim Report and the Interim Results Announcement for 2024 3. Proposal Regarding the Distribution of the Company's Interim Profits for 2024 4. Proposal Regarding the Special Report on the Deposit and Use of Proceeds for the First Half of 2024
Tenth meeting of the seventh session of the Supervisory Committee	29 September 2024	Written communication	All	1. Proposal Regarding the election of Zuo Zhenyong (左振永) as the Shareholder Representative Supervisor of the Company
Eleventh meeting of the seventh session of the Supervisory Committee	30 October 2024	Physical presence	All	1. Proposal Regarding the Company's Third Quarterly Report for 2024

II. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE

1. OPERATION IN COMPLIANCE WITH LAWS

The Board and the management of the Company strictly adhered to operation compliance in accordance with the Company Law, the Securities Law, Articles of Association of the Company and applicable laws and regulations where the Company's shares are listed. The Supervisory Committee did not find any act by the members of the Board and the senior management of the Company in performance of their duties that might breach the laws, regulations and the Articles of Association of the Company or impair the interest of the Company during the reporting period.

2. REVIEW OF FINANCIAL POSITION

The financial statements of the Company are true and reliable, and gave a fair view of the financial position and operating results of the Company.

3. ACTUAL USE OF THE PROCEEDS

During the Reporting Period, there were no irregularities in the management of the Company's proceeds raised. The Company has faithfully fulfilled its disclosure obligations in respect of the investment and progress of the proceeds raised, and the use and disclosure of the proceeds had complied with the relevant regulations.

4. ACQUISITION AND DISPOSALS OF ASSETS AND RELATED PARTY TRANSACTIONS

The prices for disposals of assets during the reporting period of the Company were fair and no insider trading was found. The Company strictly adhered to the principles of "fair, just and open" in conducting the related party transactions. These related party transactions were on normal commercial terms and conducted in accordance with laws and regulations, and no infringement of interest of the Company was found.

The Supervisory Committee of the Company shall strictly adhere to the Company Law, the Securities Law, Articles of Association of the Company and other laws and regulations in diligent performance of its supervisory duties for protection of legal interests of the Company and the Shareholders as a whole.

Supervisory Committee
COSCO SHIPPING Development Co., Ltd.
28 March 2025

Independent Auditor's Report



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF COSCO SHIPPING DEVELOPMENT CO., LTD.

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

OPINION

We have audited the consolidated financial statements of COSCO SHIPPING Development Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 113 to 249, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Independent Auditor's Report (continued)

REVENUE RECOGNITION

Refer to note 5 to the consolidated financial statements and the accounting policies on pages 159 to 161.

The key audit matter

The Group's revenue is mainly generated from shipping and industry-related leasing, and container manufacturing. Revenue from shipping and industry-related leasing, container manufacturing and investment management business amounted to RMB7,514,493,000, RMB19,871,857,000 and RMB24,895,000 representing 27.4%, 72.5% and 0.1% respectively of total revenue of the Group.

We identified the revenue recognition as a key audit matter because of its significance to the consolidated statement of profit or loss. Revenue is one of the key performance indicators of the Group and accuracy in recognition of revenue has material impact on the Group's profit for the year. Moreover, significant management judgements are involved in determination of revenue recognition. Therefore, revenue recognition was considered as a key audit matter.

How the matter was addressed in our audit

Our procedures in relation to the revenue recognition are as follows:

We obtained an understanding of processes and internal controls of revenue recognition and performed testing on the design and execution effectiveness of key internal controls.

For the shipping and industry-related leasing, we reviewed the key terms of the selected leasing contracts, evaluated management's judgments applied when determining the classification of the leases and examined the accounting treatment of lease transactions based on the classification of the leases.

For the container manufacturing business, we inspected the sales contract on a sampling basis to identify the sales business contract and each individual performance obligation, and evaluated whether the point of time when the customer obtains control of the service as judged by the management meets the requirements of the accounting policies adopted.

We also performed analytical procedures and detailed tests to review the completeness, accuracy, cut-off of revenue recognition and the adequacy of disclosure in the consolidated financial statements.

Independent Auditor's Report (continued)

EXPECTED CREDIT LOSSES ("ECLS") ON FINANCE LEASE RECEIVABLES

Refer to notes 23 to the consolidated financial statements and the accounting policies on pages 146 to 151.

The key audit matter

The carrying amount of finance lease receivables as at 31 December 2024 was RMB29,441,547,000 which was material to the consolidated financial statements.

Impairment was provided for ECLs on finance lease receivables. The Group measures ECLs on finance lease receivables by assessing if any significant increase in credit risk since its initial recognition as well as applying estimation on the key inputs. Since the estimation for ECLs involves significant management judgements, estimates and assumptions, including industry index, macroeconomic indicators, customers' credit risks and historic payment records, etc., the estimation of ECLs for finance lease receivables is considered as a key audit matter.

How the matter was addressed in our audit

Our procedures to assess the ECLs included:

- (i) evaluating the design and test the operating effectiveness of internal controls over the Group's processes of credit assessment;
- (ii) reviewing the credit grading of the selected samples and assessing management's judgements applied when determining the significant increase in credit risk;
- (iii) evaluating management's assumptions and estimates used in the calculation, mainly including probability of default and loss given default, by checking them against internal historical credit loss experience and external information; and
- (iv) recalculating the ECL provision of finance lease receivables.

We also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

Independent Auditor's Report (continued)

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

Independent Auditor's Report (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Wing Kit.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Chan Wing Kit

Practising Certificate Number: P03224

Hong Kong

28 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Continuing operations:			
Revenue	5	27,411,245	15,533,247
Cost of sales		(22,767,001)	(11,233,093)
Gross profit		4,644,244	4,300,154
Other income	6	301,065	371,516
Other gains, net	7	386,189	442,338
Selling, administrative and general expenses		(1,182,444)	(1,275,507)
Expected credit losses, net		(84,523)	(132,396)
Finance costs	9	(4,035,382)	(3,936,878)
Share of profits of associates		1,511,515	1,543,383
Share of profits of joint ventures	20	6,908	32,656
Profit before tax	8	1,547,572	1,345,266
Income tax (expenses)/credit	12	(125,066)	32,212
Profit for the year from continuing operations		1,422,506	1,377,478
Discontinued operation			
Profit for the year from a discontinued operation	14	213,660	30,077
Profit for the year		1,636,166	1,407,555
Profit attributable to owners of the Company:			
– From continuing operations		1,472,287	1,377,478
– From a discontinued operation		213,660	30,077
Profit for the year attributable to owners of the Company		1,685,947	1,407,555
Loss for the year attributable to non-controlling interests:			
– From continuing operations		(49,781)	–
		1,636,166	1,407,555
Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB per share)	15		
Basic			
– For profit for the year		0.1246	0.1040
– For profit from continuing operations		0.1088	0.1018
Diluted			
– For profit for the year		0.1246	0.1039
– For profit from continuing operations		0.1088	0.1017

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Profit for the year	1,636,166	1,407,555
Other comprehensive income/(expense)		
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of associates	313,018	69,043
Share of other comprehensive expense of joint ventures	(295)	(221)
Cash flow hedges		
Effective portion of changes in fair value of hedging instruments arising during the year	(75,673)	20,184
Reclassification adjustments for gains included in the consolidated statement of profit or loss	1,024	870
	(74,649)	21,054
Exchange differences on translation of foreign operations	115,740	206,170
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	353,814	296,046
Other comprehensive (expense)/income that may not be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive (expense)/income of associates	(115,373)	14,238
Share of other comprehensive income of joint ventures	–	677
Net other comprehensive (expense)/income that may not be reclassified to profit or loss in subsequent periods	(115,373)	14,915
Other comprehensive income for the year, net of tax	238,441	310,961
Total comprehensive income for the year	1,874,607	1,718,516
Attributable to:		
Owners of the Company	1,924,388	1,718,516
Non-controlling interests	(49,781)	–

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	31/12/2024 RMB'000	31/12/2023 RMB'000
Non-current assets			
Property, plant and equipment	16	50,787,669	45,256,774
Investment properties	17	105,829	104,661
Right-of-use assets	18	763,005	768,387
Intangible assets	19	135,630	118,247
Investments in joint ventures	20	128,694	133,235
Investments in associates	21	26,905,498	25,668,181
Financial assets at fair value through profit or loss	22	2,093,635	2,300,347
Finance lease receivables	23	26,916,607	28,491,377
Derivative financial instruments	25	33,954	35,609
Deferred tax assets	26	282,680	261,900
Other long-term prepayments		85,497	170,656
Total non-current assets		108,238,698	103,309,374
Current assets			
Inventories	27	2,267,719	2,197,550
Trade and notes receivables	28	2,557,244	1,778,295
Contract assets	34	6,718	–
Prepayments and other receivables	29	2,035,663	1,862,121
Financial assets at fair value through profit or loss	22	34,354	661,647
Finance lease receivables	23	2,524,940	2,870,565
Factoring receivables	24	–	16,805
Derivative financial instruments	25	–	30,998
Restricted and pledged deposits	30	24,586	3,150
Cash and cash equivalents	31	8,677,216	13,023,417
Assets classified as held for sale	14	–	177,068
Total current assets		18,128,440	22,621,616

Consolidated Statement of Financial Position (continued)

As at 31 December 2024

	Notes	31/12/2024 RMB'000	31/12/2023 RMB'000
Current liabilities			
Trade and notes payables	32	3,870,652	2,603,395
Other payables and accruals	33	2,642,846	2,878,261
Contract liabilities	34	83,607	63,047
Derivative financial instruments	25	41,996	–
Bank and other borrowings	35	32,493,803	32,221,992
Lease liabilities	37	87,209	106,660
Tax payable		151,384	189,441
		39,371,497	38,062,796
Liabilities associated with assets classified as held for sale	14	–	148,392
Total current liabilities		39,371,497	38,211,188
Net current liabilities		(21,243,057)	(15,589,572)
Total assets less current liabilities		86,995,641	87,719,802
Non-current liabilities			
Bank and other borrowings	35	43,312,253	49,629,059
Corporate bonds	36	12,000,000	8,000,000
Lease liabilities	37	155,936	169,325
Deferred tax liabilities	26	65,197	17,521
Deferred income	38	87,632	83,379
Other long-term payables		768,944	536,840
Total non-current liabilities		56,389,962	58,436,124
Net assets		30,605,679	29,283,678

Consolidated Statement of Financial Position (continued)

As at 31 December 2024

	Notes	31/12/2024 RMB'000	31/12/2023 RMB'000
Equity			
Share capital	39	13,575,939	13,575,939
Treasury shares	39	(296,465)	(84,206)
Other reserves	41	17,016,300	15,791,945
Equity attributable to owners of the Company		30,295,774	29,283,678
Non-controlling interests		309,905	–
Total equity		30,605,679	29,283,678

The consolidated financial statements on pages 113 to 249 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

Zhang Mingwen

Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital	Share premium	Treasury shares	Share option reserve	Other capital reserves	Share of other comprehensive income arising from the equity method	Hedging reserve	Exchange fluctuation reserve	Special reserves	Surplus reserve	Retained profits	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
Notes	RMB'000	(Note a) RMB'000	RMB'000	(Note a) RMB'000	(Note a) RMB'000	(Note a) RMB'000	(Note a) RMB'000	(Note a) RMB'000	(Note a) RMB'000	(Note a) RMB'000	(Note a) RMB'000	(Note a) RMB'000	(Note a) RMB'000	(Note a) RMB'000
	(note 39)			(note 40)										
At 1 January 2024	13,575,939	20,023,352	(84,206)	12,482	(21,786,842)	(218,788)	64,606	(1,939,003)	-	2,222,832	17,413,506	29,283,678	-	29,283,678
Profit for the year	-	-	-	-	-	-	-	-	-	-	1,685,947	1,685,947	(49,781)	1,636,166
Other comprehensive income/(expense) for the year:														
Share of other comprehensive income of associates	-	-	-	-	-	197,645	-	-	-	-	-	197,645	-	197,645
Share of other comprehensive expense of joint ventures	-	-	-	-	-	(295)	-	-	-	-	-	(295)	-	(295)
Effective portion of changes in fair value of hedging instruments, net of tax	-	-	-	-	-	-	(74,649)	-	-	-	-	(74,649)	-	(74,649)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	115,740	-	-	-	115,740	-	115,740
Total comprehensive income/(expense) for the year	-	-	-	-	-	197,350	(74,649)	115,740	-	-	1,685,947	1,924,388	(49,781)	1,874,607
Business combination due to contractual arrangements	-	-	-	-	-	-	-	-	-	-	-	-	359,686	359,686
Repurchase of shares	-	-	(212,259)	-	-	-	-	-	-	-	-	(212,259)	-	(212,259)
Equity-settled share option arrangements	-	1,217	-	(5,518)	-	-	-	-	-	-	-	(4,301)	-	(4,301)
Share of other capital reserves using the equity method	-	-	-	-	(4,824)	-	-	-	-	-	-	(4,824)	-	(4,824)
Share of other comprehensive income using the equity method reclassified to retained profits	-	-	-	-	-	448,137	-	-	-	-	(448,137)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(690,908)	(690,908)	-	(690,908)
Transfer from retained profits	-	-	-	-	-	-	-	-	73,375	29,426	(102,801)	-	-	-
Utilisation of reserve fund	-	-	-	-	-	-	-	-	(73,375)	-	73,375	-	-	-
At 31 December 2024	13,575,939	20,024,569	(296,465)	6,964	(21,791,666)	426,699	(10,043)	(1,823,263)	-	2,252,058	17,930,982	30,295,774	309,905	30,605,679

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2024

	Share capital	Share premium	Treasury shares	Share option reserve	Other capital reserves	Share of other comprehensive income arising from the equity method	Hedging reserve	Exchange fluctuation reserve	Special reserves	Surplus reserve	Retained profits	Total equity
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	13,586,477	20,050,063	(173,155)	17,425	(21,578,719)	(302,525)	43,552	(2,145,173)	-	2,173,089	17,221,593	28,892,627
Profit for the year	-	-	-	-	-	-	-	-	-	-	1,407,555	1,407,555
Other comprehensive income for the year:												
Share of other comprehensive income of associates	-	-	-	-	-	83,281	-	-	-	-	-	83,281
Share of other comprehensive income of joint ventures	-	-	-	-	-	456	-	-	-	-	-	456
Effective portion of changes in fair value of hedging instruments, net of tax	-	-	-	-	-	-	21,054	-	-	-	-	21,054
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	206,170	-	-	-	206,170
Total comprehensive income for the year	-	-	-	-	-	83,737	21,054	206,170	-	-	1,407,555	1,718,516
Exercise of share options	40	2,639	(1,258)	(8,270)	-	-	-	-	-	-	-	43,430
Cancellation of treasury shares	39	(13,177)	(25,453)	-	-	-	-	-	-	-	-	-
Equity-settled share option arrangements	40	-	-	3,327	-	-	-	-	-	-	-	3,327
Share of other capital reserves using the equity method	-	-	-	-	3,495	-	-	-	-	-	-	3,495
Dilution effect using the equity method	-	-	-	-	(211,618)	-	-	-	-	-	-	(211,618)
Dividends paid	13	-	-	-	-	-	-	-	-	(1,178,608)	(1,178,608)	-
Transfer from retained profits	-	-	-	-	-	-	-	-	36,810	49,543	(73,844)	12,509
Utilisation of reserve fund	-	-	-	-	-	-	-	-	(36,810)	-	36,810	-
At 31 December 2023	13,575,939	20,023,352	(84,206)	12,482	(21,786,842)	(218,788)	64,606	(1,939,003)	-	2,222,632	17,413,506	29,283,678

Notes:

- (a) These accounts comprise the consolidated other reserves of RMB17,016,300,000 (2023: RMB15,791,945,000) in the consolidated statement of financial position.
- (b) In accordance with the PRC regulations and the articles of association of the companies of the Group, before distributing the net profit of each year, companies of the Group registered in the PRC are required to set aside 10% of their statutory net profit for the year after offsetting any prior year's losses as determined under relevant PRC accounting standards to the statutory surplus reserve fund. When the balance of this reserve reaches 50% of each PRC entity's share capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' losses or to issue bonus shares.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		6,718,197	5,674,704
Income tax paid		(14,138)	(360,344)
Net cash flows generated from operating activities	43(b)	6,704,059	5,314,360
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates		446,936	376,846
Dividends received from a joint venture		589	184
Dividends received from financial assets at fair value through profit or loss		145,742	23,806
Purchase of property, plant and equipment		(7,645,110)	(3,677,975)
Proceeds from disposal of property, plant and equipment		242,833	92,474
Purchase of intangible assets		(50,962)	(47,090)
Purchase of investments in associates	21	(3,557)	(300,000)
Proceeds from disposal of investments in associates	21	22,878	87,750
Purchase of investment in a joint venture	20	–	(3,000)
Proceeds from disposal of investment in a joint venture	20	3,124	–
Purchase of financial assets at fair value through profit or loss		(7,000)	(380)
Proceeds from disposal of financial assets at fair value through profit or loss		1,036,851	655,863
Net cashflow from disposal of a subsidiary and disposal group held for sale	14,42	262,041	–
Decrease in finance lease receivables		2,428,949	3,395,874
Decrease in factoring receivables		582	414,568
Increase in restricted and pledged deposits		(817)	(867)
Decrease in other long-term payables		–	(55,281)
Increase/(decrease) in other cash movement related to investing activities		3,794	(46)
NET CASH FLOWS (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(3,113,127)	962,726

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment on repurchase of shares		(212,259)	—
New bank and other borrowings		41,268,909	45,202,709
Repayment of bank and other borrowings		(48,196,899)	(48,852,249)
Issue of corporate bonds		4,000,000	—
Payment of principal portion of lease liabilities		(119,073)	(56,822)
Interest paid		(4,322,302)	(4,089,287)
Dividends paid to owners of the company		(690,908)	(1,178,608)
Proceeds from exercise of share options		—	43,430
(Increase)/decrease in restricted and pledged deposits		(20,619)	3,072
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(8,293,151)	(8,927,755)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,702,219)	(2,650,669)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		13,023,556	15,440,560
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET		355,879	233,665
		8,677,216	13,023,556
CASH AND CASH EQUIVALENTS AT END OF YEAR	31	8,677,216	13,023,417
REPRESENTING BANK BALANCES AND CASH ATTRIBUTABLE TO ASSETS HELD FOR SALE	14	—	139
		8,677,216	13,023,556

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION

COSCO SHIPPING Development Co., Ltd. (the “**Company**”) is a joint stock company with limited liability established in the People’s Republic of China (the “**PRC**”). The address of the Company’s registered office is Room A-538, International Trade Center Lin-gang special Area of the Shanghai Pilot Free Trade Zone. the PRC.

During the year, the principal activities of the Group were as follows:

- (a) Manufacture and sales of containers;
- (b) Operating leasing and financial leasing; and
- (c) Investment management.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company are China Shipping Group Company Limited and China COSCO Shipping Corporation Limited, respectively, both established in the PRC.

On 10 November 2023, the Group entered into a transfer equity agreement with a fellow subsidiary, pursuant to which the Group agreed to dispose of 100% equity interests of a subsidiary of the Group, Helen Insurance Brokers Limited (“**Helen Insurance**”). The transaction was completed in 2024. Helen Insurance was accounted as discontinued operation under HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2024 and 2023 are as follows:

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
COSCO SHIPPING Development (Hong Kong) Co., Ltd.	Hong Kong	HK\$1,000,000, US\$2,070,037,500 and RMB4,900,000,000	100%	–	Vessel chartering and container leasing
CSCL Star Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Venus Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Jupiter Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Mercury Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Mars Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Saturn Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Uranus Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Neptune Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Bohai Sea Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Yellow Sea Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL East China Sea Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL South China Sea Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Spring Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Summer Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Autumn Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CSCL Winter Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Globe Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Pacific Ocean Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Indian Ocean Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Atlantic Ocean Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
CSCL Arctic Ocean Shipping Co., Ltd.	Hong Kong	HK\$10,000	–	100%	Vessel chartering
COSCO SHIPPING Development (Asia) Co., Ltd.	British Virgin Islands ("BVI")	US\$514,465,000	–	100%	Vessel chartering and container leasing
Arisa Navigation Company Limited	Cyprus	CYP1,000	–	100%	Vessel chartering
YangshanA Shipping Company Limited	BVI	US\$50,000	–	100%	Vessel chartering
YangshanB Shipping Company Limited	BVI	US\$50,000	–	100%	Vessel chartering
YangshanC Shipping Company Limited	BVI	US\$50,000	–	100%	Vessel chartering
YangshanD Shipping Company Limited	BVI	US\$50,000	–	100%	Vessel chartering
Oriental Fleet International Co., Ltd.	Hong Kong	HK\$140,000,000 and US\$292,478,700	–	100%	Investment holding
Oriental Fleet Asset Management Limited	Hong Kong	HK\$10,000	–	100%	Provision of management service
Oriental Fleet LNG01 Limited	BVI	US\$1	–	100%	Finance leasing
Oriental Fleet LNG02 Limited (note c)	Marshall Islands ("Marshall")	US\$1	–	– (2023: 100%)	Finance leasing

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet LNG03 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet HLCV01 Limited	BVI	US\$1	–	100%	Finance leasing
Oriental Fleet HLCV02 Limited	BVI	US\$1	–	100%	Finance leasing
Oriental Fleet HLCV03 Limited	BVI	US\$1	–	100%	Finance leasing
Oriental Fleet HLCV04 Limited	BVI	US\$1	–	100%	Finance leasing
Oriental Fleet HLCV05 Limited	Marshall	US\$1	–	100%	Finance leasing
Oriental Fleet HLCV06 Limited	Marshall	US\$1	–	100%	Finance leasing
Oriental Fleet Bulk01 Limited (note c)	Marshall	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Bulk02 Limited (note c)	Marshall	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Bulk03 Limited (note c)	Marshall	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Bulk04 Limited (note c)	Marshall	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Bulk05 Limited	Liberia	US\$1	–	100%	Finance leasing
Oriental Fleet Bulk06 Limited	Liberia	US\$1	–	100%	Finance leasing
Oriental Fleet Bulk07 Limited	Liberia	US\$1	–	100%	Finance leasing
Oriental Fleet Bulk08 Limited	Liberia	US\$1	–	100%	Finance leasing
Oriental Fleet Bulk09 Limited	Liberia	US\$1	–	100%	Finance leasing

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet Bulk10 Limited	Liberia	US\$1	–	100%	Finance leasing
Oriental Fleet Bulk11 Limited	Liberia	US\$1	–	100%	Finance leasing
Oriental Fleet Bulk12 Limited	Liberia	US\$1	–	100%	Finance leasing
Oriental Fleet Bulk18 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Bulk19 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Bulk20 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Bulk21 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Bulk22 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Bulk23 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Chemical01 Limited	BVI	US\$1	–	100%	Finance leasing
Oriental Fleet Cruise01 Limited	Marshall	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker03 Limited	Marshall	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker04 Limited	Marshall	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker05 Limited	Marshall	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker06 Limited	Marshall	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker07 Limited (note c)	Marshall	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Tanker08 Limited (note c)	Marshall	US\$1	–	– (2023: 100%)	Finance leasing

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet Tanker09 Limited (note c)	Marshall	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Tanker10 Limited (note c)	Marshall	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Tanker11 Limited (note c)	Marshall	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Tanker12 Limited (note c)	Marshall	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Tanker13 Limited (note c)	Marshall	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Tanker14 Limited (note c)	Liberia	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Tanker15 Limited (note c)	Liberia	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Tanker16 Limited	Liberia	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker17 Limited	Marshall	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker18 Limited	Marshall	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker19 Limited (note c)	Liberia	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Tanker22 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker23 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker24 Limited	Hong Kong	US\$1	–	100%	Finance leasing

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet Tanker25 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker26 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet GC01 Limited	Liberia	US\$1	–	100%	Finance leasing
Oriental Fleet GC02 Limited	Liberia	US\$1	–	100%	Finance leasing
Oriental Fleet GC03 Limited	Liberia	US\$1	–	100%	Finance leasing
Oriental Fleet GC04 Limited	Liberia	US\$1	–	100%	Finance leasing
Oriental Fleet Container01 Limited (note c)	Liberia	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Container02 Limited (note c)	Liberia	US\$1	–	– (2023: 100%)	Finance leasing
Oriental Fleet Container08 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Container09 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Container10 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Container11 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Container12 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Pulp01 Limited	Hong Kong	US\$1	–	100%	Vessel chartering
Oriental Fleet Tanker27 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker28 Limited	Hong Kong	US\$1	–	100%	Finance leasing

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet RORO 01 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Bulk Fleet Flourish Company Limited	Hong Kong	US\$1	–	100%	Vessel chartering
Bulk Fleet Prosperity Company Limited	Hong Kong	US\$1	–	100%	Vessel chartering
Florens Container Industry Limited	BVI	US\$435,000,001	–	100%	Container leasing
Florens Asset Management (Singapore) PTE. Limited	Singapore	SGD\$10,000	–	100%	Provision of container management services
Dong Fang International Asset Management Limited	Hong Kong	HK\$3	–	100%	Provision of management service
Dong Fang International Container Limited	BVI	US\$50,000	–	100%	Investment holding
Florens International Limited	BVI	US\$1,833,966,965	–	100%	Investment holding
Florens (China) Company Limited	PRC	US\$12,800,000	–	100%	Container leasing
Florens Maritime Limited	Bermuda	US\$12,000	–	100%	Container leasing
Florens Container Corporation S.A.	Panama	US\$578,726,783.2	–	100%	Container leasing
Florens Asset Management Company Limited	Hong Kong	HK\$100	–	100%	Provision of container management services
Florens Asset Management (Deutschland) GmbH	Deutschland	EUR25,564.6	–	100%	Provision of container management services
Florens Asset Management (Italy) S.R.L.	Italy	EUR10,400	–	100%	Provision of container management services

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Florens Asset Management (USA), Ltd.	United States	US\$1	–	100%	Provision of container management services
Florens Container, Inc. (2002)	United States	US\$1	–	100%	Sales of containers
Fairbreeze Shipping Company Limited	Hong Kong	HK\$500,000	–	100%	Property investment
Helen Insurance Brokers Limited (note a)	Hong Kong	HK\$3,000,000	–	– (2023: 100%)	Provision of insurance brokerage services
China Shipping Investment Co., Ltd. ("CS Investment")	PRC	RMB21,383,000,000	100%	–	Investment holding
China COSCO SHIPPING Development (Tianjin) Leasing Company Limited	PRC	RMB1,000,000,000	–	100%	Finance leasing
Haihui Commercial Factoring (Tianjin) Co., Ltd. (note b)	PRC	RMB397,939,194	–	– (2023: 100%)	Commercial factoring
Shanghai Universal Logistics Equipment Co., Ltd.	PRC	RMB4,020,000,000	–	100%	Investment holding
Dong Fang International Container (Lianyungang) Co., Ltd.	PRC	US\$44,133,900	–	100%	Container manufacturing
Dong Fang International Container (Jinzhou) Co., Ltd.	PRC	US\$20,000,000	–	100%	Container manufacturing
Dong Fang International Container (Guangzhou) Co., Ltd.	PRC	US\$21,417,780	–	100%	Container manufacturing
Dong Fang International Container (Hong Kong) Co., Ltd.	Hong Kong	US\$10,000	–	100%	Trading
Suzhou Yuanhai Doukui Investment LLP	PRC	RMB600,000,000	–	100%	Investment holding

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Suzhou Yuanhai Tianji Investment LLP	PRC	RMB256,200,000	–	100%	Investment holding
COSCO SHIPPING (Shanghai) Investment Management Co., Ltd.	PRC	RMB3,021,033,540.37	100%	–	Investment holding
Tianjin COSCO SHIPPING Guanghua Investment Management Limited ("Tianjin Guanghua")	PRC	RMB200,000,000	100%	–	Investment holding
DONG FANG International Container (Qidong) Co., Ltd.	PRC	RMB1,409,599,098	–	100%	Container manufacturing
DONG FANG International Container (Qingdao) Co., Ltd.	PRC	RMB864,398,500	–	100%	Container manufacturing
DONG FANG International Port (Qidong) Co., Ltd.	PRC	RMB154,000,000	–	100%	Provision of management service
DONG FANG International Container (Ningbo) Co., Ltd.	PRC	RMB161,633,400	–	100%	Container manufacturing
Shanghai Universal Logistics Technology Co., Ltd.	PRC	RMB34,266,200	–	100%	Provision of container management services
Shanghai Xinyuanhaiji Finance Leasing Co., Ltd.	PRC	RMB3,400,000,000	–	100%	Finance leasing
Hainan COSCO SHIPPING Development Co., Ltd.	PRC	RMB1,000,000,000	100%	–	Vessel chartering
Oriental Fleet Tanker 29 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker 30 Limited	Hong Kong	US\$1	–	100%	Finance leasing

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet Tanker 31 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker 32 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker 33 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker 34 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker 35 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet Tanker 36 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Shanghai Huanyu Haicheng Supply Chain Management Co., Ltd.	PRC	RMB300,000,000	–	100%	Trading
Shanghai COSCO Green Water Shipping Co., Ltd.	PRC	RMB120,000,000	–	100%	Vessel chartering
Oriental Fleet SHIPPING 01 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet SHIPPING 02 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet SHIPPING 03 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet SHIPPING 04 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet SHIPPING 05 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet SHIPPING 06 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet SHIPPING 07 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet SHIPPING 08 Limited	Hong Kong	US\$1	–	100%	Finance leasing

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet SHIPPING 09 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet SHIPPING 10 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet SHIPPING 11 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet SHIPPING 12 Limited	Hong Kong	US\$1	–	100%	Finance leasing
Oriental Fleet SHIPPING 13 Limited	Hong Kong	US\$1	–	100%	Finance leasing
COSCO SHIPPING Development (Hainan) Co., Ltd. (note d)	PRC	RMB2,500,000,000	100% (2023: -)	–	Water transport
COSCO SHIPPING Water Transport (Hainan) Co., Ltd. (note e)	PRC	RMB280,000,000	–	100% (2023: -)	Water transport
COSCO SHIPPING (Hainan) Co., Ltd. (note e)	PRC	RMB820,000,000	–	100% (2023: -)	Water transport
Cosco Shipping Private Equity Fund Management (Tianjin) Co., Ltd ("Yuan Hai Ji Guan") (note f)	PRC	RMB17,000,000	–	52.94% (2023: 52.94%)	Investment holding
Shanghai Yuanju Technology Co., Ltd ("Shanghai Yuanju") (note f)	PRC	RMB1,000,000	–	52.94% (2023: 52.94%)	Investment holding
Xinda Far Sea Shipping Investment (Tianjin) Partnership Enterprise (Limited Partnership) ("Xinda Far Sea") (note f)	PRC	RMB1,001,000,000	49.95% (2023: 49.95%)	0.10% (2023: 0.10%)	Investment holding

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Henan Yuanhai Zhongyuan Logistics Industry Development Fund Co., Ltd. ("Henan Yuanhai") (note g)	PRC	RMB10,000,000	–	45% (2023: 24.50%)	Investment holding
Shanghai Yongzhi Yingjiu Enterprise Management Co., Ltd. ("Yongzhi Enterprise") (note g)	PRC	RMB10,000,000	–	60% (2023: -)	Investment holding
Floren Container (Hainan) Co., Ltd (note h)	PRC	RMB150,000,000	–	100% (2023: -)	Container leasing

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

- (a) The subsidiary was disposed on 15 January 2024.
- (b) The subsidiary was disposed on 15 October 2024.
- (c) The subsidiaries were deregistered in November and December 2024.
- (d) The subsidiary was established on 30 August 2024.
- (e) The subsidiaries were established on 15 October 2024.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION (continued)

INFORMATION ABOUT SUBSIDIARIES (continued)

Notes: (continued)

- (f) Tianjin Guanghua, the Company's wholly-owned subsidiary, entered into a series of contractual arrangements with shareholders of Yuan Hai Ji Guan, which enable Tianjin Guanghua to nominate the Chief executive officer ("CEO") and CEO has the right to make decision on major matters relating to operation. As a result of the contractual arrangements, the Group has rights to variable returns from its involvement with Yuan Hai Ji Guan, has the ability to affect those returns through its power over Yuan Hai Ji Guan, and is considered to have control over Yuan Hai Ji Guan. Shanghai Yuanju and Xinda Far Sea are subsidiaries of Yuan Hai Ji Guan. Consequently, Yuan Hai Ji Guan and its subsidiaries are considered to be subsidiaries of the Group and the financial statements of Yuan Hai Ji Guan and its subsidiaries are included in the Group's consolidated financial statements starting from 11 June 2024, the effective date of the Contractual Arrangements with shareholders of Yuan Hai Ji Guan. Before that, Yuan Hai Ji Guan and its subsidiaries are accounted for financial assets at fair value through profit or loss in the Group's consolidated financial statements.
- (g) Tianjin Guanghua, the Company's wholly-owned subsidiary, entered into a series of contractual arrangements with shareholders of Henan Yuanhai, which enable Tianjin Guanghua to nominate the Chief executive officer ("CEO") and CEO has the right to make decision on major matters relating to operation. As a result of the contractual arrangements, the Group has rights to variable returns from its involvement with Henan Yuanhai, has the ability to affect those returns through its power over Henan Yuanhai, and is considered to have control over Henan Yuanhai. Yongzhi Enterprise is a subsidiary of Henan Yuanhai. Consequently, Henan Yuanhai and its subsidiary are considered to be subsidiaries of the Group and the financial statements of Henan Yuanhai and its subsidiary are included in the Group's consolidated financial statements starting from 15 December 2024, the effective date of the Contractual Arrangements with shareholders of Henan Yuanhai. Before that, Henan Yuanhai and its subsidiaries are accounted for financial assets at fair value through profit or loss in the Group's consolidated financial statements.
- (h) The subsidiary was established on 23 December 2024.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared on the going concern basis notwithstanding that the Group had net current liabilities of RMB21,243,057,000 as at 31 December 2024. The directors of the Company are of opinion that based on the available unutilised banking facilities and unutilised quota for the issuance of corporate bonds as at 31 December 2024, the Group will have the necessary liquid funds to finance its working capital and to meet its capital expenditure requirements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.1 BASIS OF PREPARATION (continued)

BASIS OF CONSOLIDATION (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill) and liabilities of the subsidiary, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(S)")

In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2024:

HKAS 1 (Amendments)	<i>Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020)</i> <i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>
HKAS 1 (Amendments)	<i>Non-current Liabilities with Covenants</i>
HKAS 7 and HKFRS 7 (Amendments)	<i>Supplier Finance Arrangements</i>
HKFRS 16 (Amendments)	<i>Lease Liability in a Sale and Leaseback</i>

The adoption of the above amendments to existing standards and interpretation does not have a material impact to the results and financial position of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.2 APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(S)”) (continued)

IMPACT ON APPLICATION OF AMENDMENTS TO HKAS 1 CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT AND RELATED AMENDMENTS TO HONG KONG INTERPRETATION 5 (2020) (THE “2020 AMENDMENTS”); AND AMENDMENTS TO HKAS 1 – NON-CURRENT LIABILITIES WITH COVENANTS (THE “2022 AMENDMENTS”)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

Upon adoption of the amendments, the Group has reassessed the terms and conditions of its loan arrangements. The application of the amendments has no material impact on the classification of the Group’s liabilities.

IMPACT ON APPLICATION OF AMENDMENTS TO HKFRS 16 LEASE LIABILITY IN A SALE AND LEASEBACK

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of HKFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require a seller-lessee to determine “lease payments” or “revised lease payments” such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee.

The amendments had no impact on the consolidated financial statements of the Group.

IMPACT ON APPLICATION OF AMENDMENTS TO HKAS 7 AND HKFRS 7 SUPPLIER FINANCE ARRANGEMENTS

The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the consolidated financial statements of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.3 NEW AND AMENDMENTS TO HKFRSS ISSUED BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective.

HKAS 21 (Amendments)	<i>Lack of Exchangeability¹</i>
HKFRS 9 and HKFRS 7 (Amendments)	<i>Classification and Measurement of Financial Instruments²</i>
HKFRS 9 and HKFRS 7 (Amendments)	<i>Contracts Referencing Nature-dependent Electricity²</i>
HKFRSs (Amendments)	<i>Annual Improvements – Volume 11²</i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
HKFRS 10 and HKAS 28 (Amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

None of these is expected to have a significant effect on the consolidated financial statements of the Group.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

FAIR VALUE MEASUREMENT

The Group measures its certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | |
|---------|---|
| Level 1 | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories, deferred tax assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises.

RELATED PARTIES

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

RELATED PARTIES (continued)

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Vessels	3.2% to 3.6%
Leasehold improvements	Over the shorter of the lease terms and 5 years
Buildings	1.8% to 5.0%
Containers	3.3% to 5.0%
Machinery, motor vehicles and office equipment	4.8% to 22.3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Vessels under construction and construction in progress are reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

INVESTMENT PROPERTIES

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis to write off the cost of each item of investment properties. The principal annual rates used for this purpose range from 1.0% to 3.33%.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of the retirement or disposal.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Computer software

Computer software is stated at cost less any impairment losses and is amortised on the straight-line based on its estimated useful life of 3 to 10 years.

Patent

Patent is stated at cost less any impairment losses and is amortised on the straight-line based on its estimated useful life of 4 to 17 years.

LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Prepaid land lease payments	50 years
Buildings	2 to 12 years
Machinery, motor vehicles and office equipment	2 to 6 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

LEASES (continued)

Group as a lessee (continued)

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

LEASES (continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the consolidated statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (“**FVTOCI**”), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for “Revenue recognition” below.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (“**ECLs**”), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (debt instruments) (continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVTOCI. Dividends on the equity investments are also recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The calculation of ECLs is based on the probability of default (“**PD**”) approach with key elements as follows:

- **PD**: an estimate of the likelihood of default over a given time horizon;
- **Loss Given Default (“LGD”)**: an estimate of the loss arising in the case where a default occurs at a given time; and
- **Exposure at Default (“EAD”)**: an estimate of the exposure at a future default date.

Forward-looking information has been incorporated into the determination of expected credit losses, including the use of macroeconomic information, such as GDP growth.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

Impairment of financial assets (continued)

General approach (continued)

For lease receivables and factoring receivables, the Group chooses as its accounting policy to adopt the general approach. Therefore, all financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- | | |
|---------|--|
| Stage 1 | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs |
| Stage 2 | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs |

ECLs in Stage 1 and Stage 2 are measured on a collective basis. Meanwhile, in Stage 3, ECLs are measured on an individual basis.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. For trade receivables and contract assets related to customers that are in financial difficulties or in default, ECLs are measured on an individual basis. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and notes payables, financial liabilities included in other payables and accruals, derivative financial instruments, bank and other borrowings, corporate bonds and other long term payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the consolidated statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

FINANCIAL LIABILITIES (continued)

Subsequent measurement (continued)

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps and foreign exchange forward contracts, to hedge its interest rate risk and foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the consolidated statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (continued)

Initial recognition and subsequent measurement (continued)

Hedges which meet the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in hedging reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss. The hedging reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the consolidated statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the consolidated statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the consolidated statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

TREASURY SHARES

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INCOME TAX (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

INCOME TAX (continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

DEFERRED INCOME

Deferred income are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the consolidated statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the consolidated statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for “Financial liabilities” above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a deferred income and released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such classification requires the asset or the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment is classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

REVENUE RECOGNITION

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

REVENUE RECOGNITION (continued)

Revenue from contracts with customers (continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sales of containers

The performance obligation is satisfied upon the test and acceptance by the customers. Payment in advance is normally required and the normal credit term for the residual consideration is 45 to 60 days upon satisfaction of the performance obligation.

In some sales transactions, the Group bills a customer for containers but the Group retains physical possessions of the containers until it is transferred to the customer at a point in time in the future (bill-and-hold arrangement). The Group has satisfied the performance obligation when all of the following criteria are met:

- Upon completion of manufacturing, the Group demonstrates that the container meets the agreed-upon specifications in the contract to the customer;
- The customer has requested the bill-and-hold arrangement;
- The container has been identified separately as belonging to the customer;
- The container is ready for physical transfer to the customer; and
- The Group cannot have the ability to use the container or to direct it to another customer.

Sales of shipping related spare parts

The performance obligation is satisfied at the point in time when control of the asset is transferred to the customer, generally on delivery, and revenue is recognised accordingly. Payment is generally due within 45 to 60 days from delivery.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

REVENUE RECOGNITION (continued)

Revenue from contracts with customers (continued)

Rendering of services

The Group provides shipping related services and insurance brokerage services. The performance obligation is satisfied at a point when services are rendered. Payment is generally due within 30 to 45 days upon completion of service and acceptance by the customer.

Revenue from other sources

Operating lease income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Finance lease income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of a finance lease or a shorter period, when appropriate, to the net carrying amount of the net investment of the finance lease.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

CONTRACT ASSETS

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

CONTRACT LIABILITIES

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

CONTRACT COSTS

Other than the costs which are capitalised as inventories, property, plant and equipment, investment properties, right-of-use assets and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the consolidated statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

SHARE-BASED PAYMENTS

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

SHARE-BASED PAYMENTS (continued)

Service and non-market performance conditions are not taken into account when determining the fair value of equity-settled transactions on the grant date, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within fair value on the grant date. Any other conditions attached to the share option granted, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of the share option granted and lead to an immediate expensing of the share option granted unless there are also service and/or performance conditions.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to treasury shares and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to share premium.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

OTHER EMPLOYEE BENEFITS

The Group has participated in central pension schemes for its employees in the PRC pursuant to the relevant laws and regulations of the PRC. The Group makes monthly contributions and the contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

BORROWING COSTS

Borrowing costs directly attributable to certain vessels under construction are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

DIVIDENDS

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 13.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

FOREIGN CURRENCIES

These financial statements are presented in RMB, which is the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

FOREIGN CURRENCIES (continued)

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the weighted average exchange rates for the year of the cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between finance leases and operating leases

When the Group acts as a lessor, leases are required to be classified as either finance leases (which transfer substantially all the risks and rewards of ownership, and give rise to a receivable by the lessor) or operating leases (which result in the asset remaining recognised by the lessor). Management has to exercise judgement in determining the classification.

Situations that would normally lead to a lease being classified as a finance lease include the following:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable and, at the inception of the lease, it is reasonably certain that the option will be exercised;
- the lease term is for the major part of the economic life of the asset, even if title is not transferred;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

JUDGEMENTS (continued)

Determination of significant increases in credit risk

The calculation of ECLs under the general approach is required to be categorised into different stages according to the changes in credit risk to apply the respective calculation mechanics.

The Group considers whether the credit risk of a financial asset has increased significantly since initial recognition with the following non-exhaustive factors:

- past due over 30 days;
- an actual or expected significant change in the operating results of the borrower; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations.

Control obtained through contractual arrangements

As disclosed in the note 1(f) and 1(g), Cosco Shipping Private Equity Fund and Henan Yuanhai are considered indirectly wholly owned subsidiaries of the Company. Though the contractual arrangements, the Group has the control over Cosco Shipping Private Equity Fund and Henan Yuanhai since the Group has the power to nominate the CEO to make decision on major matters relating to operation to affect the amount of the Group's return. Therefore, in the opinions of the directors of the Company, the Group has the practical ability to direct the relevant activities of Cosco Shipping Private Equity Fund and Henan Yuanhai unilaterally and hence the Group has the control over Cosco Shipping Private Equity Fund and Henan Yuanhai.

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

ESTIMATION UNCERTAINTY (continued)

Estimation of ECLs

The Group uses the PD approach under the general approach and a provision matrix under the simplified approach, respectively, in the calculation of ECLs. The Group estimates the PD, LGD and provision rate, respectively, by reference to the internal historical credit loss experience and external information. As at 31 December 2024, the carrying amounts of trade and notes receivables, contract assets, finance lease receivables and factoring receivables of the Group are RMB2,557,244,000, RMB6,718,000, RMB29,441,547,000 and nil respectively (2023: RMB1,778,295,000, nil, RMB31,361,942,000 and RMB16,805,000 respectively), net of allowance for ECLs on trade and notes receivables, contract assets, finance lease receivables and factoring receivables of RMB102,092,000, RMB208,000, RMB1,397,763,000 and RMB22,609,000 respectively (2023: RMB78,307,000, nil, RMB1,367,353,000 and RMB7,142,000 respectively).

Fair value of unlisted equity investments

The Group assesses certain of its unlisted equity investments using the market approach with reference to a price multiple of comparable public companies (peers). The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity. As at 31 December 2024, the carrying amounts of unlisted equity investments were RMB2,093,055,000 (2023: RMB1,996,721,000). Further details are contained in note 22.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 26.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

ESTIMATION UNCERTAINTY (continued)

Impairment of non-financial assets (continued)

As at 31 December 2024, the carrying amounts of property, plant and equipment, right-of-use assets and investment properties of the Group are RMB50,787,669,000, RMB763,005,000 and RMB105,829,000 respectively (2023: RMB45,256,774,000, RMB768,387,000 and RMB104,661,000 respectively). During the year, impairment loss of nil (2023: RMB310,191,000) in respect of property, plant and equipment has been recognised while no impairment losses in respect of right-of-use assets and investment properties have been recognised (2023: Nil) in profit or loss.

Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment by reference to the Group's business model, its asset management policy, the industry practice, expected usage of the asset, and the current scrap values of steel in an active market at each measurement date. The depreciation expense will change where the useful lives or residual values of property, plant and equipment are different from the previous estimates.

Impairment on inventories

Management reviews an ageing analysis at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The directors of the Company estimate the net realisable value for such raw materials and finished goods based primarily on the latest invoice prices and current market conditions. As at 31 December 2024, the carrying amount of inventories was RMB2,267,719,000 (2023: RMB2,197,550,000), net of impairment provision of RMB7,751,000 (2023: RMB43,223,000).

Impairment on interests in associates

Management reviews investments in associates for impairment based on both quantitative and qualitative criteria. Such analysis typically includes various estimates and assumptions, the financial health, cash flow projections and future prospects of the associate. As at 31 December 2024, the carrying amount of interests in associates was RMB26,905,498,000 (2023: RMB25,668,181,000). No impairment loss was recognised during the year ended 31 December 2024 (2023: Nil).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION

The Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) The container manufacturing business segment, which manufactures and sells containers;
- (b) The shipping leasing and container leasing business segment, which renders vessel chartering, container leasing and finance lease business; and
- (c) The investment management business segment, which focuses on equity or debt investments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is measured consistently with the Group's profit/loss before tax, excluding unallocated selling and administrative expenses and non-lease-related finance costs and including intersegment transactions.

Segment assets are measured consistently with the Group's assets.

Segment liabilities exclude certain bank and other borrowings and corporate bonds as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (continued)

	For the year ended 31 December 2024			
	Shipping and industry-related leasing RMB'000	Container manufacturing RMB'000	Investment management business RMB'000	Total RMB'000
Continuing operations				
Segment revenue				
Sales of containers	–	19,871,857	–	19,871,857
Total revenue from contract with external customers	–	19,871,857	–	19,871,857
Other revenue from external customers	7,514,493	–	24,895	7,539,388
Total segment revenue from external customers	7,514,493	19,871,857	24,895	27,411,245
Intersegment revenue from contracts with customers	–	3,572,684	–	3,572,684
Total segment revenue	7,514,493	23,444,541	24,895	30,983,929
Segment results	1,002,971	852,639	643,459	2,499,069
Elimination of intersegment results				49,809
Unallocated selling, administrative and general expenses				(228,605)
Unallocated finance costs				(772,701)
Profit before tax from continuing operations				1,547,572
Supplementary segment information:				
Depreciation and amortisation	(2,377,086)	(361,690)	(40,678)	(2,779,454)
Provision for impairment of finance lease receivables	(14,462)	–	–	(14,462)
Provision of impairment of factoring receivables	–	–	(15,467)	(15,467)
Provision for write-down of inventories to net realisable value	–	(3,808)	–	(3,808)
Reversal of/(provision for) impairment of trade receivables	3,637	(25,697)	(635)	(22,695)
Reversal of/(provision for) impairment of other receivables	9	(31,406)	(502)	(31,899)
Provision for impairment of contract assets	–	(208)	–	(208)
Share of profits of joint ventures	–	–	6,908	6,908
Share of profits of associates	–	–	1,511,515	1,511,515
Capital expenditure*	9,662,099	320,876	6,455	9,989,430

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (continued)

	For the year ended 31 December 2023			
	Shipping and industry-related leasing RMB'000	Container manufacturing RMB'000	Investment management business RMB'000	Total RMB'000
Continuing operations				
Segment revenue				
Sales of containers	–	8,090,455	–	8,090,455
Total revenue from contract with external customers	–	8,090,455	–	8,090,455
Other revenue from external customers	7,432,283	–	10,509	7,442,792
Total segment revenue from external customers	7,432,283	8,090,455	10,509	15,533,247
Intersegment revenue from contracts with customers	–	2,374,758	–	2,374,758
Total segment revenue	7,432,283	10,465,213	10,509	17,908,005
Segment results	528,029	365,483	1,171,234	2,064,746
Elimination of intersegment results				(13,687)
Unallocated selling, administrative and general expenses				(204,455)
Unallocated finance costs				(501,338)
Profit before tax from continuing operations				1,345,266
Supplementary segment information:				
Depreciation and amortisation	(2,158,451)	(336,036)	(37,687)	(2,532,174)
Provision for impairment of finance lease receivables	(199,498)	–	–	(199,498)
Reversal of impairment of factoring receivables	–	–	92,338	92,338
Provision for write-down of inventories to net realisable value	–	(33,638)	–	(33,638)
Reversal of/(provision for) impairment of trade receivables	7,878	(34,390)	486	(26,026)
Reversal of/(provision for) impairment of other receivables	663	1,049	(922)	790
Share of profits of joint ventures	–	–	32,656	32,656
Share of profits of associates	–	–	1,543,383	1,543,383
Capital expenditure*	5,586,989	805,854	154,388	6,547,231

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets and intangible assets.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (continued)

For the year ended 31 December 2024				
	Shipping and industry-related leasing RMB'000	Container manufacturing RMB'000	Investment management business RMB'000	Total RMB'000
Segment assets	79,420,151	15,563,422	35,118,489	130,102,062
Elimination of intersegment assets				(3,734,924)
Total assets				126,367,138
Segment liabilities	55,358,693	9,472,583	24,532,609	89,363,885
Unallocated liabilities				7,807,574
Elimination of intersegment liabilities				(1,410,000)
Total liabilities				95,761,459
Supplementary segment information:				
Investments in joint ventures	–	–	128,694	128,694
Investments in associates	–	–	26,905,498	26,905,498

For the year ended 31 December 2023				
	Shipping and industry-related leasing RMB'000	Container manufacturing RMB'000	Investment management business RMB'000	Total RMB'000
Segment assets	75,053,599	16,126,266	38,369,355	129,549,220
Elimination of intersegment assets				(3,618,230)
Total assets				125,930,990
Segment liabilities	53,480,380	10,573,505	25,815,508	89,869,393
Unallocated liabilities				8,021,403
Elimination of intersegment liabilities				(1,243,484)
Total liabilities				96,647,312
Supplementary segment information:				
Investments in joint ventures	–	–	133,235	133,235
Investments in associates	–	–	25,668,181	25,668,181

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (continued)

GEOGRAPHICAL INFORMATION

(a) Revenue from external customers

	2024 RMB'000	2023 RMB'000
Continuing operations		
United States	4,561,058	1,125,998
Asia (excluding Hong Kong, China and Mainland China)	6,504,930	2,858,884
Hong Kong, China	6,277,995	4,851,803
Mainland China	4,385,211	2,987,913
Europe	5,397,535	3,487,563
Others	284,516	221,086
Total revenue	27,411,245	15,533,247

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2024 RMB'000	2023 RMB'000
Hong Kong, China	44,480,707	41,264,993
Mainland China	34,431,115	30,955,148
Total non-current assets	78,911,822	72,220,141

The non-current asset information above is based on the locations of the Company or its subsidiaries which own the assets and excludes financial instruments and deferred tax assets.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (continued)

INFORMATION ABOUT MAJOR CUSTOMERS

The revenue generated from sales to customers which individually amounted to more than 10% to the Group's total revenue is set out below:

	2024 RMB'000	2023 RMB'000
Customer A ¹	5,272,720	2,255,431
Customer B ¹	3,242,439	2,140,684

¹ Revenue from shipping and industry-related leasing segment and container manufacturing segment

5. REVENUE

An analysis of revenue and other revenue from continuing operations is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers:		
Sales of containers	19,871,857	8,090,455
Other revenue:		
Shipping leasing	2,297,140	2,473,073
Container leasing	5,217,353	4,959,210
Investment management business	24,895	10,509
Subtotal	7,539,388	7,442,792
Total revenue	27,411,245	15,533,247

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

5. REVENUE (continued)

The disaggregation of the Group's revenue from contracts with customers from continuing operations, including sales of goods and rendering of services, is as follows:

	2024 RMB'000	2023 RMB'000
Geographical markets		
Hong Kong, China	3,045,064	1,957,310
Mainland China	3,210,493	1,439,769
Asia (excluding Hong Kong, China and Mainland China)	5,180,181	1,697,746
United States	4,391,388	936,817
Europe	3,913,910	2,034,296
Others	130,821	24,517
Total revenue from contracts with customers	19,871,857	8,090,455
	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
Goods transferred at a point in time	19,871,857	8,090,455

6. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Continuing operations		
Interest income	138,974	132,778
Subsidies	111,817	209,158
Sales of scrap materials	23,743	11,436
Others	26,531	18,144
Total other income	301,065	371,516

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

7. OTHER GAINS, NET

Continuing operations	Note	2024 RMB'000	2023 RMB'000
Gain on disposal of property, plant and equipment		23,670	23,496
Gain on disposal of investments in joint ventures		172	–
Gain on derecognition of financial assets measured at amortised cost		–	12,926
Gain on disposal of financial assets at fair value through profit or loss		135,875	57,545
Dividend income from financial assets at fair value through profit or loss		9,867	23,812
Changes in fair value of financial assets at fair value through profit or loss		(170,241)	67,517
Donation expenditures for public interest		(25,192)	(25,058)
Net foreign exchange gains		406,910	286,058
Gain on disposal of a subsidiary	42	4,269	–
Others		859	(3,958)
Total other gains, net		386,189	442,338

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

Continuing operations	Notes	2024 RMB'000	2023 RMB'000
Cost of goods sold		16,795,076	6,349,924
Cost of service provided		640,290	839,810
Depreciation of property, plant and equipment	14, 16	2,646,446	2,411,397
Depreciation of investment properties	17	389	622
Depreciation of right-of-use assets	14, 18	102,366	94,770
Amortisation of intangible assets	14, 19	30,253	25,385
Auditor's remuneration		9,650	9,660
Employee benefit expense:			
Wages and salaries		3,329,517	2,016,158
Equity-settled share option (income)/expense		(4,301)	3,255
Pension scheme contributions (defined contribution scheme) (note)		94,833	85,303
		3,420,049	2,104,716
Short-term leases		23,592	25,409
Foreign exchange gains, net		(406,910)	(286,058)
Impairment of property, plant and equipment	16	–	310,191
Impairment of finance lease receivables		14,462	199,498
Impairment of contract assets		208	–
Provision for/(reversal of) impairment of factoring receivables		15,467	(92,338)
Provision for write-down of inventories to net realisable value		3,808	33,638
Provision for impairment of trade receivables		22,695	26,026
Provision for/(reversal of) impairment of other receivables		31,899	(790)
Research and development expenses		61,056	86,947
Costs of construction in progress recognised as an expense		–	23,371

Note:

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

9. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Continuing operations		
Interest on debts and borrowings	4,046,803	3,887,623
Interest on lease liabilities	6,627	6,679
Others	(18,048)	42,576
Total	4,035,382	3,936,878

10. DIRECTORS', SUPERVISORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS

Directors, supervisors and key management personnel's emoluments for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	1,001	1,052
Other emoluments:		
Salaries, allowances and benefits in kind	3,207	3,261
Equity-settled share option expense	—	13
Pension scheme contributions	563	812
Subtotal	3,770	4,086
Total fees and other emoluments	4,771	5,138

Note: Key management personnel represents the key management personnel who also acts as the director of the Company.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

10. DIRECTORS', SUPERVISORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS (continued)

The directors', supervisors' and key management personnel's emoluments are set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2024					
Executive director:					
Mr. Zhang Mingwen	-	2,236	-	293	2,529
Non-executive directors:					
Mr. Ip Sing Chi	300	-	-	-	300
Mr. Zhang Xueyan (appointed on 24 October 2024)	-	-	-	-	-
Mr. Huang Jian (resigned on 29 September 2024)	-	-	-	-	-
Mr. Liang Yanfeng	-	-	-	-	-
Subtotal	300	-	-	-	300
Independent non-executive directors:					
Mr. Chan Kwok Leung	300	-	-	-	300
Mr. Lu Jianzhong (resigned on 16 July 2024)	100	-	-	-	100
Ms. Zhang Weihua (resigned on 24 October 2024)	135	-	-	-	135
Mr. Shao Ruiqing	150	-	-	-	150
Mr. Wu Daqi (appointed on 24 October 2024)	16	-	-	-	16
Mr. Cai Hongping (resigned on 29 September 2024)	-	-	-	-	-
Subtotal	701	-	-	-	701
Supervisors					
Mr. Ye Hongjun	-	-	-	-	-
Mr. Zuo Zhenyong (appointed on 24 October 2024)	-	-	-	-	-
Ms. Zhu Mei (resigned on 24 October 2024)	-	-	-	-	-
Mr. Zhao Xiaobo	-	971	-	270	1,241
Subtotal	-	971	-	270	1,241
Total	1,001	3,207	-	563	4,771

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

10. DIRECTORS', SUPERVISORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS (continued)

The directors', supervisors' and key management personnel's emoluments are set out below: (continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2023					
Executive directors:					
Mr. Zhang Mingwen	–	1,296	–	282	1,578
Mr. Liu Chong (resigned on 20 November 2023)	–	1,233	13	260	1,506
Subtotal	–	2,529	13	542	3,084
Non-executive directors:					
Mr. Ip Sing Chi	300	–	–	–	300
Mr. Huang Jian	–	–	–	–	–
Mr. Liang Yanfeng	–	–	–	–	–
Subtotal	300	–	–	–	300
Independent non-executive directors:					
Mr. Chan Kwok Leung	228	–	–	–	228
Mr. Lu Jianzhong	150	–	–	–	150
Ms. Zhang Weihua	150	–	–	–	150
Mr. Shao Ruiqing	150	–	–	–	150
Mr. Cai Hongping	74	–	–	–	74
Subtotal	752	–	–	–	752
Supervisors					
Mr. Ye Hongjun	–	–	–	–	–
Ms. Zhu Mei	–	–	–	–	–
Mr. Zhao Xiaobo	–	732	–	270	1,002
Subtotal	–	732	–	270	1,002
Total	1,052	3,261	13	812	5,138

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

10. DIRECTORS', SUPERVISORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS (continued)

There was no arrangement under which a director, a supervisor or the key management personnel waived or agreed to waive any remuneration during the year.

During the year, no emoluments were paid by the Group to any of the directors, supervisors or key management personnel as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

None of the directors, supervisors or key management personnel received or will receive any termination benefits during the year ended 31 December 2024 (2023: Nil).

No payment was made to the third parties for making available directors', supervisors' or key management personnel's services during the year ended 31 December 2024 (2023: Nil).

No loans, quasi-loans and other dealings were made available in favour of directors, supervisors or key management personnel bodies corporate controlled by and entities connected with directors, supervisors or key management personnel subsisted at the end of the year or at any time during the year (2023: Nil).

Other than those disclosed in Note 46, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director, a supervisor or key management personnel of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2024 (2023: Nil).

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2023: one director) and one supervisor (2023: one supervisor), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director nor a supervisor of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	5,254	4,108
Equity-settled share option expense	9	116
Pension scheme contributions	866	863
Total	6,129	5,087

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

11. FIVE HIGHEST PAID EMPLOYEES (continued)

The number of non-director, non-supervisor highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2024	2023
HK\$1,500,001 to HK\$2,000,000 (equivalent to RMB1,389,001 to RMB1,852,000)	–	3
HK\$2,000,001 to HK\$2,500,000 (equivalent to RMB1,852,001 to RMB2,315,000)	3	–

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

12. INCOME TAX EXPENSES/(CREDIT)

According to the Corporate Income Tax (“CIT”) Law of the PRC, which was effective from 1 January 2008, the CIT rate applicable to the Company and its subsidiaries established in the PRC was 25% for the years ended 31 December 2024 and 2023.

Hong Kong profits tax was provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits of the Group’s subsidiaries operating in Hong Kong during the year.

Taxes or profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

Continuing operations	Note	2024 RMB'000	2023 RMB'000
Current income tax:			
Mainland China		194,805	88,926
Hong Kong, China		62,465	8,454
Elsewhere		(156,982)	4,394
Subtotal		100,288	101,774
Deferred income tax	26	24,778	(133,986)
Total		125,066	(32,212)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

12. INCOME TAX EXPENSES/(CREDIT) (continued)

In December 2021, the Organization for Economic Cooperation and Development released the Pillar 2 legislative template ("Global Anti Base Erosion Rules Legislative Template") to reform the international corporate tax system. Large multinational corporations with combined revenue exceeding 750 million euros must comply with this legislative template. Eligible companies must calculate the effective tax rate based on global anti base erosion rules for each jurisdiction in which they operate and pay a minimum effective tax rate of 15%.

The Group is within the scope of global anti base erosion rules, but certain revenue is not included in the Global Anti Base Erosion Rules Legislative Template. The revised Global Anti Base Erosion Rules Legislative Template has come into effect in some jurisdictions where the Group operates, such as the United Kingdom and EU countries since 2024. However, the Group does not have significant current tax risks in the relevant jurisdictions during the year.

Due to the global presence of the Group's business and the complex rules and restrictions on income and ancillary income types outside the scope of the Global Anti Base Erosion Rules Legislative Template, the management of the Group will continue to evaluate the comprehensive impact of this legislative template on the Group in effective and other upcoming jurisdictions.

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the country or jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax from continuing operations	1,547,572	1,345,266
Tax at the statutory tax rate	387,142	336,533
Effect of different tax rates for specific provinces or enacted by local authority	37,724	(15,872)
Effect of withholding tax	2,933	2,019
Under/(over)-provision in respect of prior year	20,589	(6,718)
Profits attributable to associates and joint ventures	(373,680)	(388,232)
Income not subject to tax	(1,515,248)	(1,425,541)
Expenses not deductible for tax	1,441,728	1,487,872
Tax losses not recognised	105,053	135,948
Temporary differences not recognised	18,825	(158,221)
Income tax expenses/(credit) related to continuing operations	125,066	(32,212)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

13. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Paid interim dividend – RMB0.019 (2023: Nil) per ordinary share	257,397	–
Proposed final dividend – RMB0.019 (2023: RMB0.032) per ordinary share	253,382	433,511

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

On 30 August 2024, the board of directors announced the payment of an interim dividend of RMB0.019 per share (inclusive of applicable tax) for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil), totalling RMB257,397,000 calculated based on 13,547,214,320 shares, being the number of issued shares of the Company of 13,575,938,612 as at 30 August 2024 deducting 28,724,292 A shares repurchased by the Company. Such interim dividend had been paid during the year ended 31 December 2024.

On 28 March 2025, the board of directors proposed the payment of a final dividend of RMB0.019 per share (inclusive of applicable tax) for the year ended 31 December 2024 (2023: RMB0.032). As at 28 March 2025, the total share capital of the Company is 13,575,938,612 shares and 240,044,992 shares have been repurchased. Based on 13,335,893,620 shares (being total share capital of the Company less the number of shares repurchased by the Company), the aggregate dividend would amount to RMB253,382,000 (2023: RMB433,511,000). The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company. The proposed dividend has not been recognised as a liability in the consolidated financial statements for the year ended 31 December 2024, but will be reflected as an appropriation of retained profits for the year ending 31 December 2025.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

14. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION

On 10 November 2023, the Group entered into a transfer equity agreement with a fellow subsidiary of the Group, which the Group agreed to dispose of 100% equity interests of a subsidiary of the Group, Helen Insurance Brokers Limited (“**Helen Insurance**”) at a cash consideration of HKD270,981,000, equivalent to approximately RMB246,458,000. Helen Insurance principally conducts insurance brokerage services in Hong Kong. The disposal of Helen Insurance was completed on 15 January 2024. The assets and liabilities attributable to the Helen Insurance, which were expected to be sold within twelve months, had been classified as a disposal group held for sale and were presented separately in the consolidated statement of financial position (see below) as at 31 December 2023. The results and cashflow contributed by Helen Insurance to the consolidated financial statements of the Group are not material during the years ended 31 December 2024 and 2023.

The results of the insurance brokerage service operation for the years were as below. The comparative figures in the consolidated statement of profit or loss have been restated to represent the insurance brokerage service operation as a discontinued operation.

	2024 RMB'000	2023 RMB'000
Revenue	–	49,635
Cost of sales	–	(93)
Gross profit	–	49,542
Other income	–	2,262
Other gains, net	–	373
Selling, administrative and general expenses	–	(16,396)
Finance costs	–	(112)
Profit before tax	–	35,669
Income tax expenses	–	(5,592)
Gain on disposal of a discontinued operation	213,660	–
Profit for the year	213,660	30,077

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

14. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION (continued)

Profit for the year from discontinued operation includes the following:

	2024 RMB'000	2023 RMB'000
Cost of service provided	—	93
Depreciation of property, plant and equipment	—	77
Depreciation of right-of-use assets	—	1,649
Amortisation of intangible assets	—	228
Employee benefit expense:		
Wages and salaries	—	17,127
Equity-settled share option expense	—	72
Pension scheme contributions (defined contribution scheme)	—	661
	—	17,860
Short-term leases	—	26
Foreign exchange losses, net	—	373

The net cash flows generated from the disposal of Helen Insurance

	Inflow (outflow) RMB'000
Cash received from the disposal of the discontinued operation	246,458
Cash sold as a part of the discontinued operation	(139)
Net cash inflow from the disposal of Helen Insurance	246,319

During the year, the insurance brokerage service operation contributed nil (2023: RMB25,425,000) to the Group's net operating cash flows, cash inflows of RMB246,319,000 (2023: Cash outflows of RMB2,262,000) in respect of investing activities and cash outflows of nil (2023: Cash outflows of RMB27,507,000) in respect of financing activities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

14. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATION (continued)

The major classes of assets and liabilities of the insurance brokerage service operation as at 31 December 2023, which had been presented separately in the consolidated statement of financial position, are as follows:

	RMB'000
Property, plant and equipment	131
Right-of-use assets	1,521
Intangible assets	898
Trade and notes receivables	11,485
Prepayments and other receivables	9,028
Pledged deposits	153,866
Cash and cash equivalents	139
Total assets classified as held for sale	177,068
Trade and note payables	83,089
Other payables and accruals	12,401
Contract liabilities	50,352
Lease liabilities	1,588
Tax payable	934
Deferred tax liabilities	28
Total liabilities associated with assets classified as held for sale	148,392

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

15. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

FOR CONTINUING AND DISCONTINUED OPERATIONS

Basic and diluted earnings per share from continuing and discontinued operations attributable to the owners of the Company are based on the following data:

	2024 RMB'000	2023 RMB'000
Earnings		
Profit for the year attributable to the owners of the Company:		
– From continuing operations	1,472,287	1,377,478
– From a discontinued operation	213,660	30,077
Earnings for the purpose of basic and diluted earnings per share	1,685,947	1,407,555
	Number of shares	
	2024 '000	2023 '000
Shares		
Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	13,535,857	13,538,588
Effect of dilutive potential ordinary shares:		
Share options	151	2,719
Weighted average number of ordinary shares for the purpose of diluted earnings per share	13,536,008	13,541,307

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

15. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

FROM CONTINUING OPERATIONS

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	2024 RMB'000	2023 RMB'000
Profit for the year attributed to the owners of the Company	1,685,947	1,407,555
Less:		
Profit for the year from a discontinued operation	213,660	30,077
Profit for the year from continuing operations and earnings for the purpose of basic and diluted earnings per share from continuing operations	1,472,287	1,377,478

The denominators used for basic and diluted earnings per share are detailed above.

FROM DISCONTINUED OPERATION

Basic earnings per share from the discontinued operation is RMB1.58 cents per share (2023: RMB0.22 cents per share) and diluted earnings per share from the discontinued operation is RMB1.58 cents per share (2023: RMB0.22 cents per share), based on the profit for the year from the discontinued operation of RMB213,660,000 (2023: RMB30,077,000) and the denominators detailed above for both basic and diluted earnings per share.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT

	Vessels RMB'000	Containers RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024							
Cost	9,152,958	46,645,658	2,055,470	3,497,336	22,154	228,573	61,602,149
Accumulated depreciation and impairment	(871,241)	(13,191,027)	(729,115)	(1,553,992)	-	-	(16,345,375)
Net carrying amount	8,281,717	33,454,631	1,326,355	1,943,344	22,154	228,573	45,256,774
At 1 January 2024, net of accumulated depreciation and impairment	8,281,717	33,454,631	1,326,355	1,943,344	22,154	228,573	45,256,774
Additions	-	7,197,006	306	43,350	106	2,601,937	9,842,705
Addition due to business combination	-	-	-	90	9	-	99
Disposals	-	(1,491,629)	(505)	(17,231)	-	-	(1,509,365)
Depreciation provided during the year	(320,351)	(2,003,520)	(64,760)	(252,952)	(4,863)	-	(2,646,446)
Decrease due to disposal a subsidiary	-	-	-	(1,018)	-	-	(1,018)
Transfer from construction in progress	105,748	-	64,280	196,463	-	(366,491)	-
Transfer to inventories	-	(796,283)	-	-	-	-	(796,283)
Transfer to intangible assets	-	-	-	-	-	(27,475)	(27,475)
Exchange realignment	110,021	558,003	-	654	-	-	668,678
At 31 December 2024, net of accumulated depreciation and impairment	8,177,135	36,918,208	1,325,676	1,912,700	17,406	2,436,544	50,787,669
At 31 December 2024:							
Cost	9,382,680	51,317,349	2,118,879	3,679,389	17,406	2,436,544	68,952,247
Accumulated depreciation and impairment	(1,205,545)	(14,399,141)	(793,203)	(1,766,689)	-	-	(18,164,578)
Net carrying amount	8,177,135	36,918,208	1,325,676	1,912,700	17,406	2,436,544	50,787,669

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT (continued)

	Vessels RMB'000	Containers RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023							
Cost	8,531,875	43,609,433	1,861,509	3,036,557	1,404	400,149	57,440,927
Accumulated depreciation and impairment	(548,590)	(11,666,895)	(669,089)	(1,393,817)	–	–	(14,278,391)
Net carrying amount	7,983,285	31,942,538	1,192,420	1,642,740	1,404	400,149	43,162,536
At 1 January 2023, net of accumulated depreciation and impairment	7,983,285	31,942,538	1,192,420	1,642,740	1,404	400,149	43,162,536
Additions	–	5,146,568	9,165	73,611	22,103	997,290	6,248,737
Disposals	–	(1,428,862)	(2,353)	(11,570)	–	–	(1,442,785)
Depreciation provided during the year	(312,013)	(1,805,710)	(60,798)	(231,596)	(1,357)	–	(2,411,474)
Impairment recognised during the year	–	(310,191)	–	–	–	–	(310,191)
Transfer from construction in progress	484,638	–	187,921	460,706	–	(1,133,265)	–
Transfer to inventories	–	(727,495)	–	–	–	–	(727,495)
Transfer to intangible assets	–	–	–	–	–	(12,230)	(12,230)
Reclassified as asset held for sale	–	–	–	(131)	–	–	(131)
Recognised as an expense	–	–	–	–	–	(23,371)	(23,371)
Exchange realignment	125,807	637,783	–	9,584	4	–	773,178
At 31 December 2023, net of accumulated depreciation and impairment	8,281,717	33,454,631	1,326,355	1,943,344	22,154	228,573	45,256,774
At 31 December 2023:							
Cost	9,152,958	46,645,658	2,055,470	3,497,336	22,154	228,573	61,602,149
Accumulated depreciation and impairment	(871,241)	(13,191,027)	(729,115)	(1,553,992)	–	–	(16,345,375)
Net carrying amount	8,281,717	33,454,631	1,326,355	1,943,344	22,154	228,573	45,256,774

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT (continued)

At 31 December 2024, certain of the Group's vessels and containers with a net carrying amount of RMB20,734,424,000 (2023: RMB20,065,989,000) were pledged to secure general banking facilities granted to the Group (note 35).

The following table illustrates the movements of the assets held under operating leases:

	Vessels RMB'000	Containers RMB'000	Total RMB'000
At 1 January 2024:			
Cost	9,152,958	46,645,077	55,798,035
Accumulated depreciation and impairment	(871,241)	(13,190,616)	(14,061,857)
Net carrying amount	8,281,717	33,454,461	41,736,178
At 1 January 2024, net of accumulated depreciation and impairment	8,281,717	33,454,461	41,736,178
Additions	–	7,196,959	7,196,959
Disposals and transfer to inventories	–	(2,287,912)	(2,287,912)
Depreciation provided during the year	(320,351)	(2,003,490)	(2,323,841)
Transfers from construction in progress	105,748	–	105,748
Exchange realignment	110,021	558,003	668,024
At 31 December 2024, net of accumulated depreciation and impairment	8,177,135	36,918,021	45,095,156
At 31 December 2024:			
Cost	9,382,680	51,316,721	60,699,401
Accumulated depreciation and impairment	(1,205,545)	(14,398,700)	(15,604,245)
Net carrying amount	8,177,135	36,918,021	45,095,156

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The following table illustrates the movements of the assets held under operating leases: (continued)

	Vessels RMB'000	Containers RMB'000	Total RMB'000
At 1 January 2023:			
Cost	8,531,875	43,608,852	52,140,727
Accumulated depreciation and impairment	(548,590)	(11,666,515)	(12,215,105)
Net carrying amount	7,983,285	31,942,337	39,925,622
At 1 January 2023, net of accumulated depreciation and impairment	7,983,285	31,942,337	39,925,622
Additions	–	5,146,569	5,146,569
Disposals and transfer to inventories	–	(2,156,357)	(2,156,357)
Depreciation provided during the year	(312,013)	(1,805,680)	(2,117,693)
Impairment recognised during the year	–	(310,191)	(310,191)
Transfers from construction in progress	484,638	–	484,638
Exchange realignment	125,807	637,783	763,590
At 31 December 2023, net of accumulated depreciation and impairment	8,281,717	33,454,461	41,736,178
At 31 December 2023:			
Cost	9,152,958	46,645,077	55,798,035
Accumulated depreciation and impairment	(871,241)	(13,190,616)	(14,061,857)
Net carrying amount	8,281,717	33,454,461	41,736,178

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

17. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
At beginning of year:		
Cost	162,953	160,236
Accumulated depreciation and impairment	(58,292)	(56,707)
Net carrying amount	104,661	103,529
At beginning of year, net of accumulated depreciation and impairment	104,661	103,529
Depreciation	(389)	(622)
Exchange realignment	1,557	1,754
At end of year, net of accumulated depreciation and impairment	105,829	104,661
At end of year:		
Cost	165,385	162,953
Accumulated depreciation and impairment	(59,556)	(58,292)
Net carrying amount	105,829	104,661

The Group's investment properties consist of 19 (2023: 19) office properties in Hong Kong.

The investment properties are leased under operating leases, further summary details of which are included in note 44.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

17. INVESTMENT PROPERTIES (continued)

FAIR VALUE HIERARCHY

The investment properties were valued based on a valuation performed by an independent professionally qualified valuer at RMB279,775,000 (2023: RMB304,045,000). The fair value of the investment properties is estimated by an independent professional property valuer. The valuations are derived using direct comparison method. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted.

The following tables illustrate the fair value measurement hierarchy of the Group's investment properties:

31 December 2024

	Fair value measurement categorised into
	Level 2 RMB'000
Office units	279,775

31 December 2023

	Fair value measurement categorised into
	Level 2 RMB'000
Office units	304,045

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

18. RIGHT-OF-USE ASSETS

	Prepaid land lease payments RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Total RMB'000
At 1 January 2024:				
Cost	667,799	343,584	448	1,011,831
Accumulated depreciation	(147,253)	(96,009)	(182)	(243,444)
Net carrying amount	520,546	247,575	266	768,387
At 1 January 2024, net of accumulated depreciation	520,546	247,575	266	768,387
Additions	17,383	81,868	–	99,251
Depreciation	(14,696)	(87,626)	(44)	(102,366)
Termination of leases	–	(4,591)	–	(4,591)
Addition due to business combination	–	2,229	–	2,229
Exchange realignment	–	95	–	95
At 31 December 2024, net of accumulated depreciation	523,233	239,550	222	763,005
At 31 December 2024:				
Cost	685,182	353,378	448	1,039,008
Accumulated depreciation	(161,949)	(113,828)	(226)	(276,003)
Net carrying amount	523,233	239,550	222	763,005

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

18. RIGHT-OF-USE ASSETS (continued)

	Prepaid land lease payments RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Total RMB'000
At 1 January 2023:				
Cost	667,799	204,412	762	872,973
Accumulated depreciation	(132,895)	(126,441)	(431)	(259,767)
Net carrying amount	534,904	77,971	331	613,206
At 1 January 2023, net of accumulated depreciation	534,904	77,971	331	613,206
Additions	–	252,433	–	252,433
Depreciation	(14,358)	(81,996)	(65)	(96,419)
Reclassified as held for sale	–	(1,521)	–	(1,521)
Exchange realignment	–	688	–	688
At 31 December 2023, net of accumulated depreciation	520,546	247,575	266	768,387
At 31 December 2023:				
Cost	667,799	343,584	448	1,011,831
Accumulated depreciation	(147,253)	(96,009)	(182)	(243,444)
Net carrying amount	520,546	247,575	266	768,387

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

19. INTANGIBLE ASSETS

	Computer software RMB'000	Patent RMB'000	Total RMB'000
At 1 January 2024:			
Cost	332,898	2,358	335,256
Accumulated amortisation	(216,911)	(98)	(217,009)
Net carrying amount	115,987	2,260	118,247
At 1 January 2024, net of accumulated amortisation	115,987	2,260	118,247
Additions	47,474	–	47,474
Addition due to business combination	20	–	20
Disposals	(4)	–	(4)
Disposal of a subsidiary	(800)	–	(800)
Amortisation	(29,959)	(294)	(30,253)
Exchange realignment	946	–	946
At 31 December 2024, net of accumulated amortisation	133,664	1,966	135,630
At 31 December 2024:			
Cost	379,259	2,358	381,617
Accumulated amortisation	(245,595)	(392)	(245,987)
Net carrying amount	133,664	1,966	135,630

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

19. INTANGIBLE ASSETS (continued)

	Computer software RMB'000	Patent RMB'000	Total RMB'000
At 1 January 2023:			
Cost	307,659	–	307,659
Accumulated amortisation	(190,782)	–	(190,782)
Net carrying amount	116,877	–	116,877
At 1 January 2023, net of accumulated amortisation	116,877	–	116,877
Additions	43,703	2,358	46,061
Disposals	(18,763)	–	(18,763)
Amortisation	(25,515)	(98)	(25,613)
Reclassified as held for sale	(898)	–	(898)
Exchange realignment	583	–	583
At 31 December 2023, net of accumulated amortisation	115,987	2,260	118,247
At 31 December 2023:			
Cost	332,898	2,358	335,256
Accumulated amortisation	(216,911)	(98)	(217,009)
Net carrying amount	115,987	2,260	118,247

20. INVESTMENTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Share of net assets	128,694	133,235

No joint venture of the Group is individually material to the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

21. INVESTMENTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Share of net assets	26,752,870	25,515,553
Goodwill on acquisition	214,393	214,393
Impairment	(61,765)	(61,765)
Total	26,905,498	25,668,181

As of 31 December 2024 and 2023, particulars of the material associates are as follows:

Name	Particulars of issued shares held	Place of registration	Percentage of ownership	Principal activities
China Bohai Bank Co., Ltd. ("CBB")	Ordinary shares RMB1 each	PRC	11.12%	Banking
China Everbright Bank Co., Ltd. ("CEB")	Ordinary shares RMB1 each	PRC	1.23%	Banking
Bank of Kunlun Co., Ltd. ("BOK")	Ordinary shares RMB1 each	PRC	3.74%	Banking
COSCO Shipping Finance Co., Ltd. ("COSCO SHIPPING Finance")	Registered capital RMB1 each	PRC	13.38%	Banking
Powchan Financial Group Co., Ltd. ("Powchan Financial")	Registered capital RMB1 each	PRC	40.81%	Leasing

As at 31 December 2024, the Group has less than 20% of equity interests in CBB, CEB, BOK and COSCO Shipping Finance, (2023: CBB, CEB, BOK and COSCO Shipping Finance), and with the Group's holding seats in the boards of these companies and participation in the financial and operating activities of these companies, the Group could exercise significant influence over these companies. Accordingly, these companies are accounted for as associates of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

21. INVESTMENTS IN ASSOCIATES (continued)

The following tables illustrate the summarised financial information in respect of each of the Group's material associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	CBB		CEB		BOK		COSCO SHIPPING Finance		Powchan Financial	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	391,720,155	318,027,267	1,112,591,000	1,052,004,000	248,734,275	234,146,171	133,418,893	137,189,003	38,769,868	38,083,392
Non-current assets	1,452,121,973	1,414,706,569	5,846,430,000	5,720,792,000	206,825,954	196,274,050	83,039,301	67,341,891	22,042,982	26,385,804
Total liabilities	(1,733,717,300)	(1,618,331,135)	(6,368,790,000)	(6,218,011,000)	(414,865,403)	(391,545,521)	(191,752,365)	(180,504,196)	(50,780,690)	(54,634,454)
Net assets	110,124,828	114,402,701	590,231,000	554,785,000	40,694,826	38,874,700	24,705,829	24,026,698	10,032,160	9,834,742
Other equity instruments – perpetual debts	(11,000,000)	(19,961,604)	(39,993,000)	(39,993,000)	-	-	-	-	-	-
Other equity instruments – preference shares	-	-	(64,906,000)	(64,906,000)	-	-	-	-	-	-
Non-controlling interests	-	-	(2,531,000)	(2,394,000)	(10,601)	(107,865)	-	-	-	-
Net assets attributable to the owners of the Company	99,124,828	94,441,097	482,801,000	447,492,000	40,684,225	38,766,835	24,705,829	24,026,698	10,032,160	9,834,742
Proportion of the ownership	11.12%	11.12%	1.23%	1.23%	3.74%	3.74%	13.38%	13.38%	40.81%	40.81%
Share of net assets	11,014,525	10,471,550	5,871,123	5,438,467	1,521,590	1,449,880	3,306,629	3,215,734	4,094,174	4,013,607
Goodwill on acquisition	-	-	-	-	159,186	159,186	42,729	42,729	-	-
Impairment	-	-	-	-	(61,765)	(61,765)	-	-	-	-
Carrying amounts of the investments	11,014,525	10,471,550	5,871,123	5,438,467	1,619,011	1,547,301	3,349,358	3,258,463	4,094,174	4,013,607

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

21. INVESTMENTS IN ASSOCIATES (continued)

The following tables illustrate the summarised financial information in respect of each of the Group's material associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements: (continued)

	CBB		CEB		BOK		COSCO SHIPPING Finance		Powchan Financial	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	58,928,704	65,482,560	257,636,000	278,967,000	16,779,257	16,084,810	5,264,619	5,349,811	3,999,033	3,880,412
Attributable to the owners of the Company:										
Profit for the year	5,255,815	5,080,903	41,911,000	41,076,000	1,704,904	2,531,649	1,044,545	1,213,680	765,915	802,246
Other comprehensive income/(expense) for the year	420,152	320,764	8,649,000	2,836,000	1,036,312	302,634	37,379	(4,364)	-	-
Total comprehensive income for the year	5,675,967	5,401,667	50,560,000	43,912,000	2,741,216	2,834,283	1,081,924	1,209,316	765,915	802,246
Dividends received from associates during the year	-	-	125,252	137,560	30,768	41,922	53,910	-	232,006	181,973

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

21. INVESTMENTS IN ASSOCIATES (continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Aggregate carrying amount of investments	957,307	938,793
	2024 RMB'000	2023 RMB'000
Share of profit	42,507	42,080
Share of other comprehensive income	1,216	1,387
Share of total comprehensive income	43,723	43,467

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Listed equity investments (a)	33,867	965,273
Unlisted equity investments (b)	2,093,055	1,996,721
Unlisted debt investments (c)	1,067	–
	2,127,989	2,961,994
Current portion	(34,354)	(661,647)
Non-current portion	2,093,635	2,300,347

- (a) The listed equity securities represent stocks listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange.
- (b) The unlisted equity investments represent the Group's equity interests in unlisted PRC companies. The Group did not have significant influence on these invested entities.
- (c) The unlisted debt investments represent the Group's investment in the large-denomination negotiable certificates of a three-year time deposit issued by a bank.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

23. FINANCE LEASE RECEIVABLES

The total future lease payment receivables under finance leases and their present values were as follows:

	2024 RMB'000	2023 RMB'000
Within one year	4,069,183	4,471,638
After one year but within two years	3,921,491	3,948,264
After two years but within three years	3,389,890	4,007,010
After three years but within four years	3,302,797	3,119,063
After four years but within five years	2,950,179	3,465,021
After five years	21,339,860	23,275,438
Total minimum finance lease receivables	38,973,400	42,286,434
Unearned finance income	(8,134,090)	(9,557,139)
Total present value of minimum finance lease receivables	30,839,310	32,729,295
Impairment	(1,397,763)	(1,367,353)
	29,441,547	31,361,942
Current portion	(2,524,940)	(2,870,565)
Non-current portion	26,916,607	28,491,377
	2024 RMB'000	2023 RMB'000
Within one year	2,784,506	3,013,858
After one year but within two years	3,235,415	2,651,354
After two years but within three years	1,932,229	2,882,133
After three years but within four years	2,404,473	2,105,902
After four years but within five years	2,201,808	2,585,740
After five years	18,280,879	19,490,308
Total present value of minimum finance lease receivables	30,839,310	32,729,295

At 31 December 2024, certain of the Group's finance lease receivables with a net carrying amount of RMB4,343,206,000 (2023: RMB8,286,209,000) were pledged to secure general banking facilities granted to the Group (note 35).

Further qualitative and quantitative information regarding credit risk and ECLs of finance lease receivables is disclosed in note 49.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

24. FACTORING RECEIVABLES

	2024 RMB'000	2023 RMB'000
Current portion		
Factoring receivables	22,609	23,947
Impairment	(22,609)	(7,142)
Net carrying amount	–	16,805

Further qualitative and quantitative information regarding credit risk and ECLs of factoring receivables is disclosed in note 49.

25. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments represent interest rate swap agreements and foreign exchange forward contracts and currency swap agreements designated as hedging instruments as follows:

ASSETS

	2024 RMB'000	2023 RMB'000
Interest rate swaps	33,954	35,609
Foreign exchange forward contracts	–	30,998
Current portion	–	(30,998)
Non-current portion	33,954	35,609

LIABILITIES

	2024 RMB'000	2023 RMB'000
Current portion		
Foreign exchange forward contracts	35,258	–
Currency swaps	6,738	–
	41,996	–

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

25. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedge – Interest rate risk

At 31 December 2024, the Group had interest rate swap agreements in place with a total notional amount of US\$46,945,000 (2023: US\$56,805,000) whereby they receive interest at variable rates equal to the 3-month Secured Overnight Financing Rate (“**SOFR**”) (2023: SOFR) on the notional amounts and pay interest at fixed rates of 1.21% to 2.93% (2023: 1.21% to 2.93%). The swaps are used to hedge the exposure to changes in the cash flows of its secured loans with variable rates.

Cash flow hedge – Foreign currency risk

Foreign exchange forward contracts

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in US dollars ('USD') and forecast purchases in RMB. At 31 December 2024, the Group had foreign exchange forward contracts in place with a notional amount of USD240,000,000 (2023: USD200,000,000) whereby the Group receives a fixed exchange rate (expressed as the amount of RMB per one USD) of 7.0635 to 7.2900 (2023: 7.1895 to 7.2365). The foreign exchange forward contracts are used to hedge the exposure to changes in the cash flows of its trade receivables with floating exchange rates.

Currency swap

Currency swap refers to a transaction in which a specified amount of principal in two currencies is exchanged within a specified period and interest in both currencies is periodically exchanged. At 31 December 2024, the Group had currency swap agreements in place with a total notional amount of US\$68,454,000 (2023: Nil) whereby the Group receives a fixed exchange rate (expressed as the amount of RMB per one USD) of 7.2750. The Group receive interest at fixed rate of 2.27% on the notional amounts and pay interest at fixed rates of 4.67%. The swaps are used to hedge the exposure to changes in the cash flows of its trade receivables with fixed exchange rates and interest rates.

Cash flow hedge – Interest rate risk and foreign currency risk

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange forward and swap contracts match the terms of the expected highly probable forecast transactions and the secured bank loan (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the foreign exchange forward and swap contracts are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

25. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedge – Interest rate risk and foreign currency risk (continued)

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

The Group holds the following hedging instruments (notional amount):

	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2024					
Interest rate swaps	70,879	46,434	71,164	148,980	337,457
Foreign exchange forward contracts	1,721,733	–	–	–	1,721,733
Currency swaps	498,000	–	–	–	498,000

	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2023					
Interest rate swaps	69,837	138,960	193,534	–	402,331
Foreign exchange forward contracts	1,444,025	–	–	–	1,444,025

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

25. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Cash flow hedge – Interest rate risk and foreign currency risk (continued)

The movements of cash flow hedge reserve are as follows:

	Interest rate swaps RMB'000	Foreign exchange forward contracts RMB'000	Currency swaps RMB'000	Total RMB'000
As at 1 January 2023	43,552	–	–	43,552
Hedging (loss)/gain recognised in other comprehensive income	(10,666)	30,850	–	20,184
Reclassified adjustments for gains included in the consolidated statement of profit or loss	722	148	–	870
As at 31 December 2023 and 1 January 2024	33,608	30,998	–	64,606
Hedging loss recognised in other comprehensive income	(2,164)	(66,063)	(7,446)	(75,673)
Reclassified adjustments for gains/ (losses) included in the consolidated statement of profit or loss	509	(193)	708	1,024
As at 31 December 2024	31,953	(35,258)	(6,738)	(10,043)

There is no hedge ineffectiveness recognised in profit or loss. Consequently, the change in fair value used for measuring ineffectiveness of the hedging instruments for the year ended 31 December 2024 is the same with that of the hedged items, equalling the amount of the hedging gain or loss recognised in other comprehensive income above.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

26. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

DEFERRED TAX ASSETS

	Impairment RMB'000	Lease liabilities RMB'000	Depreciation RMB'000	Accruals RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2024	169,368	55,110	1,345	88,988	443,304	758,115
Credited/(charged) to profit or loss	12,574	(16,281)	(510)	18,215	38,591	52,589
Disposal of a subsidiary	–	–	–	–	(1,584)	(1,584)
Exchange realignment	19	–	16	71	–	106
Gross deferred tax assets at 31 December 2024	181,961	38,829	851	107,274	480,311	809,226

	Impairment RMB'000	Changes in fair value of financial assets at fair value RMB'000	Lease liabilities RMB'000	Depreciation RMB'000	Accruals RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2023	27,175	4,986	6,088	831	83,150	483,839	606,069
Credited/(charged) to profit or loss	142,177	(4,986)	49,003	498	5,760	(40,535)	151,917
Exchange realignment	16	–	19	16	78	–	129
Gross deferred tax assets at 31 December 2023	169,368	–	55,110	1,345	88,988	443,304	758,115

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

26. DEFERRED TAX (continued)

The movements in deferred tax liabilities and assets during the year are as follows: (continued)

DEFERRED TAX LIABILITIES

	Withholding tax RMB'000	Changes in fair value of financial assets at fair value through profit or loss RMB'000	Right-of-use assets RMB'000	Depreciation RMB'000	Total RMB'000
At 1 January 2024	437,481	13,164	55,862	7,229	513,736
Charged/(credited) to profit or loss	43,769	(4,809)	(16,744)	55,151	77,367
Exchange realignment	—	—	—	640	640
Gross deferred tax liabilities at 31 December 2024	481,250	8,355	39,118	63,020	591,743

	Withholding tax RMB'000	Changes in fair value of financial assets at fair value through profit or loss RMB'000	Right-of-use assets RMB'000	Depreciation RMB'000	Total RMB'000
At 1 January 2023	484,583	—	7,768	3,577	495,928
(Credited)/charged to profit or loss	(47,102)	13,164	48,075	3,581	17,718
Exchange realignment	—	—	19	71	90
Gross deferred tax liabilities at 31 December 2023	437,481	13,164	55,862	7,229	513,736

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

26. DEFERRED TAX (continued)

DEFERRED TAX LIABILITIES (continued)

Certain of the Group's overseas subsidiaries are therefore liable for withholding taxes on dividends distributed by certain associates established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

For presentation purpose, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	282,680	261,900
Net deferred tax liabilities recognised in the consolidated statement of financial position	65,197	17,521

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis. As at 31 December 2024, deferred tax assets and deferred tax liabilities amounted to RMB526,546,000 (2023: RMB496,215,000) were offset.

Deferred tax assets have not been recognised in respect of the following items:

	2024 RMB'000	2023 RMB'000
Tax losses	1,615,979	1,446,294
Deductible temporary differences	2,359,094	2,283,793
Total	3,975,073	3,730,087

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences arising in Mainland China and Hong Kong, China, as it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

At the end of the reporting period, the Group had unused tax losses of RMB3,524,534,000 (2023: RMB3,191,503,000) available for offset against future profits. Included in unused tax losses are losses of RMB2,490,941,000 (2023: RMB2,260,820,000) that will be expired within next five years. The remaining tax losses of RMB1,033,593,000 (2023: RMB930,683,000) may be carried forward indefinitely.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

27. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	1,087,095	1,175,821
Finished goods	1,188,375	1,064,952
Provision for write-down of inventories	(7,751)	(43,223)
Total	2,267,719	2,197,550

28. TRADE AND NOTES RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	2,654,463	1,850,332
Notes receivable	4,873	6,270
Impairment	(102,092)	(78,307)
Net carrying amount	2,557,244	1,778,295

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, which are internationally dispersed.

An ageing analysis of the trade and notes receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	2,548,778	1,769,504
3 to 6 months	77	5,818
6 to 12 months	8,389	2,268
Over 1 year	—	705
Total	2,557,244	1,778,295

Further qualitative and quantitative information regarding credit risk and ECLs of trade receivables is disclosed in note 49.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

29. PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments	1,489,314	1,331,784
Other receivables	100,760	113,811
Prepaid value-added tax	482,066	420,955
Impairment	(36,477)	(4,429)
Total	2,035,663	1,862,121

30. RESTRICTED AND PLEDGED DEPOSITS

	2024 RMB'000	2023 RMB'000
Current		
Pledged deposits for bank and other borrowings	119	306
Pledged deposits for corporate bonds	815	2,647
Pledged deposits for repurchased of shares	20,000	–
Pledged deposits for letters of credit	216	–
Other restricted and pledged deposits	3,436	197
	24,586	3,150

31. CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	8,677,216	13,023,417

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

31. CASH AND CASH EQUIVALENTS (continued)

At the end of the reporting period, the cash and bank balances of the Group are denominated in RMB and foreign currencies as follows:

	2024 RMB'000	2023 RMB'000
RMB	7,240,268	8,290,948
United States Dollar ("USD")	1,311,001	4,570,028
European Dollar ("EURO")	14,828	14,007
Hong Kong Dollar ("HKD")	57,648	101,031
British Pound ("GBP")	53,471	47,289
Singapore Dollar ("SGD")	—	114
Total	8,677,216	13,023,417

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and restricted and pledged deposits are deposited with creditworthy banks with no recent history of default.

32. TRADE AND NOTES PAYABLES

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

	2024 RMB'000	2023 RMB'000
Within 3 months	3,352,215	2,515,129
3 to 6 months	91,671	33,388
6 to 12 months	2,682	5,110
Over 1 year	424,084	49,768
Total	3,870,652	2,603,395

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

33. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Receipt in advance	362,444	418,206
Payables for purchase of property, plant and equipment	124,000	56,941
Other payables	1,518,374	1,620,994
Indirect tax payables	96,994	85,283
Interest payables	541,034	696,837
Total	2,642,846	2,878,261

Other payables are non-interest-bearing and have an average term of three months.

34. CONTRACT ASSETS AND CONTRACT LIABILITIES

CONTRACT ASSETS

	2024 RMB'000	2023 RMB'000
Sales of containers	6,926	–
Impairment	(208)	–
Total contract assets	6,718	–

Contract assets are initially recognised for revenue earned from sales of containers as receipt of consideration is conditional upon the passage of the entire warranty period. The contract assets are transferred to trade receivables when the rights become unconditional. After the warranty period expires, the amounts recognised as contract assets are reclassified to trade receivables.

CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Sales of containers	83,607	63,047

Contract liabilities of RMB83,607,000 as at 31 December 2024 (2023: RMB63,047,000) are short-term advances from customers. During the year ended 31 December 2024, contract liabilities of RMB63,047,000 (2023: RMB304,062,000) at the beginning of the year were recognised as revenue.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

35. BANK AND OTHER BORROWINGS

		2024	
	Effective interest rate (%)	Maturity	Total RMB'000
Current			
Bank loans – secured	3.20-6.68	2025	2,390,213
Bank loans – unsecured	1.85-5.85	2025	27,051,736
Borrowings from related parties – unsecured	1.95-2.30	2025	3,051,854
Subtotal			32,493,803
Non-current			
Bank loans – secured	1.83-6.90	2026-2036	15,362,089
Bank loans – unsecured	1.89-6.43	2026-2034	23,604,614
Borrowings from related parties – unsecured	1.95-5.32	2026-2027	4,345,550
Subtotal			43,312,253
Total			75,806,056

		2023	
	Effective interest rate (%)	Maturity	Total RMB'000
Current			
Bank loans – secured	1.83-7.01	2024	3,041,351
Bank loans – unsecured	2.20-6.61	2024	24,273,433
Borrowings from related parties – unsecured	2.20-6.25	2024	4,907,208
Subtotal			32,221,992
Non-current			
Bank loans – secured	1.83-7.01	2025-2032	18,191,081
Bank loans – unsecured	2.30-6.61	2025-2036	27,736,416
Borrowings from related parties – unsecured	2.40-6.25	2025-2026	3,701,562
Subtotal			49,629,059
Total			81,851,051

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

35. BANK AND OTHER BORROWINGS (continued)

Maturity profile of bank and other borrowings is as follows:

	2024 RMB'000	2023 RMB'000
Within one year or on demand	32,493,803	32,221,992
In the second year	23,912,089	17,410,062
In the third to fifth year, inclusive	15,018,001	26,540,123
Beyond five years	4,382,163	5,678,874
Total	75,806,056	81,851,051

Except for bank loans of RMB59,499,452,000 (2023: RMB60,668,551,000) which are denominated in USD, all borrowings are dominated in RMB.

The Group's secured bank loans disclosed above are secured by restricted and pledged deposits (note 30), certain property, plant and equipment (note 16) and finance lease receivables (note 23).

As at 31 December 2024, bank loans and borrowings of RMB14,865,452,000 (2023: RMB14,537,909,000) and RMB60,940,604,000 (2023: RMB67,313,142,000) carried fixed interest rates and variable interest rates respectively.

36. CORPORATE BONDS

	2024 RMB'000	2023 RMB'000
Non-current Bond payables	12,000,000	8,000,000

Note:

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 10,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,000,000,000 on 5 November 2020. The bond has a life of ten years from the date of issuance and bears interest at a rate of 4.46% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 13,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,300,000,000 on 25 March 2021. The bond has a life of five years from the date of issuance and bears interest at a rate of 3.99% per annum with repayment on maturity.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

36. CORPORATE BONDS (continued)

Note: (continued)

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 20,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB2,000,000,000 on 8 July 2021. The bond has a life of five years from the date of issuance and bears interest at a rate of 3.76% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 7,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB700,000,000 on 14 October 2021. The bond has a life of ten years from the date of issuance and bears interest at a rate of 4.30% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 15,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,500,000,000 on 7 March 2022. The bond has a life of five years from the date of issuance and bears interest at a rate of 3.50% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 15,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,500,000,000 on 18 May 2022. The bond has a life of five years from the date of issuance and bears interest at a rate of 3.38% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2023]1324), COSCO SHIPPING Development Co., Ltd, issued 20,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB2,000,000,000 on 15 April 2024. The bond has a life of five years from the date of issuance and bears interest at a rate of 2.45% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2023]1324), COSCO SHIPPING Development Co., Ltd, issued 5,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB500,000,000 on 19 July 2024. The bond has a life of five years from the date of issuance and bears interest at a rate of 2.10% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2023]1324), COSCO SHIPPING Development Co., Ltd, issued 15,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,500,000,000 on 19 July 2024. The bond has a life of ten years from the date of issuance and bears interest at a rate of 2.47% per annum with repayment on maturity.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

36. CORPORATE BONDS (continued)

The effective interest rates of corporate bonds are as follows:

	Effective interest rate (%)	2024 Maturity	Total RMB'000
Non-current			
Corporate bond	2.10-4.46	2026-2034	12,000,000

	Effective interest rate (%)	2023 Maturity	Total RMB'000
Non-current			
Corporate bond	3.38-4.46	2026-2031	8,000,000

Maturity profile of corporate bonds is as follows:

	2024 RMB'000	2023 RMB'000
In the second year	3,300,000	—
In the third to fifth year, inclusive	5,500,000	6,300,000
Beyond five years	3,200,000	1,700,000
Total	12,000,000	8,000,000

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

37. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
At beginning of the year	275,985	75,458
New leases	82,704	252,433
Payments	(119,476)	(59,423)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(4,718)	–
Addition due to business combination	2,450	–
Accretion of interest during the year	6,627	6,679
Exchange realignment	(427)	838
At end of the year	243,145	275,985
Current portion	(87,209)	(106,660)
Non-current portion	155,936	169,325

Maturity profile of lease liabilities is as follows:

	2024 RMB'000	2023 RMB'000
Within one year	91,216	112,771
In the second year	85,531	64,796
In the third to fifth year, inclusive	73,169	111,232
Total undiscounted lease liabilities	249,916	288,799
Unearned finance expense	(6,771)	(12,814)
Total present value of lease liabilities	243,145	275,985
Current portion	(87,209)	(106,660)
Non-current portion	155,936	169,325

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

38. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
At beginning of year	83,379	63,710
Addition	15,456	29,384
Released to profit or loss	(11,203)	(9,715)
At end of year	87,632	83,379

Deferred income were provided by local government for the purposes of providing support for the production cycle development and research activities and deferred to recognise as income over the useful lives of the relevant assets. There are no unfulfilled conditions and other contingencies attached to the deferred income.

39. SHARE CAPITAL AND TREASURY SHARES

	2024 RMB'000	2023 RMB'000
Balances at 31 December 2024 and 2023		
H shares	3,676,000	3,676,000
A shares	9,899,939	9,899,939
Total	13,575,939	13,575,939

Except for the currency in which dividends are paid and the restrictions as to whether the shareholders should be PRC investors, designated investors or foreign investors, H shares and A shares rank pari passu in all respects with each other.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

39. SHARE CAPITAL AND TREASURY SHARES (continued)

A summary of movements in the Company's share capital and treasury shares is as follows:

	Number of shares in issue '000	Share capital RMB'000	Treasury shares RMB'000
At 1 January 2023	13,586,477	13,586,477	(173,155)
Cancellation of treasury shares (note a)	(13,177)	(13,177)	38,630
Exercise of share options (note b)	2,639	2,639	50,319
At 31 December 2023 and 1 January 2024	13,575,939	13,575,939	(84,206)
Repurchase of treasury shares (note c)	–	–	(212,259)
At 31 December 2024	13,575,939	13,575,939	(296,465)

- (a) The group announced on 31 January 2023 to cancel 13,177,000 shares resulted in a decrease in reserve of treasury shares by RMB38,630,000, after the cancellation, the total share capital of the Company changed from 13,586,477,000 shares to 13,573,300,000 shares.
- (b) Shares are issued upon exercise of share options under share option scheme on 9 June 2023. Share options were exercised to subscribe for 19,804,000 shares of the Company. There were two batches share options exercised at a consideration of RMB43,430,000. The first batch of stock options granted on 30 March 2020 was exercised to subscribe for 17,165,000 shares of the Company, resulted in a decrease in reserve of treasury shares by RMB50,319,000. The second batch of stock options granted on 6 May 2021 was exercised to subscribe for 2,639,000 shares of the Company in which RMB2,639,000 was credited to share capital. Further details are disclosed in note 40.
- (c) During the year ended 31 December 2024, the 40,500,000 A shares and 108,249,000 H shares repurchased by the Company have not been cancelled. As at 28 March 2025, the 28,724,292 A shares previously repurchased by the Company before year ended 31 December 2024 were held by it as treasury shares for the purpose of A share option incentive scheme. 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 (including sale of treasury shares).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

40. SHARE OPTION SCHEME

The Company operates a share option scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Under the Scheme, share options were granted on 30 March 2020 and on 6 May 2021 respectively. Eligible participants of the Scheme include directors and senior management of the Company and core management and business personnel of the Group. On 30 March 2020, 11,142,500 and 67,078,211 share options were granted to the Company’s directors and senior management and the Group’s other employees, respectively. On 6 May 2021, 8,847,445 options were granted to other employees. Unless otherwise cancelled or amended, share options under each grant have a validity period of ten years commencing from the date of grant.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director or to senior management of the Company, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of two years and ends on a date which is not later than seven years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the average trading price of the A Shares on the last trading day immediately preceding the date of announcement of the Scheme; (ii) the average trading price of the A Shares for the twenty trading days immediately preceding the date of the announcement of the Scheme; and (iii) the par value of the A Shares.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

40. SHARE OPTION SCHEME (continued)

The following share options were outstanding under the Scheme during the year:

	2024		2023	
	Weighted average exercise price RMB per share	Number of options '000	Weighted average exercise price RMB per share	Number of options '000
At 1 January	2.193	29,449	2.419	57,121
Forfeited during the year	2.193	(3,425)	2.193	(7,868)
Exercised during the year	—	—	2.193	(19,804)
At 31 December	2.193	26,024	2.193	29,449

The exercise prices and exercise periods of the share options outstanding under the Scheme as at the end of the reporting period are as follows:

2024 Number of options '000	2023 Number of options '000	Exercise price* RMB per share	Exercise period
—	—	2.193**	1 April 2022 to 30 March 2023
—	3,270	2.193**	1 April 2023 to 30 March 2024
20,436	20,436	2.193**	1 April 2024 to 30 March 2027
—	155	2.193**	7 May 2023 to 6 May 2024
2,794	2,794	2.193**	7 May 2024 to 6 May 2025
2,794	2,794	2.193**	7 May 2025 to 6 May 2028
26,024	29,449		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** A board resolution was passed on 22 May 2023, the exercise price was adjusted from RMB2.419 to RMB2.193 per share as a result of implementation of 2019 and 2020 profit distribution plans of the Company, pursuant to the share option incentive scheme.

The Group recognised a share option income of RMB4,301,000 (share option expense in 2023: RMB3,327,000) during the year ended 31 December 2024.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

40. SHARE OPTION SCHEME (continued)

There were no share options exercised during the year ended 31 December 2024.

The share option holders exercised the stock options granted on 30 March 2020 at an exercise price of RMB2.193. A total of 17,165,000 options were exercised during the year ended 31 December 2023, and the total proceeds from exercise of share options was RMB37,643,000 (2024: Nil). The exercise of share options has resulted in decreases in reserves of treasury shares, share premium and share option reserve of RMB50,319,000 (2024: Nil), RMB4,460,000 (2024: Nil) and RMB8,216,000 (2024: Nil) respectively. During the second exercise period, the remaining unexercised 3,270,697 options were expired on 30 March 2024 and have not yet been cancelled.

The share option holders exercised the stock options granted on 6 May 2021 at an exercise price of RMB2.193. A total of 2,639,000 options were exercised during the year ended 31 December 2023, and the total proceeds from exercise of share options was RMB5,787,000 (2024: Nil). The exercise of share options has resulted in increases in share capital and share premium of RMB2,639,000 (2024: Nil) and RMB3,148,000 (2024: Nil) respectively and a decrease in share option reserve of RMB54,000 (2024: Nil). During the first exercise period, the remaining unexercised 155,218 options were expired on 6 May 2024 and have not yet been cancelled.

41. OTHER RESERVES

	2024 RMB'000	2023 RMB'000
Other reserves	491,925	471,624
Retained profits	17,930,982	17,413,506
Other comprehensive losses	(1,406,607)	(2,093,185)
Total	17,016,300	15,791,945

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

42. DISPOSAL OF A SUBSIDIARY

During the year, the Company transferred its 100% equity interests in Haihui Commercial Factoring (Tianjin) Co., Ltd. (“**Haihui Commercial Factoring**”) to an independent third party, China Merchants Financial Holdings Co., Ltd., for a cash consideration of RMB437,906,000. The disposal was completed on 15 October 2024, the date on which the control of Haihui Commercial Factoring was passed to the acquirer. The details in relation to the disposal of Haihui Commercial Factoring are as follows:

	At date of disposal RMB'000
Property, plant and equipment	1,018
Intangible assets	800
Factoring receivable	754
Deferred tax assets	1,584
Prepayments and other receivables	493
Cash and cash equivalents	429,108
Other payables and accruals	(120)
Net assets disposed	433,637
Gain on disposal of a subsidiary (Note 7)	4,269
Total consideration	437,906
Satisfied by:	
Cash	437,906

An analysis of the net cash inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	Date of disposal RMB'000
Cash and cash equivalents disposed of	(429,108)
Cash received	437,906
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	8,798

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB81,868,000 (2023: RMB252,433,000).

During the year ended 31 December 2024, at commencement of finance leasing agreement, the Group had non-cash additions to finance lease receivables of RMB1,386,597,000 (2023: RMB1,368,249,000) which is the same amount of property, plant and equipment transferred, in which the Group acts as the lessor.

During the year ended 31 December 2024, the Group had non-cash additions to inventories by transfer from property, plant and equipment of RMB796,283,000 (2023: RMB727,496,000).

During the year ended 31 December 2024, the Group had non-cash transfer of construction in progress in property, plant and equipment of RMB27,475,000 (2023: RMB12,230,000) to intangible assets and recognised construction in progress under property, plant and equipment of Nil (2023: RMB23,371,000) as an expense.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) A RECONCILIATION OF THE PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS IS AS FOLLOWS:

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		1,547,572	1,345,266
Profit before tax from a discontinued operation		213,660	35,669
Adjustments for:			
Finance costs		4,079,955	3,936,878
Interest expenses included in cost of sales		140,788	228,664
Share of profits of joint ventures		(6,908)	(32,656)
Share of profits of associates		(1,511,515)	(1,543,383)
Gain on disposal of property, plant and equipment	7	(23,670)	(23,496)
Gain on derecognition of financial assets measured at amortised cost	7	–	(12,926)
Gain on disposal of a joint venture	7	(172)	–
Gain on disposal of financial assets at fair value through profit or loss	7	(135,875)	(57,545)
Gain on disposal of a subsidiary		(217,929)	–
Dividend income from financial assets at fair value through profit or loss	7	(9,867)	(23,812)
Deferred income related to asset items		(11,203)	(9,715)
Changes in fair value of financial assets at fair value through profit or loss	7	170,241	(67,517)
Depreciation of property, plant and equipment	16	2,646,446	2,411,474
Depreciation of investment properties	17	389	622
Depreciation of right-of-use assets	18	102,366	96,419
Amortisation of intangible assets	19	30,253	25,613
Impairment of property, plant and equipment	16	–	310,191
Impairment of finance lease receivables		14,462	199,498
Impairment of/(reversal of impairment) factoring receivables		15,467	(92,338)
Impairment of contract assets	34	208	–
Provision for write-down of inventories to net realisable value		3,808	33,638
Provision for impairment of trade receivables		22,695	26,026
Impairment of/(reversal of impairment) of other receivables		31,899	(790)
Equity settled share option (income)/expense	40	(4,301)	3,327
Foreign exchange differences, net		(355,879)	(233,666)
		6,742,890	6,555,441
Decrease in inventories		738,740	1,877,940
Increase in trade and notes receivables		(807,101)	(1,248,176)
Increase in prepayments and other receivables		(423,914)	(1,067,967)
Increase in restricted and pledged deposits		–	(36,872)
Increase in trade and notes payables		1,267,257	123,761
Decrease in other payables and accruals		(834,338)	(317,792)
Increase/(decrease) in contract liabilities		19,223	(241,015)
Increase in deferred income		15,440	29,384
		6,718,197	5,674,704
Cash generated from operations		(14,138)	(360,344)
Income tax paid			
		6,704,059	5,314,360

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank and other borrowings RMB'000	Corporate bonds RMB'000	Lease liabilities RMB'000
At 1 January 2023:	84,445,080	8,000,000	75,458
Changes from financing cash flows	(3,649,540)	–	(59,423)
New leases	–	–	252,433
Interest expense	–	–	6,679
Foreign exchange movement	1,055,511	–	838
At 31 December 2023 and 1 January 2024:	81,851,051	8,000,000	275,985
Changes from financing cash flows	(6,927,990)	4,000,000	(119,476)
New leases	–	–	82,704
Interest expense	–	–	6,627
Addition due to business combination	–	–	2,450
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	–	(4,718)
Exchange realignment	882,995	–	(427)
At 31 December 2024	75,806,056	12,000,000	243,145

(d) TOTAL CASH OUTFLOW FOR LEASES

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	23,592	25,435
Within financing activities	119,476	59,423
Total	143,068	84,858

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

44. OPERATING LEASE ARRANGEMENTS

AS LESSOR

The Group leases its certain vessels, containers and buildings under operating lease arrangements. The details of revenue from vessel chartering and container leasing are included in note 5. Rental income from investment properties was RMB6,808,000 (2023: RMB6,564,000).

(a) Operating lease commitments

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	4,720,097	4,779,947
After one year but within two years	4,112,133	4,410,114
After two years but within three years	3,406,549	3,721,819
After three years but within four years	2,750,184	2,987,576
After four years but within five years	2,066,796	2,312,681
After five years	4,695,618	6,154,912
Total	21,751,377	24,367,049

AS LESSEE

The Group has various lease contracts for prepaid land lease payments, buildings and machinery, motor vehicles and office equipment used in its operation. Details of lease terms of these lease contracts are included in note 2.4. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets and lease liabilities

Detailed information regarding right-of-use assets and lease liabilities has been set out in notes 18 and 37, respectively.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

44. OPERATING LEASE ARRANGEMENTS (continued)

AS LESSEE (continued)

(b) *The amounts recognised in profit or loss in relation to lessee accounting are as follows:*

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	6,627	6,679
Depreciation of right-of-use assets	102,366	96,419
Expenses relating to short-term leases	23,592	25,435

(c) *Non-cash additions to right-of-use assets and lease liabilities are disclosed in note 43(a).*

45. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

CAPITAL COMMITMENTS

	2024 RMB'000	2023 RMB'000
Property, plant and equipment	10,494,678	23,200
Finance lease payments	—	151,216
Interests in an associate and joint ventures	67,378	65,938
Total	10,562,056	240,354

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

46. SIGNIFICANT RELATED PARTY TRANSACTIONS

- (A) In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

	2024 RMB'000	2023 RMB'000
Interest income from:		
An associate	79,971	94,660
Fellow subsidiaries	–	3,148
Interest expenses to:		
Fellow subsidiaries	–	417
An associate	345,771	328,753
Sales of containers to:		
Fellow subsidiaries	3,250,598	143,580
Purchase of goods from:		
Fellow subsidiaries	739,082	232,773
Purchase of property, plant and equipment from:		
Fellow subsidiaries	1,005,777	435,057
Rendering of services to fellow subsidiaries:		
Vessel chartering and container leasing	3,311,586	2,274,739
Management fee income	18,022	1,981
Others	6,217	32,686
Receiving of services from:		
Fellow subsidiaries	1,104,312	676,233

The related party transactions above were made according to the published prices or interest rates and conditions similar to those offered to the respective major customers.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

46. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(B) COMMITMENTS WITH RELATED PARTIES

The table below summarises the commitments with fellow subsidiaries:

As lessor

	2024 RMB'000	2023 RMB'000
Within one year	2,393,612	2,602,011
After one year but within two years	2,121,931	2,421,562
After two years but within three years	1,873,642	2,046,829
After three years but within four years	1,477,076	1,705,931
After four years but within five years	1,115,360	1,259,135
After five years	3,028,050	4,009,447
Total	12,009,671	14,044,915

(C) OUTSTANDING BALANCES WITH RELATED PARTIES

	Notes	2024 RMB'000	2023 RMB'000
Amounts due from:			
Fellow subsidiaries	(i)	1,279,995	161,067
Amounts due to:			
Fellow subsidiaries	(ii)	387,451	253,175
Loans from:			
An associate	(iii)	7,397,404	8,608,769

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

46. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(C) OUTSTANDING BALANCES WITH RELATED PARTIES (continued)

Notes:

- (i) Included in the amounts due from related parties of RMB1,264,414,000 (2023: RMB144,538,000) are trade in nature. These amounts due from related parties are aged within 3 months as at the end of the reporting period, based on the invoice date.
- (ii) Included in the amounts due to related parties of RMB370,793,000 (2023: RMB229,304,000) are trade in nature. These amounts due to related parties are aged within 3 months as at the end of the reporting period, based on the invoice date.
- (iii) Details of the Group's loans from an associate as at the end of the reporting period are included in note 35.

Save as disclosed above, the outstanding balances with related parties were unsecured, non-interest-bearing and had no fixed repayment terms.

(D) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	9,800	9,412
Equity-settled share option expense	9	195
Pension scheme contributions	1,719	2,227
Total	11,528	11,834

The Group itself is part of a larger group of companies under the State-owned Assets Supervision and Administration Commission of the State Council, which is controlled by the PRC government and the Group operates in an economic environment currently pre-dominated by entities controlled, jointly controlled or significantly influenced by the PRC government.

Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts businesses with entities directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government in the ordinary course of business, including majority of its bank deposits and the corresponding interest income, certain bank borrowings and the corresponding finance costs, and significant purchases and sales of goods and other related products.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

FINANCIAL ASSETS – AT FAIR VALUE

	2024 RMB'000	2023 RMB'000
Derivative financial instruments	33,954	66,607
Financial assets at fair value through profit or loss	2,127,989	2,961,994

FINANCIAL LIABILITIES – AT FAIR VALUE

	2024 RMB'000	2023 RMB'000
Derivative financial instruments	41,996	–

FINANCIAL ASSETS – AT AMORTISED COST

	2024 RMB'000	2023 RMB'000
Finance lease receivables	29,441,547	31,361,942
Factoring receivables	–	16,805
Trade and notes receivables	2,557,244	1,778,295
Financial assets included in other receivables	64,283	109,382
Restricted and pledged deposits	24,586	3,150
Cash and cash equivalents	8,677,216	13,023,417
Total	40,764,876	46,292,991

FINANCIAL LIABILITIES – AT AMORTISED COST

	2024 RMB'000	2023 RMB'000
Trade and notes payables	3,870,652	2,603,395
Financial liabilities included in other payables and accruals	2,183,408	2,374,772
Bank and other borrowings	75,806,056	81,851,051
Corporate bonds	12,000,000	8,000,000
Other long-term payables	768,944	536,840
Total	94,629,060	95,366,058

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those measured at fair value or with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Bank and other borrowings	43,312,253	49,629,059	42,246,739	49,609,396
Corporate bonds	12,000,000	8,000,000	12,512,618	8,415,727
Other long-term payables	768,944	536,840	732,874	479,042
Total	56,081,197	58,165,899	55,492,231	58,504,165

Management has assessed that the fair values of cash and cash equivalents, restricted and pledged deposits, trade and notes receivables, financial assets included in other receivables, the current portion of finance lease receivables and the current portion of factoring receivables, trade payables, financial liabilities included in other payables and accruals, the current portion of bank and other borrowings the current portion of corporate bonds approximate to their carrying amounts largely due to the short term maturities of these instruments.

The non-current portion of finance lease receivables and the non-current portion of factoring receivables of the Group approximate to their fair values because their carrying amounts are present value and internal rates of return are close to rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair value of the non-current portion of bank and other borrowings, corporate bonds and other long term payables has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

31 December 2024

	Fair value measurement categorised into		Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	
Financial assets measured at fair value			
Derivative financial instruments	–	33,954	33,954
Financial assets at fair value through profit or loss	33,867	2,094,122	2,127,989
Financial liabilities measured at fair value			
Derivative financial instruments	–	41,996	41,996

31 December 2023

	Fair value measurement categorised into		Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	
Financial assets measured at fair value			
Derivative financial instruments	–	66,607	66,607
Financial assets at fair value through profit or loss	965,273	1,996,721	2,961,994

For all the financial assets and financial liabilities with fair value measurement categorised into Level 2, the Group estimates their fair values using the market approach. For investments in private funds, the fair values are calculated in accordance with net asset value prepared by the fund manager. For the other investments, if there is a recent deal regarding these investments, the fair values are estimated based on the deal price. If there is no such deal to be referenced, the directors of the Company will determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculate an appropriate price multiple for each comparable company identified. These valuation techniques maximise the use observable market data where it is available and rely as little as possible on entity-specific estimate. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

FAIR VALUE HIERARCHY (continued)

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, including foreign exchange forward contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of foreign exchange forward contracts and interest rate swaps are the same as their fair values.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank and other borrowings, corporate bonds and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables, and trade and notes payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps and foreign exchange forward contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

INTEREST RATE RISK

The Group's exposure to risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts and using interest rate swap contracts.

As at 31 December 2024, if interest rates had been 100 basis points higher/lower with all other variables held constant, profit before tax from continuing operations for the year would have been RMB609,000,000 lower/higher (2023: RMB673,000,000 lower/higher), mainly as a result of higher/lower interest expense on floating rate bank borrowings without considering the impact of using interest rate swap contracts.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

FOREIGN CURRENCY RISK

The Group has transactional currency exposures. These exposures arise from sales or purchases by its significant subsidiary operating in Mainland China in US\$ other than the subsidiary's functional currency, which is RMB. During the year, 34.56% (2023: 52.60%) of the Group's sales were denominated in currencies other than the functional currency of the subsidiary making the sale, whilst all of costs of sales were denominated in the subsidiary's functional currency.

The Group has currency exposures mainly from a finance lease receivable held by its subsidiary operating in Mainland China. As at 31 December 2024, the finance lease receivable with a carrying amount of RMB7,554,772,000 (2023: RMB8,112,743,000) was dominated in United States dollars, other than the subsidiary's functional currency which is RMB.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Group's profit before tax:

	Increase/(decrease) in US\$ rate	Increase/(decrease) in profit before tax RMB'000
Year ended 31 December 2024		
If RMB weakens against US\$	5%	377,739
If RMB strengthens against US\$	(5%)	(377,739)
Year ended 31 December 2023		
If RMB weakens against US\$	5%	405,637
If RMB strengthens against US\$	(5%)	(405,637)

CREDIT RISK

The Group is exposed to credit risk primarily from finance lease receivables, factoring receivables, trade receivables and contract assets in its operation. The credit risk of cash and cash equivalents and restricted and pledged deposits is not significant.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all counterparties are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

(a) Maximum credit risk exposure

The credit risk of the Group's financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments without taking account of any collateral held or other credit enhancements.

(b) Impairment assessment

The detailed accounting policy and significant accounting judgements and estimates for impairment in relation to credit risk are set out in notes 2.4 and 3, respectively.

The movements in the provision for impairment of finance lease receivables, factoring receivables, trade receivables and contract assets, which account for the primary credit risk of the Group, are as follows:

	Finance lease receivables				Factoring receivables				Trade receivables	Contract assets
	2024				2024				2024	2024
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	714,120	-	653,233	1,367,353	-	-	7,142	7,142	78,307	-
Impairment losses										
(reversed)/recognised	(1,900)	10,838	5,524	14,462	-	-	15,467	15,467	22,695	208
Transfer to Stage 1	32,217	-	(32,217)	-	-	-	-	-	-	-
Transfer to Stage 2	(2,357)	2,357	-	-	-	-	-	-	-	-
Transfer to Stage 3	(245)	-	245	-	-	-	-	-	-	-
Exchange realignment	10,945	37	4,966	15,948	-	-	-	-	1,090	-
At 31 December 2024	752,780	13,232	631,751	1,397,763	-	-	22,609	22,609	102,092	208

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

(b) Impairment assessment (continued)

	Finance lease receivables				Factoring receivables				Trade receivables
	2023				2023				2023
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	RMB'000
At 1 January 2023	730,389	20,641	411,846	1,162,876	4,064	648	94,768	99,480	54,523
Impairment losses (reversed)/recognised	(28,702)	–	228,200	199,498	(4,064)	(648)	(87,626)	(92,338)	26,026
Transfer to Stage 3	(234)	(20,641)	20,875	–	–	–	–	–	–
Amount written off as uncollectable	–	–	(12,970)	(12,970)	–	–	–	–	(3,213)
Exchange realignment	12,667	–	5,282	17,949	–	–	–	–	971
At 31 December 2023	714,120	–	653,233	1,367,353	–	–	7,142	7,142	78,307

(c) Credit quality

The Group manages the credit quality by credit risk rating grades, classified in descending credit quality order as neither past due nor impaired, not past due and collectively impaired, past due but not impaired, past due and collectively impaired and past due and individually impaired.

Finance lease receivables, factoring receivables, trade receivables and contract assets, at gross amounts, which account for the primary credit risk of the Group, are classified as follows:

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

(c) Credit quality (continued)

Finance lease receivables and factoring receivables

	Finance lease receivables				Factoring receivables			
	2024				2024			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Not past due and collectively impaired	29,864,753	-	-	29,864,753	-	-	-	-
Past due and individually impaired	-	47,601	926,956	974,557	-	-	22,609	22,609
Total	29,864,753	47,601	926,956	30,839,310	-	-	22,609	22,609

	Finance lease receivables				Factoring receivables			
	2023				2023			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Not past due and collectively impaired	31,873,536	-	-	31,873,536	-	-	-	-
Past due and individually impaired	-	-	855,759	855,759	-	-	23,947	23,947
Total	31,873,536	-	855,759	32,729,295	-	-	23,947	23,947

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

(c) Credit quality (continued)

Trade receivables

	2024					2023				
	Ageing based on the invoice date					Ageing based on the invoice date				
	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Not past due and collectively impaired	2,631,307	-	-	-	2,631,307	1,826,103	784	-	-	1,826,887
Past due and individually impaired	2,981	1,733	3,741	14,701	23,156	3,381	3,749	5,056	11,259	23,445
Total	2,634,288	1,733	3,741	14,701	2,654,463	1,829,484	4,533	5,056	11,259	1,850,332

Contract assets

	2024				2023			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Not past due and collectively impaired	6,926	-	-	6,926	-	-	-	-
Past due and individually impaired	-	-	-	-	-	-	-	-
Total	6,926	-	-	6,926	-	-	-	-

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CREDIT RISK (continued)

(d) Concentration

Concentrations of credit risk are managed by counterparty, by geographical region and by industry sector. The Group evaluates the concentration as low as its counterparties are located in several jurisdictions including Hong Kong, China, United States and Europe and operate in largely independent market.

LIQUIDITY RISK

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations, bank and other borrowings, corporate bonds, other long-term payables and lease liabilities.

The table below summarises the maturity profile of the Group's financial liabilities and lease liabilities at the end of the reporting period based on contractual undiscounted payments including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

LIQUIDITY RISK (continued)

31 December 2024

	Repayable on demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade and notes payables	3,870,652	–	–	–	3,870,652	3,870,652
Financial liabilities included in other payables and accruals	2,183,408	–	–	–	2,183,408	2,183,408
Bank and other borrowings	35,315,860	25,249,936	16,240,014	4,584,909	81,390,719	75,806,056
Corporate bonds	401,520	3,625,326	6,003,011	3,460,738	13,490,595	12,000,000
Other long-term payables	–	83,746	536,088	149,110	768,944	768,944
Total	41,771,440	28,959,008	22,779,113	8,194,757	101,704,318	94,629,060
Lease liabilities	91,216	85,531	73,169	–	249,916	243,145

31 December 2023

	Repayable on demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade and notes payables	2,603,395	–	–	–	2,603,395	2,603,395
Financial liabilities included in other payables and accruals	2,374,772	–	–	–	2,374,772	2,374,772
Bank and other borrowings	34,465,406	19,529,533	29,447,436	6,140,957	89,583,332	81,851,051
Corporate bonds	–	–	6,952,852	2,247,636	9,200,488	8,000,000
Other long-term payables	–	335,137	54,248	147,455	536,840	536,840
Total	39,443,573	19,864,670	36,454,536	8,536,048	104,298,827	95,366,058
Lease liabilities	112,771	64,796	111,232	–	288,799	275,985

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

EQUITY PRICE RISK

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in financial assets at fair value through profit or loss as at 31 December 2024, which are valued at quoted market prices.

As at 31 December 2024, if fair values of the equity investments had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been RMB3,387,000 higher/lower (2023: 96,527,000 higher/lower) and retained profits would have been RMB2,540,250 higher/lower (2023: 72,395,000 higher/lower).

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt includes bank and other borrowings, corporate bonds and lease liabilities, less restricted and pledged deposits and cash and cash equivalents. The gearing ratios as at the end of the reporting periods were as follows:

	2024 RMB'000	2023 RMB'000
Bank and other borrowings	75,806,056	81,851,051
Corporate bonds	12,000,000	8,000,000
Lease liabilities	243,145	275,985
Restricted and pledged deposits	(24,586)	(3,150)
Cash and cash equivalents	(8,677,216)	(13,023,417)
Net debt	79,347,399	77,100,469
Total equity	30,605,679	29,283,678
Gearing ratio	259%	263%

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
Non-current assets		
Property, plant and equipment	5,545	3,531
Right-of-use assets	96,798	129,986
Intangible assets	6,064	9,367
Investments in associates	7,451,182	7,289,158
Investments in subsidiaries	46,055,397	44,733,720
Financial assets at fair value through profit or loss	258,688	976,091
Other long-term prepayments	4,842,885	7,377,580
Total non-current assets	58,716,559	60,519,433
Current assets		
Inventories	100	103
Trade and notes receivables	19,400	216,698
Prepayments and other receivables	4,844,367	5,423,440
Financial assets at fair value through profit or loss	–	633,191
Restricted and pledged deposits	21,031	441
Cash and cash equivalents	2,115,083	2,121,691
Total current assets	6,999,981	8,395,564
Total assets	65,716,540	68,914,997

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	2024 RMB'000	2023 RMB'000
Current liabilities		
Trade payables	43,395	43,992
Other payables and accruals	2,655,684	3,686,812
Bank and other borrowings	6,018,000	8,399,500
Lease liabilities	33,720	56,669
Total current liabilities	8,750,799	12,186,973
Net current liabilities	(1,750,818)	(3,791,409)
Total assets less current liabilities	56,965,741	56,728,024
Non-current liabilities		
Bank and other borrowings	5,664,000	8,783,000
Corporate bonds	12,000,000	8,000,000
Lease liabilities	63,949	97,669
Other long-term payables	11,760	13,119
Total non-current liabilities	17,739,709	16,893,788
Net assets	39,226,032	39,834,236
Equity		
Share capital	13,575,939	13,575,939
Treasury shares	(296,465)	(84,206)
Other reserves (note)	24,950,486	24,925,361
Retained profits (note)	996,072	1,417,142
Total equity	39,226,032	39,834,236

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2024

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves and retained profits is as follows:

	Other reserves RMB'000	Retained profits RMB'000
At 1 January 2023	24,907,472	2,150,448
Profit for the year	–	495,429
Other comprehensive expense	–	(584)
Exercise of share options	(9,528)	–
Cancellation of treasury shares	(25,453)	–
Equity-settled share option arrangements	3,327	–
Dividends paid	–	(1,178,608)
Transfer from retained profits	49,543	(49,543)
At 31 December 2023	24,925,361	1,417,142
At 1 January 2024	24,925,361	1,417,142
Profit for the year	–	294,262
Other comprehensive income	–	5,002
Equity-settled share option arrangements	(4,301)	–
Dividends paid	–	(690,908)
Transfer from retained profits	29,426	(29,426)
At 31 December 2024	24,950,486	996,072

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2025.

Five Year Financial Summary

RESULTS

	Year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)	2020 RMB'000 (Restated)
CONTINUING OPERATIONS					
REVENUE	27,411,245	15,533,247	25,419,063	34,875,532	12,823,347
Costs of sales	(22,767,001)	(11,233,093)	(18,946,972)	(24,944,838)	(10,323,911)
Gross profit	4,644,244	4,300,154	6,472,091	9,930,694	2,499,436
Other income	301,065	371,516	282,606	257,302	257,341
Other gains, net	386,189	442,338	344,769	313,545	106,289
Selling, administrative and general expenses	(1,182,444)	(1,275,507)	(1,217,981)	(1,429,650)	(1,433,478)
Expected credit losses, net	(84,523)	(132,396)	(180,518)	(668,466)	–
Finance costs	(4,035,382)	(3,936,878)	(2,527,450)	(1,770,873)	(2,220,842)
Share of profits of associates	1,511,515	1,543,383	1,715,874	1,172,848	1,985,148
Share of profits/(losses) of joint ventures	6,908	32,656	(90,875)	4,751	(4,774)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	1,547,572	1,345,266	4,798,516	7,810,151	1,189,120
Income tax credit/(expenses)	(125,066)	32,212	(899,580)	(1,753,470)	(194,283)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	1,422,506	1,377,478	3,898,936	6,056,681	994,837
DISCONTINUED OPERATION					
Profit for the year from a discontinued operation	213,660	30,077	24,893	32,640	1,144,565
PROFIT FOR THE YEAR	1,636,166	1,407,555	3,923,829	6,089,321	2,139,402
Attributable to:					
Owners of the parent	1,685,947	1,407,555	3,923,829	6,089,321	2,139,402
Non-controlling interests	(49,781)	–	–	–	–
	1,636,166	1,407,555	3,923,829	6,089,321	2,139,402

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)	2020 RMB'000 (Restated)
TOTAL ASSETS	126,367,138	125,930,990	128,090,631	132,616,323	153,234,883
TOTAL LIABILITIES	95,761,459	(96,647,312)	(99,198,004)	(99,929,805)	(125,829,193)
NON-CONTROLLING INTERESTS	309,905	–	–	–	–
	30,295,774	29,283,678	28,892,627	32,686,518	27,405,690