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

(Incorporated in Bermuda with limited liability)
Stock Code : 00517

SMART NAVIGATION
SUSTAINABLE MOMENTUM

Annual Report 2024


COSCO SHIPPING

Corporate Profile

COSCO SHIPPING International is a company listed on the Main Board of the Stock Exchange (stock code 00517). The Company is a subsidiary of COSCO SHIPPING (Hong Kong), which is a wholly-owned subsidiary of COSCO SHIPPING.

COSCO SHIPPING International aims to provide global customers with green, low-carbon and digital intelligent solutions throughout the ship's full life cycle. Focusing on the two development pathways of green and low-carbon as well as digital intelligence, the Group actively explores the practical paths to cultivate and develop new quality productive forces. Currently, we have established a ship services platform that providing integrated services, such as ship trading agency, insurance brokerage, supply of marine equipment and spare parts, production and sales of coatings as well as intelligent shipping services. COSCO SHIPPING International strives to become a one-stop integrated supplier with both online and offline services to support the intelligent and digital development of the shipping industry.

In addition, we invest in the establishment of a marine green and new energy platform which lays the foundation of our strategic goal to build a green methanol supply chain, thereby expanding our business scope into the green energy industry.

Vision

COSCO SHIPPING International aims to develop a technology-based shipping services company. Revolving around the development trend of the shipping industry, we will continue to promote green, low-carbon and digital intelligent solutions throughout the ship's full life cycle, we will also actively and prudently set out the roadmap for the development pathway of marine green and new energy, so as to contribute to the sustainable development of the shipping industry.

Mission

By virtue of the support and brand influence of COSCO SHIPPING, COSCO SHIPPING International gives full play to the advantages as a listed company, and by securing trustworthy and mutual success relationship with customers, investors and business partners, will accomplish its vision and sustainable development, so as to provide higher quality services to customers, offer more ideal career path to employees, create more ample return to the Shareholders, and make more contribution to the community.

CONTENTS

Definitions and Glossary

In this annual report, the following expressions have the following meanings under the context requires otherwise:

"associate(s)"	the meaning ascribed to it in the Listing Rules;
"Board"	the board of Directors;
"connected person(s)"	the meaning ascribed to it in the Listing Rules;
"COSCO Kansai Companies"	COSCO Kansai (Shanghai), COSCO Kansai (Zhuhai) and COSCO Kansai Paint (Shanghai) collectively;
"COSCO Kansai Paint (Shanghai)"	中遠關西塗料(上海)有限公司 (COSCO Kansai Paint (Shanghai) Co., Ltd.*), a non-wholly owned subsidiary of the Company;
"COSCO Kansai (Shanghai)"	中遠關西塗料化工(上海)有限公司 (COSCO Kansai Paint & Chemicals (Shanghai) Co., Ltd.*), a non-wholly owned subsidiary of the Company;
"COSCO Kansai (Tianjin)"	COSCO Kansai Paint & Chemicals (Tianjin) Co., Ltd., a non-wholly owned subsidiary of the Company;
"COSCO Kansai (Zhuhai)"	COSCO Kansai Paint & Chemicals (Zhuhai) Co., Ltd., a non-wholly owned subsidiary of the Company;
"COSCO SHIPPING"	中國遠洋海運集團有限公司 (China COSCO Shipping Corporation Limited*), a company established in the PRC and the holding company of COSCO SHIPPING (Hong Kong) and the ultimate holding company of the Company;
"COSCO SHIPPING Group"	COSCO SHIPPING, COSCO SHIPPING (Hong Kong) and their respective subsidiaries;
"COSCO SHIPPING (Hong Kong)"	COSCO SHIPPING (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability and the immediate holding company of the Company and a wholly-owned subsidiary of COSCO SHIPPING;
"COSCO SHIPPING International" or "Company"	COSCO SHIPPING International (Hong Kong) Co., Ltd., the shares of which are listed on the Stock Exchange;
"DWT"	dead weight tonnage, the unit of measurement of weight capacity of vessels, which is the total weight (usually in metric tonnes) the ship can carry, including cargo, bunkers, water, stores, spares, crew, etc. at a specified draft;
"Director(s)"	the director(s) of the Company;
"Green Intelligence Ship Services"	中遠海運綠色數智船舶服務有限公司 (COSCO SHIPPING Green Digital Intelligence Ship Services Co., Ltd.*), a non-wholly owned subsidiary of the Company;
"Group"	the Company and its subsidiaries;

* *for identification purposes only*

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Helen Insurance Brokers"	Helen Insurance Brokers Limited, a wholly-owned subsidiary of the Company;
"Jotun COSCO"	Jotun COSCO Marine Coatings (HK) Limited, a joint venture of the Company;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Nasurfar Changshu"	常熟耐素生物材料科技有限公司 (Nasurfar Biomaterial Technology (Changshu) Co., Ltd.*), a joint venture of the Company;
"PRC"	the People's Republic of China;
"Shanghai JOYFuel Green Energy"	上海吉遠綠色能源有限公司 (Shanghai JOYFuel Green Energy Co., Ltd.*), an associate of the Company;
"Share(s)"	the share(s) of HK$0.10 each in the capital of the Company;
"Shareholders"	the holders of the Share(s) of the Company;
"Sinfeng"	Sinfeng Marine Services Pte. Ltd., a wholly-owned subsidiary of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"substantial shareholder(s)"	the meaning ascribed to it in the Listing Rules;
"United States"	the United States of America;
"Yuantong"	Yuantong Marine Service Co. Limited, a wholly-owned subsidiary of the Company; and
"Zhejiang Four Brothers Rope"	浙江四兄繩業有限公司 (Zhejiang Four Brothers Rope Co., Ltd.*), an associate of the Company.

* *for identification purposes only*

Company Information

DIRECTORS

Executive Directors

Mr. Zhu Changyu *(Chairman and Managing Director)*
Mr. Wang Yong

Non-executive Directors

Mr. Ma Xianghui
Ms. Zhang Xueyan

Independent Non-executive Directors

Mr. Tsui Yiu Wa, Alec
Mr. Jiang, Simon X.
Mr. Kwong Che Keung, Gordon

COMPANY SECRETARY

Ms. Chiu Shui Suet

INDEPENDENT AUDITOR

PricewaterhouseCoopers
(Certified Public Accountants and Registered Public Interest Entity Auditor)

LEGAL ADVISERS

Woo Kwan Lee & Lo
Sit, Fung, Kwong & Shum
Conyers Dill & Pearman

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Pudong Development Bank Company Limited
Agricultural Bank of China Limited
Bank of Communications (Hong Kong) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Ordinary share (Stock code: 00517)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

47th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

INVESTOR RELATIONS

Telephone	: (852) 2809 7888
Facsimile	: (852) 3568 4426
E-mail	: ir517@coscoshipping.com
Website	: hk.coscoshipping.com

FINANCIAL CALENDAR

2024 Annual General Meeting	: 31 May 2024
Announcement of 2024 Interim Results	: 23 August 2024
Announcement of 2024 Annual Results	: 26 March 2025
2025 Annual General Meeting	: 30 May 2025

DIVIDENDS

2024 Interim Dividend	: 26.5 HK cents per share
Proposed 2024 Final Dividend	: 21.5 HK cents per share
Dividends for the year 2024	: 48.0 HK cents per share

Corporate Structure

SHIPPING SERVICES

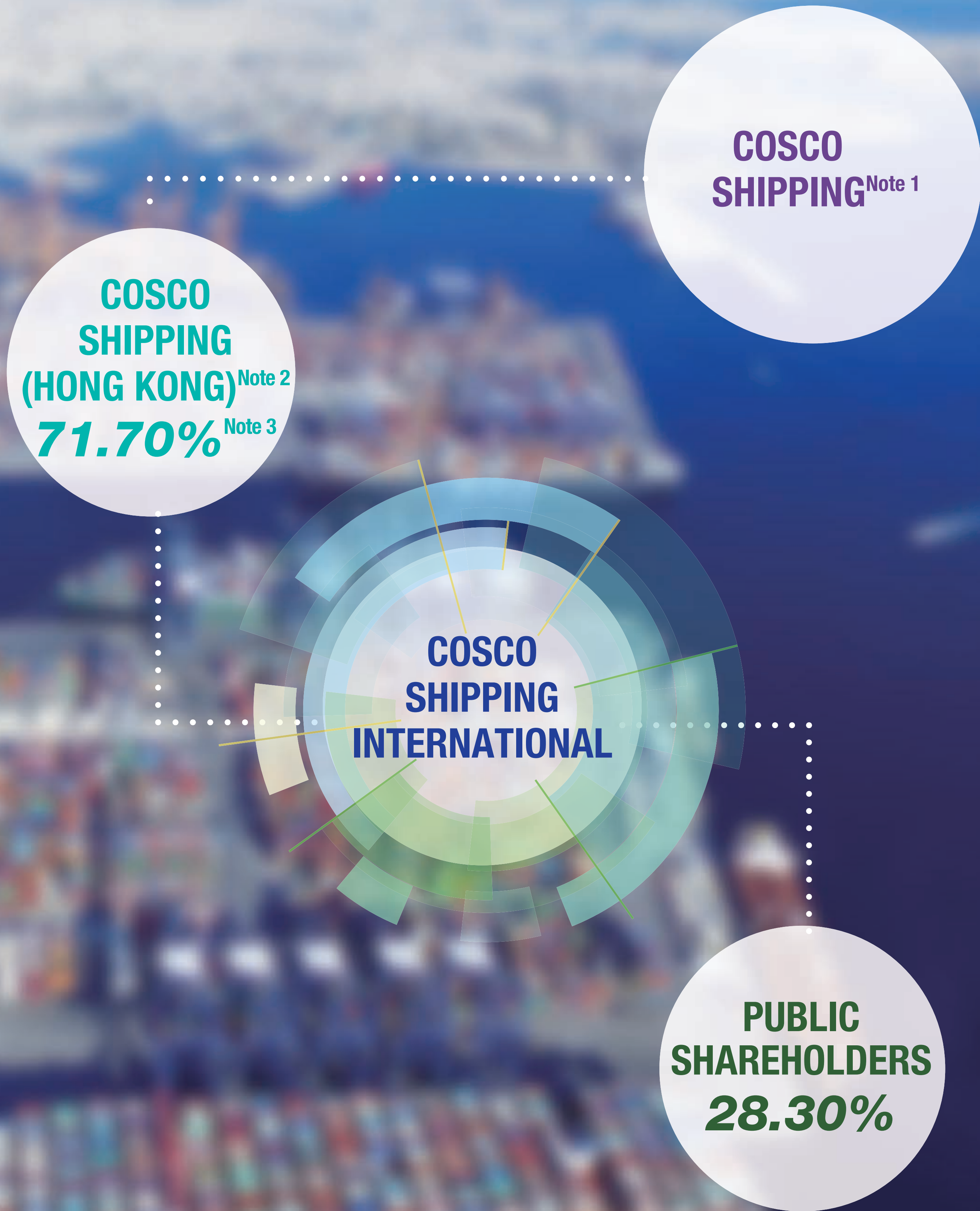
Ship Trading Agency Services	COSCO SHIPPING (Hong Kong) Ship Trading Company Limited 100% 北京中遠海運船舶貿易有限公司 (Beijing COSCO SHIPPING Ship Trading Co., Ltd.*) 100%
Insurance Brokerage Services	COSCO SHIPPING (Hong Kong) Insurance Brokers Limited 100% Helen Insurance Brokers Limited 100% 深圳中遠保險經紀有限公司 (Shenzhen COSCO Insurance Brokers Limited*) 55%
Supply of Marine Equipment and Spare Parts	Yuantong Marine Service Co. Limited 100%
Production and Sale of Coatings	COSCO Kansai Paint & Chemicals (Zhuhai) Co., Ltd. 64.71% 中遠關西塗料化工(上海)有限公司 (COSCO Kansai Paint & Chemicals (Shanghai) Co., Ltd.*) 63.07% 中遠關西塗料(上海)有限公司 (COSCO Kansai Paint (Shanghai) Co., Ltd.*) 63.07% Jotun COSCO Marine Coatings (HK) Limited 50% 常熟耐素生物材料科技有限公司 (Nasurfar Biomaterial Technology (Changshu) Co., Ltd.*) 33%
Intelligent Shipping Services	中遠海運綠色數智船舶服務有限公司 (COSCO SHIPPING Green Digital Intelligence Ship Services Co., Ltd.*) 51% 上海吉遠綠色能源有限公司 (Shanghai JOYFuel Green Energy Co., Ltd.*) 35%

GENERAL TRADING

General Trading	中遠海運國際貿易有限公司 (COSCO SHIPPING International Trading Company Limited*) 100% 浙江四兄繩業有限公司 (Zhejiang Four Brothers Rope Co., Ltd.*) 48%

Note 1
COSCO SHIPPING is the ultimate holding company of COSCO SHIPPING International.
Note 2
COSCO SHIPPING (Hong Kong) is the immediate holding company of COSCO SHIPPING International.
Note 3
To the best of the knowledge and belief of the Directors, COSCO SHIPPING (Hong Kong) held 71.70% issued share capital of the Company as at 31 December 2024.

* *for identification purposes only*


COSCO SHIPPING[Note 1]
COSCO SHIPPING (HONG KONG)[Note 2]
71.70%[Note 3]
COSCO SHIPPING INTERNATIONAL
PUBLIC SHAREHOLDERS
28.30%

Financial Highlights

	2024 HK$'000	2023 HK$'000	Change
ANNUAL RESULTS HIGHLIGHTS			
For the year ended 31 December			
Revenue	**3,627,126**	3,341,729	9%
Gross profit	**845,569**	663,634	27%
Operating profit	**192,334**	145,871	32%
Profit before income tax	**783,882**	662,763	18%
Profit attributable to equity holders	**709,211**	593,673	19%
Basic earnings per share (HK cents)	**48.38**	40.33	20%
Dividends per share (HK cents)	**48.0**	40.0	20%
Dividend payout ratio (%)	**99**	99	—

	2024 HK$'000	2023 HK$'000	Change
BALANCE SHEET HIGHLIGHTS			
As at 31 December			
Total assets	**9,333,570**	9,205,229	1%
Total liabilities	**1,124,231**	1,017,830	10%
Net assets attributable to shareholders	**7,872,586**	7,839,455	0%
Net cash	**5,943,477**	6,261,376	(5%)
Net assets per share (HK$)	**5.37**	5.35	0%
Net cash per share (HK$)	**4.05**	4.27	(5%)
Return on total assets (%)	**7.65**	6.44	1.21ppts
Return on shareholders' equity (%)	**9.03**	7.59	1.44ppts

	2024	2023
KEY FINANCIAL RATIOS		
For the year ended 31 December		
Gross profit margin	**23.3%**	19.9%
Interest coverage	**355.2 times**	362.8 times
Current ratio	**7.3 times**	8.3 times
Quick ratio	**6.9 times**	8.0 times
Total liabilities/total assets	**12.0%**	11.1%
Total borrowings/total assets	**—**	—

	2024 HK$'000	2023 HK$'000	Change
SEGMENT REVENUE*			
For the year ended 31 December			
Shipping Services			
Coatings	**1,344,147**	826,045	63%
Marine equipment and spare parts	**1,814,163**	1,725,018	5%
Ship trading agency	**107,053**	86,782	23%
Insurance brokerage	**220,994**	139,707	58%
Intelligent shipping services	**1,325**	97	1266%
	3,487,682	2,777,649	26%
General trading	**139,444**	564,080	(75%)
Total	**3,627,126**	3,341,729	9%

* external customers only

	2024 HK$'000	2023 HK$'000	Change
SEGMENT PROFIT/(LOSS) BEFORE INCOME TAX			
For the year ended 31 December			
Shipping Services			
Coatings	**329,751**	254,644	29%
Marine equipment and spare parts	**114,114**	106,696	7%
Ship trading agency	**65,447**	46,772	40%
Insurance brokerage	**141,916**	95,672	48%
Intelligent shipping services	**(23,428)**	(3,446)	580%
	627,800	500,338	25%
General trading	**4,926**	(30,940)	(116%)
Corporate and others	**151,156**	193,365	(22%)
Total	**783,882**	662,763	18%

Chairman's Statement

"We firmly believe that by continuously deepening our "technology + green" dual-track strategy, exploring practical paths to cultivate and developing new quality productive forces, strengthening the innovative application of digital intelligent technologies, improving the layout of green energy industry, and actively building a technology-based shipping services company, we are well-positioned to seize the first-mover opportunities amid transformation."

Zhu Changyu
Chairman

To all Shareholders,

RESULTS HIGHLIGHT

On behalf of the Board of the Company, I am pleased to report to you the 2024 annual results and the future development blueprint of COSCO SHIPPING International.

In 2024, COSCO SHIPPING International achieved remarkable operational performance. The profit before income tax from the shipping services business, which was the core business of the Group, was at an all-time high and profit attributable to equity holders of the Company was at a record high since 2011.

The profit attributable to equity holders of the Company was HK$709.2 million, representing an increase of 19% compared to HK$593.7 million in 2023. The basic and diluted earnings per share were 48.38 HK cents (2023: 40.33 HK cents). The Board recommended the payment of a final dividend of 21.5 HK cents per share. The dividend per share for the year will amount to 48.0 HK cents (2023: 40.0 HK cents) in total, representing a dividend payout ratio of 99%.

SHAREHOLDERS' RETURNS

COSCO SHIPPING International has always been adhering to its operational philosophy of maximizing shareholders' returns. While striving for continuous improvement of operational standards and development quality, the Company has attempted to unlock its intrinsic value. Since 2020, comprehensively taking into account the factors such as the business environment and development needs, the actual dividend payout ratio has been increased to nearly 100%. Over the five years, the annual dividend per share has risen from 22.0 HK cents in 2020 to 48.0 HK cents in 2024, with a cumulative increase of 118%. The Group conducted share repurchases in the open market in 2022 and 2023, further enhancing the intrinsic value of the Company's shares. By the end of 2024, the market value of the Group was approximately HK$6,245,038,000, up 40% from approximately HK$4,456,553,000 at the end of 2023.

Such achievements were attributed not only to the favorable market opportunities brought by the high prosperity of the global ship building industry, but more importantly, to the Group's unwavering implementation of its strategic approach of digital intelligent innovation and green and low-carbon-led development, as well as its relentless pursuit of "building a technology-based shipping services company".

INTEGRATION WITH DIGITAL INTELLIGENCE

Facing the historical opportunities of the shipping industry's transformation towards intelligence and low-carbon development, we are reconstructing our service ecosystem with digital intelligent technologies. Leveraging artificial intelligence (AI) models, blockchain technology and our proprietary algorithms, we are systematically integrating and enhancing our existing businesses. Meanwhile, by nurturing digital intelligent technologies, we have gradually generated better synergies among various business units through digitalisation and intelligentisation. The Group's spare parts business has been successfully migrated to an online platform. By leveraging large-scale models, we are able to provide forecast and advices on shipowners' spare parts needs and inventory management, achieving closed-loop management of the spare parts business process and significantly enhancing the efficiency and accuracy of spare parts management. In addition to the spare parts business, the Group's ship trading agency business and insurance brokerage business are also expanding their capabilities in digital intelligent services, with the goal of becoming a one-stop integrated online and offline provider to support the intelligent and digital development of the shipping industry.

GREEN TRANSFORMATION

In the race towards green transformation, which is crucial for the future of the industry, the Group has chosen green methanol as its strategic breakthrough point. In partnership with 吉林電力股份有限公司 (Jilin Electric Power Co., Ltd.*) and 上港集團能源(上海)有限公司 (Shanggang Group Energy (Shanghai) Co., Ltd.*), the Group jointly established Shanghai JOYFuel Green Energy, as our cornerstone to build a green methanol industry chain. Currently, such demonstration project is progressing in an orderly manner, which is expected to commence construction in April this year and to be put into production in the second half of 2026 as planned. The project highlights our profound insight into the global market for marine green alternative fuel. According to the information of Clarksons, the order volume for alternative fuel vessels has reached a record high, with a total of 65.32 million DWTs contracted throughout the year, representing a year-on-year increase of 68%, accounting for 38.5% of total orders. This explosive growth confirms the foresight of the Group's strategic layout. We believe that the market size for marine green new energy will be massive in the future and may become a new and promising growth engine of COSCO SHIPPING International. Meanwhile, the Group also continued to step up its efforts in the green upgrade of its existing business. COSCO Kansai Companies have completed the development and upgrade of the new generation of water-based epoxy coating, and accelerated the promotion of graphene container paints. The Qingdao factory of Jotun COSCO has achieved 100% green power procurement, and the second RTO unit has been put into use. The concept of green and low-carbon has genuinely been incorporated into our business practices.

ASSETS OPTIMISATION AND CONSOLIDATION

In addition, in 2024, the Group further intensified its efforts to optimise asset structure and consolidate resources. We acquired Helen Insurance Brokers in December 2023 and completed the transaction at the beginning of 2024. The addition of Helen Insurance Brokers not only brought additional business scale and profit growth to the Group but also generated synergies with the existing insurance brokerage business, achieving optimised allocation of insurance brokerage resources and service processes. To further advance its international layout, the Group acquired Yuan Hua Technical & Supply Corporation at the end of 2024, further extending its shipping services chain. In addition, the Group has processed to liquidate and close COSCO Kansai (Tianjin) to enhance the production and operational efficiency of our coatings business, as well as gradually exited the asphalt business to lower the operational risks.

SOCIAL RESPONSIBILITIES

As a responsible state-owned enterprise, we have deeply integrated Environmental, Social and Governance ("ESG") principles into our development strategy. COSCO SHIPPING International has always been committed to the mission of creating value for shareholders and contributing to society. In 2024, we actively promoted and participated in various charities and volunteering activities, such as Sowers Action, the Neighbourhood Advice-Action Council and UNICEF. We were honoured with the titles of 15 Years Plus "Caring Company" by The Hong Kong Council of Social Service and "Good MPF Employer" by the Mandatory Provident Fund Schemes Authority, which highlighted the Group's corporate spirit of being rooted in Hong Kong and serving the local community.

* *for identification purposes only*

PROSPECTS

Standing at a new developmental juncture, we have keenly recognised that the global shipping industry is facing a once-in-a-century transformation. The global economy is now in a state of sustained low growth and weak recovery. In the aftermath of de-globalisation and trade fragmentation, trade growth is no longer the engine of economic growth. Rising government debts and deficits in countries around the world have led to the continuous accumulation of financial risks. Uncertainties in the global economy and geopolitical risks have risen sharply. All these challenges are forcing the industry to accelerate its transformation. We believe that while paying attention to changes in the pace of global economic growth, we should also carefully study the structural changes, as it will inevitably bring about transformation in operation models and opportunities for profits. This will require us to adapt to and actively embrace changes based on our own situation.

We firmly believe that by continuously deepening our "technology + green" dual-track strategy, exploring practical paths to cultivate and develop new quality productive forces, strengthening the innovative application of digital intelligent technologies, improving the layout of green energy industry, and actively building a technology-based shipping services company, we are well-positioned to seize the first-mover opportunities amid transformation.

The Group will further improve its top-level design and establish a clear development path. Focusing on the development trends of the shipping industry, it will appropriately allocate resources in a forward-looking manner and continue to expand the room for its own business development by supporting shipping companies to solve their pain points, bottlenecks and challenges. In terms of the intelligent shipping services business, it will promote green, low-carbon and digital intelligent solutions for the full life cycle of ships. In the field of marine new energy, the Group will continue to monitor the market dynamics, industry development as well as changes in domestic and overseas policies of the marine new energy industry, gradually improve the layout of the marine new energy industry, and actively yet cautiously explore a green new energy development path suitable for the Group, thereby making greater contributions to the sustainable development of the shipping industry.

Looking ahead, adhering to our strategic goal of "building a technology-based shipping services company", we will continue to embrace industry transformation with an open attitude, create shareholder values with more pragmatic innovation, and stride forward on our journey of building a world-class shipping services enterprise.

Last but not least, on behalf of the Board, I would like to express my sincere gratitude to all shareholders and stakeholders of COSCO SHIPPING International for their supports and trusts in the Company. I would also express my gratitude to the highly committed and diligent group of colleagues, including my fellow Directors, the management team and all employees for their contributions to the Company's success and long-term development.

Zhu Changyu
Chairman of the Board and Managing Director

26 March 2025

Management Discussion and Analysis

OVERALL ANALYSIS OF RESULTS

In 2024, profit attributable to equity holders of the Company was HK$709,211,000 (2023: HK$593,673,000), increased by 19% year-on-year, while the basic and diluted earnings per share was 48.38 HK cents (2023: 40.33 HK cents), increased by 20% year-on-year. It was mainly due to the increase in revenue and the share of profit of a joint venture, Jotun COSCO.

FINANCIAL REVIEW

Revenue

During the year, the Group's revenue was HK$3,627,126,000 (2023: HK$3,341,729,000), increased by 9% year-on-year. Revenue from the core business of shipping services was HK$3,487,682,000 (2023: HK$2,777,649,000), increased by 26% year-on-year, and accounted for 96% (2023: 83%) of the Group's revenue, mainly due to the increase in revenues from coatings segment and the increase in commission income from insurance brokerage segment upon the completion of acquisition of Helen Insurance Brokers in January 2024. Revenue from the general trading segment was HK$139,444,000 (2023: HK$564,080,000), decreased by 75% year-on-year, and accounted for 4% (2023: 17%) of the Group's revenue.

Gross Profit and Gross Profit Margin

During the year, the Group's gross profit was HK$845,569,000 (2023: HK$663,634,000), increased by 27% year-on-year, mainly due to the increase in gross profit margin of coatings segment and the increase in revenue from insurance brokerage segment. The Group's gross profit margin was 23% (2023: 20%), increased by 3 percentage points year-on-year, mainly due to the increase of revenue contribution from higher-gross profit margin segments.

Management Fee Income

During the year, management fee income arising from the provision of management services by the Company in relation to the day-to-day business operations and management of COSCO SHIPPING (Hong Kong) and its subsidiaries (other than those relating to the Group and Piraeus Port Authority S.A.) was HK$94,570,000 (2023: HK$82,954,000), increased by 14% year-on-year, mainly due to the increase in administrative and general expenses related to COSCO SHIPPING (Hong Kong) and its subsidiaries mentioned above.

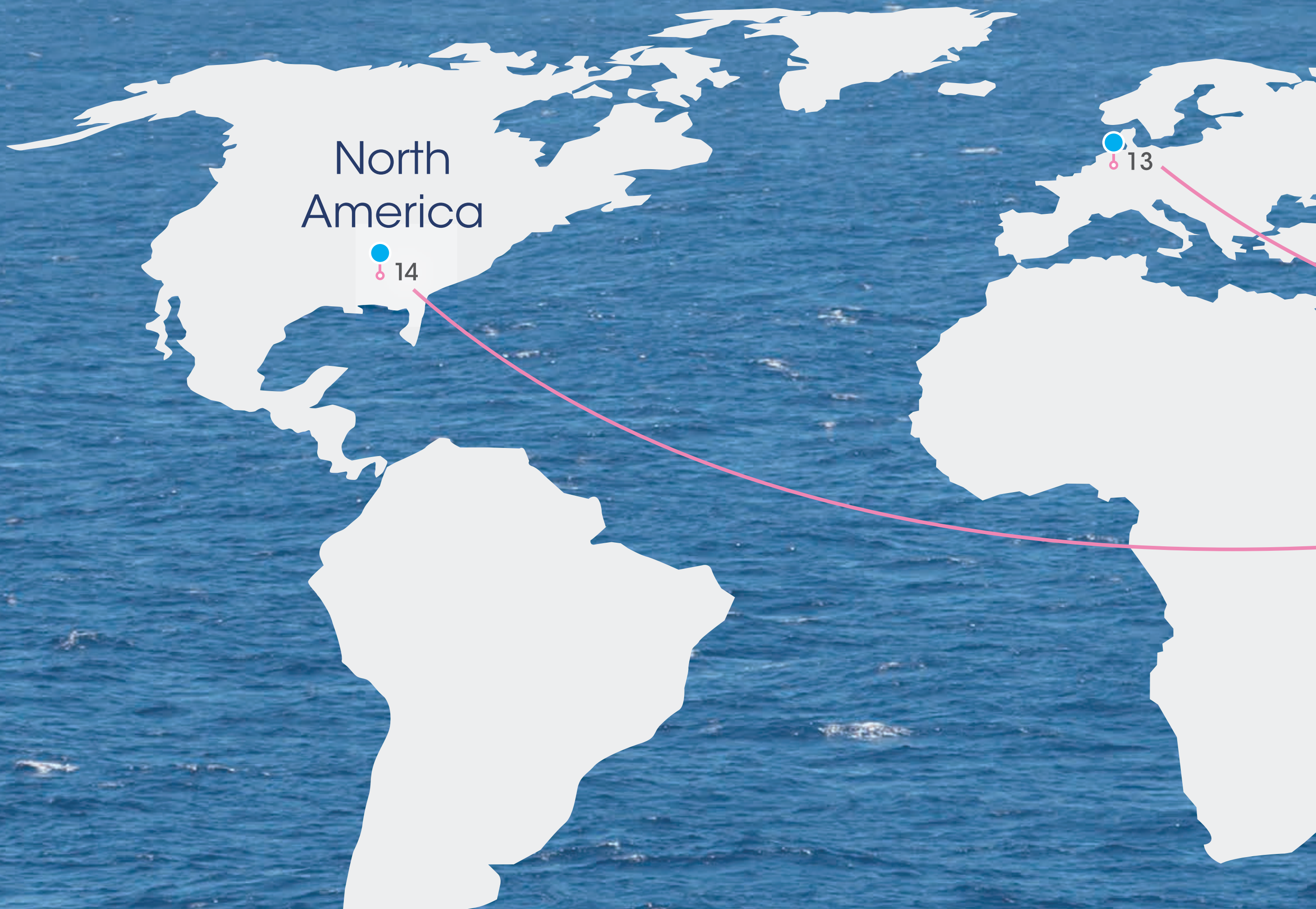
Other Income and (Losses) — Net

During the year, other income and (losses) — net losses were HK$14,943,000 (2023: net losses of HK$6,346,000), increased by 135% year-on-year, mainly due to the decrease in net exchange gains.

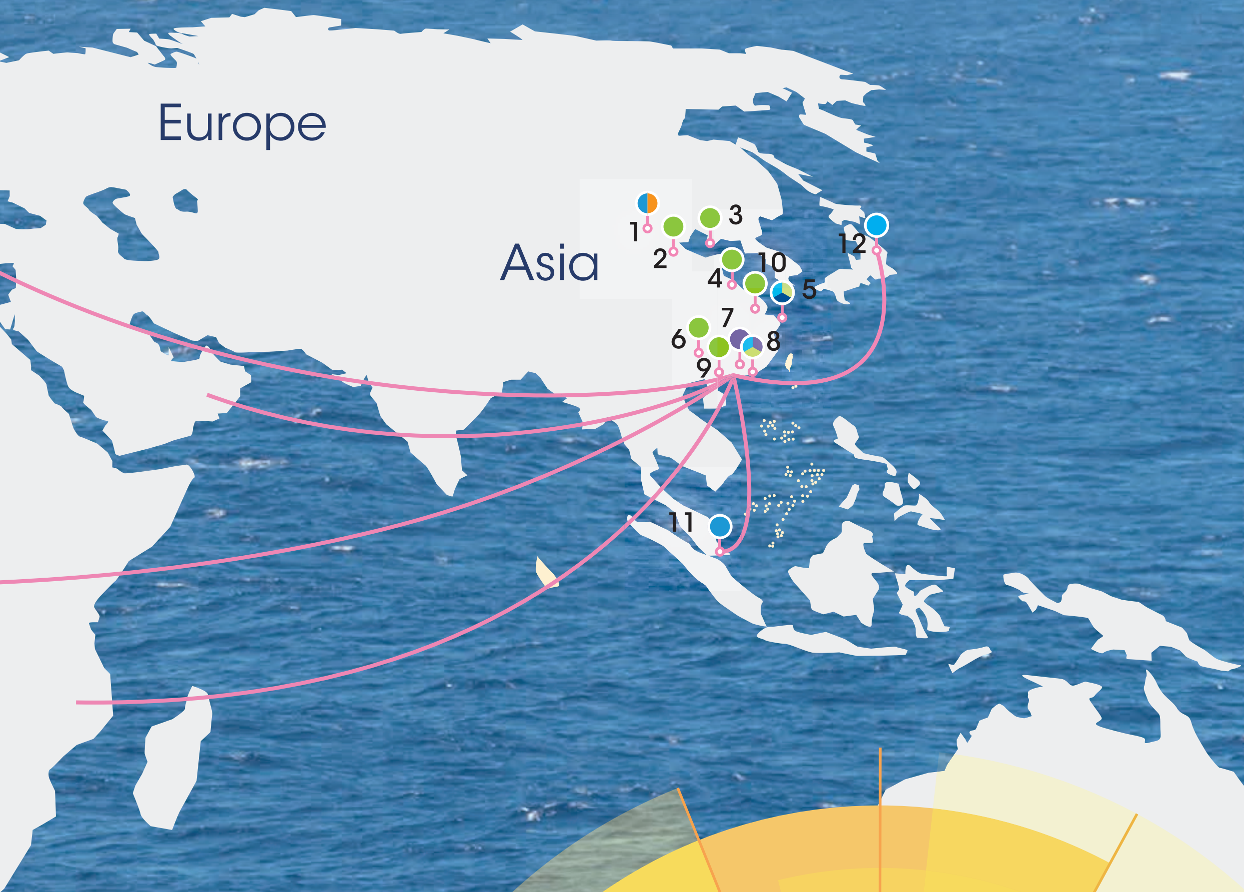
Selling, Administrative and General Expenses

During the year, selling, administrative and general expenses were HK$732,862,000 (2023: HK$594,371,000), increased by 23% year-on-year, mainly due to an increase in selling expenses and increase in employee benefit expenses resulting from the acquisition of Helen Insurance Brokers and the newly established Green Intelligence Ship Services.

TECHNOLOGY-BASED SHIPPING SERVICES COMPANY



		Ship Trading Agency Services	Insurance Brokerage Services	Supply of Marine Equipment and Spare Parts	Production and Sale of Coatings	Intelligent Shipping Services
1	Beijing	○		○		
2	Tianjin				○	
3	Dalian				○	
4	Qingdao				○	
5	Shanghai			○	○	○
6	Guangzhou				○	
7	Shenzhen		○			
8	Hong Kong		○	○	○	
9	Zhuhai				○	
10	Jiangsu				○	
11	Singapore			○		
12	Japan			○		
13	Germany			○		
14	the United States			○		



CORE BUSINESS NETWORK

Operating Profit

The Group's operating profit was HK$192,334,000 (2023: HK$145,871,000), increased by 32% year-on-year.

Finance Income

Finance income, which primarily represented interest income on the Group's bank deposits, was HK$273,980,000 (2023: HK$266,716,000), increased by 3% year-on-year, mainly due to the increase in interest rates of deposits.

Finance Costs

Finance costs, which mainly represented interest expenses on lease liabilities and other finance charges, were HK$2,213,000 (2023: HK$1,832,000), increased by 21% year-on-year.

Share of Profits of Joint Ventures

The Group's share of profits of joint ventures was HK$303,111,000 (2023: HK$237,582,000), increased by 28% year-on-year. This item primarily represented the share of profits of Jotun COSCO of HK$288,324,000 (2023: HK$232,255,000) and of Nasurfar Changshu of HK$11,674,000 (2023: HK$2,617,000), which were included in the coatings segment.

Share of Profits of Associates

The Group's share of profits of associates was HK$16,670,000 (2023: HK$14,426,000), increased by 16% year-on-year. This item primarily represented the share of profit of Zhejiang Four Brothers Rope of HK$10,010,000 (2023: HK$7,946,000), which was included in the general trading segment.

Income Tax Expenses

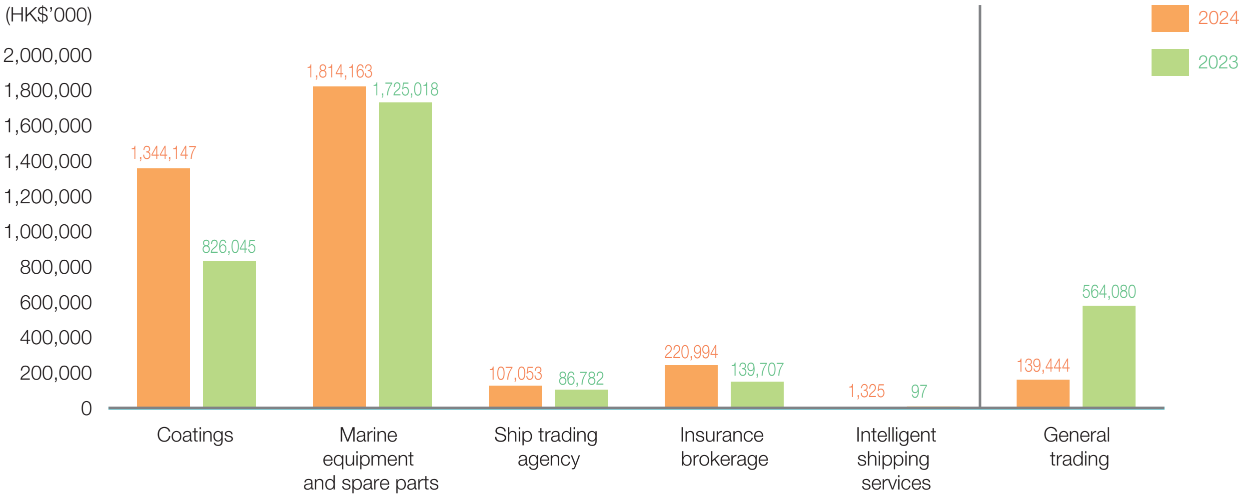
During the year, the Group's income tax expenses were HK$67,605,000 (2023: HK$54,157,000), increased by 25% year-on-year. The ratio of income tax expenses to profits before income tax, excluding the share of profits of joint ventures and associates, increased from 13% in 2023 to 15%, mainly due to the increase in revenue.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company was HK$709,211,000 (2023: HK$593,673,000), increased by 19% year-on-year.

FINANCIAL RESULTS

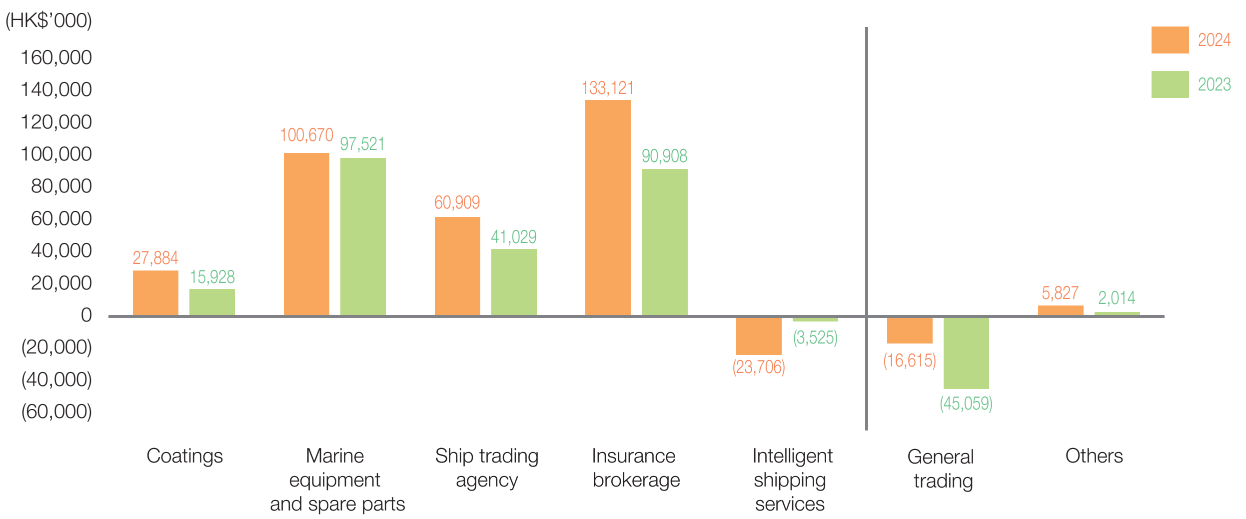
SEGMENT REVENUE*



* external customers only

Revenue from the core business of shipping services increased by 26% to HK$3,487,682,000 (2023: HK$2,777,649,000) and accounted for 96% (2023: 83%) of the Group's revenue. The increase in revenue was mainly due to the increase of revenues from coatings and insurance brokerage segments.

SEGMENT OPERATING PROFIT/(LOSS)



Segment operating profit from shipping services increased by 24% to HK$298,878,000 (2023: HK$241,861,000), mainly due to the increase in segment operating profits from coatings, ship trading agency and insurance brokerage.

FINANCIAL RESULTS (Continued)

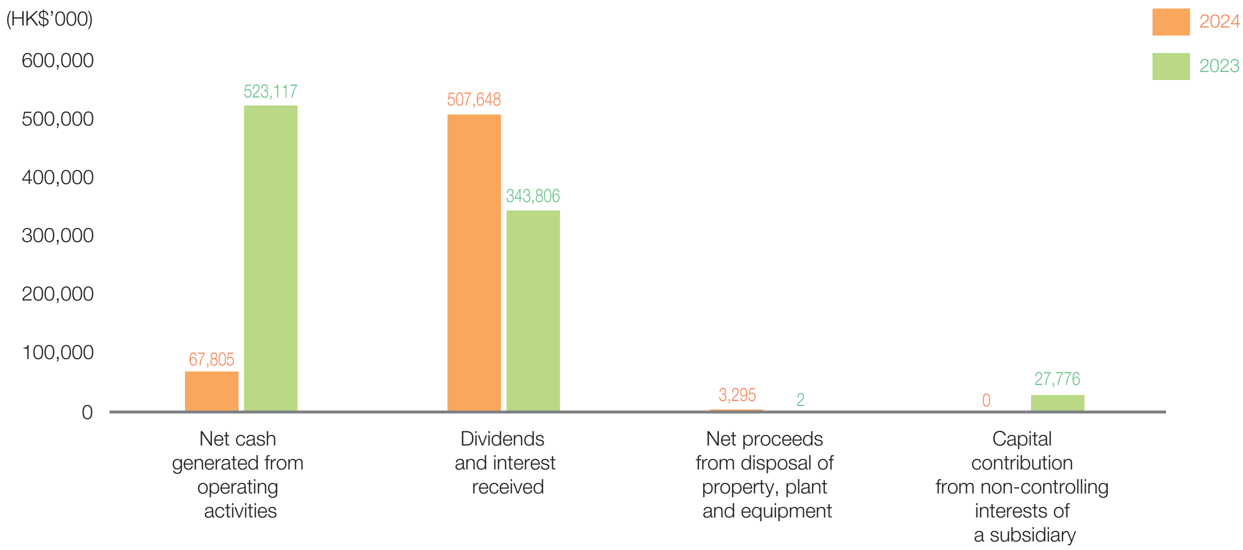
For the year ended 31 December	**2024 HK$'000**	2023 HK$'000	Change HK$'000	%	Remark
Shipping services	**298,878**	241,861	57,017	24	It was mainly attributable to the year-on-year increase in segment operating profits from coatings, ship trading agency and the increase in segment operating profits from insurance brokerage upon the completion of acquisition of Helen Insurance Brokers in January 2024.
General trading	**(16,615)**	(45,059)	28,444	(63)	It was mainly attributable to the reversal of provision for impairment of trade receivables.
Others	**5,827**	2,014	3,813	189	
Corporate net exchange (losses)/gains	**(30,978)**	12,404	(43,382)	(350)	
Corporate expenses, net of income	**(64,119)**	(64,723)	604	(1)	
Elimination of segment income from corporate headquarters	**(659)**	(626)	(33)	5	
Operating profit	**192,334**	145,871	46,463	32	
Finance income-net	**271,767**	264,884	6,883	3	It was mainly attributable to the increase in interest rates of deposits year-on-year.
Share of profits of joint ventures	**303,111**	237,582	65,529	28	It was mainly attributable to the increase in sales volume and the improvement in gross profit margin of Jotun COSCO and Nasurfar Changshu year-on-year.
Share of profits of associates	**16,670**	14,426	2,244	16	It was mainly attributable to the increase in overall gross profit margin of Zhejiang Four Brothers Rope year-on-year.
Profit before income tax	**783,882**	662,763	121,119	18	
Income tax expenses	**(67,605)**	(54,157)	(13,448)	25	
Profit for the year	**716,277**	608,606	107,671	18	

FINANCIAL RESULTS (Continued)

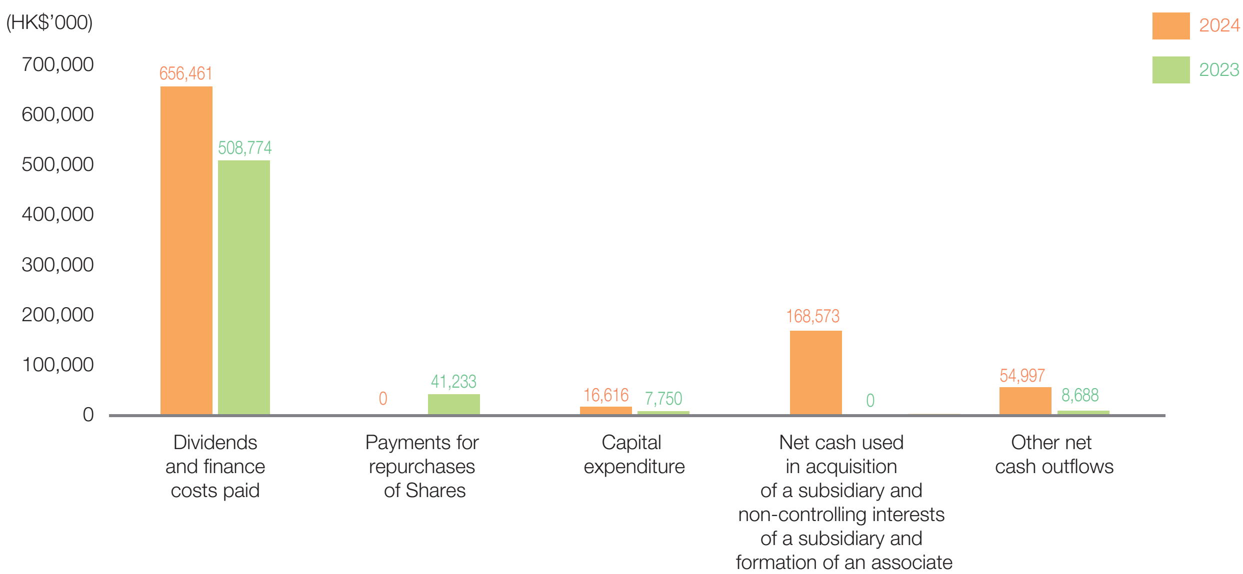
As at 31 December	2024 HK$'000	2023 HK$'000	Change HK$'000	%	Remark
Intangible assets	**359,764**	106,843	252,921	237	
Property, plant and equipment, right-of-use assets and investment properties	**374,526**	402,451	(27,925)	(7)	
Investments in joint ventures	**759,695**	668,448	91,247	14	
Investments in associates	**166,139**	159,961	6,178	4	
Other non-current assets	**109,903**	98,049	11,854	12	
Inventories	**401,734**	298,333	103,401	35	
Trade receivables — net	**524,080**	551,671	(27,591)	(5)	
Other receivables	**689,191**	654,300	34,891	5	
Cash (including restricted bank deposits and current deposits and cash and cash equivalents)	**5,943,477**	6,261,376	(317,899)	(5)	(A), (B)
Other current assets	**5,061**	3,797	1,264	33	
Total assets	**9,333,570**	9,205,229	128,341	1	
Deferred income tax liabilities	**77,334**	64,035	13,299	21	
Trade payables, other payables and contract liabilities	**1,010,675**	918,228	92,447	10	
Current income tax liabilities	**20,619**	17,956	2,663	15	
Lease liabilities	**15,603**	17,611	(2,008)	(11)	
Non-controlling interests	**336,753**	347,944	(11,191)	(3)	
Total liabilities and non-controlling interests	**1,460,984**	1,365,774	95,210	7	
Net assets attributable to equity holders	**7,872,586**	7,839,455	33,131	0	

(A) MAJOR SOURCES AND USE OF CASH

CASH INFLOWS



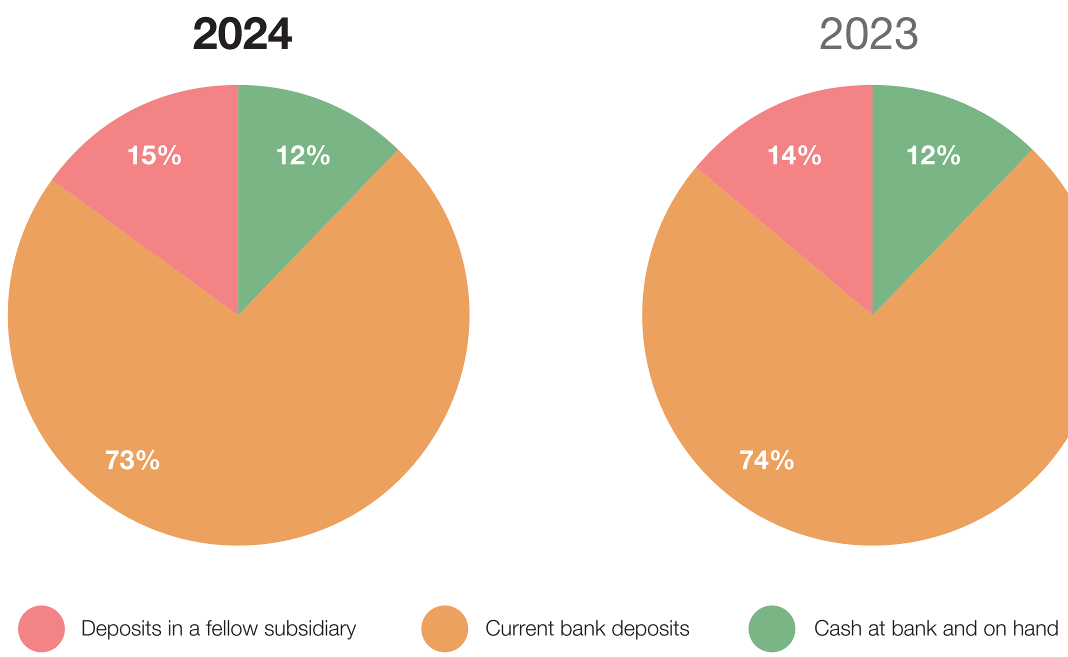
CASH OUTFLOWS



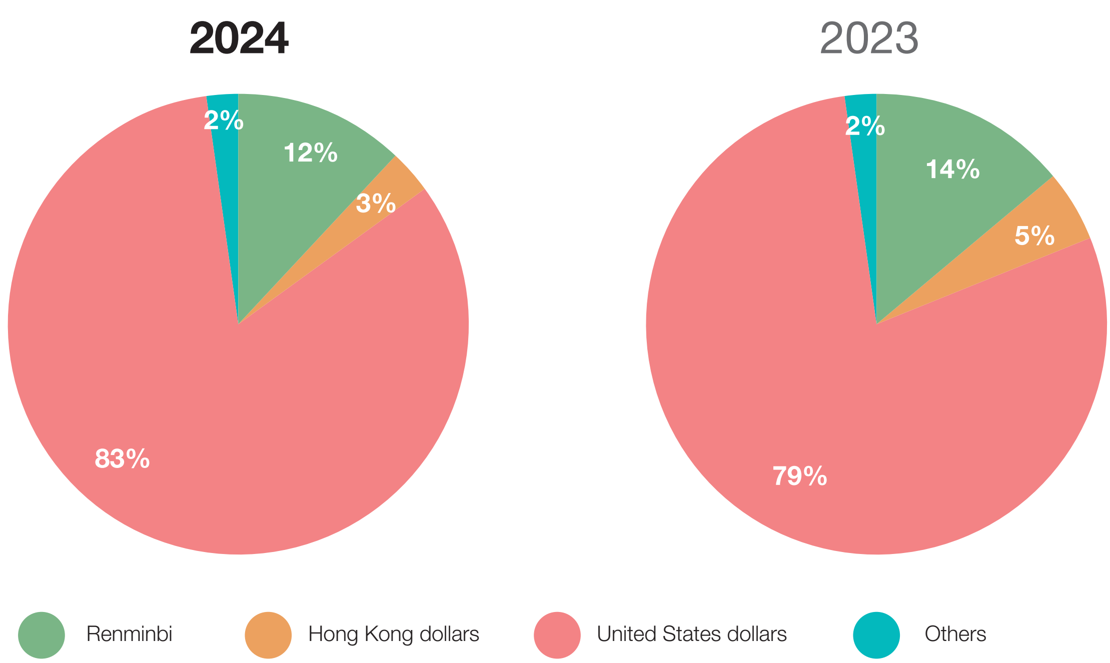
Cash (including restricted bank deposits and current deposits and cash and cash equivalents) decreased by HK$317,899,000 in aggregate during the year. Sources of cash principally included net cash generated from operating activities of HK$67,805,000, dividends and interest received of HK$507,648,000, net proceeds from disposal of property, plant and equipment of HK$3,295,000. Use of cash principally included dividends and finance costs paid of HK$656,461,000, capital expenditure of HK$16,616,000, net cash used in acquisition of a subsidiary and non-controlling interests of a subsidiary and formation of an associate of HK$168,573,000 and other net cash outflows of HK$54,997,000.

(B) ANALYSIS OF CASH

CLASSIFIED BY NATURE



CLASSIFIED BY CURRENCY



CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

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

The Group's main sources of liquidity comprises cash, bank balances and non-committed unutilised banking facilities. The liquidity is primarily for financing of general working capital requirements, dividend payments and future capital expenditure. As at 31 December 2024, deposits and cash and cash equivalents held by the Group accounted for 79% (2023: 81%) of the Group's total current assets.

As at 31 December 2024, the Group's total assets increased by 1% to HK$9,333,570,000 (2023: HK$9,205,229,000). Total liabilities increased by 10% to HK$1,124,231,000 (2023: HK$1,017,830,000). The Group remained cautious about potential credit risks that surrounded the shipping services industry. All business units focused on internal management, receivables management, working capital management and cost control.

Net asset value attributable to shareholders was HK$7,872,586,000 (2023: HK$7,839,455,000). Net asset value per share, calculated based on the 1,465,971,429 shares outstanding at the end of the year (2023: 1,465,971,429 shares), was HK$5.37 (2023: HK$5.35), which increased slightly as compared to the end of 2023.

As at 31 December 2024, the Group's total short-term borrowings were nil (2023: nil). The Group's total cash on hand (representing total restricted bank deposits and current deposits and cash and cash equivalents) decreased by 5% to HK$5,943,477,000 (2023: HK$6,261,376,000) and total non-committed unutilised standby banking facilities decreased by 14% to HK$470,029,000 (2023: HK$548,887,000). The gearing ratio, which represented total borrowings over total assets, was nil (2023: nil).

Debt Analysis

As at 31 December 2024, the Group's total borrowings were nil (2023: nil).

The Group had restricted bank deposits of HK$5,399,000 (2023: HK$5,517,000), representing deposits placed to meet the statutory requirement of its insurance brokerage business in the PRC.

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

TREASURY POLICY

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

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

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

The Group maintained a healthy cash position. As at 31 December 2024, the Group had net cash, which represented total restricted bank deposits and current deposits and cash and cash equivalents, of HK$5,943,477,000 (2023: HK$6,261,376,000). To enhance the Group's finance income and to ensure availability of cash at appropriate times to meet the Group's commitments and needs, the Group, on the basis of balancing risk, return and liquidity, invested in a mixture of stable and conservative financial products, including overnight deposits, term deposits and offshore fixed deposits. Cash and deposits of the Group were placed with highly reputable financial institutions in Hong Kong, the PRC, Singapore, Japan, Germany and the United States. During the year, the Group strengthened its funds management and had actively negotiated with banks to strive for higher deposit yields for the huge sum of liquid funds on hand. The Group achieved a 4.49% rate of return on the Group's cash for the year (2023: 4.37%), representing an increase of 12 basis points year-on-year. The Group had no financial instruments for interest rate hedging purposes.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the Group's sales to the largest customer and aggregate sales to the five largest customers accounted for 5% and 19% respectively (2023: 9% and 29% respectively) of the total revenue of the Group, while purchases from the largest supplier and aggregate purchases from the five largest suppliers accounted for 4% and 18% respectively (2023: 11% and 24% respectively) of the total cost of sales of the Group.

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

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

EMPLOYEES

As at 31 December 2024, excluding joint ventures and associates, the Group had 809 (2023: 860) employees, of which 201 (2023: 195) were Hong Kong employees. During the year, total employee benefit expenses, including directors' emoluments and provident funds, were HK$522,270,000 (2023: HK$446,150,000). Employees were remunerated on the basis of their performance and experience. Remuneration packages include salary and a year-end discretionary bonus, which are determined with reference to market conditions and individual performance. During the year, all of the Hong Kong employees have participated in the Mandatory Provident Fund Scheme or recognised occupational retirement scheme.

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

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

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

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

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

REVIEW OF BUSINESS OPERATIONS

In 2024, the global shipping industry demonstrated resilience amidst multiple challenges. Despite pressure on the global supply chain and a more cautious attitude in the shipping market due to geopolitical friction, regional armed hostilities, rising trade barriers, intensifying climate change and tightening environmental regulations, the shipping industry grew against all odds. According to Clarksons Research, the annual seaborne trade volume saw a year-on-year increase of 2.6% to 12.66 billion tonnes, reflecting the stable fundamentals of shipping demand.

Faced with the overlapping pressures of longer haulage distances, declining transport efficiency, ageing vessels and the emission reduction targets of International Maritime Organisation (IMO), shipping enterprises accelerated the structural upgrade of their fleets. The new build vessel market witnessed explosive growth, and the annual contracted orders reached 63.07 million compensated gross tonnage (CGT), representing a year-on-year surge of 46.6% and the industry's peak in the past decade. At the same time, three core indicators also rose. Shipbuilding completions, new build vessel deliveries and orders on hand increased by more than 18% year-on-year, and the strong demand drove the Clarksons' Newbuilding Price Index to exceed the historical high of 2008.

COSCO SHIPPING International focused on the main themes of shipping digitalisation and green and low-carbon transformation. Centred on the two major development directions of building the "Green Digital Intelligence Shipping Services Platform" and the "Marine Green New Energy Platform", it developed new quality productive forces in digital technology, new energy applications and low-carbon services. By strengthening its core competitiveness and promoting the synergistic development amongst its shipping service business segments, it continued to improve its operating results and achieved satisfactory performance in 2024. Profit before income tax from the shipping services business, which was the core business of the Group, was at an all-time high and profit attributable to equity holders of the Company was at a record high since 2011.

In order to further optimise its asset structure, enhance its overall operating efficiency, as well as improve and extend its service chain, the Group undertook a number of initiatives to integrate internal resources in 2024, including the liquidation and closure of COSCO Kansai (Tianjin) (details of which are set out in the announcement of the Company dated 28 June 2024) and the acquisition of 49% equity interest of Yuan Hua Technical & Supply Corporation ("Yuan Hua") from COSCO SHIPPING (North America) Inc. by Yuantong (details of which are set out in the announcement of the Company dated 30 December 2024). After the completion of the acquisition, Yuan Hua became a wholly-owned subsidiary of Yuantong and the Company.

1. Core Business — Shipping Services

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

During the year, revenue from the Group's shipping services was HK$3,487,682,000 (2023: HK$2,777,649,000), representing a year-on-year increase of 26%. Profit before income tax from shipping services was HK$627,800,000 (2023: HK$500,338,000), representing a year-on-year increase of 25%. All major segments recorded significant year-on-year growth in results.

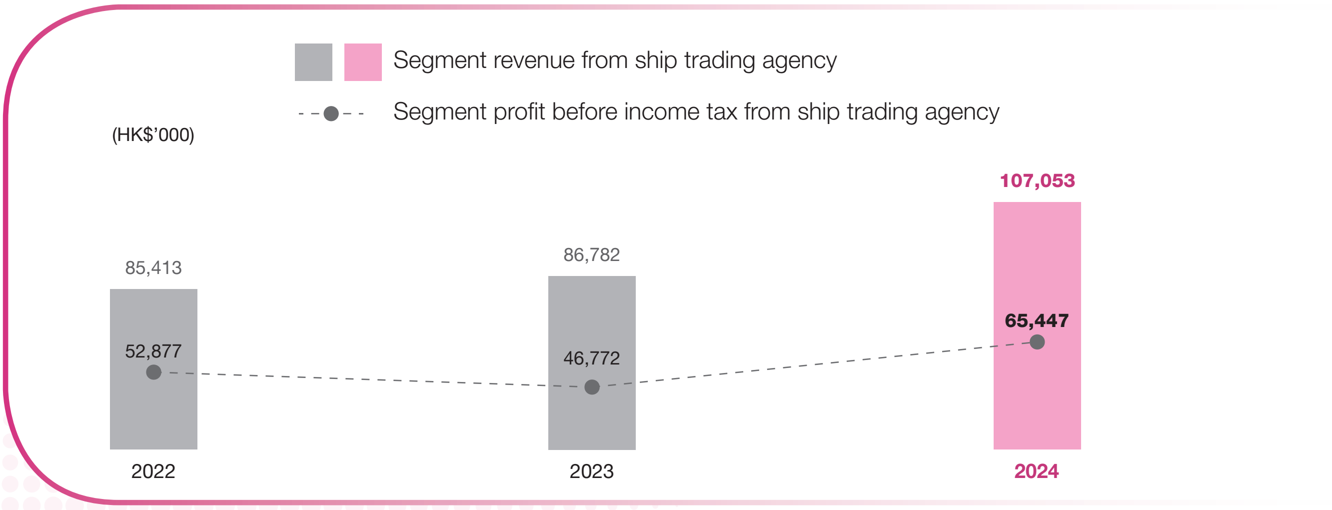
Ship Trading Agency Services

1.1 Ship Trading Agency Services

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

During the year, revenue from the ship trading agency segment of the Group was HK$107,053,000 (2023: HK$86,782,000), representing a year-on-year increase of 23%. Segment profit before income tax was HK$65,447,000 (2023: HK$46,772,000), representing a year-on-year increase of 40%. These were mainly attributable to the significant year-on-year increase in new build vessel orders and delivery, while the increase in price of new build vessels also drove the growth in commission income.

During the year, the Group's aggregate number of new build vessel delivery was 32 (2023: 16), aggregating 1,919,272 DWT (2023: 792,200 DWT). A total number of 89 (2023: 57) new build vessels have been ordered, aggregating 8,401,500 DWT (2023: 4,207,750 DWT). In addition, the sale and purchase of a total of 23 (2023: 17) second-hand vessels were recorded, aggregating 1,169,600 DWT (2023: 1,928,030 DWT).


Segment revenue from ship trading agency
Segment profit before income tax from ship trading agency
(HK$'000)
85,413
52,877
2022
86,782
46,772
2023
107,053
65,447
2024


ΠΕΙΡΑΙΑΣ III
COSCO SHIPPING

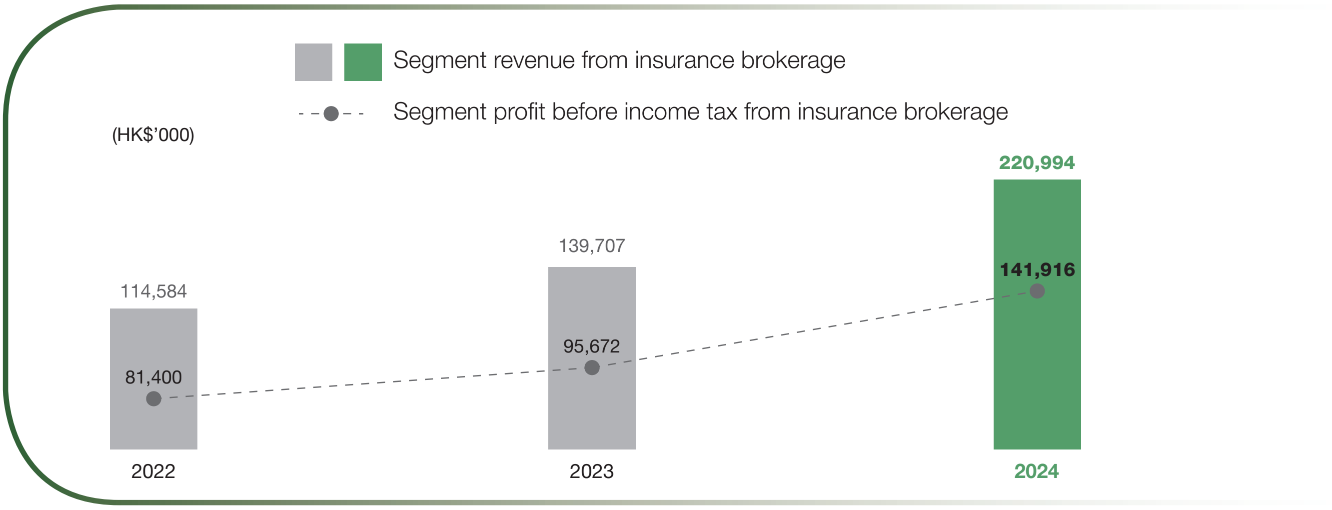

COSCO
XIN GUANG HUA

Insurance Brokerage Services

1.2 Insurance Brokerage Services

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

During the year, revenue from insurance brokerage segment of the Group was HK$220,994,000 (2023: HK$139,707,000), representing a year-on-year increase of 58%. Segment profit before income tax was HK$141,916,000 (2023: HK$95,672,000), representing a year-on-year increase of 48%, which was mainly attributable to the further expansion of the customer base of the Group and the increase in market share after the completion of acquisition of Helen Insurance Brokers at the beginning of 2024. In addition, there were significant increases in the premium rates for hull insurance, protection and indemnity insurance and war risks insurance.

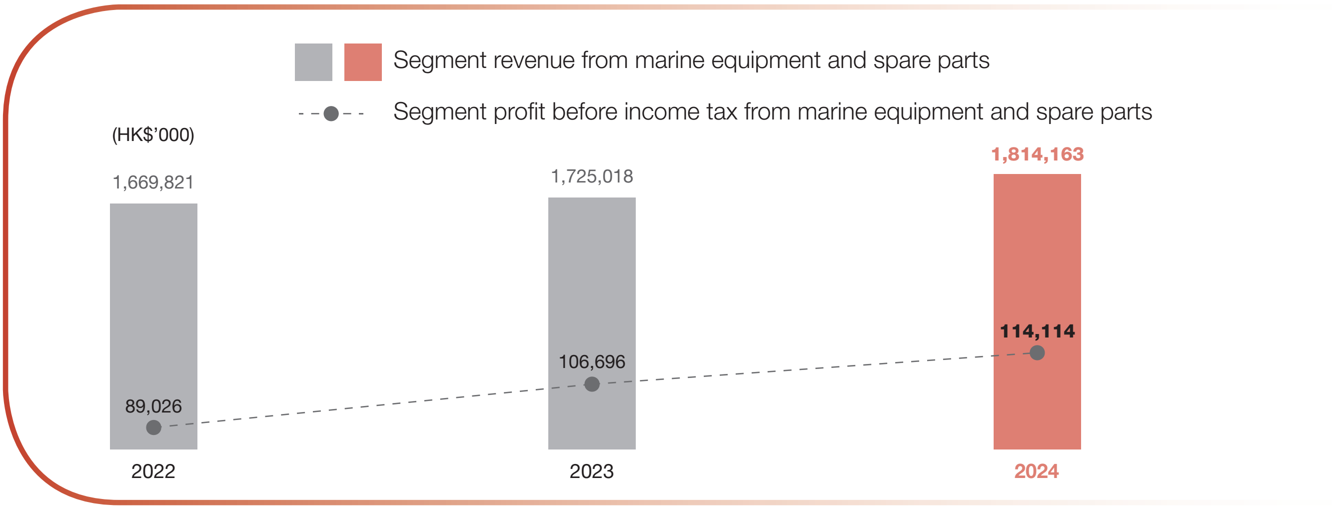

Segment revenue from insurance brokerage
Segment profit before income tax from insurance brokerage
(HK$'000)
114,584
81,400
2022
139,707
95,672
2023
220,994
141,916
2024

Supply of Marine Equipment and Spare Parts

1.3 Supply of Marine Equipment and Spare Parts

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

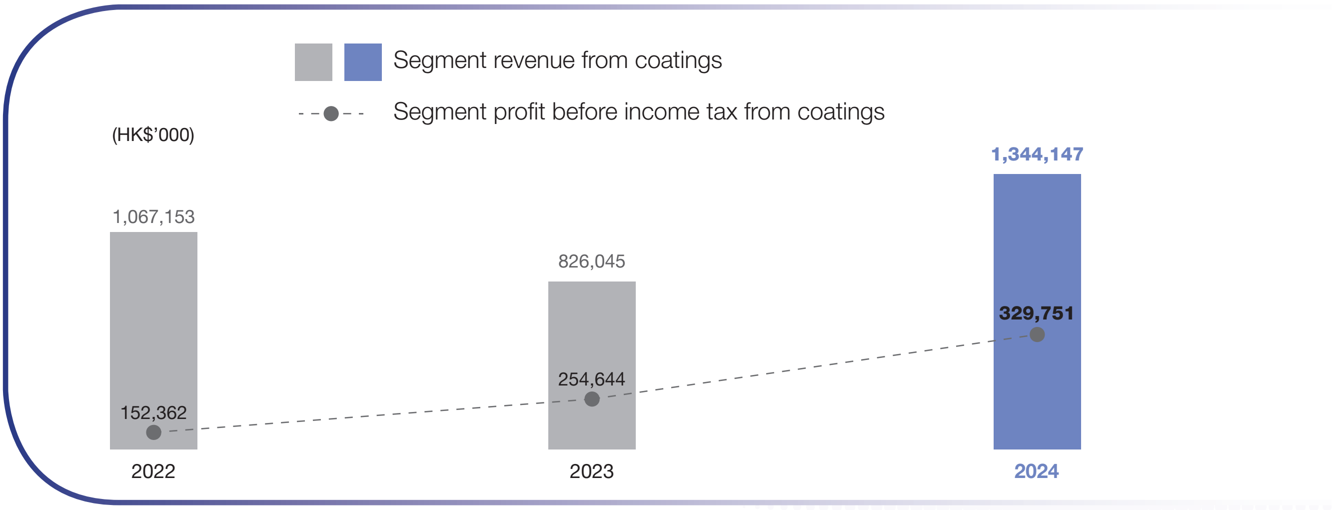
During the year, revenue from marine equipment and spare parts segment of the Group was HK$1,814,163,000 (2023: HK$1,725,018,000), representing a year-on-year increase of 5%. This was mainly due to a faster growth in revenue from customers outside COSCO SHIPPING Group benefiting from the exploration of new customers and port service projects, which contributed to the continuous increase in overall business volume. Segment profit before income tax was HK$114,114,000 (2023: HK$106,696,000), representing a year-on-year increase of 7%. In addition to the growth in business scale, the increase in interest income from deposits also contributed to the rise in profit before income tax.


Segment revenue from marine equipment and spare parts
Segment profit before income tax from marine equipment and spare parts
(HK$'000)
1,669,821
89,026
2022
1,725,018
106,696
2023
1,814,163
114,114
2024

Production and Sale of Coatings

1.4 Production and Sale of Coatings

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



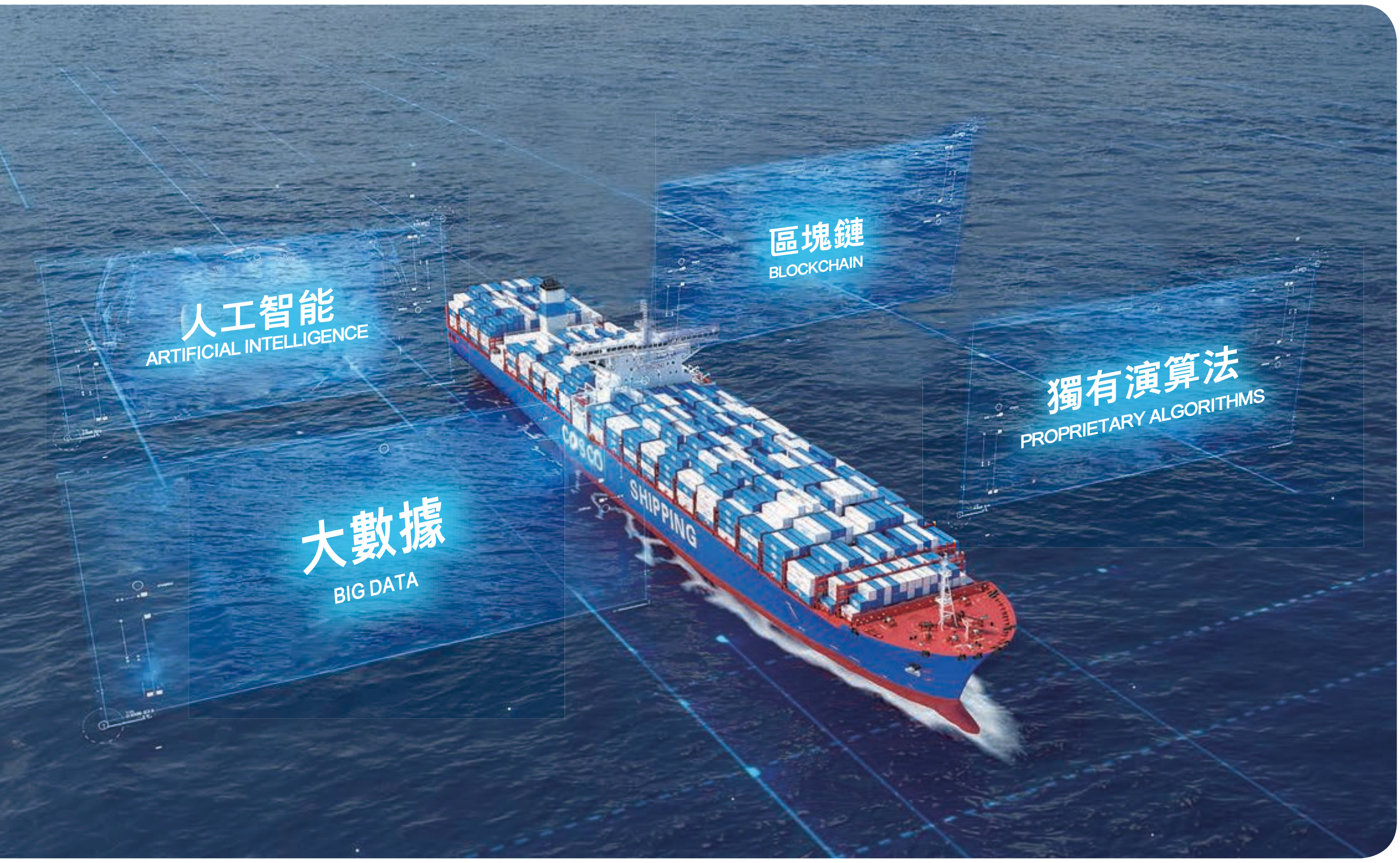
During the year, revenue from coatings segment of the Group was HK$1,344,147,000 (2023: HK$826,045,000), representing a year-on-year surge of 63%. Segment profit before income tax was HK$329,751,000 (2023: HK$254,644,000), representing a year-on-year increase of 29%.

For container coatings, the container return flow was hampered by several factors such as port congestion and increased detours of container ships. Coupled with the replacement of old containers, the market demand for container production increased drastically. In 2024, the production volume of new build containers exceeded 7.7 million Twenty-foot Equivalent Units (TEUs) in the PRC, representing a significant year-on-year increase of 297%. The strong demand for containers drove up the sales of container coatings. During the year, sales of container coatings surged by 248% year-on-year to 40,909 tonnes (2023: 11,750 tonnes).

The sales volume of industrial heavy-duty anti-corrosion coatings together with workshop primer amounted to 21,925 tonnes (2023: 19,119 tonnes), representing a year-on-year increase of 15%. Increasing investment in domestic infrastructure construction provided room for stable growth of the anti-corrosion coatings market.

For marine coatings, the sales volume of Jotun COSCO's coatings for vessels amounted to 123,704,000 litres (equivalent to approximately 166,898 tonnes) (2023: 109,277,000 litres (equivalent to approximately 147,524 tonnes)), representing a year-on-year increase of 13%. Amongst which, the sales of coatings for new build vessels amounted to 80,639,000 litres (2023: 75,030,000 litres), representing a year-on-year increase of 7%, and the sales of coatings for repair and maintenance was 43,065,000 litres (2023: 34,247,000 litres), representing a year-on-year increase of 26%. During the year, the Group's share of profit from Jotun COSCO was HK$288,324,000 (2023: HK$232,255,000), representing a year-on-year increase of 24%, which was mainly attributable to the growth in both sales volume and gross profit margin.

During the year, the Group's share of profit from Nasurfar Changshu was HK$11,674,000 (2023: HK$2,617,000), representing a significant year-on-year increase of 346%, which was mainly attributable to the expansion of business scale as a result of the buoyant market and additional production capacity for container coatings.



Intelligent Shipping Services

1.5 Intelligent Shipping Services

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

During the year, revenue of Green Intelligence Ship Services was HK$1,325,000 (2023: HK$97,000) and the loss before income tax was HK$23,428,000 (2023: loss before income tax of HK$3,446,000). The loss was mainly due to the expenses incurred by Green Intelligence Ship Services during the start-up period and the research and development of products.

* *for identification purposes only*

2 General Trading

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

During the year, revenue from the general trading segment of the Group was HK$139,444,000 (2023: HK$564,080,000), representing a year-on-year decrease of 75%. The sales volume of asphalt decreased by 62% year-on-year to 42,344 tonnes (2023: 113,036 tonnes), which reflected the smooth progress of the Group in gradually scaling down its asphalt business. Segment profit before income tax was HK$4,926,000 (2023: loss before income tax of HK$30,940,000), the turnaround from loss to profit was mainly due to the reversal of provision for impairment of trade receivables.

During the year, the Group's share of profit from Zhejiang Four Brothers Rope was HK$10,010,000 (2023: HK$7,946,000), representing a year-on-year increase of 26%, which was mainly due to the increase in overall gross profit margin.

As disclosed in the inside information announcement of the Company in relation to the litigation published on 14 November 2024, Sinfeng, an indirect wholly-owned subsidiary of the Company, was served with a claim lodged by a third party commercial bank against Sinfeng at General Division of the High Court of the Republic of Singapore on 7 November 2024. Based on the assessment, the litigation has no material adverse impact on the business or daily operation of the Group as a whole and has no significant financial impact on the Group.

MATERIAL ACQUISITION OR DISPOSAL

On 10 November 2023, the Company entered into a share transfer agreement with COSCO SHIPPING Development (Hong Kong) Co., Limited in relation to the acquisition of entire 100% equity interest of Helen Insurance Brokers at a consideration of HK$270,980,600 subject to the fulfilment of conditions as stated in the share transfer agreement. Helen Insurance Brokers is a company incorporated in Hong Kong with limited liability and its principal business is provision of marine insurance brokerage services. On 28 December 2023, the resolution in relation to the acquisition of the entire issued share capital of Helen Insurance Brokers was passed by the independent shareholders at the special general meeting of the Company. On 15 January 2024, the acquisition was completed as the conditions as stated in the share transfer agreement were satisfied and Helen Insurance Brokers has become a direct wholly-owned subsidiary of the Company. For details, please refer to the Company's announcement dated 10 November 2023 and the circular dated 6 December 2023.

Save as disclosed above, there was no material acquisition or disposal during the year ended 31 December 2024.

Prospects

Looking ahead, the global economy will continue its low growth and weak recovery status, as the growth momentum will be impacted by de-globalisation and trade fragmentation. Coupled with the uncertainties of the global economy, soaring risks of trade protectionism as well as the regulatory and technological evolutions in the industry, these factors will jointly shape the development trend of the global shipping market. However, it is beyond doubt that the shipping industry will accelerate its transition towards green, low-carbon, and digital intelligent upgrades. The traditional ship services industry will continue to accelerate the move towards digital intelligent and green transformation with a broader coverage and deeper extent.

The year 2025 is the concluding year of the National 14th Five-Year Plan and also a key point for starting the 15th Five-Year Plan. In conjunction with the 15th Five-Year Plan, COSCO SHIPPING International will spare no effort in building a technology-based shipping services company. Focusing on the two major tracks of digital intelligence and green and low-carbon development, it will actively promote innovative breakthroughs in digital and intelligent shipping services as well as marine green new energy.

COSCO SHIPPING International will uphold the digital intelligent driven and technology-led approach. Capitalising on the "Green Digital Intelligence Shipping Services Platform" and utilising artificial intelligence models, blockchain and its own proprietary specialised algorithms, it will push forward the integration and enhancement of the related industries in an orderly manner to maximise the synergies. It will strive to become a one-stop integrated supplier for both online and offline services to support the intelligent and digital development of the shipping industry. At the same time, in response to the low-carbon development trend in the shipping industry, COSCO SHIPPING International will focus on the construction of the green methanol production project as a demonstration and actively explore the industry layout of new energy for ships, so as to make additional contributions to the sustainable development of the shipping industry, accelerate the construction of the new development mode of the Group, promote high-quality development effectively, and make every effort to drive the Company to a new level.

Looking into each business segments: In respect of the ship trading agency services business, the supply and demand dynamic will continue to dominate the price of new build vessels. Taking into account the current scarcity of delivery slots in most shipyards and the limited growth in manufacturing capacity in the near term, it is expected that ship prices will remain strong. However, given the high base last year, new order volume is likely to experience a phased pullback in 2025. In particular, following the completion of orders and deliveries of container vessels in 2024, there may be a temporary reduction in shipowners' motivation in ordering vessels, whereas new build vessel deliveries for dry bulk vessels and oil tankers are likely to increase in 2025. The Company will pay close attention to the fleet development plan of the Group and endeavour to enhance its service quality. At the same time, it will continue to refine and strengthen the new mode of cooperation with companies outside the Group to develop external businesses.

In respect of the marine spare parts business, currently, there are still relatively abundant technical renovation projects for operating vessels in the market, and continuous procurement needs of shipowners for marine spare parts, hence it is expected that the marine spare parts business will continue to move forward steadily. The Group will also strengthen the synergy between the marine spare parts business and the intelligent shipping services business. It will explore new business models in the digital and intelligent environment and further improve the integrated online and offline operation and the global service network of the spare parts business. By enhancing and extending the service chain, it will improve customer satisfaction and profitability on an ongoing basis.

In respect of the insurance brokerage business, the active markets of new build vessels and vessel trading, coupled with the gradual increase in shipping capacity, will drive the steady growth of the marine insurance business. The insurance brokerage business will also accurately grasp customers' needs and formulate customised marketing strategies. It will proactively develop new business types and further expand internal and external markets. Besides, it will actively participate in the construction of the "Green Digital Intelligence Shipping Services Platform" to promote online marketing upgrades and incorporate business development scenarios into digital operations, with a view to enhancing the comprehensive solutions for protection of customers' service needs.

Prospects

In respect of the container coatings business, the simultaneous surge in both market demand and production capacity last year prompted container manufacturers and container coatings suppliers to prepare for capacity expansion, which may aggravate the oversupply of container coatings. In 2025, the market competition is expected to be more intense, putting pressure on the selling price and gross profit margin. However, COSCO Kansai Companies will step up its efforts in market expansion and strive to gain more market share for the container coatings business. Driven by environmental policies, the industrial heavy-duty anti-corrosion coatings business will develop towards environmental protection, functionality and sustainability. This will accelerate the transition towards environmental protection and sustainability, which will, in turn, have a positive impact on the demand for environmental friendly technological applications such as water-based coatings, powder coatings and UV-curable coatings. The Company will endeavour to widen the gap with its major competitors in its advantageous areas.

In respect of the marine coatings business, the demand side will continue to benefit from the higher level of shipbuilding completions this year. Moreover, the goals of carbon peak and carbon neutrality have put forward more stringent requirements on the advanced technology and environmental friendliness of ship coatings, which will provide greater development advantages for industry leaders such as Jotun COSCO. To cater the growth of the market size, Jotun COSCO recently expanded the production capacity of its Qingdao plant successfully, with the annual production capacity increasing from approximately 80 million litres to 120 million litres. The additional capacity will further drive the expansion of business scale and profit potential. Jotun COSCO will endeavour to consolidate its leading position in the market, secure key projects and maintain its market share.

In respect of the intelligent shipping services business, the Group will continue to push forward the steady construction of the "Green Digital Intelligence Shipping Services Platform" along the three directions of green and low-carbon development, navigational safety and intelligent supply chain. The introduction of more services and products is expected to enhance economies of scale and lay a solid foundation for the Group to better leverage the synergies of its core business segments.

In respect of the development of the "Marine Green New Energy Platform", the Group's investment in Shanghai JOYFuel Green Energy will serve as a starting point to realise the strategic goal of building a green methanol industry chain. The preliminary work for construction of the project is progressing steadily. It is planned to officially commence construction in April 2025, striving to commence operation in late 2026. The Group will continue to monitor the market dynamics in the marine new energy industry and explore a new energy technology roadmap that is suitable for the Group's long-term development to promote the sustainable development of the Group's business network.

Profile of Directors and Senior Management

DIRECTORS

Mr. Zhu Changyu

(Chairman and Managing Director)

aged 52, has been the Executive Director, Chairman of the Board and the Managing Director of the Company since April 2023 and is also a chairman of Corporate Governance Committee, Strategic Development Committee and Risk Management Committee, and a member of Remuneration Committee and Nomination Committee of the Company. Mr. Zhu leads overall operational and strategic development of the Company. He is also a director and the president of COSCO SHIPPING (Hong Kong) Co., Limited (direct controlling shareholder) and a vice-chairman and a non-executive director of Piraeus Port Authority S.A. (listed in Athens), a fellow subsidiary of the Company. He had been the head and division chief (handling division duty) of Planning Division, the deputy manager of Marketing Division of China Shipping Group International Trade Co., Ltd., the manager of Procurement Division and the assistant to general manager of Shenzhen China Shipping Haisheng Asphalt Co., Ltd., the manager of Comprehensive Trade Division of China Shipping Group International Trade Co., Ltd., the manager of Development and Research Division, the manager of Investment Management Division and the assistant to general manager of China Shipping Group Investment Co., Ltd., the deputy supervisor of Research Office, the senior manager of Secretarial Office of Executive Division, the deputy general manager of Strategic Development Division of 中國海運(集團)總公司 (China Shipping (Group) Company), the deputy supervisor of Integration Management Office, the general manager of Strategy & Corporate Management Division and the supervisor of Deepening Reform Office of 中國遠洋海運集團有限公司 (China COSCO Shipping Corporation Limited) (ultimate controlling shareholder). He has extensive experience in strategic planning, capital operation, corporate governance, integration and reorganization. He graduated from Shanghai Maritime College (now known as Shanghai Maritime University), majoring in Transportation Management Engineering and obtained a Master's degree. He is a senior economist.

Mr. Ma Xianghui

aged 50, has been the Non-executive Director of the Company since June 2024 and is a member of Risk Management Committee of the Company. He is a general manager of Finance and Accounting Division of 中國遠洋海運集團有限公司 (China COSCO Shipping Corporation Limited) (ultimate controlling shareholder), a director of COSCO SHIPPING (Hong Kong) Co., Limited (direct controlling shareholder) and a chairman and Secretary of the Party Committee of COSCO SHIPPING Finance Co., Ltd.. Mr. Ma is also a non-executive director of COSCO SHIPPING Ports Limited (listed in Hong Kong) and a director of COSCO SHIPPING Specialized Carriers Co., Ltd. (listed in Shanghai) and a director of China State-owned Enterprises Mixed Ownership Reform Fund Co., Ltd.. He was the non-executive director and vice chairman of Qilu Expressway Company Limited (listed in Hong Kong) until his resignation in December 2024, and the treasury manager of Finance Division of 中國遠洋控股股份有限公司 (China COSCO Holdings Company Limited), the general manager of Finance Division of COSCO International Holdings Limited (former name of the Company), the business manager of Strategy Implementation Management Office of 中國遠洋運輸(集團)總公司 (China Ocean Shipping (Group) Company) (now known as 中國遠洋運輸有限公司 (China Ocean Shipping Co., Ltd.))/中國遠洋控股股份有限公司 (China COSCO Holdings Company Limited) (now known as 中遠海運控股股份有限公司 (COSCO SHIPPING Holdings Co., Ltd.)), the deputy general manager of Capital Management & Operation Division of 中國遠洋海運集團有限公司 (China COSCO Shipping Corporation Limited), the vice president of COSCO SHIPPING (Hong Kong) Co., Limited and the deputy general manager of the Company. Mr. Ma has extensive experience in finance, capital operation, investment, mergers and acquisitions, strategic planning, etc.. Mr. Ma graduated from 中國金融學院 (China School of Banking and Finance), majoring in investment economics and management and obtained a Master's degree in Economics from University of International Business and Economics. He is a fellowship member of Association of Chartered Certified Accountants (FCCA) and a senior accountant.

Ms. Zhang Xueyan

aged 51, has been the Non-executive Director of the Company since January 2025 and is a member of Nomination Committee of the Company. She is also a deputy general manager of Capital Management & Operation Division of 中國遠洋海運集團有限公司 (China COSCO Shipping Corporation Limited) (ultimate controlling shareholder) and a non-executive director of 中遠海運發展股份有限公司 (COSCO SHIPPING Development Co., Ltd.) (listed in Shanghai and Hong Kong) and a non-executive director of 上海農村商業銀行股份有限公司 (Shanghai Rural Commercial Bank Co., Ltd.) (listed in Shanghai). She had been the deputy manager of the capital operation office of the Strategic Development Division of 中國遠洋運輸(集團)總公司 (China Ocean Shipping (Group) Company) (now known as 中國遠洋運輸有限公司) (China Ocean Shipping Co., Ltd.)/中國遠洋控股股份有限公司 (China COSCO Holdings Company Limited) (now known as 中遠海運控股股份有限公司 (COSCO SHIPPING Holdings Co., Ltd.)), and the manager of capital operation office of the Capital Management & Operation Division of 中國遠洋海運集團有限公司 (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 is a senior economist and a certified public accountant.

Mr. Wang Yong

aged 51, has been the Executive Director of the Company since January 2025 and is a chairman of Environmental, Social and Governance Committee, a member of Strategic Development Committee and Risk Management Committee of the Company. He is the chief accountant of the Company and a director of various subsidiaries of the Company. He is also the chief accountant of COSCO SHIPPING (Hong Kong) Co., Limited (direct controlling shareholder). Mr. Wang has been the deputy manager of European Settlement Business Division of Finance Department, the business manager of SAP application project division of Finance Department, the person in charge of SAP application project division of Finance Department of COSCO Container Lines Co., Ltd. (now known as COSCO SHIPPING Lines Co., Ltd.), the deputy general manager and the general manager of Financial Shared Service Center of COSCO SHIPPING Lines Co., Ltd., the general manager of Finance Department of COSCO Container Lines Europe GmbH, and the general manager of Finance and Management Division of COSCO SHIPPING Lines (Europe) GmbH. Mr. Wang has extensive experience in financial management, investment management and capital operation. Mr. Wang graduated from Shanghai Maritime College (now known as Shanghai Maritime University), majoring in accounting.

Mr. Tsui Yiu Wa, Alec

aged 75, has been the Independent Non-executive Director of the Company since February 2004 and is a chairman of Nomination Committee, a member of Audit Committee, Remuneration Committee and Corporate Governance Committee of the Company. Mr. Tsui is a director of Industrial and Commercial Bank of China (Asia) Limited and also an independent non-executive director of a number of listed companies in Hong Kong, namely, Pacific Online Limited, Hua Medicine and Brii Biosciences Limited. He is also an independent director of ATA Creativity Global (listed on NASDAQ) and an independent non-executive director of Melco Resorts & Entertainment Limited (listed on NASDAQ), both of which are overseas listed companies. Mr. Tsui graduated from the University of Tennessee, the United States and was awarded a Bachelor of Science degree and a Master of Engineering degree in Industrial Engineering and had completed the Program for Senior Managers in Government at the John F. Kennedy School of Government at Harvard University, the United States. He was the chairman of Hong Kong Securities Institute from 2001 to 2004 and the chief operating officer of Hong Kong Exchanges and Clearing Limited in 2000 and the adviser and council member of the Shenzhen Stock Exchange from July 2001 to June 2002. He has numerous years of experience in finance and administration, corporate and strategic planning, information technology and human resources management. Mr. Tsui was the chairman and director of WAG Worldsec Corporate Finance Limited from 2006 to 2016.

Mr. Jiang, Simon X.

aged 71, has been the Independent Non-executive Director of the Company since April 2007 and is a chairman of Remuneration Committee, a member of Audit Committee, Nomination Committee and Corporate Governance Committee of the Company. He is an independent non-executive director of PetroChina Company Limited (listed in Hong Kong, Shanghai and New York) and a chairman of Cyber City International Limited. Mr. Jiang is also a director of China Foundation for Disabled Persons and a senior associate at the Judge Business School of Cambridge University of England. Mr. Jiang received his Bachelor's degree from Beijing Foreign Studies University, Master's degree from Australian National University and Doctorate's degree in Economics from Cambridge University of England. Mr. Jiang was the deputy chief of United Nations Joint Staff Pension Fund Investment Management Service, a trustee of Cambridge China Development Trust and a member of the 11th and 12th Sessions of the National Committee of the Chinese People's Political Consultative Conference and a member of the United Nations Investments Committee. He has extensive experience in fund management.

Mr. Kwong Che Keung, Gordon

aged 75, has been the Independent Non-executive Director of the Company since July 2020 and is a chairman of Audit Committee, a member of Nomination Committee, Remuneration Committee and Corporate Governance Committee of the Company. Mr. Kwong is also an independent non-executive director of a number of listed companies in Hong Kong, namely, Agile Group Holdings Limited, Chow Tai Fook Jewellery Group Limited, FSE Lifestyle Services Limited, Henderson Investment Limited and Henderson Land Development Company Limited. He is also an independent non-executive director of Piraeus Port Authority S.A. (listed in Athens), a fellow subsidiary of the Company. He was an independent non-executive director of NWS Holdings Limited (now known as CTF Services Limited) until his retirement in November 2022. Mr. Kwong graduated from The University of Hong Kong with a Bachelor's degree in social sciences in 1972 and is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants respectively. Mr. Kwong was a partner of an international big four accounting firm from 1984 to 1998 and an independent member of the Council of The Stock Exchange of Hong Kong Limited from 1992 to 1997, during which he had also acted as the convener of both the listing committee and the compliance committee of The Stock Exchange of Hong Kong Limited. He has over 40 years of experience in accounting and auditing.

The Directors' interests in shares and underlying shares of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as at 31 December 2024 which were required to be notified the Company and the Stock Exchange, are disclosed in the section headed "Directors' Interests in Securities" of the Directors' Report.

Mr. Zhu Changyu is a director and president of COSCO SHIPPING (Hong Kong). Mr. Ma Xianghui is a general manager of Finance and Accounting Division of COSCO SHIPPING and a director of COSCO SHIPPING (Hong Kong). Ms. Zhang Xueyan is a deputy general manager of Capital Management & Operation Division of COSCO SHIPPING. Mr. Wang Yong is the chief accountant of COSCO SHIPPING (Hong Kong). COSCO SHIPPING (Hong Kong) is the substantial shareholder of the Company and the wholly-owned subsidiary of COSCO SHIPPING. As such, each of COSCO SHIPPING (Hong Kong) and COSCO SHIPPING is deemed to have an interest in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO respectively, details of which are disclosed in the section headed "Substantial Shareholders" of the Directors' Report.

Save as disclosed in the Directors' respective biographical details under "Profile of Directors and Senior Management" and other parts in this annual report, the Directors (a) have not held any directorships in other listed public companies whether in Hong Kong or overseas in the past three years; (b) do not hold any other positions in the Company and its subsidiaries; and (c) do not have any other relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company as at 31 March 2025.

Each of the Directors referred to under "Profile of Directors and Senior Management" has entered into a letter of appointment with the Company, details of which are disclosed under section headed "Directors' Service Contracts" of the Directors' Report.

The Directors referred to under "Profile of Directors and Senior Management" (except for the current Directors, namely, Mr. Ma Xianghui, Ms. Zhang Xueyan and Mr. Wang Yong and the ex-Directors, namely, Mr. Chen Dong and Ms. Meng Xin) received the Directors' emoluments for the year 2024 which were determined with reference to the prevailing market conditions, director's experience, qualifications and responsibilities involved in the Company. The details of the emoluments of the Directors for the year ended 31 December 2024 on a named basis are disclosed in note 24 to the financial statements.

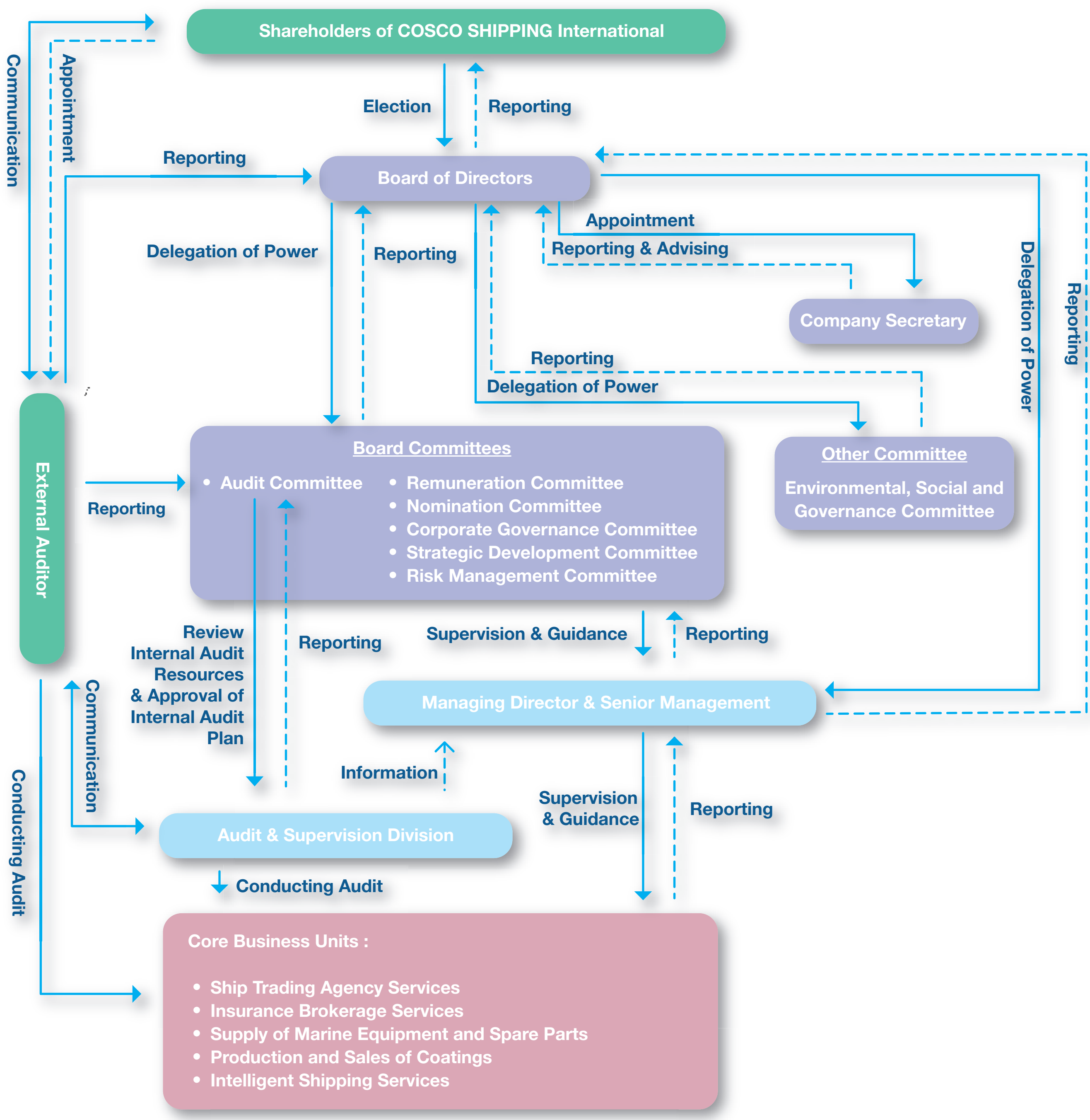
SENIOR MANAGEMENT

Ms. Chiu Shui Suet

aged 58, has been the Company Secretary of the Company since October 2005. She is also the secretary of six Board Committees of the Company and the company secretary of various subsidiaries of the Company. Ms. Chiu is in charge of corporate governance, legal, risk management, company secretarial, investor relations and related matters of the Company. Ms. Chiu obtained a Bachelor of Laws degree from the University of Wolverhampton and completed her Postgraduate Certificate in Laws at the City University of Hong Kong. Ms. Chiu was admitted as a solicitor in Hong Kong. Besides being a member of the Law Society of Hong Kong, she is also a fellow of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute, holding Chartered Secretary and Chartered Governance Professional dual designations. Prior to joining the Company, Ms. Chiu had worked for various entities including accounting firms, legal firm and listed companies. She is well conversant with business law and company law and has extensive experience and solid knowledge in dealing with the company secretarial, corporate governance and legal matters for private and listed companies.

THE COMMITMENT AND COMPLIANCE OF THE COMPANY

The Board and the management of the Company are committed to attaining and maintaining high standards of corporate governance practices and procedures throughout the Group. The Company believes that high standards of corporate governance provide a good framework and solid foundation for the Group to manage business risks, enhance transparency, maintain high standard of accountability, protect the interests of the Company and its Shareholders and enhance the Shareholders' value.



Corporate Governance Report

The Company has complied with the code provisions of the Corporate Governance Code ("CG Code") set out in Appendix C1 to the Listing Rules during the year ended 31 December 2024, except that (A) Mr. Zhu Changyu, the Chairman and Mr. Chen Dong, the then Non-executive Director were unable to attend the annual general meeting of the Company held on 31 May 2024 (the "2024 AGM") due to other business engagement, which deviated from the code provisions F.2.2 and C.1.6 of the CG Code respectively and (B) the roles of Chairman and Managing Director are currently performed by the same individual, Mr. Zhu Changyu, which deviated from the code provision C.2.1 of the CG Code. Regarding the deviation from the code provisions F.2.2 and C.1.6 of the CG Code, despite the absence of Mr. Zhu Changyu and Mr. Chen Dong at the 2024 AGM, Ms. Meng Xin, the then Executive Director and the chairmen of the other relevant committees attended the 2024 AGM. Those Board members presented at the 2024 AGM were available to answer questions from the Shareholders to ensure an effective communication with the Shareholders. Regarding the deviation from code provision C.2.1 of the CG Code, although the roles of the Chairman and the Managing Director of the Company are performed by the same individual, the Board believes that the roles of the Chairman of the Board and Managing Director being performed by the same individual will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) all the Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among others, that he/she acts for the benefit and in the best interests of the Company; (ii) the balance of power and authority is ensured by the operations of the Board; and (iii) the overall strategy and other key business, financial and operational policies of the Company are made collectively after thorough discussion at both the Board and senior management of the Company. There is no other matter deviated from the CG Code. The Company aims to continually review and enhance its corporate governance practices in light of best practices.

The corporate governance framework of the Company is underpinned by a wide range of corporate guidelines, policies and procedures which lead the Group to achieve its goals in consistence with its corporate culture and core values. Directors and employees are expected to follow these corporate governance policies and guidelines of the Company (as listed below) thoroughly and completely in order to support the Board to attain the high standards of corporate governance in compliance with the code provisions of the CG Code.

— Corporate Governance Statement of Policy
— Code of Conduct Regarding Securities Transactions of Directors and Employees
— Whistleblowing Policy
— Information Management Method
— Director Appointment Policy
— Terms of Reference for Each of Board Committees
— Board Diversity Policy
— Workforce Diversity Policy
— Shareholders Communication Policy
— Connected Transaction Management Method

These guidelines, policies and procedures are reviewed by the Board from time to time and updated in line with the revised applicable rules and regulations as well as the current market practices. All these are available on the Company's website.

The Company also maintains an employee management measures providing guidance to employees on matters such as ethical standards, business conduct, employees conduct and reporting any misconduct within the Group. The employee management measures ensure all employees of the Group strictly comply with the policies therein. Through the establishment of performance charter for the management and appropriate appraisal mechanisms, the Company has been able to align with the interests of the management and all the employees with the growth and performance of the Company. The Company pays particular attention to the establishment of an optimal corporate culture. With the support of all employees, the Company has identified, formulated and implemented a corporate culture that is considered appropriate for its unique circumstances, thereby ensuring that good corporate governance is maintained at all levels and at all times within the Group. In addition to complying with applicable statutory requirements, the Company will continually review and enhance its corporate governance practices in light of local and international best practices.

THE BOARD

The Board currently comprises seven Directors, namely, Mr. Zhu Changyu (Chairman and Managing Director) and Mr. Wang Yong as Executive Directors; Mr. Ma Xianghui and Ms. Zhang Xueyan as Non-executive Directors; and Mr. Tsui Yiu Wa, Alec, Mr. Jiang, Simon X. and Mr. Kwong Che Keung, Gordon as Independent Non-executive Directors, whose biographical details are set out in the "Profile of Directors and Senior Management" of this annual report and also available on the Company's website. An updated list of the Directors by category identifying their roles and functions is available on the websites of the Stock Exchange and the Company.

Executive Directors are mainly responsible for the day-to-day operation and management of the Company. Non-executive Directors (including Independent Non-executive Directors) are well aware of their functions and have been actively performing their functions including but not limited to making an independent judgment at Board meetings, taking the lead where potential conflicts of interests arise and scrutinising the Company's performance. Non-executive Directors and Independent Non-executive Directors have from time to time contributed to the Board with their constructive and valuable advice on the development of the Company's strategy, in particular the internal controls of the Company. Besides, each of Independent Non-executive Directors serves as member of Board Committee(s), details of which are set out in the sub-section of "Board Committees" under the section headed "The Board" of this report. Annual written confirmation from each of Independent Non-executive Directors confirming his independence in accordance with Rule 3.13 of the Listing Rules was received by the Company. The Company has assessed their independence and considers that all the Independent Non-executive Directors are independent after taking into account the independence criteria in accordance with the requirements of the Listing Rules set out in the confirmation letters, the non-involvement of Independent Non-executive Directors in the day-to-day operation and management of the Group and the absence of any relationship which would interfere with the exercise of their independent judgment.

During the year, the Chairman had a meeting with the Independent Non-executive Directors without the presence of other Directors. The Board regarded such meeting as an opinion exchange gathering whereby a broad range of strategic and performance matters were openly discussed.

In order to discharge the duties, all Directors are entitled to seek independent professional advice, if necessary, at the Company's expense in appropriate circumstances. Directors and Officers Liability Insurance cover was arranged and subject to annual review. The overall management of the Company's business is vested in the Board.

The Board is collectively responsible and accountable to the Company's shareholders and stakeholders for the long-term success of the Group. The Board plays a leading role, with ultimate responsibilities, in defining the Company's purpose, values and strategy, and promoting the desired culture across the Group and overseeing its conduct and affairs for promoting the long-term success of the Group, as well as ensuring leadership within a framework of effective controls. The Board is responsible for overseeing all major matters of the Company which include formulating and approving the Company's operational strategies, management policies, internal control and risk management systems, reviewing the Company's policies and practices on corporate governance, setting the objectives and targets for the management with a view to enhance the Shareholders' value, monitoring performance of the management and providing guidance to the management. The Directors have to make decisions objectively in the interests of the Company and the Shareholders.

The Board delegates to the Managing Director and the senior management of the Company the day-to-day management, administration and operation of the Company and implementation of strategy, which include evaluating businesses and operational performance, ensuring effective implementation of the Board's decisions, ensuring adequate funding and monitoring performance of the management of the Group.

The segregation of duties and responsibilities between the Board and the management is clearly defined in the internal guidelines of the Company. The senior management of the Company is being closely monitored by the Board through the Managing Director and is accountable for the performance of the Company as measured against the business targets and management directions set by the Board. The Managing Director and the management of relevant subsidiaries and divisions of the Company closely communicated to review and discuss on operational and financial matters in order to enhance and strengthen internal communications and co-operation within the Group. The delegated functions and work tasks were being periodically reviewed by the Company.

Remuneration of Directors

The Company's Human Resources Division assists the Remuneration Committee to discharge its duties by providing relevant remuneration data and market conditions information for Remuneration Committee's consideration. The remuneration of Directors and the senior management of the Company is determined with reference to their expertise and experience in the industry, the Company's performance and profitability as well as remuneration benchmarks from other listed companies and the prevailing market conditions. The remuneration packages, promotions and specific adjustments in remuneration of the Executive Directors and the senior management are determined by the Remuneration Committee. The director's emoluments of the Non-executive Directors (including Independent Non-executive Directors) are recommended by the Remuneration Committee to the Board and determined by the Board. Each interested Director should avoid his/her conflicts of interest in matters relating to his/her own remuneration by abstaining from voting on the relevant resolutions. Emoluments paid to Directors and the senior management of the Company by band for the year are disclosed in notes 23 to 24 to the financial statements of this annual report.

Nomination, Appointment and Re-election of Directors

The Company adopted the Director Appointment Policy (available on the Company's website) which provides mechanism and standards for the appointment of high calibre directors who should have the capacity and ability to lead the Company towards achieving sustainable development. The Nomination Committee is responsible for identifying and nominating suitable candidates for the Board's consideration. Pursuant to the bye-laws of the Company, any Director appointed to fill a casual vacancy or as an addition to the Board shall hold office until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting, and every Director shall be subject to retirement by rotation at least once every three years and shall be eligible for re-election at such annual general meeting of the Company. Any further re-appointment of an Independent Non-executive Director, who has served the Board for more than nine years, will be subject to separate resolution to be approved by the Shareholders. In addition, the Nomination Committee recommends the proposal for Directors' re-election at the annual general meeting of the Company. Each of Mr. Tsui Yiu Wa, Alec, Mr. Jiang, Simon X. and Mr. Kwong Che Keung, Gordon, being the Independent Non-executive Director, has entered into a letter of appointment with the Company on 31 May 2024 for a term commencing from 31 May 2024 to the conclusion of the 2026 annual general meeting of the Company. Mr. Ma Xianghui, being the Non-executive Director, has entered into a letter of appointment with the Company on 26 June 2024 for a term commencing from 26 June 2024 to the conclusion of the 2026 annual general meeting of the Company. Ms. Zhang Xueyan, being the Non-executive Director, has entered into a letter of appointment with the Company on 24 January 2025 for a term commencing from 24 January 2025 to the conclusion of the 2027 annual general meeting of the Company. Each of the above letters of appointment is subject to termination by either party giving one month's prior notice in writing or such other shorter notice period as may be agreed by both parties. In addition to the Independent Non-executive Directors and the Non-executive Directors, all Executive Directors were appointed for a specific term and letters of appointment setting out the key terms and conditions of appointment were entered into between the Company and each of the Directors, details of which are set out in the "Directors' Report" of this annual report.

Save as disclosed above, the Board had all the times during the year complied with the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise and Audit Committee comprised three Independent Non-executive Directors.

Board Diversity

The Company strives to maintain a diverse Board, recognising the benefits of having a Board made up of individuals with a diverse mix of gender, age, race, skills, regional and industry experience or professional experience, culture, educational background and other qualities. In 2024, the Board, through the Nomination Committee, conducted a review of the Board Diversity Policy to ensure that the Company continues to drive diversity and provide perspectives which the Board considers to enhance its dynamics, in order to comply with the latest corporate governance practice. The Board Diversity Policy is available on the website of the Company, which sets out the approach to achieve diversity on the Board. Board appointments will be made on merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. There is no financial, business, family or other material/relevant relationship among Board members.

As at the date of this report, the Board comprised one female Director out of seven Directors, representing approximately 14.29% of the Board. The Company will continue to explore ways to establish a sustained momentum for nominating and selecting candidates to diversify the composition of the Board based on a variety of factors, including but not limited to gender, the skills and experience acquired. Diversity is taken into account in its broadest sense when considering succession planning at the Board. A skill matrix, which is a key tool to be used by the Nomination Committee to inform the Board the succession planning discussions. The Nomination Committee will consider the potential successors to the Board with regard to the Board Diversity Policy and the targets and expectations set up for achieving a diverse board.

In striving to maintain gender diversity across all workforce levels (including senior management) (excluding joint ventures and associates), the Company will maintain equal employment opportunity policies which ensure all candidates are treated in a fair and transparent manner and to be assessed based on their qualifications and experience with regardless of their gender. Regarding diversity in workforce (including senior management of the Company), as at 31 December 2024, male workers and female workers accounted for 69.84% and 30.16%, respectively, of the total number of workers of the Group. The Company considers that the gender diversity across overall workforce (including senior management of the Company) stands at a reasonable level as the shipping services industry is widely recognised to be a male-dominated profession. The Company will continue to review the gender diversity from time to time and take necessary steps to promote diversity in alignment with the industry, culture and best market practice. For details of the hiring practices of the Company, please refer to the section headed “EMPLOYEE EMPOWERMENT” of the Environmental, Social and Governance Report.

The Board currently consists of seven members who have well-recognised experience in areas such as accounting, corporate finance, corporate management, strategic planning, information technology and human resources management. Their insightful advice, diverse skills and extensive business experience are major contributions to the future development of the Company, and offer check and balance to the Board.

Induction and Continuous Professional Development

Every newly appointed Director will receive a comprehensive information package containing an introduction to the operations and business of the Group, guidelines on directors’ duties, outlines on disclosure of interest in securities, policies on dealings in the Company’s securities, guidelines on disclosure of inside information and disclosure obligations of a listed company under the Listing Rules, etc.. The Company engages an external legal adviser from a firm of solicitors qualified to advise on Hong Kong laws to give advice on the directors’ duties and responsibilities under the applicable laws of regulations and other requirements under the Listing Rules, before the appointment becomes effective. Mr. Ma Xianghui was appointed as a Non-executive Director on 26 June 2024. Ms. Zhang Xueyan and Mr. Wang Yong were appointed as a Non-executive Director and an Executive Director respectively on 24 January 2025. In respect of their appointments, Mr. Ma Xianghui, Ms. Zhang Xueyan and Mr. Wang Yong confirmed their respective understanding of the obligations as directors of the Company and obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 12 June 2024, 17 January 2025 and 22 January 2025 respectively. The Company Secretary updates Directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements regarding subjects necessary in the discharge of their duties. Mr. Zhu Changyu, Mr. Ma Xianghui, Ms. Zhang Xueyan, Mr. Wang Yong, Mr. Tsui Yiu Wa, Alec, Mr. Jiang, Simon X. and Mr. Kwong Che Keung, Gordon (being the current Directors) and Mr. Chen Dong and Ms. Meng Xin (being the ex-Directors) have participated in the continuous professional development by way of attending workshops and/or seminars and/or reading materials and/or making visits to management of the Company and/or its subsidiaries, to develop and refresh their knowledge and skills.

Directors’ Responsibilities for Financial Reporting and Disclosures

Management of the Company was required to provide detailed report(s) and explanation to enable the Board to make an informed assessment of the financial and other information put forward for its approval.

Management of the Company provided all members of the Board with monthly reports, content of which includes the updated and understandable information of the Company's business operating performance, the progress of potential project (if any), work done in investor relations and details of share price to enable each Director to discharge his/her duties and make informed decisions.

The Directors acknowledged their responsibilities for preparing the financial statements of the Group. The Directors were not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern. The Company aimed to present a clear and balanced assessment of its financial position and prospects. The Board must ensure that the financial statements of the Group prepared can give a true and fair view of the financial status of the Group. Audited financial statements are published in accordance with the disclosure requirements under the Listing Rules. The reporting responsibilities of the Directors and the external auditor are further set out in the "Independent Auditor's Report" of this annual report. For other financial disclosures required under the Listing Rules are disclosed pursuant to statutory requirements. The Company is committed to ensuring compliance with regulatory requirements under the Listing Rules, applicable laws and regulations in handling connected transactions. Accordingly, the Company implemented various internal control mechanisms to capture and monitor connected transactions to ensure that connected transactions are conducted under normal commercial terms or on terms that are fair and reasonable and properly disclosed and (if necessary) approved by the independent shareholders in accordance with the Listing Rules. The connected persons will be required to abstain from voting in the general meetings. Details of the connected transactions of the Company during the year are set out in the "Directors' Report" of this annual report.

Securities Transactions of Directors and Relevant Employees

The Company has adopted a Code of Conduct regarding Securities Transactions of Directors and Employees (the "Securities Code") (available on the Company's website), on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 to the Listing Rules. In order to ensure Directors' dealings in the securities of the Company are conducted in accordance with the Model Code and the Securities Code, a committee was set up to deal with such transactions. The Company had made specific enquiries to all Directors regarding any non-compliance with the Model Code and the Securities Code during the year of 2024 and all Directors confirmed that they had complied with the required standards as set out in the Model Code and the Securities Code during the year.

Board Meetings

The Board met regularly and held four regular meetings in 2024. Notice of meeting was given to the Directors at least 14 days prior to each regular Board meeting. The Directors were invited to include any matters which they thought appropriate in the agenda. Agenda and board papers with adequate information were sent to all Directors at least 3 days before the meeting in order to ensure that they had sufficient time to review the board papers and prepare for the meeting. At each regular Board meeting, the Directors were properly briefed on the Company's current situation and issues arising at such meeting. Executive Director(s) and/or chairman of Board Committee(s) and/or the senior management of the Company reported to the Board on various aspects, including the business performance, financial performance, corporate governance, risk management and internal control as appropriate, etc.. Queries raised by the Directors were responded promptly by the senior management of the Company. Directors were encouraged to make an active contribution to the Board's affairs and express their views and concerns. Sufficient time was allowed for the Directors to discuss matters which they were concerned. For any Director who was or would be unable to attend the regular Board meeting, he/she was properly briefed on the matters to be discussed in advance and his/her view expressed prior to the meeting was reported to the Board.

Minutes of the Board meetings and the Board Committee meetings were recorded in sufficient details regarding the matters discussed and the decisions reached. Draft minutes were sent to the Directors and Board Committee members respectively for their review and comment within a reasonable time (generally within 7 days) after each meeting. Final version of minutes of respective meetings had been sent to the Directors or relevant Board Committee members.

Directors played important role in the Company's meetings through contribution of their opinions and active participation in discussion. The attendance record of each of the Directors for the Board meetings, the Board Committees meetings and the general meeting(s) held during the year is listed as follows:

	Annual General Meeting	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Corporate Governance Committee Meeting	Strategic Development Committee Meeting	Risk Management Committee Meeting/ Written Resolutions
Executive Directors								
Mr. Zhu Changyu	0/1	3/4	N/A	4/4	2/2	2/2	1/1	1/1
Mr. Wang Yong(4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-executive Directors								
Mr. Ma Xianghui(2)	N/A	2/2	N/A	N/A	N/A	N/A	N/A	1/1
Ms. Zhang Xueyan(4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Independent Non-Executive Directors								
Mr. Tsui Yiu Wa, Alec	1/1	4/4	3/3	4/4	2/2	2/2	N/A	N/A
Mr. Jiang, Simon X.	1/1	4/4	3/3	4/4	2/2	2/2	N/A	N/A
Mr. Kwong Che Keung, Gordon	1/1	4/4	3/3	4/4	2/2	2/2	N/A	N/A
Ex-Directors								
Mr. Chen Dong(1)	0/1	0/1	N/A	N/A	N/A	N/A	N/A	N/A
Ms. Meng Xin(3)	1/1	3/4	N/A	N/A	N/A	N/A	1/1	N/A

Notes:

(1) Mr. Chen Dong retired as Non-executive Director upon the conclusion of the 2024 AGM.
(2) Mr. Ma. Xianghui was appointed as Non-executive Director on 26 June 2024.
(3) Ms. Meng Xin resigned as Executive Director on 24 January 2025.
(4) Ms. Zhang Xueyan and Mr. Wang Yong were appointed as Non-executive Director and Executive Director respectively on 24 January 2025.

Board Committees

The Board delegates its power and authorities from time to time to the Board Committees in order to ensure the operational efficiency and specific issues are handled by relevant expert. The Board currently has six Board Committees, namely, Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee, Strategic Development Committee and Risk Management Committee with respective terms of reference which clearly defined its authorities and duties. The terms of reference of Audit Committee, Remuneration Committee and Nomination Committee are available on the websites of the Stock Exchange and the Company and the terms of reference of Corporate Governance Committee, Strategic Development Committee and Risk Management Committee are available on the website of the Company. The chairmen of the Board Committees report regularly to the Board of their works, findings and recommendations. All Board Committees are provided with accurate and sufficient information in a timely manner so as to enable the Board Committees to make informed decisions for the benefit of the Company and sufficient resources to discharge their duties, and may have access to external professional advice, if necessary, at the Company's expense.

(a) Audit Committee

Members	Currently, comprised of three Independent Non-executive Directors, namely, Mr. Kwong Che Keung, Gordon (committee chairman), Mr. Tsui Yiu Wa, Alec and Mr. Jiang, Simon X..
Major responsibilities	— reviewing the accounting policies and supervising the Company's financial reporting process; — monitoring the performance of both the internal and external auditors; — monitoring the effectiveness of the financial reporting, risk management and internal control systems; — ensuring compliance with applicable statutory accounting and reporting requirements; — reviewing the financial information of the Company; and — acting as the key representative body responsible for overseeing the relationship between the Company and the external auditor, including the relationships involving the provision of non-audit services.
Major work performed during the year 2024	— reviewing and making recommendations for the Board's approval on 2023 annual results announcement, the audited consolidated financial statements for the year ended 31 December 2023, 2024 interim results announcement, interim report 2024 and the unaudited condensed consolidated financial information for the six months ended 30 June 2024; — reviewing the report of external auditor; — reviewing the continuing connected transactions of the Group for the year ended 31 December 2023 and for the six months ended 30 June 2024 respectively; — reviewing the effectiveness of the risk management and internal control systems by taking into account of the yearly evaluation of the risk management and internal control system across the business units of the Group by categorising risks, identifying likely control weakness(es) and taking the appropriate measures to reduce the risks and weakness(es) for the year ended 31 December 2023; — reviewing the compliance of code of conduct self-evaluation report of the Group for the year ended 31 December 2023; — making recommendations to the Board subject to the Shareholders' approval at the 2024 AGM, the re-appointment of PricewaterhouseCoopers as the external auditor of the Company; — reviewing the internal audit work and approving the internal audit planning for the year 2025 and external audit plan for the year ended 31 December 2024; and — reviewing the adequacy of resources, qualifications and experience of staff of the Company's accounting, internal audit, financial reporting function and ESG performance and reporting, and their training programmes and budget.

During the year, the Audit Committee met three times with major work performed mentioned above.

The Company has the latest Whistleblowing Policy uploaded on the Company's website. Pursuant to the Whistleblowing Policy, employees of the Group and those who deal with the Company have been provided channel(s) and guidelines to report any misconduct, malpractice or impropriety concerns within the Group in confidence and anonymity. The policy includes the establishment of an electronic reporting mailbox and a hotline as the reporting channels of whistleblowing. All reportings would be treated as confidential and in a sensitive manner. The Board delegated the authority to the chairman of the Audit Committee or the Audit & Supervision Division to review the complaint and decide how the investigation should proceed. During the year, no complaint from the employees of the Group and those who deal with the Company was received.

(b) Remuneration Committee

Members	Currently, comprised of three Independent Non-executive Directors, namely, Mr. Jiang, Simon X. (committee chairman), Mr. Tsui Yiu Wa, Alec and Mr. Kwong Che Keung, Gordon; and an Executive Director, namely, Mr. Zhu Changyu.
Major responsibilities	— making recommendations to the Board on the policy for the remuneration of the Directors and senior management of the Company; — ensuring the remuneration offered to the Directors and senior management of the Company is appropriate for the duties and in line with market practice; — determining the remuneration packages of individual Executive Directors and senior management of the Company with delegated responsibility by the Board; and — making recommendations to the Board on the remuneration of Non-executive Directors.
Major work performed during the year 2024	— reviewing and making recommendations to the Board on the Directors' fees of Independent Non-executive Directors for the year 2024; — reviewing the remuneration report of the Group including determining the salary package for senior management of the Company; and — reviewing and approving the terms set out in the letter of appointment of the newly appointed Director, Mr. Ma Xianghui and the certain existing Directors

During the year, the Remuneration Committee met four times with major work performed mentioned above.

(c) Nomination Committee

Members	Currently, comprised of three Independent Non-executive Directors, namely, Mr. Tsui Yiu Wa, Alec (committee chairman), Mr. Jiang, Simon X. and Mr. Kwong Che Keung, Gordon; an Executive Director, namely, Mr. Zhu Changyu; and a Non-executive Director, namely, Ms. Zhang Xueyan.
Major responsibilities	— reviewing the structure, size and composition of the Board; — making recommendations to the Board on the appointment and succession planning for the Directors; — assessing the independence of Independent Non-executive Directors; — monitoring the annual checks and assessment on the members of the Board, including the suitability and the sufficiency of time commitment of Non-executive Directors; and — monitoring and reviewing the effectiveness and implementation of the Board Diversity Policy.
Major work performed during the year 2024	— conducting a review of the Board diversity, assessing the independence of Independent Non-executive Directors and the contributions of the Board members and recommending the submission of the proposal on Directors' re-election at the 2025 annual general meeting of the Company; and — recommending the nomination of Mr. Ma Xianghui as Non-executive Director by reviewing his experience, expertise, knowledge and skills against the needs of the Company.

During the year, the Nomination Committee met twice with major work performed mentioned above.

(d) Corporate Governance Committee

Members	Currently, comprised of an Executive Director, namely, Mr. Zhu Changyu (committee chairman); and three Independent Non-executive Directors, namely, Mr. Tsui Yiu Wa, Alec, Mr. Jiang, Simon X. and Mr. Kwong Che Keung, Gordon.
Major responsibilities	— formulating and reviewing the Company's policies and practices on corporate governance; — reviewing and monitoring the training and continuous professional development of Directors and/or senior management of the Company; and — reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report of the annual report.
Major work performed during the year 2024	— reviewing the continuous professional development of Directors, the Company's compliance status of the CG Code for the year ended 31 December 2023 and the disclosure of the corporate governance report in the annual report of 2023; and — reviewing the Company's compliance status of the CG Code for the six months ended 30 June 2024.

During the year, the Corporate Governance Committee met twice with major work performed mentioned above.

(e) Strategic Development Committee

Members		Currently, comprised of two Executive Directors, namely, Mr. Zhu Changyu (committee chairman) and Mr. Wang Yong.
Major responsibilities	—	reviewing the annual strategic development plan of the Company and monitoring the implementation of strategies;
	—	reviewing the major investment projects and financing proposals;
	—	reviewing the major capital deployment and project on operation of assets;
	—	reviewing the strategic direction of the Company's business and operational management; and
	—	reviewing and evaluating the project evaluation system(s).
Major work performed during the year 2024	—	reviewing and discussing the report on the implementation of strategic development plan for the year 2023 and the strategic development plan for 2024.

During the year, the Strategic Development Committee met once with major work performed mentioned above.

(f) Risk Management Committee

Members		Currently, comprised of two Executive Directors, namely, Mr. Zhu Changyu (committee chairman) and Mr. Wang Yong; and a Non-executive Director, namely, Mr. Ma Xianghui.
Major responsibilities	—	monitoring the risk management framework to identify and deal with risks faced by the Group (including operational, regulatory and financial risks etc.);
	—	reviewing and assessing the Group's risk management framework; and
	—	monitoring the implementation of risk control.
Major work performed during the year 2024	—	reviewing the risk management assessment report in relation to the analysis on risks identified for 2025 (including ESG risks, in particular, the climate issues), the risk management plan covering major risk factors together with their prevention measures, and the improvement of the Company's compliance management system.

During the year, the written resolution in relation to the major work performed mentioned above was circulated to and signed by all the members of the Risk Management Committee. The written resolution is valid as if it had been passed the meeting in person.

Other Committee

In addition to the above-mentioned Board Committees, the Company also set up an Environmental, Social and Governance Committee (the "ESG Committee") with terms of reference which clearly defined its authority and duties. The Board has delegated its ESG function to the ESG Committee. The terms of reference of ESG Committee is available on the website of the Company.

Members	The Committee is currently comprised of not less than four members, including Mr. Wang Yong (committee chairman), an Executive Director, and a representative of each of Operation Management Division, Executive Division, Strategy Development Division, Human Resources Division and Public Relations Division.
Major responsibilities	— assisting to identify, evaluate and manage the risks, opportunities and major issues in relation to ESG aspects; — monitoring the implementation and effectiveness of ESG policies and practices of the Company; and — organising the preparation of the ESG report annually together with reporting and making recommendations to the Board.
Major work performed during the year 2024	— reviewing the ESG report of the Company for the year ended 31 December 2023.

During the year, the ESG Committee met once with major work performed mentioned above. All committee members attended the aforesaid committee meeting.

BOARD INDEPENDENCE

The Company recognises that the Board independence is essential to good corporate governance. The Group has in place effective mechanisms that underpin a strong independent Board and that independent view and input are conveyed to the Board.

The Company has the appropriate mechanisms in place to ensure independent views and input are available to the Board. The Independent Non-executive Directors are appointed based on the Director Appointment Policy and Board Diversity Policy of the Company with reference to Rule 3.13 of Listing Rules and their merits and the potential contribution brought to the Company to ensure each of them has the character, integrity, independence and experience to fulfill the role.

The number of Independent Non-executive Directors meets the independence requirements of the Listing Rules with at least one of them having appropriate professional qualifications or accounting or related financial management expertise to ensure unbiased decisions are made in the best interest of the Company. The independence, the suitability, and the sufficiency of time commitment of each of the Independent Non-executive Director, is assessed and monitored by the Nomination Committee on an annual basis. The Directors (including Independent Non-executive Directors) will be provided with sufficient resources, including access of senior management of the Company and independent professional advice in order to discharge their duties. In addition, independent view would be provided by the Independent Non-executive Directors while handling connected transactions or continuing connected transactions after taking into account the advice of the independent financial adviser (as the case may be).

INTERNAL CONTROL AND RISK MANAGEMENT

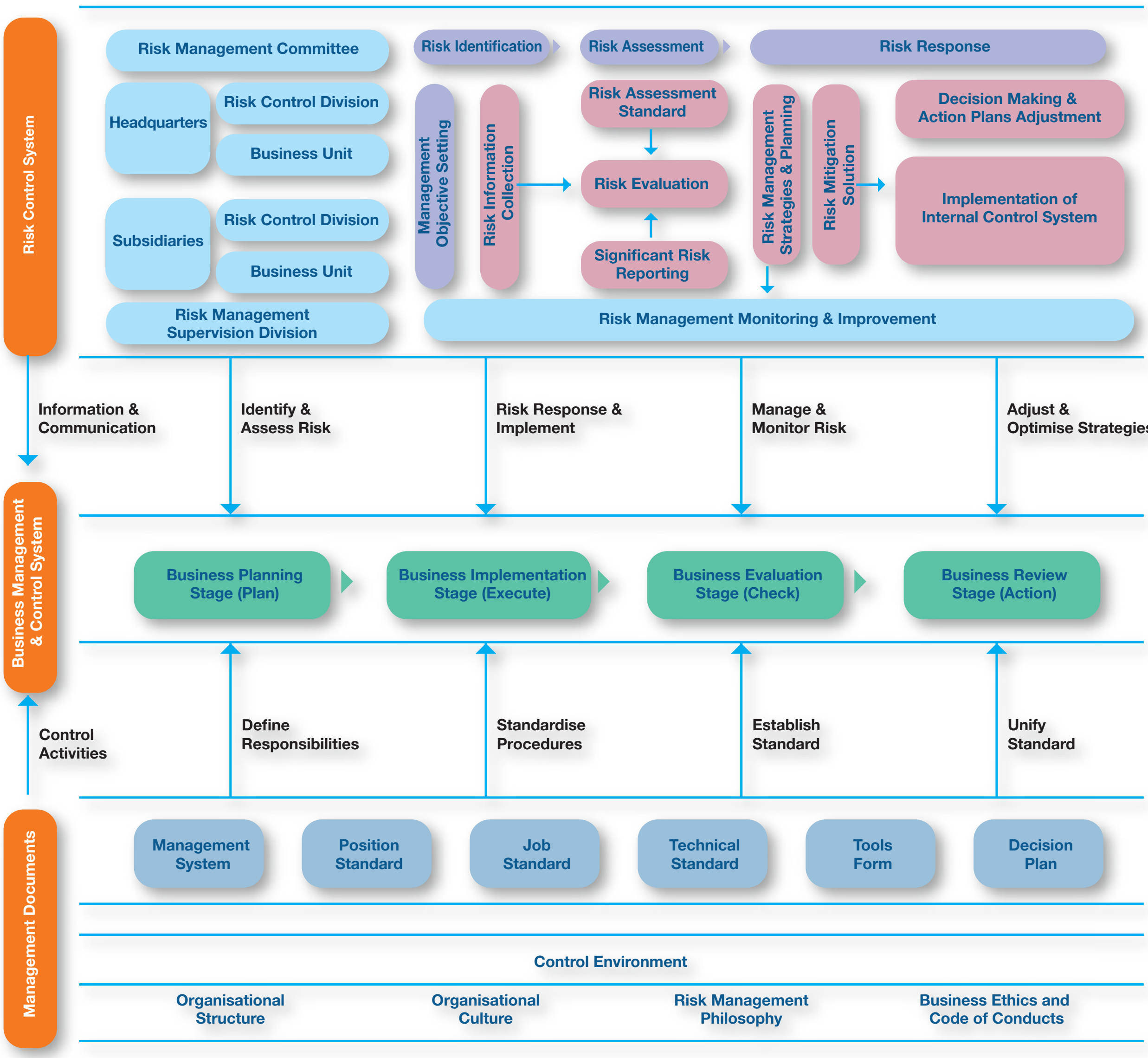
Responsibility

The Board has overall responsibility for ensuring an effective system of risk management and internal control being maintained so as to safeguard the Company's assets and the Shareholders' interests. The Board always regards risk management as an important task and believes that effective corporate risk management is an essential element of good corporate governance. The Risk Management Committee and Audit Committee have been established under the Board, which are responsible for monitoring and reviewing the risk management and internal control systems of the Group.

Framework and Approach

The Group had adopted the risk management framework formulated by the Committee of Sponsoring Organizations of the Treadway Commission in the United States as recommended by the Hong Kong Institute of Certified Public Accountants. The purpose of the Company's risk management process is to identify and manage risks in such a way that the Company is able to meet its strategic and financial targets. The Group formulated risk management procedures by taking into account adequately the eight elements of this risk management framework: control environment, objective setting, risk identification, risk assessment, risk response, control activities, information and communication, and also monitoring and improvement.

Risk Management Framework of the Group



Control Environment

The Group believes that risk management is the responsibility of everyone within the Group. It aims to develop risk awareness and control responsibility as our culture and the foundation of our internal controls system. The internal controls system applies to the Group's critical business processes including strategy development, business planning, investment decisions, capital allocation and day-to-day operations. The Group also believes that corporate governance is often associated with business ethics. In order to enhance the Company's reputation by the honest, loyal and ethical behaviours of staff, the Group has formulated a formal Staff Code and Whistleblowing Policy. Furthermore, the Group has from time to time arranged staff of different levels, ranging from senior management to front-line staff, to participate in a series of business ethics seminars conducted by the Company or COSCO SHIPPING Group in order to enhance the staff's recognition and commitment to the Staff Code. Management has also conducted annual self-check to see whether the rules and guidelines specified in the Staff Code have been properly adhered to, and the respective written declarations have been docketed and reported to the Audit Committee.

Control Activities

The control activities of each of the core shipping services business unit of the Group are built on regular top-level reviews, segregation of duties and physical controls. Currently, the key features of the internal controls system include:

— the design of an organisational structure with defined lines of responsibility and delegation of authority;

— the setup of and adherence to authorisation and approval limits of the Company and each business unit;

— the establishment of policies and procedures to support deployment of management's directives;

— the systems and procedures to identify and mitigate risks on an ongoing basis; and

— the application of Enterprise Resource Planning (ERP) systems and other relevant information technology (such as customers compliance risk management system) in business processes to strengthen internal controls and promote internal efficiency.

In addition, the Information Management Method regulates the information management of the Company and ensures inside information being properly disseminated and timely disclosed. With respect to procedures and internal control measures for the handling and dissemination of inside information, the Company informs all Directors, senior management and related staff of the latest regulations and requirements according to the letters issued or announcements published by the Securities and Futures Commission and the Stock Exchange, and has developed procedures and mechanisms to evaluate whether disclosure of the inside information is required.

Risk Management Process

The Group seeks to have risk management features embedded in the day-to-day operations. The Group conducts a risk assessment on the existing or potential risks every year that may impact the achievement of business objectives over the course of business operation. The assessment includes possibility, frequency and impact of the identified risks. The risks identified were regularly communicated and reported to the Risk Management Committee and the Board. The Group determines the action plans and management targets. The management of each business unit of the Group is responsible for managing its respective day-to-day operating risks, and implementing measures to mitigate such risks.

The Board delegates the Risk Management Committee to monitor the implementation of risk management, and continuously reviews the action plans and internal controls on regular basis.

Major Operational Risk Factors and Measures

The annual risk assessment is performed by means of survey, questionnaire and interview that are conducted by core divisions of the Company and business units. The questionnaire includes the assessment of three aspects regarding possibility, frequency, and impact of specific risks on the Company's risk register.

According to the Company's risk assessment forecast result, the identified top five risks for the year of 2025 are selling price fluctuation risk, raw material price fluctuation risk, economic fluctuation risk, competitor risk and exchange rate risk.

For selling price fluctuation risk, market uncertainty triggers price fluctuation with slowdown in demand growth. Major competitors may reduce their prices for promotional purposes, thereby causing malicious price competition in the industry, and affecting the overall profitability. Each business unit timely recognises the market competition environment and the business activities of competitors or potential competitors, reviews and analyses its own products and its operating strategies, fights for more high-margin product sales orders, improves product quality, and reduces management costs, thus laying a good foundation for sustainable and healthy development and coping with the selling price fluctuation risk.

For raw material price fluctuation risk, an increase in the price of raw materials will result in an increase in production costs, which will affect each business unit's overall profitability. The Company tracks and prompts the important information in the raw material market in a timely manner. The business units conduct analysis of trends in raw material prices, actively seek out and establish stable cooperative relations with multiple suppliers to reduce dependence on a single supplier, and maintain the raw material inventory at a reasonable level.

For economic fluctuation risk, as a result of the significant changes in the domestic and international political, economic and social environment, coupled with the high degree of dependence of the Group's business on the macro-economy, the increase in uncertainties regarding its future business development and strategy implementation may adversely affect the Group's performance and financial position. The Company and its subsidiaries take a more cautious wait and see approach on the policies and markets, and adhere to its strategy of steady development and sustainable operation. In order to actively respond to the impact of the macroeconomic environment on the business of the shipping service industry, the Group adjusts its business activities in a timely manner, develops contingency plans in advance, minimises losses and avoids disputes, and improves the timeliness of risk response.

For competitor risk, lack of understanding of competitors or the use of new market strategies or tactics by competitors could place the business units at a disadvantage in the competitive market. The management pays close attention to industry dynamics and uses a flexible communication mechanism to keep abreast of the current market competition environment and the business dynamics of existing or potential competitors. All business units continue to improve service quality and production safety levels in order to attract customers with better value-added services and improve product competitiveness.

For exchange rate risk, the continuous fluctuation of exchange rates may lead to negative impacts such as a decline in export business revenue, an increase in import business costs, an increase in foreign currency debt, and exchange losses due to currency exchange. In 2025, exchange rate fluctuations may further intensify due to the impact of Sino-US trade relations and the Fed's monetary policy expectations. The Group needs to pay close attention to the important impact of exchange rate fluctuations on its business and financial conditions. The subsidiaries should strengthen the control and assessment of exchange rate risks, and take corresponding risk management measures in a timely manner to cope with the adverse impact of exchange rate fluctuations, such as adopting flexible pricing strategies to reduce exchange rate risk exposure.

Internal Audit and Control Effectiveness

The Company has an internal audit function. It performs regular reviews of the Company's internal controls based on the annual audit plan approved by the Audit Committee.

The annual audit plan is prepared by using a risk-based approach to determine the priorities of the internal audit activities. The Audit Committee has the final authority to approve the annual audit plan. Special reviews may also be performed on areas of concern identified by the Audit Committee or the management from time to time. The Audit Committee assesses the effectiveness of the internal control system by reviewing the work of Audit & Supervision Division and its findings. A follow up review will be performed by Audit & Supervision Division approximately three to six months after the date of the audit response to determine if the audit recommendations have been implemented. Follow up works will continue until all recommendations have been appropriately addressed.

The management of the business units is responsible for ensuring the agreed-upon action plans be implemented within an appropriate timeframe. The management must also confirm annually the effectiveness of the risk management and internal control system and that business units under their control have taken or are in the process of taking the appropriate actions to deal with all significant recommendations made by Audit & Supervision Division.

During the year, Audit & Supervision Division had performed reviews on all major aspects of the Group's operations in Hong Kong, the Mainland China and overseas according to the approved internal audit plan. The work of Audit & Supervision Division covered all major financial, operational and compliance controls. Findings and recommendations on internal control deficiencies were well communicated with the management such that action plans were developed by the management to address the issues identified. Post-audit reviews were scheduled to ensure the action plans were executed as designed. Key findings of each internal control review assignment were reported to and reviewed by the Audit Committee.

The Audit Committee reviews the internal audit work conducted by the Audit & Supervision Division which includes the review of effectiveness of the Group's risk management and internal control systems covering all material controls, including financial, operational and compliance controls every year. During the year, such exercise has been conducted. The Audit Committee considered that the risk management and internal control systems of the Group were effective and adequate and its opinion was endorsed by the Board. In addition, the chairman of Audit Committee would report to the Board on any key findings at least twice a year. However, the system aims to manage but not eliminate the risks relating to failure to achieve business objectives, and the Board will only give reasonable but not absolute assurance against material misstatement or loss. During the year, no significant areas of concern which might affect the Shareholders were identified.

EXTERNAL AUDITOR

During the year, the remuneration paid or payable to the Company's external auditor, PricewaterhouseCoopers, in respect of audit and non-audit services provided to the Group were approximately HK$2,700,000 and HK$1,207,000 respectively. These amounts excluded remuneration paid or payable to other external auditors of subsidiaries of the Company which were included in Auditor's remuneration disclosed in note 22 to the financial statements.

The above non-audit services included professional advisory on taxation, professional services in relation to the Company's interim results and continuing connected transactions, etc..

COMPANY SECRETARY

The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that the relevant policy and procedures are followed. The Company Secretary assists the Chairman to prepare the agenda of the regular Board meetings. Board members can access the services of the Company Secretary, who is responsible for advising the Board on governance matters and assisting the induction and professional development of Directors by providing a tailored induction package and updating Directors on the latest developments and changes to the Listing Rules and the applicable regulatory requirements.

During the year, the Company Secretary has complied with the relevant training requirements under Rule 3.29 of the Listing Rules.

Shareholders' Rights

Procedures for Shareholders to convene a special general meeting ("SGM")

In accordance with the Company's bye-laws and the Companies Act 1981 of Bermuda ("Companies Act"), the Shareholders holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company can deposit a written request at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda (the "Registered Office of the Company") and 47th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong (the "Principal Office of the Company") to require a SGM to be convened by the Board for the transaction of any business specified in such requisition and the Board shall proceed to convene such meeting within 21 days after the deposit of such requisition. Such written requisition must state the purposes of the general meeting, signed by the Shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those Shareholders.

If the requisition is in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered Shareholders. On the contrary, if the requisition is invalid, the Shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Shareholders' Enquiries

Shareholders should direct their questions about their shareholdings to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited. Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Shareholders may also direct questions or requests for information through the Company's website or by contacting the representatives of Public Relations Division that would convey to the Board.

Procedures for Shareholders to make proposals at general meeting

In accordance with the Companies Act, Shareholders holding (a) not less than one-twentieth of the total voting rights of all Shareholders having the right to vote at the general meeting; or (b) not less than 100 Shareholders, can submit a written request stating the resolution intended to be moved at the annual general meeting or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting. Such written request/statement must be signed by the Shareholder(s) concerned and deposited at the Registered Office of the Company and the Principal Office of the Company not less than six weeks before the annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

If the written request is in order, the Company Secretary will ask the Board (a) to include the resolution in the agenda for the annual general meeting; or (b) to circulate the statement for the general meeting, provided that the Shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the Shareholder(s) concerned in accordance with the statutory requirements to all the registered Shareholders. On the contrary, if the requisition is invalid or the Shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the annual general meeting; or the statement will not be circulated for the general meeting.

Procedures for a Shareholder to propose a person for election as a Director

As regards the procedures for proposing a person for election as a Director, please refer to the procedures made available under the Corporate Governance section of the Company's website.

CONSTITUTIONAL DOCUMENTS

To bring the bye-laws of the Company in line with the amendments to the Listing Rules which mandate the electronic dissemination of the corporate communications, the Board had proposed certain amendments to the bye-laws of the Company which was approved by the Shareholders at the 2024 AGM.

For details of the amendments to the bye-laws of the Company, please refer to the Company's announcement dated 10 April 2024 and circular dated 26 April 2024. Copy of the amended bye-laws was uploaded to the website of the Stock Exchange on 31 May 2024.

Save as disclosed above, there was no change to the memorandum of association and bye-laws of the Company during the year ended 31 December 2024.

INFORMATION DISCLOSURE

The Company adheres to high standards with respect to the disclosure of its financial statements. To foster regular and contribute two-way communications amongst the Company, its shareholders and potential investors, Public Relations Division is designated to respond to enquiries from the Shareholders and the public. In addition, the Company is committed to maximising the use of its website as a channel to provide updated information in a timely manner and strengthen the communications with both the public and the Shareholders.

COMMUNICATION WITH SHAREHOLDERS

In order to ensure the Shareholders are provided with comprehensive, equal and timely access to the balanced and understandable information about the Company, the Shareholders Communication Policy (available on the Company's website) was adopted and the Board is responsible to review the policy on a regular basis in order to ensure its implementation and effectiveness.

The Board is committed to providing clear and detailed information on the Group to Shareholder(s) through the publication of notices, announcements, circular, interim and annual reports on the Stock Exchange's website at www.hkexnews.hk and the Company's website at hk.coscoshipping.com.

The Board believes that the general meetings provide an opportunity for communication between the Shareholders and the Board members. During the year, the Shareholders were given at least 21 days' notice of the 2024 AGM. During the year, despite the fact that Mr. Zhu Changyu, the Chairman was unable to attend the 2024 AGM due to other business engagement, Ms. Meng Xin, the then Executive Director and the Chairmen of the other relevant committees attended the 2024 AGM. Those Board members presented at the 2024 AGM were available to answer questions from the Shareholders to ensure an effective communication with the Shareholders. The representative from PricewaterhouseCoopers, the external auditor of the Company attended the 2024 AGM to answer questions if necessary about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. Q&A sessions had been provided to the Shareholders to raise their concern at the 2024 AGM. The chairman of the 2024 AGM explained the detailed procedures for conducting a poll at such meetings. At the 2024 AGM, a separate resolution for each substantially separate issue was proposed in order to avoid bundling resolutions. The poll voting results of the 2024 AGM were published on the websites of the Stock Exchange and the Company on the same day after the meeting respectively.

With the above arrangements, the Shareholder Communication Policy is considered to have been effectively implemented during the year. In addition to the above, the Company has in place other effective measures provided in the bye-laws of the Company to support the Board to act fairly between the members of the Company, details of which is set out in the section headed "Shareholders' Rights" of this report.

By order of the Board

CHIU Shui Suet
Company Secretary

26 March 2025

Investor Relations

In 2024, with the global economy performing better than market expectations, sophisticated economies entering a new cycle of interest rate cuts, as well as the emergence of artificial intelligence stimulating investment market sentiment, the global stock market shows satisfactory sentiment, and the Nasdaq Index which represents the US technology industry surged by nearly 30% throughout the year. Benefited from China's macroeconomic stimulus policies, the Chinese and Hong Kong stock market reversed its weak trend from the past few years. After experiencing a historic decline for four consecutive years, the Hang Seng Index recorded a year-on-year increase in 2024, rising 18% from 17,047 points at the end of 2023 to 20,059 points.

COSCO SHIPPING International has achieved outstanding operational performance and results and profit attributable to the equity holders of the Company reached its highest level since 2011. Such prominent results have significantly enhanced the market's confidence in the Company's future development and drive its share price, creating substantial value returns for the Shareholders and laying a solid foundation for the Company's sustainable development. By seizing the opportunities, share price of the Company rose 40% from HK$3.04 at the end of last year to HK$4.26. As of the end of 2024, the market value of the Company reached HK$6,245,038,000.

INVESTOR RELATIONS MANAGEMENT STRATEGY

COSCO SHIPPING International's investor relations management strategy attaches great importance to compliance, initiative, equality and integrity.

To promote effective communications between the Company and investors, continuously improve the Company's governance level and competitiveness in the capital market, we have established and strictly adhere to the stated management systems regarding investor relations, insider information and information disclosure, so as to protect the legitimate rights and interests of investors at all levels, enhance the sustainability of shareholders' returns and thus maximising corporate value.

The Company actively maintains prompt bilateral communication with all participants in the capital market. We also communicate with investors in a timely, comprehensive and in-depth manner through diversified communication channels, providing investors with genuine, accurate, complete, timely and fair information on the Company's development strategy, operation management, environment, society and governance and other valuable matters, so that they could understand the strategic positioning, operating conditions, results performance and development prospects of the Company, therefore, to reinforce investors' confidence and support in the Company. Moreover, we facilitate the delivery of the criticisms and expectations from regulatory authorities, shareholders and capital market to the Board and the management team of the Company in a timely manner, for the sake of establishing a positive development cycle between the Company and the investment community and ultimately promoting long-term sustainable growth of the corporate value and shareholders' returns.

DIVERSIFIED, REAL-TIME AND TRANSPARENT COMMUNICATION CHANNELS

COSCO SHIPPING International is committed to maintaining high standards of corporate governance and transparency through applying high standards of disclosure all along and releasing corporate information timely and accurately. Among which, the annual report is one of important channels for shareholders and investors to understand the development of the Company. By upholding the principles of easy-to-read, complement the corporate culture and simplicity, the Company endeavours in preparing its annual report, which allows investors to understand our corporate structure, business scopes, key figures and highlights of the year. As time progresses, the Company adheres to a diversified and real-time communications culture to allow the capital market to have immediate access to the latest updates of the Company through comprehensive channels, including the Company's website, WeChat, corporate periodicals, etc..

COMPREHENSIVE INVESTOR RELATIONS MAINTENANCE

Besides answering enquiries and concerns from investors promptly as a daily routine, the Company also initiates regular activities, including roadshows, press conference, investor conference, meetings with fund managers, media gathering, etc., to actively promote COSCO SHIPPING International's investment value and development potential to the capital market and new investors and attract widespread attention from the capital market.

Optimising the shareholders structure is a long-term dynamic process. The Company conducts regular shareholder identification and structural analysis, measuring the shareholding distribution between institutional and retail shareholders as well as their investment orientations and origins and closely monitoring the changes of their equity interests, in order to identify the Company's position in the capital market, facilitate daily maintenance of investors relations management and develop a broader shareholder community and diversified shareholder structure based on the results.

According to the Bloomberg Terminal, as at the end of 2024, the top 10 institutional shareholders' shareholding in COSCO SHIPPING International accounted for 2.87% (as at the end of 2023: 2.72%) of the total issued share capital of the Company. These institutional shareholders are based in Hong Kong, the United States, Singapore and Europe, all of which focus on long-term value investing and are large investment institutions with high reputation in the industry.

DIVIDEND POLICY

COSCO SHIPPING International's annual dividend payout ratio will not be less than 50% of net profit prior to obtaining practical progress in substantial investment projects in the future. If the Company publishes major transaction announcement in relation to investment project, the annual dividend payout ratio of the Company will maintain at not less than 25% of net profit subject to the results, availability of distributable reserves and cash flow position of the Company at that time.

KEY CONCERNS BY SHAREHOLDERS AND INVESTORS IN 2024

- The continued positive impact from the boom of China's shipbuilding industry on the Company's shipping services business, in particular ship trading agency services and marine coatings businesses
- Explicit development plan and timetable of the Company's green energy business
- Potential revenue and profit margins, relevant investment amounts and expected returns of the methanol project
- The utilisation plan of the ample idle cash on hand
- Future direction of dividend policy
- Possibility of the Company's share being including in "Southbound Stock Connect"

SHARE PRICE PERFORMANCE

On the last trading day of 2024, the closing price of COSCO SHIPPING International was HK$4.26 (2023: HK$3.04) per share while the number of issued and outstanding ordinary share was 1,465,971,429 shares (2023: 1,465,971,429 shares). The market capitalisation of the Company was HK$6,245,038,000 (2023: HK$4,456,553,000). During the year, the highest and lowest share price of the Company were HK$4.50 and HK$2.68 respectively. The daily average trading volume and daily average trading turnover were 1,410,000 shares (2023: 953,000 shares) and HK$5,400,000 (2023: HK$2,819,000), respectively.

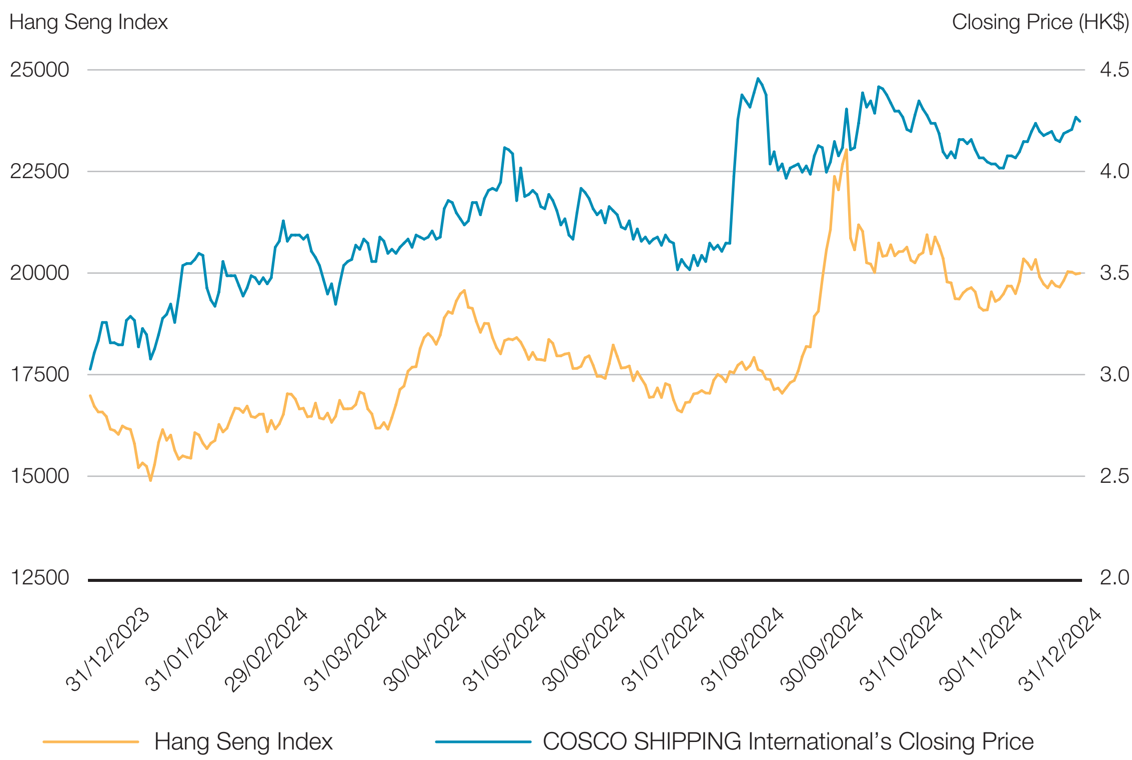
Note: All the above share prices are traded ex-dividend.

EARNINGS PER SHARE AND DIVIDENDS PER SHARE

The basic and diluted earnings per share of the Company for 2024 were 48.38 HK cents (2023: 40.33 HK cents). The Board proposed the 2024 final dividend of 21.5 HK cents (2023: 17.5 HK cents) per share. Together with the interim dividend of 26.5 HK cents (2023: 22.5 HK cents) per share paid, annual dividends per share for 2024 were 48.0 HK cents (2023: 40.0 HK cents).

The annual dividend payout ratio of 2024 was 99% (2023: 99%).

COSCO SHIPPING INTERNATIONAL'S SHARE PRICE PERFORMANCE VS HANG SENG INDEX IN 2024



A GLANCE AT FIVE-YEAR FINANCIAL STATISTICS

For the year ended and as at 31 December	2020	2021	2022	2023	2024
Total number of shares issued (million)	1,533	1,533	1,482	1,466	**1,466**
Market capitalisation[Note 1] (HK$ hundred million)	36.3	36.5	37.3	44.6	**62.5**
Basic earnings per share (HK cents)	22.08	18.81	22.74	40.33	**48.38**
Price/earnings ratio[Note 1] (times)	10.7	12.7	11.1	7.5	**8.8**
Dividends per share (HK cents)	22.0	19.0	22.5	40.0	**48.0**
Dividend payout ratio (%)	99.6	101	99	99	**99**
Net assets value per share (HK$)	5.29	5.26	5.27	5.35	**5.37**
Return on total assets (%)	3.5	2.9	3.7	6.4	**7.7**
Return on shareholders' equity (%)	4.2	3.6	4.4	7.6	**9.0**
Cash-to-shareholders' equity ratio (%)	80	77	76	80	**75**
Current ratio (times)	6.0	6.5	7.6	8.3	**7.3**
Quick ratio (times)	5.7	6.2	7.3	8.0	**6.9**
Interest coverage (times)	83.0	48.6	212.1	362.8	**355.2**

Note:

1 As at the last trading day per year

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

This report highlights the environmental, social and governance ("ESG") performance of COSCO SHIPPING International (the "Company") and its subsidiaries (collectively, the "Group" or "we"), as well as the joint venture, Jotun COSCO with the aim to address the expectations of its stakeholders.

a. Reporting Period and Boundary

This report covers the period from 1 January 2024 to 31 December 2024 (the "reporting period"). The reporting boundary encompasses the sustainable development performance and measures of the Group's main businesses, including ship trading agency services, insurance brokerage services, supply of marine equipment and spare parts, production and sales of coatings, intelligent shipping services, and trading of other ship-related products and services.

Unless otherwise specified, the general disclosures in this report reflect the Group's ESG-related strategies, policies, objectives, management approaches and initiatives. Key performance indicators ("KPIs") cover all subsidiaries of the Group and are presented in aggregate data. Although the environmental and social data of our joint venture, Jotun COSCO, are not consolidated, the report also includes information on its ESG activities.

The reporting boundary for the year is based on that of the previous year and further incorporated new businesses, including newly incorporated Green Intelligence Ship Services and Helen Insurance Brokers which was newly acquired in 2024.

b. Reporting Standards and Principles

This report is prepared in accordance with the "Environmental, Social and Governance Reporting Code" (the "ESG Code") set out in Appendix C2 to the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). To ensure the quality of the content and data presented in this report, we strictly adhere to the principles stipulated in the ESG Code, which include:

Materiality	**Quantitative**	**Balance**	**Consistency**
We conduct stakeholder engagement and materiality assessments to ensure the identified ESG issues remain relevant and significant to our business operations and stakeholders.	We regularly collect and monitor quantitative metrics to evaluate the progress of ESG initiatives and objectives.	To objectively present our sustainability performance, this report highlights both our achievements and areas for improvement.	To enable effective comparison of ESG performance in a consistent manner, explanatory notes are provided whenever changes occur in the methodologies or scope of data compilation throughout this report.

As a responsible corporate citizen, we are committed to continuously optimising our sustainable operating environment and practices. Our goal is to maximise long-term returns for shareholders while actively advancing the development and well-being of the communities in which we operate.

2. PHILOSOPHY AND POLICIES OF CORPORATE ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT

2.1 Sustainability Vision

Sustainable development is integral to our business philosophy and daily operation. Despite the challenges faced by our industry, we acknowledge that stakeholders (including regulators) still have high expectations for sustainability performance. Therefore, we continuously adjust our strategies and operations to align with our sustainability vision and seize opportunities brought by the sustainable development transformation.

Given that COSCO Kansai Companies account for over 90% of the Group's energy consumption, we have set specific targets in relation to sustainable development for COSCO Kansai Companies. We aim to achieve the following targets by 2030 compared to the 2020 baseline:

- Reduce greenhouse gas emissions (Scope 1 and Scope 2) by 10%.
- Reduce Volatile Organic Compounds ("VOCs") and benzene emissions by 5%.
- Reduce energy consumption by 10%.

In order to achieve the stated targets, COSCO Kansai Companies have made steady progress by increasing its production of water-based coatings to more than 50% of its total output over the past three years. This initiative aims to effectively reduce overall VOCs emissions. To align with the aforementioned sustainability goals, the Group will consistently track and monitor its energy consumption and relevant emissions, while seeking ways to improve overall cost and production efficiency.

2.2 Environmental, Social and Governance Structure

The Group fully recognises the rising expectations set forth in the current ESG Code issued by the Stock Exchange, which particularly emphasizes the participation of the Board in the governance of ESG issues. We have maintained an unwavering commitment to our environmental and social objectives, and clearly defined the specific roles of the Board and the internal governance structure of the Group. This robust foundation positions us to advance steadily toward long-term success in sustainable development.

2.3 Statement of the Board

The Board fully recognises the importance of effectively implementing sustainable development practices and incorporating ESG elements into key business decisions. It takes ultimate responsibility for ESG strategies and reporting, and oversees the management approach and strategy of all ESG issues. The Environmental, Social and Governance Committee ("ESG Committee") has been established to assist the Board in supervising the ESG-related strategies, policies and development plans of the Group. The ESG Committee comprises an Executive Director and a representative from each of the Operation Management Division, Executive Division, Strategy Development Division, Human Resources Division and Public Relations Division.

The ESG Committee convenes at least one meeting annually or as necessary to identify and address ESG-related opportunities, issues and risks. It also formulates the Group's ESG vision, strategy and objectives to guide its ESG direction and assess performance. Given the increasingly stringent regulatory requirements, the ESG Committee is responsible for overseeing the preparation of ESG reports to ensure compliance with the relevant laws and regulations. The ESG Committee reports its latest work, progress and/or recommendations on ESG-related matters to the Board annually.

2.4 Environmental, Social and Governance Management Approach

To support the Group's sustainable development, we consider multiple ESG factors when formulating strategies. Owing to the diversified operations of the Group, our policies are tailored to the business models of subsidiaries and include independent ESG risk assessments for these companies. As the business environment changes rapidly, we continuously optimize the Group's policies by reviewing the management approach to keep pace with the latest market trends, industry developments and regulatory requirements so as to ensure the relevance and applicability of our policies.

In line with the management measures for the Environmental Management System Certification of the International Organisation for Standardisation ("ISO"), the subsidiaries of the Group have formulated environmental policies in accordance with relevant standards to respond to the increasing public attention to environmental protection and tightening ecological restrictions. In addition to obtaining certifications from authorised institutions, we are committed to minimising the environmental impact of our business. We continue to invest in modern equipment to reduce VOCs emissions. Also, Jotun COSCO has developed the "一廠一策 (One Plant One Policy)" principle, which outlines emergency procedures for combating air pollution.

From a social perspective, we are dedicated to ensuring the highest standards of occupational health, safety and product quality in our operations. Our commitment is reflected in our ongoing success in maintaining the Quality Management System Certification (ISO 9001), Environmental Management System Certification (ISO 14001) and Occupational Health and Safety Management System Certification (ISO 45001:2018).

To promote sustainable development, the Group focuses on enhancing internal coordination within its network of subsidiaries. The Group continues to strategically participate in formulating the overall sustainable development plan, and subsidiaries are required to provide annual quantitative performance data, along with reporting of their management approaches, practices and initiatives, to the headquarters for annual review. The Group closely monitors and reports on the progress of strategy implementation and other ESG-related matters to ensure operational efficiency.

3. DETERMINING MATERIALITY

3.1 Stakeholder Engagement

Stakeholder feedback is pivotal to our path of development. We value insights from stakeholder groups potentially affected by our operations and perspectives from external organisations with expertise in areas we consider important. We engage with stakeholders across multiple platforms, and gather feedback regularly. These insights are vital for continuously evaluating and shaping our corporate strategies and sustainability plans.

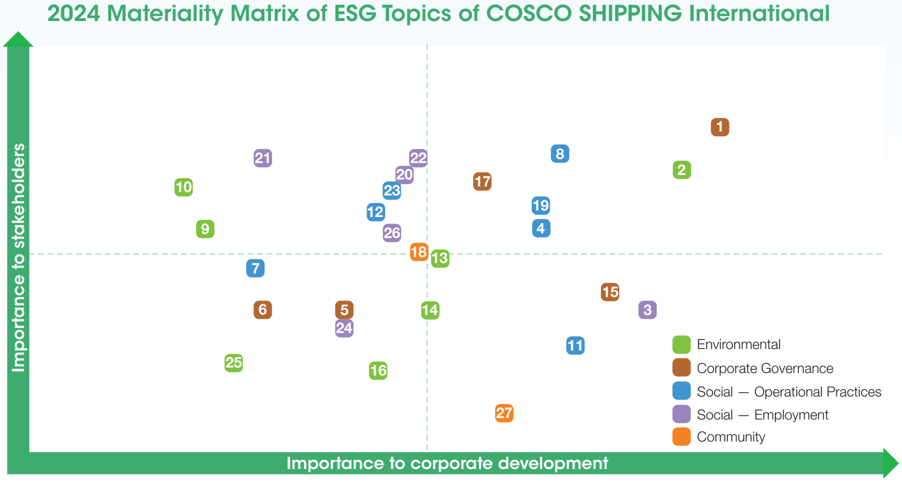
The following is a summary of the communication channels that correspond to the specified stakeholders in our daily operational activities:

Stakeholder Groups	Communication Channels	Communication Purposes	Communication Frequency
Government authorities	• Questionnaires • Discussion meetings • Site visits • Information submission	• Compliant operation • Environmental stewardship • Social contribution • Tax compliance	• Irregular
Shareholders and investors	• Roadshows • Company visits • Investment summits • Regular reports & announcements • Telephone conferences, emails, WeChat etc.	• Communicate and report the Company's latest developments and future directions	• Semi-annual/annual • Real-time communication such as meetings, calls and emails
Employees of the Group	• Training and educational activities • Employee satisfaction survey • Annual staff meeting • Work meetings	• Workforce retention • Enhance occupational safety and health awareness • Ensure employee rights and benefits	• Annual • Weekly management meetings • Monthly, quarterly, semi-annual and annual work summary reportings
Business partners, customers and suppliers	• Company visits • Telephone conferences, emails and other electronic means • Social media • Inspection and evaluation	• Ensure stable and effective supply chain management • Sustainable procurement policy	• Semi-annual/annual • Irregular meetings
Local communities and non-government organisations ("NGOs")	• Community projects • Collaborative projects • Public welfare projects	• Community communication and engagement • Low-carbon operation • Create social benefits	• Irregular

3.2 Materiality Assessment

We have identified 27 material issues covering environmental, social, community and corporate governance aspects, which reflect our ESG consideration in corporate management. These issues have been carefully considered in the preparation and compilation of this report. In 2024, we distributed questionnaires to major stakeholders to reassess the materiality of these issues and determine the results of the ESG materiality assessment. These issues are outlined in the following materiality matrix.

2024 Materiality Matrix of ESG Topics of COSCO SHIPPING International



1. Business Compliance
2. Environmental Compliance
3. Occupational Health and Safety
4. Product and Technology Innovation
5. Anti-Corruption
6. Supply Chain Management
7. Sustainable Procurement Policy
8. Customer Service
9. Waste Management
10. Environmental and Ecological Protection
11. Operational Efficiency of Company Assets
12. Continuity and Security of Service
13. Response to Climate Change
14. Low-Carbon Operations
15. Economic Performance
16. Water Resource Management
17. Business Ethics
18. Serving Local Economy
19. Differentiation of Products and Services
20. Equal Rights of Employees
21. Employee Benefits
22. Employment Welfare
23. Customer Privacy Protection
24. Labour Standards
25. Energy Efficiency and Energy Saving
26. Staff Development and Training
27. Community Communication and Participation

4. HONOURS AND RECOGNITIONS

In 2024, COSCO SHIPPING International received the following prestigious awards in the field of green and sustainable development:

- ### "Employer of Choice Award" and "Corporate Social Responsibility Award"

  COSCO SHIPPING International actively fosters a positive workplace atmosphere. It has achieved excellent performance in terms of employee satisfaction, working environments, corporate culture, and talent recruitment and retention strategies, while fulfilling its corporate social responsibility. It received its first "Employer of Choice Award" and "Corporate Social Responsibility Award" at the Employer of Choice Award 2024 held by "Job Market". These two accolades enhance our competitiveness and brand visibility in the labour market of Hong Kong, underscoring our substantive contributions as a Hong Kong-based stated-owned enterprise to local community engagement.

- ## "15 Years Plus Caring Company" Logo for the second consecutive year

Since 2008, COSCO SHIPPING International has been awarded the "Caring Company Logo" for 16 years in a row. It also received the "15 Years Plus Caring Company" logo for the second consecutive year. This award demonstrated the recognition and affirmation of our enduring commitment to charity initiatives, employee welfare, and environmental and social contributions in the past 16 years.

- ## "Good MPF Employer Award" for the second consecutive year

COSCO SHIPPING International received the "Good MPF Employer Award 2023–24" from the Mandatory Provident Fund Schemes Authority of Hong Kong for its outstanding performance in MPF administration and protection of employee retirement benefits. In addition, the Company won two special awards, namely the "e-Contribution Award" for enhancing efficiency and supporting green practices and the "MPF Support Award" for helping employees manage their MPF accounts as employer. The Company will remain committed to full compliance with MPF regulations and actively provide more comprehensive welfare and pension protection to employees in the future.

- ## "2024 Anti-Corrosion Coating Influential Brand" & Intertek "ETL Certification"

COSCO Kansai (Shanghai) advanced high-quality development by building new quality productive forces and evolved into a world-class professional and leading exemplary enterprise with innovative technologies, so as to become a trustworthy coating brand among customers. COSCO Kansai Companies were awarded the title of "2024 Anti-Corrosion Coating Influential Brand" by coatings.hc360.com and the ETL Certification by Intertek, which demonstrated the recognition of COSCO Kansai Companies by the market, industry peers and customers.

- ## "Green Technology Excellent Project Award"

COSCO Kansai (Shanghai) was invited to the 2024 China Container Industry Association Annual Convention, where it received the "2024 Excellent Green Container Technology Project Award" from the China Container Industry Association. At the "e-Enterprise Chain" Foreign Enterprise Summit and 2024 Foreign Enterprise Thematic Salon held in Qingdao High-tech Development Zone in Shandong Province, Jotun COSCO garnered the "Best Partner Award" and the "Outstanding Contribution Award". These awards not only serve as a testament to the Group's excellent product quality, innovation capabilities and market influence, but also represent an encouragement and expectation for the Group's future development.

5. ENVIRONMENTAL PROTECTION

The Group always adheres to the green development concept and deeply integrates environmental sustainability into its daily operations to minimise the negative impact of its business activities on the environment. In the journey of promoting green transformation of the shipping industry, we strictly comply with regulations and adopt a forward-looking strategic vision to proactively make contribution to several crucial areas, including the reduction of carbon emissions, optimisation of resource utilisation and protection of biodiversity. In addition to launching products that feature more environmental characteristics and considerations, we explore and apply cutting-edge technologies on an ongoing basis. We also strive to create a greener workplace and enhance employees' understanding of sustainability and resource conservation through training.

The Group strictly follows all relevant environmental laws and regulations that include extensive requirements, such as:

- "Environmental Protection Law of the People's Republic of China";
- "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution";
- "Water Pollution Prevention and Control Law of the People's Republic of China";
- "Law of the People's Republic of China on the Promotion of Clean Production";
- "Law of the People's Republic of China on Environmental Impact Assessment";
- "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste";
- "Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution";
- "Environmental Protection Tax Law of the People's Republic of China"; and
- Other local rules and standards concerning the prevention and control of pollution by discarded dangerous chemicals, air pollutants and integrated wastewater discharge in all operating locations.

To ensure our subsidiaries uphold operational standards and improve performance on an ongoing basis, the Group has developed a set of policies in line with ISO 14001 requirements and implemented a comprehensive environmental management system to achieve internal environmental goals. Meanwhile, COSCO Kansai Companies and Jotun COSCO maintained the ISO 14001 Environmental Management System Certification during the reporting period. In addition, the Group has also established a robust internal risk control system and management framework to ensure all risks are properly managed at the operational level. This system adopts a top-down approach to identify all environmental hazards generated from daily operations.

In order to pursue continuous enhancement, the Group also regularly conducts third-party audits of its business operations and identifies areas for improvement in a variety of environmental issues, such as wastewater management, exhaust gas management and noise control, etc. Pursuant to the requirements of the operating permits, COSCO Kansai Companies have taken additional measures to comply with increasingly stringent discharge restrictions.

In 2024, there were no cases of non-compliance related to our operational practices.

5.1 Green Operations

5.1.1 Gas Emission Reduction

The Group's main gas emissions are VOCs from the coatings production business, which mainly include benzene, toluene, xylene and particulate matter. With increasingly stringent national and municipal emission regulations, we have been actively exploring measures to strengthen the control and monitoring of VOCs emissions through product development, material selection, production methods and efficiency improvement. By shifting from solvent-based to water-based coatings, we have significantly reduced VOCs emissions. In 2024, the share of water-based coatings in the production volume of coatings of COSCO Kansai Companies has increased to 57.9%. At the same time, we further supported the new round of technological innovation and introduced more advanced emission control technologies to meet the latest environmental requirements. At the end of 2024, we continued to downsize our asphalt business, 靖州聯儲物流貿易有限公司 (Jingzhou Federal Reserve Logistics Trading Co., Ltd*), the subsidiary of 中遠海運國際貿易有限公司 (COSCO SHIPPING International Trading Company Limited*) ("COSCO SHIPPING International Trading") ceased production completely, resulting in zero energy consumption and VOCs emissions.

In 2024, COSCO Kansai Companies upgraded and renewed several exhaust gas treatment facilities to establish a more robust exhaust gas control mechanism, which allowed it to enhance the control of exhaust gas. Meanwhile, they optimised the production techniques and boosted pollution treatment efficiency to reduce pollutant emission effectively. They also specified pollutant emission standards and limits for different alert levels in pollution reduction emergency measures.

Furthermore, COSCO Kansai Companies collaborated with regenerative thermal oxidizer (RTO) manufacturers to optimise the exhaust gas collection system and strengthen equipment operations and maintenance. They actively upgraded the online exhaust gas inspection equipment and data collection system for more accurate data collection, which enabled the real-time monitoring of exhaust gas emissions after incineration and strengthened exhaust gas emission management.

Our plants undergo regular inspection in line with the guiding principles stipulated by the Government of the People's Republic of China. In 2024, COSCO Kansai Paint (Shanghai) passed the clean production inspection and acceptance process. Our plants will continue to enhance clean production level, reduce pollutant emissions and reduce energy consumption to achieve more environmental friendly and efficient production targets.

5.1.2 Waste Management

Due to the nature of the coatings industry, the production process has potential environmental impacts. The Group attaches great importance to waste management and adheres to the principles of reduction, recycling and harmless treatment in all production stages. Our subsidiaries also work together to promote the standardised treatment of solid waste through a hierarchical management system: Jotun COSCO has established the "Solid Waste Management" and relevant system to achieve solid waste sorting and disposal, standardised labelling of hazardous waste and full coverage of responsibilities; COSCO Kansai Companies have formulated the "Dangerous Goods Warehouse Management Regulations" and "Waste Management Regulations" to strengthen the protocols for the storage of dangerous goods and the treatment of waste; COSCO SHIPPING International Trading has introduced a hazardous waste management system specifically for directly managed and leased asphalt warehouses to effectively ensure operations compliance and risk control.

* *for identification purposes only*

To enhance resource recycling and hazardous waste treatment capabilities, COSCO Kansai Companies and Jotun COSCO have actively developed advanced production methods. By recycling and reusing residual materials from exhaust gas treatment facilities, as well as waste, cleaning solvents, chemical raw materials and their packaging from production workshops and Research and Development ("R&D") laboratories, they effectively reduced their carbon footprints. Specifically, COSCO Kansai Companies increased the disposal of hazardous waste by qualified third-party in 2024 to enhance the capacity for hazardous waste transfer and disposal, which further ensured the proper and effective disposal of hazardous waste.

In terms of waste storage and disposal, COSCO Kansai Companies have set up dedicated on-site warehouses with anti-seepage and anti-corrosion features to store hazardous waste and hire qualified third parties for disposal. Non-hazardous waste is processed monthly and stored in a separate warehouse. Two new mixers were purchased in 2024. Coupled with the existing equipment, COSCO Kansai Companies built a set of waste solvent recycling system with an annual recycling capacity of approximately 170 tonnes. This system has recycled a large amount of waste solvent which would otherwise be treated as hazardous waste due to uncontrollable risks. As a result, the companies reduced their annual hazardous waste generation and disposal costs.

Throughout 2024, Jotun COSCO generated 1,816 tonnes of waste, including 1,237 tonnes of hazardous waste and 579 tonnes of general solid waste. Additionally, by using inner bags for the packaging of intermediate products and colour pastes, it reduced the use of hazardous waste drums by 100 tonnes.

5.1.3 Wastewater Management

Water scarcity has become an increasingly critical challenge faced by many nations globally and protecting this precious resource is an unequivocal responsibility for all. Although our coatings production process does not involve substantial freshwater consumption or wastewater discharge, we remain steadfast in managing freshwater usage and effluent discharge in a responsible manner. We conduct quarterly wastewater analysis to ensure the quality of all discharged effluent fully complies with applicable standards, including "污水綜合排放標準 (Integrated Wastewater Discharge Standard)". Prior to discharge, we implement effective management and engage professionally qualified service providers to assist in wastewater treatment to ensure optimal treatment outcomes.

During the reporting period, COSCO Kansai Companies strictly adhered to "B44廢棄物管理規定 (B44 Waste Management Regulation)" and employed an automated environmental monitoring platform for real-time wastewater surveillance. Immediate investigations and timely corrective actions were initiated upon detecting anomalies in key parameters, such as pH levels or Chemical Oxygen Demand (COD) concentrations, so as to ensure sustained compliance with discharge standards and contribute our power to water conservation. On the other hand, Jotun COSCO did not generate wastewater in the production process, but performed regular testing on effluents and stormwater in the emergency pools. During the reporting period, all monitoring results met regulatory requirements.

5.1.4 Resources Optimisation

The Group is committed to maintaining the efficient use of a wide range of resources and continuously improving the level of sustainable development of its production facilities. The application of energy-saving technology in the coatings production industry is becoming more extensive. In 2024, COSCO Kansai Paint (Shanghai) successfully passed the energy management system audit and certification and obtained the energy management system certificate. They also set utilisation efficiency targets for overall energy consumption and overall energy consumption per product unit. In addition, according to "能源資源節約控制程序 (Energy and Resource Conservation Control Procedures)", they provided clear instructions to employees on how to effectively use water, electricity, steam and other related resources in the production process.

In actual operations, the Jinshan Plant of COSCO Kansai Paint (Shanghai) actively implements the strategy for energy conservation, emission reduction and production efficiency improvement. It has upgraded the on-site logistics equipment, eliminated two diesel forklifts, and reduced the energy consumption and pollutant emissions of on-site mobile sources. Intelligent motion sensor lighting control devices were incorporated into the lighting system of the staff washroom, and human-body pyroelectric sensing technology was used to automatically turn on and off lighting fixtures, which effectively reduced energy consumption from unnecessary lighting. In addition, the Plant has upgraded the production equipment by updating several sets of sand mills, automatic packaging machines and other key equipment. As a result, it has optimised the production process, effectively improved production efficiency, promoted the efficient allocation and utilisation of resources, and reduced overall energy consumption.

To address the pain points in the production process, the Zhuhai Plant of COSCO Kansai (Zhuhai) implemented variable frequency and speed regulating technology conversion on the existing 3 fixed-frequency mixers. Fixed-frequency mixers have limitations in meeting the diverse requirements for mixing speeds in different production processes. By using variable frequency and speed regulating technology to accurately control the motor speed, the technology conversion project not only meets the diverse requirements for mixing speed in different production processes, but also significantly reduces power consumption during the operation of the motors, thereby lowering power consumption in the production process effectively. Furthermore, the precise control of the mixing speeds improves the mixing uniformity and quality stability of the coating products. Based on actual data monitoring, the total power saved after the conversion reached 59,000 kWh as compared to that before the conversion.

Jotun COSCO has optimised and enhanced resource utilisation through diversified green energy distribution. In 2024, it purchased 5.84 million kWh of green electricity through a third party and achieved 100% green electricity consumption throughout the year, which was six years ahead of the renewable energy consumption target set by Jotun A/S, Norway with an annual carbon reduction of over 3,600 tonnes. In December 2024, the innovative solar photovoltaic carport project was completed, in which the traditional carport ceilings were replaced by photovoltaic panels with an installed capacity of 357 kWp. The “self-generation and self-consumption + grid connection” mode has an annual electricity generation capacity of 438,000 kWh, which can cover approximately 10% of the annual power demand of the plants and is equivalent to a further reduction of 292 tonnes of carbon dioxide emissions per year. This forms a clean energy system characterised by the coordinated development of outsourced and self-generated green electricity.


Innovative solar photovoltaic carport project

In the non-production sector, we are committed to creating a green office and working environment through various resource conservation measures. COSCO Kansai Companies reduce electricity consumption by developing temperature control standards for air conditioning and conducting regular inspections to turn off idle electrical appliances; promoting green commuting to encourage employees to commute by public transport, choose low-carbon ways for business trips and adopt digital office practices to replace business trips; recording vehicle fuel consumption and other energy consumption data to analyse potential energy-saving ways; and putting up posters in the offices to raise employees’ awareness of resource conservation.

5.2 Biodiversity and Marine Environment Protection

As a major global shipping service provider, the Group is committed to protecting the marine environment and biodiversity through different strategies as the basis for the Company to create value for its customers.

Our products are in strict compliance with all applicable laws and regulations, including the "Performance Standard for Protective Coatings" (PSPC) established by the International Maritime Organisation (IMO), the "International Convention on the Control of Harmful Anti-fouling Systems on Ships" (AFS Convention) and "International Convention for the Prevention of Pollution from Ships" (MARPOL Convention). This ensures that the coating products of the Company meet the highest environmental protection and quality standards in the global market for the provision of safe, environmental and compliant quality products. Since the implementation of GB 30981 "Limit of Harmful Substances of Industrial Protective Coatings" in 2020, the Company has taken it as a primary focus. It has organised seminars to inform the research and development team about the restriction requirements and strictly reviewed our product formula.

The Sea Quantum launched by Jotun COSCO is also widely recognised as one of the world's top green silicon-based anti-fouling coatings. Using the most advanced silane technology, the product consists of a silyl acrylate methacrylate polymer that hydrolyses in seawater, thus protecting marine biodiversity. In 2024, Jotun COSCO continued to promote fuel-efficient acrylic silane anti-fouling coatings to its customers. Apart from that, we introduced SeaQuest Endura, an organosilicon self-polishing anti-fouling coating with a low anti-fouling inhibitor content and zero impact on the marine environment.

To demonstrate our commitment to biodiversity conservation, COSCO Kansai Companies and Jotun COSCO have both signed "土壤污染防治責任書 (Letter of Responsibility for Prevention and Control of Soil Pollution)" and engaged a third-party consultant to develop a land use survey plan and conduct groundwater quality monitoring. In addition, Jotun COSCO also conducted assessments under "中遠佐敦土壤自行監測方案 (JCMC Soil Self-Testing Scheme)" to monitor any potential soil contamination risks.

5.3 Green Products and Service Innovations

As a leading enterprise in the industry, we continue to centre on the Group's technological innovation strategy, intelligent manufacturing and digital transformation, marine new energy technology and other themes to carry out green products and technological innovation. With a focus on low-carbon fields, we promote the development of new low-carbon products and lay a solid foundation for technological innovation.

During the reporting period, we jointly established 上海吉遠綠色能源有限公司 (Shanghai JOYFuel Green Energy Co., Ltd.*) with 吉林電力股份有限公司 (Jilin Electric Power Co., Ltd.*) and 上港集團能源(上海)有公司 (Shanggang Group Energy (Shanghai) Co., Ltd.*) as our demonstration project to develop green methanol business, the project will have a capacity to produce 200,000 tonnes green methanol annually. The project will then help the green transformation and sustainable development of the shipping industry. Leveraging the strengths of these three parties in shipping logistics and port supply chains and production of new energy, we work together and contribute to the global energy transition.

At the same time, Jotun COSCO has utilised advanced technology to introduce hull performance solutions (HPS) for the maximisation of hull performance through sophisticated big data analysis, a real-time hull monitoring system and high-tech anti-fouling coatings technology. Since 2011, more than 2,300 ships have applied this solution and reduced over 80 million tonnes of carbon dioxide emissions. In 2020, Jotun COSCO launched a hull skating solution (HSS) that combined cutting-edge anti-fouling coatings technology, big data applications and a mix of underwater autonomous cleaning robots to achieve significant energy savings and reduce carbon footprint. In 2024, Jotun COSCO won the 2024 Asia Environmental Pioneer Coatings Award for the outstanding contribution of its HPS to greenhouse gas emission reduction.

* *for identification purposes only*

On the basis of its existing green and low-carbon products, Green Intelligence Ship Services conducted in-depth research in 2024. Using real ship and new energy data, coupled with industry big data and algorithm models, it analysed the initial loading and ship navigation to provide speed recommendations, and automatically performed an energy efficiency analysis after each voyage. The Group's open data of digital and intelligent ship and navigation metrics enabled the scientific measurement, digital monitoring and visualised supervision of carbon emissions from operational ships. Taking into consideration the total carbon emissions of shipowners' fleets, carbon market price and capital cost, a model was designed to help shipowners meet EU-ETS compliance at a low cost, guide green operations, and build a digital green emission reduction and digital carbon asset management platform for the industry. Currently, the certificate has been obtained for the CII calculator in this product issued by the Classification Society. In addition, Green Intelligence Ship Services has cooperated with the headquarters to investigate the current status of the European Union Allowance ("EUA") and completed the construction plan for the EUA platform.

5.4 Climate-related Risk Adaption

COSCO SHIPPING International has set up a dedicated ESG Committee to lead and coordinate climate environment strategy planning and major decision-making under the leadership of an Executive Director. Regular employee training is organised to enhance the awareness of environmental protection and sustainable development among the entire workforce. An effective collaboration mechanism has been built for all departments to ensure that green development is implemented in all aspects, so that the Company effectively fulfils climate and environmental responsibilities in business development.

Under the leadership of the ESG Committee, we continuously assess the impact of climate risks on our business and enhance our internal capabilities to effectively respond to increasing risks relating to climate changes, especially extreme weather events such as tropical cyclones, frequent seasonal storms, and abnormal rainfall. In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have identified the following climate-related risks in relation to our business operation and proposed mitigation measures:

Types of Climate Risk	Specific Risk	Time Horizon	Risk Description	Mitigation Measures
Physical Risk (Acute)	Extreme weather events (e.g., tropical cyclones, rain storm)	Short-term	Increasingly frequent extreme weather events may damage the assets and equipment in the production facilities and endanger employee safety.	1) Enhance infrastructure resilience, install high-precision meteorological monitoring equipment around production plants and establish real-time data access from professional meteorological agencies for early warnings of extreme weather conditions. 2) Enhance safety protection for staff, develop and conduct regular drills of extreme weather emergency plans. For example, Jotun COSCO has formulated the "On-site Response Plan for Natural Disasters" and conducted drills annually.

Types of Climate Risk	Specific Risk	Time Horizon	Risk Description	Mitigation Measures
Physical Risk (Acute)	Extreme weather events (e.g., heavy snow, freezing)	Short-term	Ice-covered roads paralyze traffic and disrupt the transportation of goods. Under low temperatures, vehicle failures as well as machinery and equipment malfunction become frequent and directly lower transportation efficiency significantly. This will greatly affect logistics and delivery and may cause chain reactions in relevant industries, which result in inconveniences and losses.	1) Use high-strength building materials to enhance the load-bearing capacity of roofs and walls, so that plants and facilities can withstand the pressure from thick snow accumulation. 2) Production plants should stockpile enough emergency supplies such as flashlights, matches and warm clothes to cope with potential power outages and supply shortages during blizzards. Also, backup power sources, such as generators, should be prepared to ensure the normal operation of critical equipment and lighting systems during power outages, so as to maintain the basic operation of the plants.
Physical Risk (Chronic)	Persistent high temperatures	Medium-term and long-term	Prolonged high temperatures increase electricity consumption, potentially harming the production health of employees and reducing productivity of the plants.	1) Optimise the energy consumption for equipment and adopt intelligent temperature-control systems for efficient energy saving in plants to dynamically adjust the power and operation time of cooling equipment. 2) Enhance employee safety awareness training and develop a shift system for high temperatures with reasonable working hours.

Types of Climate Risk	Specific Risk	Time Horizon	Risk Description	Mitigation Measures
Physical Risk (Chronic)	Rising sea level	Medium-term and long-term	Rising sea levels may threaten coastal plants, causing soil salinisation and the rise of groundwater level. This affects infrastructure as well as production and operations of the plants. In addition, the rise of sea levels can also increase risks of rain storm.	1) Place critical equipment and supplies at higher locations to minimize damage of rain storm to the plants. 2) Strengthen coastline monitoring and maintenance to promptly identify and address coastal erosion issues.
Transition Risk	Regulatory compliance risk	Medium-term and long-term	Given the impact of increasingly stringent environmental regulations and carbon taxes on businesses, the Group must fully understand these requirements to ensure compliance with laws and regulations.	1) Improve the internal compliance review system and establish independent compliance review teams to conduct proactive audits of all business processes on a regular basis. 2) Proactively establish regular communication mechanisms with environmental regulators and relevant industry associations, actively participate in policy discussion meetings, and receive guidance from regulatory authorities.

Types of Climate Risk	Specific Risk	Time Horizon	Risk Description	Mitigation Measures
Transition Risk	Reputation risk	Medium-term and long-term	Customer perceptions of the Group's actions in transitioning to a low-carbon economy may affect our reputation. The business model of the Group must align with the principle of low-carbon economy and any misalignment may lead to negative customer perceptions.	1) Regularly publish detailed corporate low-carbon development reports to showcase our achievements in new energy applications and carbon emission reduction, so as to promote our positive image in the low-carbon transition. 2) Establish a green channel for environmental issue complaints, promptly collect customer views and inquiries on the low-carbon transition and proactively address potential negative perceptions.

COSCO SHIPPING International has made every effort to build a comprehensive and systematic ESG risk management system for the whole process, aiming to actively respond to the complex and changeable market environment and ensure its steady development on the road to sustainable development.

COSCO SHIPPING International adopts various means in the risk identification stage. On the one hand, with the help of big data analysis technology, it deeply explores existing industry data, policy and regulatory information, as well as internal operation data, to screen out risk signals that may related to ESG. On the other hand, it actively carries out benchmarking within the industry. While learning from advanced experiences, it identifies potential risk points in its own operations. Furthermore, it organises regular seminars and internal training to jointly analyse the potential risks in ESG practice.

For the risk assessment process, the Company has introduced an ESG risk assessment model to rank identified ESG risks. Risks with a higher probability and greater impact are rated as high risks; risks with a lower probability and smaller impact are classified as low risks.

In terms of risk monitoring, COSCO SHIPPING International has built an intelligent real-time dynamic monitoring system. Capitalising on the information platform and intelligent equipment, the status of various ESG risks is continuously tracked. In case the risk indicators exceed the preset threshold, the early warning mechanism will be immediately activated to alert the relevant divisions and responsible persons.

5.4.1 Transition Risk Scenario Analysis

The following is the climate transition risk scenario analysis framework designed by COSCO SHIPPING International, which includes the scenario design, quantitative process and quantitative results. The analysis is based on the Central Banks and Supervisors Network for Greening the Financial System ("NGFS") [1]scenarios. Considering the differences and uncertainties of carbon pricing under different carbon pricing regimes and climate scenarios in the future, three different climate scenarios were selected to assess their potential financial impact. The test period was from 2024 to 2050.

Climate scenario setting

To meet the requirements of the stress test, we combined international policy guidance and industry data and took reference from the NGFS scenario framework and the mainstream selection of scenarios in the industry to design three scenarios: 1.5°C, 2°C, and current policy scenarios. This design system has fully considered the requirements of the "Paris Agreement" on temperature control targets. The design of the three scenarios is as follows:

Test Scenario	Scenario description
1.5°C scenario	Limit the rise in global average temperatures to 1.5°C above the pre-industrial levels through strict climate policies and innovations.
2°C scenario	Implement more stringent climate policies over time, so that there is a 67% chance of limiting global warming to below 2°C.
Current policy scenario	Assuming only currently implemented policies are preserved, resulting in high physical risks.

We employed carbon-sensitive scenario analysis, a systematic tool for evaluating the risks and opportunities businesses may encounter across various carbon emission scenarios. By leveraging NGFS data on carbon pricing and emission reduction trends, we simulated and quantified the impacts of different carbon pricing mechanisms and reduction efforts on our financial status, strategic planning, and operational decisions under different possible future scenarios.

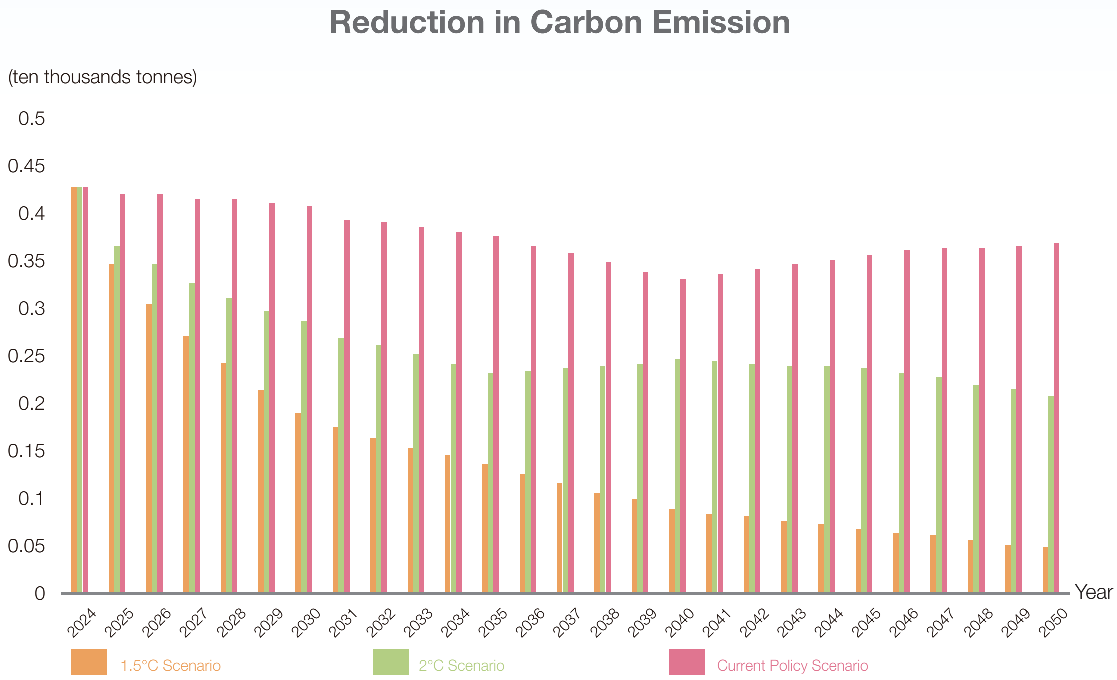
Our approach begins with an in-depth analysis of the carbon pricing pathways and emission reduction targets provided by the NGFS, offering a framework to understand the challenges and opportunities during the low-carbon transition. This analysis enables us to identify the carbon risk exposure in our current business operations.

1 The organisation is committed to advancing the assessment and management of environmental risks in the financial system. NGFS scenario analysis is set to assess the impact of climate-related risks on financial stability.

Quantitative analysis result

Carbon emission

Based on the NGFS framework, a carbon emission prediction model for the shipping and manufacturing industries was constructed for the systematic prediction and analysis of the carbon emission trajectories under the 1.5ºC temperature control target scenario, the 2ºC scenario and the current policy scenario. To ensure the scientific legitimacy and reliability of the forecast, the model innovatively integrates multi-dimensional key driving factors, such as the dynamic growth forecast of shipping freight volume, changes in manufacturing production scale, energy structure transformation path, equipment electrification progress and operational efficiency improvement. Meanwhile, the model also makes special consideration of factors such as the green transformation of the manufacturing supply chain and the low-carbon fuel replacement in the shipping industry, which provides accurate data support and a decision-making basis for developing a carbon-neutral path.



The results of the scenario analysis indicate that carbon emissions show a significant downward trend under different climate policy scenarios. As climate policies become more binding, the intensity and progress of carbon emission reduction improve drastically. In particular,

In the 1.5°C scenario, the Company achieves significant progress in carbon emission reduction through combination of measures, such as accelerating clean energy replacement, fully rolling out electrification equipment, optimising manufacturing processes, and promoting green transformation of the supply chain.

In the 2°C scenario, the Company also reduces carbon emissions significantly by steadily promoting the transformation of the energy structure and upgrading technology. However, the reduction in carbon emission is slightly lower than that in the 1.5°C scenario.

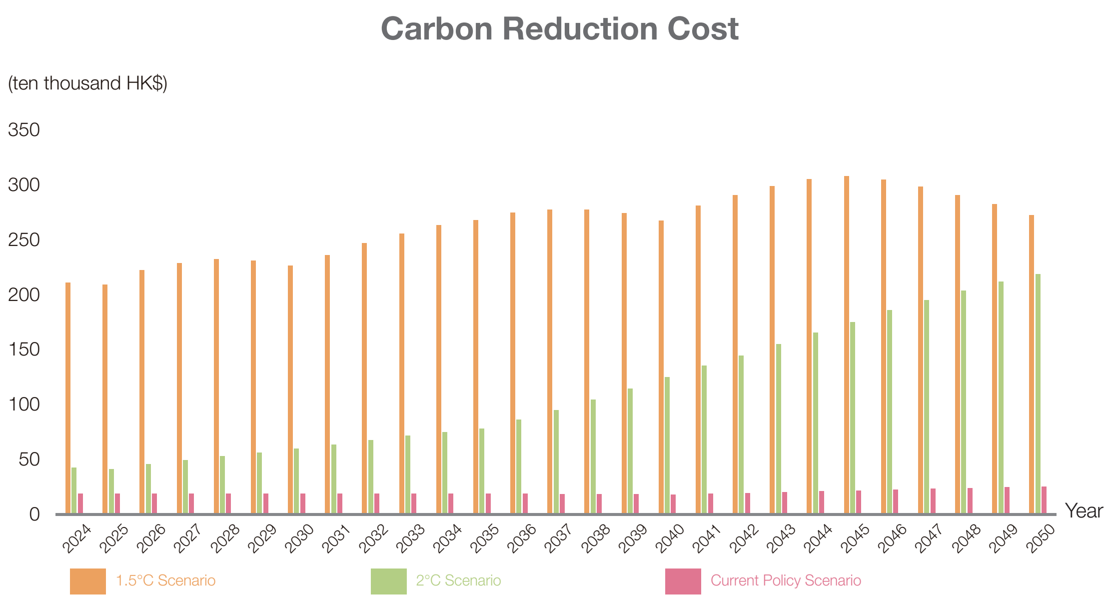
In the current policy scenario, although the carbon emissions of the Company decreases, the progress is relatively limited due to weaker binding force of the policies.

Shipping has a relatively low carbon intensity in transportation. In the 2018 global transportation emission breakdown from International Energy Agency (IEA), shipping accounted for only 10.5% and is less sensitive to climate policy changes, so it is expected to peak later. This late peak provides a unique window for technological iteration. Even at social carbon neutrality, shipping is projected to retain 30%–40% of 2022 emissions.

As a downstream player in the shipping value chain, COSCO SHIPPING International is less affected by upstream demand fluctuations, which alleviates short-term transition risks and emission reduction pressures.

Carbon reduction cost forecast

The formula for calculating the Company's carbon reduction cost is: Carbon Reduction Cost of the Company = Carbon Reduction × Carbon Price[2]. This formula succinctly reveals the direct relationship between carbon reduction costs, the amount of carbon reduction, and carbon prices. The carbon reduction is calculated using scientifically sound accounting methods and accurate monitoring data, while the carbon price refers to reasonable forecasts from carbon trading markets.

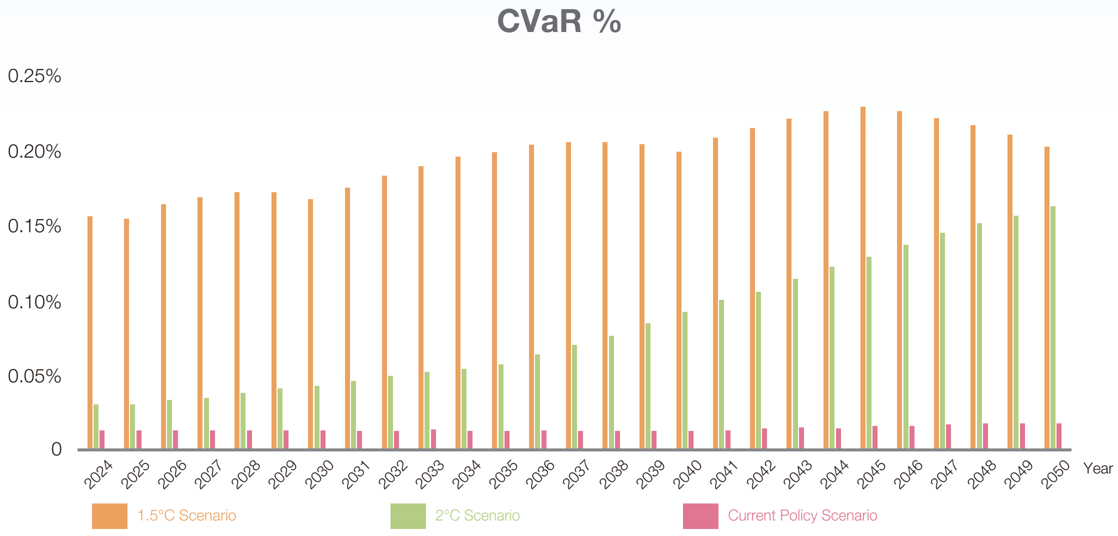


The results show that there are significant variations in carbon reduction costs under different climate policy scenarios, which can be summarised as 1.5°C scenario > 2°C scenario > current policy scenario. Under the 1.5°C scenario, enterprises face higher carbon reduction costs and greater operating pressure as the emission reduction requirements are the most stringent.

2 Carbon price: Based on the REMIND—MAgPIE 3.3–4.8 model from the fifth version of NGFS data.

Carbon Value-at-Risk ("CVaR")

Carbon Value-at-Risk is a systematic assessment of the financial risks faced by enterprises in different carbon emission scenarios. It quantifies their potential losses or gains caused by carbon price fluctuations, policy changes, or market transition to a low-carbon economy. The calculation process mainly includes setting a variety of carbon emission scenarios, combining the carbon price prediction model, carbon emission data of enterprises and carbon cost transmission capacity, to comprehensively estimate the carbon-related costs or asset impairment risks that enterprises may face in a certain period in the future. Through the assessment of Carbon Value-at-Risk, enterprises can identify and manage carbon-related financial risks, collect data for the development of scientific and reasonable low-carbon transition strategies, and achieve sustainable development goals in the context of a low-carbon economy.



The results show a significant positive correlation between more stringent climate policies and the carbon cost risk of enterprises. Specifically, under the 1.5ºC temperature control target scenario, enterprise CVaR[3] reaches 0.2% in 2050, which is significantly higher than 0.16% under the 2ºC scenario and 0.02% under the current policy scenario. This finding highlights the differential impact of different climate policy scenarios on the carbon cost risk of enterprises, among which the 1.5ºC scenario has the most stringent policy constraints, resulting in the highest carbon cost risk for enterprises. Even under the most stringent climate policy scenarios, COSCO SHIPPING International's finances show strong risk resilience, indicating our potential to handle stringent climate policy constraints.

Types of scenario	2050 CVaR
1.5°C scenario	0.20%
2°C scenario	0.16%
Current policy scenario	0.02%

[3] Enterprise CVaR = enterprise carbon reduction cost/enterprise value; enterprise value = (market capitalisation + debt + minority equity + preferential share) – cash and cash equivalents

5.4.2 Physical Risk Scenario Analysis

The following is the climate physical risk scenario analysis framework designed by COSCO SHIPPING International, which included the scenario design, quantitative process and quantitative results. The analysis is based on NGFS scenarios. Considering the changes in the frequency and intensity of natural disasters under different temperature rise conditions, Representative Concentration Pathways ("RCP") scenarios and Shared Socioeconomic Pathways ("SSP") climate scenarios were analysed both collectively and regionally to assess their potential financial impact. The test period was from 2024 to 2050.

Climate scenario setting

RCP and SSP scenarios are two different climate change scenario frameworks, featured in the 5th and 6th Assessment Reports (AR5 and AR6) of the Intergovernmental Panel on Climate Change ("IPCC"), which are crucial frameworks for climate research.

RCP scenarios focus on the changes of greenhouse gas concentrations, illustrating potential future levels of these gases and other factors affecting Earth's solar energy absorption, known as "radiative forcing". They include RCP2.6, RCP4.5, RCP6.0, and RCP8.5 scenarios, each of them corresponding to different radiative forcing values (in watts per square metre, "W/m^2") and used to explore climate change under different greenhouse gas emission pathways.

SSP scenarios, on the other hand, emphasize socio-economic factors, such as population dynamics, economic growth, education, urbanization, and technological advancement, which influence greenhouse gas emissions. Each SSP scenario outlines a distinct trajectory for future socio-economic development and its link to climate change risks.

Combining RCP scenarios and SSP scenarios offers a more comprehensive approach to analysing climate change, integrating both environmental and socio-economic dimensions.

Scenario	Radiative forcing	Temperature rise target	Socio-economic path	Emission characteristics	Application
SSP1-2.6	2.6 W/m^2	<1.5°C	Sustainable development	Significant emissions reduction, carbon neutrality, dominated by renewable energy	Feasibility study for the 1.5°C target
SSP2-4.5	4.5 W/m^2	2.0–3.0°C	Intermediate path	Moderate emissions reduction, fossil fuels still account for a certain proportion	Climate change research under current policy commitments
SSP5-8.5	8.5 W/m^2	>4.0°C	High economic growth	High emissions, dominated by fossil fuels	Research on risks and consequences of extreme climate change

Overall physical risk analysis

We analysed physical risks under different climate scenarios using climate models to assess disaster frequency and intensity of the locations of our offices and factories. We also collected geographical, floor, and altitude data for specific investigation and research. This analysis revealed those risks have significant impacts on the Company assets, operations, and the supply chain. The main impacts taking place in the most severe scenario are summarised in the table below.

Physical Value-at-Risk ("PVaR")[4]

Workplace and plant location	PVaR
Beijing	
Shanghai	
Tianjin	
Hong Kong	
Zhuhai	

Located in the Pearl River Delta, the Zhuhai Plant is vulnerable to meteorological disasters such as drought, rain-induced flooding and frost due to its unique geographical location. Marine disasters, such as storm surges and sea waves, also occur frequently, and the ecosystem around the industrial site has weak self-regulation and recovery capabilities. Therefore, close attention must be paid to this area with high PVaR.

PVaR Multi-hazard Analysis Results

Physical Risk / Workplace and plant location	Rain Storm			Tropical Cyclone			Heavy Snow			Persistent High Temperatures			Rising Sea Level		
	Baseline	RCP4.5	RCP8.5	Baseline	RCP4.5	RCP8.5	Baseline	RCP4.5	RCP8.5	Baseline	RCP4.5	RCP8.5	Baseline	RCP4.5	RCP8.5
Beijing															
Shanghai															
Tianjin															
Hong Kong															
Zhuhai															

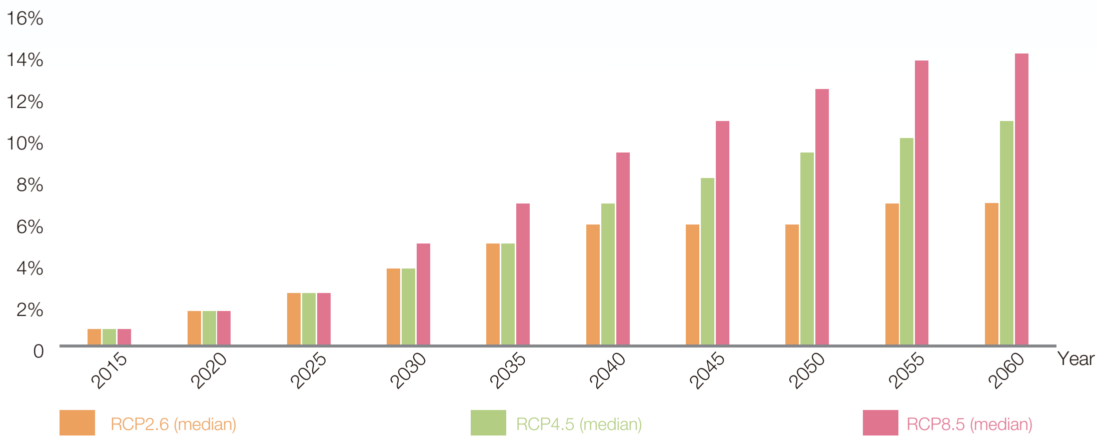
This analysis projects the 2050 climate by using RCP scenarios to identify physical risks for the Company under different scenarios, providing basis for corresponding strategy development. Under RCP4.5 and RCP8.5 scenarios, sea-level rise threatens low-lying areas in coastal cities like Shanghai and Zhuhai, risking inundation. Coastal facilities such as plants and offices may suffer seawater corrosion and storm damage, causing the destruction of factories, equipment and infrastructure. Extreme weather events, like tropical cyclones and heavy rainfall, will likely intensify and become more frequent, posing ongoing risks to coastal operations. Frequent intense tropical cyclones can cause physical damage, while flooding from heavy rain can lead to factories being flooded, resulting in cargo loss and environmental pollution. Moreover, the frequency and intensity of heatwaves may rise significantly. Factories may suffer from frequent and significant impact as extreme heatwaves may last for weeks or over months.

4 PVaR is the quantitative assessment of potential losses or negative impacts due to physical risks (such as natural disasters, climate change, etc.) in a given scenario.

Tropical Cyclone Impact Assessment*[5] *— Regional assessment of acute disasters

Under the high-emission RCP8.5 scenario, Hong Kong is projected to experience a significant increase in tropical cyclone wind speeds by the end of the 21st century. This is primarily due to rising sea surface temperatures in the northwest Pacific, which provide more energy for tropical cyclone formation and development. Additionally, global warming increases atmospheric humidity and enhances the atmosphere's moisture-holding capacity, intensifying convective activity within cyclones and further boosting wind speeds. According to high-emission RCP8.5 scenario projections, by 2050, this metric in Hong Kong could rise by over 12% compared to the 1986–2005 baseline. According to the comprehensive analysis, while the current and expected financial impacts are relatively limited, there is a strong possibility of rising risk levels in the future.

Relative change in expected annual damage due to tropical cyclones in Hong Kong



Rise in Sea Level Impact Assessment — Regional Assessment of Chronic Disasters

As predicted by the Hong Kong Observatory, under the medium (SSP2-4.5) and very high (SSP5-8.5) greenhouse gas emission scenarios, the annual mean sea levels of Hong Kong in 2050 may rise by 0.13–0.28 m and 0.16–0.32m[6], respectively, compared to the average levels in 1995–2014 (1.45 m above the base level of the Hong Kong chart).

While the coastal areas in Hong Kong face the dual threats of rising sea levels and extreme weather, detailed analysis shows that our office has no risk of flooding for now as it is on a high floor. Although this has established a secure defence line for the Company's daily operations, considering the long-term trend of climate change, as well as the combination of emerging risks from different disasters such as heavy rain, storm surge, strong waves and rising sea levels, the Group should remain highly vigilant and track the risk dynamics on an ongoing basis to make countermeasure plan in advance.

5 The relative change in annual expected damage from tropical cyclones in Hong Kong is sourcing from https://climate-impact-explorer.climateanalytics.org/impacts

6 Rise in Sea Level Impact Assessment is sourcing from https://www.weather.gov.hk/sc/climate_change/proj_hk_msl.htm

5.4.3 Climate Risk and Opportunity Analysis

Analysis of important impact opportunities

Types of Climate Risk	Opportunity Analysis	Potential Financial Impact
Transition Risk	• **Opportunities of Green Fuel Production and Supply Projects:** As global demand for green shipping grows, there is a market opportunity to be seized. By planning in advance to participate in green fuel production projects and collaborating across departments (energy, infrastructure, etc.), we can secure a foothold in the green fuel supply chain and establish technology export capabilities. • **Green Ship Services R&D and Port Energy-saving and Emission Reduction:** Increasing investment in green ship services R&D and port energy-saving and emission reduction aligns with green development concepts. This can enhance the Company's social image and brand value, attracting more customers and investors, and opening up new market space. • **Development of Environmental Friendly Marine Coatings:** Developing marine biofouling and environmental friendly anti-fouling coatings can reduce friction between the hull and seawater, cut fuel consumption and carbon emissions, and provide long-term and stable fouling protection.	• Increase operating revenue, enhance market competitiveness and drive long-term financial benefits.

Analysis of important impact opportunities (Continued)

Types of Climate Risk	Opportunity Analysis	Potential Financial Impact
Physical Risk	• **Addressing Chronic Physical Risks:** Long-term climate change may lead to chronic impacts such as rising sea water temperatures and sea levels. Using high-corrosion-resistant materials in new ship designs can enhance market competitiveness. • **Smart Ship Technology Development:** Developing smart ship technologies enables real-time monitoring of a vessel's status and surrounding environment. It provides early warnings for potential physical risks like equipment failures and collision risks, allowing for timely preventive and corrective actions. • **Emerging Market Opportunities:** Expanding into emerging markets and optimising business layouts can prevent over-concentration in specific regions, thereby mitigating physical risks. Choosing areas with relatively stable natural environments and greater development potential can enhance the business's risk resistance and sustainable development capabilities.	• Increase the business diversity and operating revenue, enhance market competitiveness and drive long-term financial benefits.

6. ENSURING OUR HEALTH AND SAFETY

The Group prioritises the health and safety of its employees. We have formulated a set of production safety and supervision management rules based on the two core principles of "一崗雙責、齊抓共管、失職追責(Share Responsibilities in One Post, Joint Management and Accountability for Delinquency)" and "管行業必須管安全、管業務必須管安全、管生產經營必須管安全(Safety as an Essential Component in Managing the Industry, Business and Production and Operation)". We encourage accountability among employees and departments. All employees are responsible for promoting a safe workplace culture, and all departments are responsible for ensuring occupational health and product safety. The Group's headquarters and the heads of corresponding departments will further supervise production safety matters.

We comply with all relevant safety laws and regulations in Mainland China and Hong Kong, including but not limited to:

- "Production Safety Law of the People's Republic of China";
- "Fire Control Law of the People's Republic of China";
- "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases";
- "Safety Specifications of Special Work in Hazardous Chemicals Enterprises of the People's Republic of China";
- "General Rules for the Hazardous Chemicals Warehouse Storage of the People's Republic of China"; and
- "Occupational Safety and Health Ordinance" (Hong Kong).

During the reporting period, the Group did not violate any laws or regulations related to occupational health and safety.

6.1 Safety Committee

"Safety First, Precaution as Crucial and Consolidated Governance" has been our guiding principle in promoting occupational health and safety in the workplace. To achieve this goal, we established the Safety Committee in 2006. The committee is headed by the directors of the Group and is composed of senior managers from various departments at the headquarters, such as the Human Resources Division, Financial Management Division and Audit & Supervision Division, who supervise production safety matters as members.

The duties of the Safety Committee are as follows:

1. Supervise safety issues, formulate overall production safety plans and provide guidance to the Group on production safety;
2. Review and determine the Group's annual production safety targets, put forward suggestions on main production safety measures and solve major production safety problems; and
3. Monitor the key progress of the Group's production safety program and provide relevant recommendations.

6.2 Production safety management

A comprehensive production safety management system is key to sustainable economic success. We continually evaluate our performance in occupational health and safety and maintain our long-term safety goal of "zero casualties." We review and update our internal occupational health and safety objectives annually, assess our internal occupational health and safety objectives, and make necessary adjustments as needed. In 2022, the headquarters of the Group completed the revision of "生產安全事故隱患排查治理管理規定(並用)(Regulations on the Management of Potential Hazards in Production Safety Accidents (Combined Use))" and formulated "安全生產風險管理規定(並用)(Regulations on the Management of Production Safety Risks (Combined Use))" to ensure the effective control of potential safety hazards and the implementation of risk control. We evaluate our internal occupational health and safety objectives annually and make necessary adjustments as needed. We have achieved our goals for 2024 and recorded zero major fire, traffic accidents, equipment incidents and occupational fatalities, with an annual work-related injury rate of less than 5%.

In particular, COSCO Kansai Companies and Jotun COSCO are mainly engaged in manufacturing activities and are highly vulnerable to safety risks. To ensure the effective implementation of safety policies and standards, COSCO Kansai Companies have developed the "Occupational Health and Safety Management Procedure" which clearly defines the responsibility of each department in terms of production safety. The procedure also provides instructions on how to implement correct occupational health and safety measures in various business activities. Each of COSCO Kansai Companies regularly identifies occupational health and safety risks for the early identification and control of occupational health and safety risks to further reduce risks. In addition, COSCO Kansai Companies take the initiative to build a safety governance mechanism under public-private partnership, accept regular field inspections by local ecological environment departments and third-party professional institutions on their dangerous goods warehouse and hazardous waste disposal process, and implement remedial measures based on the recommendations and necessary actions proposed during the inspections.

To ensure compliance with international standards, the production facilities of COSCO Kansai Companies and Jotun COSCO are certified under the latest ISO 45001 standard. We have also developed the occupational health and safety manual to avoid and manage preventable workplace accidents. Before implementing the precautionary measures outlined in the occupational health and safety manual, the management team conducts a thorough inspection and assessment of potential occupational health and safety risks. Moreover, we have developed an occupational health and safety risk control guide detailing how to protect employees from various hazards, such as chemicals, dust, noise, high temperature, unsanitary conditions and manual lifting.

Employees working in manufacturing plants are at a higher risk of exposure to chemicals and hazardous substances. To reduce the negative impact on their health, we adopt the "STOP" principle, which stands for "Substitution", "Training and Precautionary Measures", "Operation and Engineering Control" and "Protection of Individuals". In addition to implementing this principle, we provide suitable personal protective equipment.

STOP Principle

Substitution

- Substitute powder with alternative materials that encompass fewer hazardous compounds or present minimal physical contact risks, such as liquids or pastes.

Training and Precautionary Measures

- Provide employees with training to enhance their awareness of the risks of using hazardous substances.
- Perform regular assessments on the exposure level of chemical substances.
- Offer risk-related health assessments to employees working in high-risk functions.

Operation and Engineering Control

- In accordance with the properties of the stored substance, adequate ventilation facilities and specified technical requirements are implemented in place.

Protection of Individuals

- Provide personal protective equipment ("PPE") to employees with high-risk exposure.
- Require employees to follow all PPE protection regulations and requirements at all times.

In addition, during the reporting period, the Group continued to hold production safety management training courses, which were attended by front-line safety management personnel of the Company's headquarters and affiliated units at home and abroad, including personnel of all levels. The courses were designed according to the actual needs of participants in combination with enterprise development and talent training planning. For example, the second round of the production safety management training course was held in November 2024, which not only covered safety inspection and risk control, but also included on-site lessons at the Qingdao Plant of Jotun COSCO. The intense and efficient training allowed participants to get a full grasp of the situation and maintain high safety awareness, which helped consolidate the foundation of safety management and achieve the safety goals in 2024.

6.2.1 Production Safety at Production Plants

The Group always prioritizes the safety of employees at the production plants. It has a comprehensive production safety management system in place and strives to create a safe, healthy and harmonious working environment for employees. For our daily operations, we require the plants to develop sound control measures to monitor high-degree engineering control and personal protection. We always put production safety in the first place and ensure the production safety of the plants and the personal safety of employees through a series of measures.

COSCO Kansai Companies adopt a multi-pronged approach to ensure production safety. In terms of safety assurance, explosion-proof trucks with better protection features are purchased to minimise the risk of explosion or fire, and employees are required to obtain relevant certificates or complete training before operating machinery. Furthermore, an internal safety investigation team composing electrical, mechanical and operation experts is set up to conduct a safety inspection every quarter. Once a potential safety hazard is identified, the corresponding management division is notified immediately to ensure appropriate follow-up measures are implemented.

Jotun COSCO has developed "化學品安全技術説明書(Chemical Safety Technical Standard)" that provides detailed information on chemical hazards and documents the potential risks of chemicals used in industrial activities to the environment and humans. To ensure that hazardous chemicals and toxic substances are properly handled, we provide clear instructions to our employees on production operations in accordance with the protocol to minimise their exposure to xylene and ethylbenzene. We have also formulated emergency response plans to address a range of incidents, including first aid for chemical contact, fire protection, chemical leakage and waste management. To ensure the proper transport of coatings, we have developed operational codes in line with international standards, such as the "International Maritime Dangerous Goods Code" of the United Nations, the International Air Transport Association and the International Maritime Organisation. Moreover, we carry out comprehensive safety checks regularly.

In accordance with "安全生產風險管理規定(Regulations on the Management of Production Safety Risks)" of COSCO SHIPPING International Trading, the Group continues to conduct safety inspections every day of the asphalt storehouse under the direct management of the Company and the leased asphalt storehouse where the Company assumes safety management responsibility but have suspended production. Every month, the Company also performs fire safety inspections of the headquarters. Five potential hazards have been identified and the rectification rate is 100%.

Case: COSCO Kansai Paint (Shanghai) Carried Out Comprehensive Safety Inspections

In September 2024, the Jinshan Plant of COSCO Kansai Paint (Shanghai) carried out a comprehensive safety inspection with a focus on examining and eliminating potential safety hazards for building a strong line of defence to ensure production safety during the holiday. In the face of challenges including tight production schedules and labour shortages, the Jinshan Plant coped with a positive attitude and strengthened on-site production safety inspection. It paid close attention to whether the employees strictly followed the operational protocols and wore labour protection equipment properly, while stopping violations of the command policy, operating rules and labour discipline in a timely manner, sparing no efforts to ensure safe and stable operations at the production sites.

Case: "Safety Starts with Everyone, Emergency Readiness for All — Securing Life-Saving Pathways"

In June 2024, the Qingdao Plant of Jotun COSCO held the 12th Health and Safety Environment Day under the theme of "Safety Starts with Everyone, Emergency Readiness for All — Securing Life-Saving Pathways". As part of the event, the plant provided fire safety training to employees and shared accident cases. Moreover, it carried out on-site experiments and emergency drills on chemical fire and explosion accidents caused by static electricity at the production workshop. During which, the emergency commander, the on-scene commander, the voluntary fire brigade and the leak management team performed their duties in an orderly manner and gained the recognition of the leaders of the Ministry of Emergency Management, the fire brigade and the Environmental Protection Bureau. In addition, the Qingdao factory organised a variety of activities from safety knowledge competitions to team building exercises, which not only enhanced the safety knowledge and skills of employees, but also further strengthened their safety awareness, thereby creating a robust culture of production safety and a strong assurance for the production safety at the plant.

6.2.2 Safety Management Self-Assessment System

Since 2012, the Group has evaluated the effectiveness of safety measures for companies engaging in the coating business by implementing the Safety Management Self-Assessment System (SMSA), which was formulated in accordance with the national safety technical standards for the coating industry, including "中華人民共和國生產法(Production Safety Law of the People's Republic of China)", "危險化學品安全管理條例(Regulation on the Safety Management of Hazardous Chemicals)", "危險化學品從業單位安全標準化通用規範(General Norms for Safety Standardisation of Hazardous Chemical Enterprises)", "塗料企業安全生產標準化實施指南(Guidelines for Implementation of Production Safety Standardisation of Coating Enterprises)" and "塗料生產企業安全技術規範(Safety Technical Specification of Coating Manufacturers)". The SMSA monitors 10 crucial safety management dimensions, which mainly include governance structure, risks and environmental factor control, and uses the Likelihood Exposure Consequences method for inspection every six months. If any potential hazards are identified in the inspection, the relevant divisions should formulate corrective measures or remedial actions within the prescribed time limit.

In terms of actual implementation, we organise the compliance evaluation team, which reviews the compliance with laws and regulations, corporate commitments and contracts by comparing records, meetings and discussions according to the evaluation plan every year. In 2024, COSCO Kansai Companies obtained excellent results in the review, demonstrating the Group's ability to ensure ongoing safety management.

The SMSA evaluation uses the following rating scale:

SMSA score	Below 90	90–105	106–135	135–150
Rating	Disqualified	Qualified	Good	Excellent

The following table summarises the results of the SMSA evaluation for various production facilities at COSCO Kansai Companies in previous years:

	Tianjin Plant		Shanghai Plant		Zhuhai Plant	
Year	First half of the year	Second half of the year	First half of the year	Second half of the year	First half of the year	Second half of the year
2024	138	139	140	139	140	138
Average score for the assessments in 2012 to 2024	138	138	139	139	139	138

6.2.3 Occupational Health and Safety at Workplace

As a responsible employer, the Group always regards the safety and health of its employees as the foundation for its development and strives to create a safe working environment. It has built a multi-dimensional protection network based on the ISO 45001 Occupational Health and Safety Management System certification. For example, COSCO Kansai Paint (Shanghai) uses the "13 occupational health items+ 89 safety items" dual-track system to establish the lines of defence for operation. Jotun COSCO relies on the "Risk Classification and Control" procedure to implement the four-colour dynamic early warning, so as to establish a multi-dimensional safety governance system for different scenarios and to support the sustainable development of enterprises.

We always regard the safety of our employees as the top priority and strive to deepen their understanding of the critical importance of safe operating procedures, thereby enhancing their safety assurance. In 2024, the Group actively carried out a special rectification campaign against habitual violations, aiming to effectively correct the bad behavioural habits that employees have developed over a long period of time and reduce safety risks and potential hazards from the root cause.

During the special rectification campaign, the Group established a rigorous safety inspection system by integrating various inspection methods such as daily safety patrols, monthly Safety Committee inspections, safety checks before and after holidays, and safety patrols for special control periods. Combined with the anti-habitual violation campaign and the three-in-one assessment and reward system, we comprehensively and thoroughly examined all kinds of safety risks and potential hazards. Once problems were identified, they were immediately addressed according to the "Five Fixed" principle, namely fixing the person responsible for the rectification, the rectification measures, the completion time for the rectification, the funds for the rectification and the person responsible for the inspection and acceptance. The problems were clarified and directed to the relevant divisions to ensure they effectively implemented the rectification works, which helped maintain a safe production environment.

In addition, the Group has been constantly providing regular and diversified comprehensive training and drills for employees (such as fire emergency drills and solvent leakage drills) to reduce work-related injuries and accidents and enhance their safety awareness. The training topics include fire safety, use of equipment, occupational health, medical emergencies and on-site response. Before commencing their duties, new employees are provided with written materials outlining the occupational health and safety matters that require their extra attention.

Case: COSCO Kansai (Zhuhai) conducted drills at the plant to improve emergency response capability and safety management

The plant of COSCO Kansai (Zhuhai) conducted a drill on the flange leakage incident of the xylene storage tank in the daily storage tank area. The drill covered staff evacuation, material deployment, emergency rescue and other areas. Before the drill began, the Zhuhai Plant developed a detailed drill plan, which specified the responsible person and operation process at each stage. During the drill, the employees responded quickly and implemented a series of measures such as emergency shutdown, on-site stoppage of leaking and reporting of danger in accordance with the plan. The drill not only tested the effectiveness and feasibility of the emergency plan, but also revealed the weaknesses and shortcomings of the employees in emergency handling. This allowed us to gain valuable experience and insights into the production safety of the plants.

6.3 Non-production safety management

While our staff of non-production operations (including the ship trading agency services, the insurance brokerage services, and the supply of marine equipment and spare parts) face lower health and safety risks, the Group has always adhered to the core philosophy of "Safety First" and adopted a series of comprehensive and detailed safety initiatives, with the aim to further reduce occupational health and safety risks in the workplace of non-production businesses.

During the year, we organised and encouraged non-production employees to actively participate in the "Safety Month" campaign. Through diverse training courses and practical exercises, we effectively enhanced their safety awareness in case of emergencies. Apart from special training on fire safety, a professional inspection team was set up during the event to carry out thorough safety inspections of offices and related properties so as to ensure that all preventive measures were implemented with precision. Meanwhile, the Group headquarters actively hosted safety training activities for new recruits by combining teaching and practice.

6.4 Reporting and investigation mechanism

The Group has established a sound safety incident reporting and investigation mechanism and strictly implemented an accountability system that sets out clearly the specific duties of each responsible person. In case of a safety incident, the relevant personnel must immediately report to the head of the division, notify the Safety Committee Office within 60 minutes, and submit a detailed and comprehensive incident report. Upon notification, the Safety Committee Office will conduct an in-depth and thorough investigation into the incident and report the findings to the Group's Safety Committee. Depending on the severity of the incident, the Group may send a special investigation team to conduct internal investigations. If necessary, internal and external experts will be invited to jointly analyse the root causes of the incident and assess the damage caused. The experts will use their expertise to identify responsible parties and make valuable recommendations to reduce risks.

In terms of accountability, depending on the severity of the safety incident, the employee involved may be subject to a warning interview or cautionary discussion. If the employees engage in concealment, delayed reporting, omission of reports, or cannot prove that they have immediately and continuously undertaken improvement work, they will face corresponding disciplinary actions.

In 2024, the Group did not record any non-compliance with relevant laws, regulations and standards that had a material impact. There were no work-related deaths or major production safety incidents.

7. EMPLOYEE EMPOWERMENT

Human capital is the Group's most valuable asset and one of the key driving forces of the Company's core competitiveness. We adhere to the concept of "employee-centred" human resource management and are committed to providing a diverse and inclusive work environment for our employees. We have formulated a human resource management strategy based on four management principles, which are managing by regulations, establishing an open and fair system, meritocracy and placing equal emphasis on rights and responsibilities. Human Resources Division verifies the basic information (such as age) of job applicants and effectively eliminates the possibility of child labor or any form of forced labor. Upon recruitment, we sign employment contracts with new hires, ensuring that all employment conditions are clearly communicated, thus establishing transparent employment relationships and eliminating any potential for forced labor.

To attract and retain talent, we offer comprehensive and competitive remuneration and benefits, as well as excellent development opportunities based on a reputable assessment and recognition system. We are committed to nurturing talents for the future and fostering a culture of continuous learning.

We were committed to maintaining high quality, professionalism, and business integrity in our operations. The Group strictly complies with relevant employment rules and regulations, including but not limited to:

- "Employment (Amendment) Ordinance 2022" (Hong Kong);
- "Employees' Compensation Ordinance" (Hong Kong);
- "Labour Law of the People's Republic of China";
- "Labour Contract Law of the People's Republic of China";
- "Provisions on the Prohibition of Using Child Labour"; and
- "Law of the People's Republic of China on Protection of Disabled Persons".

During the reporting period, there was no non-compliance of the above rules and regulations in relation to employment.

7.1 Equal employment

We have established a diversity and inclusion policy and are committed to creating a good working environment for employees. In terms of recruitment, promotion and other career opportunities, we strive to treat all employees equally and set scientific and reasonable qualification requirements for recruitment so that all employees are treated fairly and with respect, regardless of their gender, age, family status, race, religion, nationality, sexual orientation or disability. By revising and improving the recruitment standards and the comprehensive employment rules, such as "境內員工招聘管理實施細則(Implementation Rules for the Management of Domestic Staff Recruitment)", "境外員工招聘管理實施細則(Implementation Rules for the Management of Overseas Staff Recruitment)" and "僱員多元化政策(Workforce Diversity Policy)", we regularly evaluate the quality of staff recruitment and review the performance of new employees, turnover rate and satisfaction of the hiring departments to continuously optimise the recruitment process and enhance recruitment efficiency and quality.

7.2 Compensation and welfare

In terms of compensation and welfare, we have formulated management systems such as "直管公司工資總額管理辦法(Measures for the Management of Total Wages of Directly Managed Companies)" and "香港當地員工薪酬管理辦法(Measures for the Management of Salaries of Local Employees in Hong Kong)". We offer a competitive remuneration package, including a basic salary, performance-related bonus and mandatory provident fund. To motivate and retain talent, we optimise the salary structure of employees, increase their salaries and give full play to the positive incentive role of remuneration. Moreover, we adjust the conditions for year-end double pay, which serves as a means to encourage employees to stay.

In addition, we provide our employees with a wide range of benefits, including paid annual leave, paid sick leave, medical insurance, medical benefits, continuing education opportunities and training allowances. We also offer additional leave options, such as paid marriage leave and paternity leave to meet the individual needs of our employees.


COSCO Kansai (Shanghai) organised Women's Day book-sharing session

To create a more harmonious and inclusive working environment for female employees, COSCO Kansai Companies organised a variety of activities in March 2024 to celebrate International Women's Day on 8 March. For example, the Labour Union of COSCO Kansai (Shanghai) held a Women's Day book-sharing session with the theme of "Literary Enlightenment, Reading with Elegance". The Labour Union of the COSCO Kansai (Tianjin) hosted the "Golden Harvest and Perfect Harmony" table tennis competition. The Zhuhai Plant organised the "Spring Outing and Fruit-picking Excursion" for all female employees and the Labour Union of COSCO Kansai Paint (Shanghai) planned a visit to the "Frozen Age Dream Factory" for all female colleagues.

Apart from supporting female employees, we strive to safeguard the well-being of all staff as one of our main objectives. In September 2024, the Jinshan Labour Union of COSCO Kansai Paint (Shanghai) gave full play to their strengths in terms of organisation and effectively utilised the special funds for improving employee well-being to provide new changing room lockers for front-line employees, which greatly improved the environment of the staff lounge. In addition, convenience facilities such as refrigerators, chargers and hot kettles were added to the lounge. The Jinshan Labour Union also considered the health needs of employees and installed a first-aid box in the lounge. These thoughtful measures allow employees to feel our care and enjoy more convenience in their busy work schedules while providing solid safety assurance for them.

7.3 Employee training and development

Ensuring that employees have the necessary training and knowledge is crucial for the Group's sustainable development. To enhance staff capabilities and equip them with relevant skills and expertise, we have developed a comprehensive set of guidelines known as "專業人才庫建設管理辦法(Management Methods for Setting up of Professional Talent Pool)". The Group offers a well-structured leadership development program, which is managed and overseen by a professional team under the leadership of the Human Resources Division. We regularly evaluate our talent pool across different business and industry sectors. To foster the growth of high-calibre talents, we have an incentive mechanism in place that offers bonuses and professional development opportunities, such as training courses, academic conferences, and exchange programmes.

To create a culture of continuous learning and enhance the capabilities of our employees, we have established a robust training and development system with four training categories to meet the individual learning needs of our employees.

- **Induction training**: All new employees are required to undergo comprehensive induction training to understand the Group's corporate strategic planning, organisational structure, policies and systems. The training focuses on our occupational health and safety standards, operating procedures and staff responsibilities to ensure that new employees can quickly integrate into the team and have a clear direction of work. In 2024, we held intensive training for newcomers from campus recruitment.

- **Regular assessment**: The Human Resources Division regularly collects the training needs of various divisions and formulates training plans based on the actual situation of the Company. When necessary, we will engage relevant experts and professionals to conduct training courses and give presentations so that our staff can keep up with the times and perform their duties.

- **Regular training**: We will organise occupational health and business training regularly to raise employees' occupational health awareness and business capabilities. In 2024, a series of training sessions on "Strategic Emerging Industries and Technological Innovation" were conducted to help all employees understand and become familiar with knowledge on digital transformation, technological innovation management, and marine new energy. To improve the technology innovation management of Hong Kong Companies, a five-day "Special Training for Research and Development Personnel" was held. With the aim of further improving the professional level and capabilities of the Company's senior management, we organised special training for them and commissioned Antai College of Economics and Management of Shanghai Jiao Tong University to provide training courses.

- **External training programs**: Employees are encouraged to actively improve themselves. For employees who participate in academic education closely related to their positions, or those applying for intermediate qualification or middle-level title assessment, a certain percentage of education expenses can be reimbursed in accordance with the relevant provisions of "員工管理辦法(Employee Management Measures)", "教育培訓管理辦法(Education and Training Management Measures)" and "僱員多元化政策(Workforce Diversity Policy)" to support their career development. In 2024, we continued to provide subsidies for personal development, professional associations and other external training and programs, with a total of more than 60 beneficiaries.

During the reporting period, the subsidiaries organised several training programs to promote continuous education and development of the staff, provide them with the latest knowledge and skills, further enhance their business capabilities and comprehensive qualities, and strengthen our core competitiveness. In 2024, special training courses offered by COSCO Kansai Companies covered the topics of "Contract Law and Practice", "Green and Low-carbon Digitalisation", Excel data processing skills, and "Powder and High Solids Coatings as Anti-corrosion Solutions for Marine and Offshore Applications". In November 2024, Yuantong invited WinGD, a two-stroke engine manufacturer, to visit and conduct a briefing on their new marine engines, with the aim of introducing the latest research and development of two-stroke marine engines to our employees and facilitating technical exchange and cooperation.

COSCO Kansai Companies conducted "Contract Law and Practice" special training

Yuantong organised the briefing on new marine engines

7.4 Employee well-being

7.4.1 Employee communication

The Group believes that establishing open communication channels with employees is crucial for fostering mutual trust and respect. To this end, we actively seek and collect feedback and opinions from employees through various communication channels. In line with "合理化建議獎勵實施辦法(Implementation Measures of Awards for Reasonable Recommendations)", we encourage employees to submit proposal plans to management and offer rewards to those who make suggestions. To ensure that the Group receives tangible benefits, our recommendation team is entrusted with evaluating and reviewing the proposals and granting financial rewards to outstanding employee suggestions. By combining employee observations and establishing open communication, this plan aims to create a dynamic and highly transparent corporate culture that drives the internal development of the Group.

To enhance employee communication, the Group has set up a human resources mailbox on the intranet homepage as a platform for employees to regularly raise their issues and concerns. The Human Resources Division plays an important role in collecting and forwarding emails to the relevant divisions to ensure that necessary follow-up actions are taken for the well-being of all employees.

Jotun COSCO conducted the regular “Employee Engagement Survey” in Northeast Asia (2023) and implemented action plans based on the survey results in 2024. Additionally, we promote the “Speak Up” mechanism to enhance employee communication and improve their satisfaction at work.

7.4.2 Employee Work-Life Balance

The Group is committed to promoting work-life balance and improving the overall health and well-being of its employees. We have organised various cultural and sports events to enrich employees’ options of entertainment and cultural activities, enhance their physical fitness, and foster interaction and cohesion among staff in various divisions, so as to boost productivity and sense of belonging at work.

In recent years, the Hong Kong Government has encouraged enterprises to adopt a breastfeeding-friendly workplace policy. Since 2020, the Group has collaborated with the Hong Kong Committee for UNICEF and joined the “Say Yes to Breastfeeding” campaign to set up a “breastfeeding-friendly workplace” at our headquarters. Tables, chairs, tissues, power outlets and refrigerators for storing breast milk are available to provide a suitable and friendly environment for staff who needs to breastfeed, so that mothers can prepare breast milk for their babies in a safe and hygienic place. In 2024, the Group was awarded the “Say Yes to Breastfeeding” Certificate of Appreciation by the Hong Kong Committee for UNICEF in recognition of our support and promotion of the “breastfeeding-friendly workplace”.

In 2024, we rolled out a series of activities to enhance corporate cohesion and personal development of employees under the themes of corporate talent development and the pursuit of the physical and mental health of employees. For example, the first “Dragon Soaring over Hong Kong” Tea Party was held to enhance employees’ understanding of traditional Chinese culture and foster stronger bonds among staff. An internal painting and photography competition was organised to celebrate the 27th anniversary of Hong Kong’s Return to China and the 75th anniversary of the founding of the People’s Republic of China, which strengthened the connection between employees in Mainland China and Hong Kong. The Company also launched its first calligraphy class and continued to offer the popular lunchtime yoga class. Meanwhile, the six-month Cantonese training class was concluded successfully. In addition, a health knowledge lecture was held for our employees for the first time, which provided useful guidance to our employees and helped them establish health concepts and prevent disease.

In 2024, COSCO Kansai Companies launched a series of activities to facilitate work-life balance. In October, a badminton tournament was held to strengthen exchanges and communication among employees and demonstrate their positive spirits and ambition. In November, the Shanghai Labour Union of COSCO Kansai Companies organised the 2024 autumn team-building trip with the theme of "Unity through Caring, Fitness through Happiness, Vitality Through Exercise." Through a series of well-designed team-building activities, we improved communication and cooperation among employees and boosted team cohesion. Meanwhile, employees were able to enjoy sports and relax their bodies and minds after intense work. In the same month, COSCO Kansai Companies invited 30 employees and their families to the "Rhythmic Walk-2024 Happy Hike", where participants gathered in Shanghai Fengxian Bay Forest Park to embrace challenges with passion and feel the power of walking together. This activity was open to all employees and their families to promote the concept of green and healthy living and encourage everyone to participate in sports. With this opportunity, we aimed to strengthen the communication and cooperation between different units.

COSCO Kansai Companies organised the 2024 autumn team-building trip

COSCO Kansai Companies participated in the 2024 Happy Hike

In 2024, Yuantong held tea parties and other activities to enrich employees' sports and cultural lives outside work, facilitate communication among staff and improve team cohesion. At the same time, these activities helped new colleagues to quickly integrate into the team.

8. BUSINESS DEVELOPMENT AND COLLABORATION

The Group firmly believes that close collaboration with business partners and the continuous provision of quality products and services are key factors in driving our sustainable economic growth. We are committed to building a responsible and ethical supply chain while prioritizing customer satisfaction. The Group adheres to relevant rules and standards to guide its conduct and operations, mitigate potential risks, and uphold its commitment to business ethics. These measures are implemented to safeguard our integrity and ensure the long-term sustainable development of the business.

8.1 Supply chain management

8.1.1 Sustainable procurement

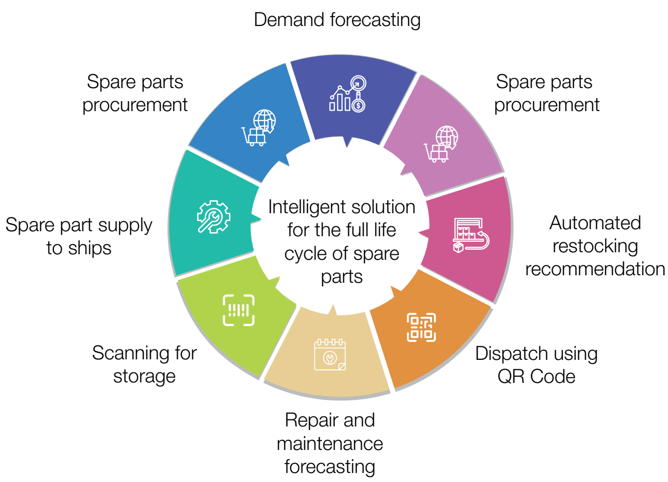
As a responsible corporate citizen, we are committed to building an environmentally friendly and responsible supply chain system. To this end, we carefully select suppliers to ensure that they meet our stringent sustainability standards. We have implemented a standardised procurement process that takes the environmental and social impacts of suppliers into consideration, thereby optimising the selection and evaluation process of suppliers and promoting sustainable supply chain development. We select suppliers in accordance with the guidelines set out in the "Procurement Management Measures" and "Supplier Management Rules", which include safety-related criteria. In addition, we have adopted a number of sustainable procurement policies, including the "Tendering Procurement Management Measures", "Non-tendering Procurement Management Measures" and "Special Affiliated Enterprises Management Measures", so as to facilitate the engagement and cooperation of suppliers.

To carefully select suppliers for our coating companies, we have developed an internal procurement policy that enables initial screening based on necessary certifications, such as ISO 9001, ISO 14001 and ISO 45001. Moreover, relevant clauses are included in the contract to ensure continued compliance. Suppliers that meet the specific criteria will be included in the Group's supplier database for procurement, so that they can be appointed by the procurement department. In 2024, COSCO Kansai Companies accepted a total of 12 suppliers in accordance with the "Supplier Evaluation Procedure". When adding a new supplier, a comprehensive evaluation will be carried out to consider various factors, including technical capabilities, product performance, business scale and payment terms. Suppliers that score more than 60 points will be considered qualified suppliers and will be included in the Group's supplier master database after approval by the corresponding management members.

To maintain the sustainability performance and reputation across the supply chain, we regularly assess the compliance of the selected suppliers. The suppliers' master database for procurement is updated every three years to remove any suppliers who fail to comply with relevant laws and regulations. In the event of any breach of safety standards, we will terminate the contract and partnership with the defaulting suppliers. However, if the supplier takes appropriate measures to address and resolve the issue, we will assess the effectiveness of these measures and their willingness to resume cooperation.

In addition to strengthening the sustainable procurement management of suppliers, the Group actively responds to the spirit of the "Guiding Opinions on Regulating the Procurement Management of State-owned Enterprises" promulgated by the State-owned Assets Supervision and Administration Commission and the National Development and Reform Commission of the State Council. It is committed to providing world-leading green and low-carbon digital intelligent solutions for the full life cycle of the shipping industry, while maintaining supply chain security and strengthening supply chain advantages through technological innovation.

By leveraging the Smart Sailing platform, a smart supply chain product line established by Green Intelligence Ship Services has achieved the full record, full process and full data presentation of marine spare parts procurement. All intragroup spare parts procurement businesses conducted by Yuantong on the platform migrated to the Smart Sailing platform. The organic combination of the Smart Sailing platform and Yuantong's ERP system further enables the whole process of spare parts procurement business from inquiry, quotation, price comparison among multiple parties, order placing, order confirmation, logistics tracking, signing and acceptance, cost breakdown and allocation, billing and payment collection, which are displayed through the visualisation of the flows of business and goods. Green Intelligence Ship Services will continue to optimize the platform functions and gradually form an intelligent solution for the full life cycle of spare parts procurement, thereby transforming the fragmented spare parts business processes into a virtuous cycle:



The Group is committed to the promotion of full life cycle solutions while deepening the research, development and innovation of digital intelligent products. Our goal is to provide strong support to shipowners to ensure the safe operation of ships and effectively reduce the cost of spare parts storage, procurement and logistics, thereby improving the efficiency of spare parts management and achieving comprehensive digital and intelligent empowerment.

8.1.2 Supplier Monitoring and Supervision Mechanism

Under our annual supplier monitoring and supervision mechanism, we use comprehensive quantitative indicators to assess and evaluate the performance of our suppliers in different areas, including their basic qualifications, cost competitiveness, supply compliance, quality control, customer service, business innovation, and safety and environmental protection. Based on the evaluation results, we provide suppliers with suggestions on preventive measures and improvements and monitor their implementation to enhance the quality of their products and services. Suppliers found to have violated safety and environmental standards or engaged in bribery or other business misconduct will face penalties and immediate termination of the partnership. In addition, COSCO Kansai Companies include the quality assurance system as part of its supplier selection and admission process, in which environmental and social considerations play an important role and account for 10% of the overall supplier scores. Moreover, quality certification records are updated periodically in daily supplier management.

As part of our supplier monitoring process, we set up a supplier rating scale to evaluate and rank suppliers based on the evaluation results. We will prioritize suppliers with excellent sustainability performance.

The following is the supplier rating scale:

Rating	Definition
A Strategic supplier	Outstanding suppliers that achieved good progress in sustainability and stayed in line with the Group’s ambition
B Meritorious supplier	Good suppliers that performed well beyond the basic requirements in some of the key indicators
C Qualified supplier	Fair suppliers that met the basic requirements of our indicators
D Negative supplier	Poor suppliers that failed to meet some requirements of our indicators
E Eliminated supplier	Poor quality suppliers that were eliminated and taken out from our supplier database

From October to November 2024, the Supplier Purchasing Department of COSCO Kansai Companies was responsible for coordinating the Technology Centres, Production Management Departments, Quality Control Departments and Warehousing Departments to conduct the annual supplier evaluation. According to the evaluation results, 204 qualified suppliers, 82 alternative suppliers, and 16 unqualified suppliers were identified. Suppliers with an overall score of less than 60 will be placed on the “Unqualified Supplier List”, their SAP master data will be frozen, and their names will be marked “eliminated.” Suppliers with higher ratings will be given priority for cooperation opportunities or will continue to work with us. Suppliers that have not participated in the annual inspection, failed the annual inspection, or have not cooperated with the Group for three consecutive years will not be included in the database. In addition, the Group actively promotes supply chain localisation to reduce delivery times, minimise transport-related environmental impacts, and support local economic growth.

8.2 Product quality and responsibility

As an industry leader, we are committed to providing consumers with quality, healthy and safe products and services. To this end, we maintain strict monitoring of technical standards and uphold product and service quality at every stage of the product life cycle, including raw material procurement, production, sales, marketing, recall, returns and replacement processes. We strive to ensure product safety and quality by complying with the following internal policies and international standards:

- The notice of the "Implementation Plan for Reducing Lead Content in Coatings of the Container Industry" issued by the China Container Industry Association;
- The "Rules for Classification and Labelling of Chemicals" under the national standard GB30000 series of the People's Republic of China;
- The "Product Quality Law of the People's Republic of China";
- The "Regulations of the People's Republic of China on Administration of Chemicals Subjected to Supervision and Control";
- The "Regulations on the Administration of Precursor Chemicals"; and
- The "Measures for the Environmental Management of New Chemical Substances".

To comply with international and domestic laws, regulations and standards, we have developed an internal "Health, Safety, Environment and Quality (HSEQ) Policy", particularly for chemical manufacturing subsidiaries. These policies serve as guidelines to ensure compliance with safety and environmental regulations. To maintain the quality of our coating products, we implement strict control measures. We conduct comprehensive inspections and testing of semi-finished and finished products, and uphold quality control standards by isolating and disposing of non-conforming products in accordance with the requirements of procedural documentation, so that our products meet quality requirements. During the construction process, the coating quality was tested according to the construction process to ensure that the product quality met the process requirements.

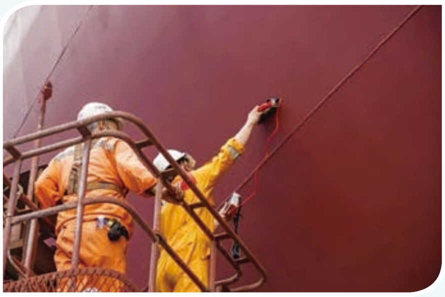
In addition to ensuring the quality of our products, we see sustainability as our corporate responsibility and mission. As the main supplier of the container coating industry, COSCO Kansai Companies have always focused on the development and production of green and environmental friendly container coating products.

Case: COSCO Kansai Paint (Shanghai) received the first "EPD" certificate in the container coating industry

In September 2024, the waterborne container coating products of COSCO Kansai Paint (Shanghai) successfully passed the Environmental Product Declaration (EPD) evaluation of China Classification Society Certification Co., Ltd., and received the first EPD certificate in the container coating industry. EPD is an information disclosure method based on life cycle assessment, which details the impact of a product on the environment in its full life cycle from raw material acquisition, production, transportation, consumption to disposal. The statement, which is verified by third parties, provides scientific and comparable data on the environmental impact of the product throughout its full life cycle and is a key tool for promoting green production, green consumption and green trade. By identifying the type of environmental impact and potential impact value of the product, this certification provides a basis for the future development and design of green products, and the improvement of environmental protection and low-carbon in the production process, and enhances the green competitiveness of our products.

In our efforts to meet the needs of customers, we actively seek innovative approaches and apply the latest technologies to consistently deliver creative solutions. By better understanding the coating needs of new types of ships, we aim to reduce the corrosion risk of the coatings and, thus, the frequency of ship repairs. As China's leading companies in anti-corrosion coatings for ships and infrastructure, Jotun COSCO and COSCO Kansai Companies have demonstrated their excellence in promoting the green development of the shipping industry and offering anti-corrosion protection for major engineering projects with their professional coating technology and innovative coating solutions respectively in 2024.

Case: Jotun COSCO helped WINNING ZEPHYR ride the wave



In October 2024, Jotun COSCO successfully completed the dock repair and painting work of WINNING ZEPHYR for Qingdao Winning International Ship Management Co., Ltd. with its professional coatings technology and innovative coatings solutions. In the course of painting the vessel, Jotun COSCO selected the low resistance self-levelling anti-fouling paint with silane methacrylate SeaQuantum X200, a high-performance coating with excellent anti-fouling performance that can significantly extend the maintenance cycle of the ship during underwater operation, effectively reduce the resistance in sailing, minimise the speed loss in operation and greatly improve the sailing efficiency of the ship. SeaQuantum X200 not only provides excellent anti-fouling protection but also helps Winning International achieve both environmental and economic benefits by reducing marine fuel consumption.

Capitalising on the hull performance solutions (HPS), Jotun COSCO is committed to the mission of clean shipping. The above achievement reflects Jotun COSCO's leading position in marine coating technology and highlights its positive contribution to promoting the development of green shipping.

Case: Anti-corrosion coatings of COSCO Kansai Companies protected the new hub corridor in the Guangdong-Hong Kong-Macao Greater Bay Area

On 11 December 2024, the Huangmaohai Sea-crossing Channel was opened for trial operation. The Channel has a total length of around 31 kilometres, including approximately 15 kilometres of sea section composed of the Huangmaohai Bridge and the Gaolan Port Bridge (a cable-stayed bridge with a centre span of 700 metres). During the construction period, the Channel faced the extreme challenges of strong typhoons, high-intensity earthquakes, severe seawater corrosion and high ship impact force. In this context, COSCO Kansai Companies leveraged their expertise in the field of anti-corrosion coatings and successfully won the bid for the G1 section of the steel structure contracted by Shanghai Zhenhua Heavy Industries. The project covered the Gaolan Port Bridge with a total weight of 36,000 tonnes and used nearly 800 tonnes of anti-corrosion paint.

COSCO Kansai Companies provided the EPOFEND series of epoxy zinc-rich primer, high-solids fluorocarbon topcoat and other high-quality anti-corrosion coatings for the project. Since September 2022, they offered technical support throughout the construction and all departments cooperated closely to ensure the smooth implementation of the project. This sea-crossing anti-corrosion coating project highlighted COSCO Kansai Companies' strength in the field of anti-corrosion coatings and outstanding contributions to major projects, once again demonstrating their expertise in protecting infrastructure in extreme environments.

Case: COSCO Kansai Companies put on a solid "armour" for the underwater tunnel of the Shenzhen–Zhongshan Link

On 30 June 2024, the Shenzhen–Zhongshan Link was officially opened. As an important participant in the Shenzhen–Zhongshan Link Project, COSCO Kansai Companies successfully won the bid for the heavy-duty anti-corrosion coating supply project for the steel shells of the immersed tube tunnel of the Shenzhen–Zhongshan Link in 2018, providing nearly 2,700 tonnes of high-performance "epoxy glass scale" heavy-duty anti-corrosion coating for 320,000 tonnes of steel shells. The coating has excellent acid resistance, alkali resistance, oil resistance and seawater resistance. Its VOCs emission is far lower than the national standard and meets the green and environmental protection requirements. COSCO Kansai Companies strictly controlled the whole process from raw material procurement, production inspection to logistics distribution. They also sent on-site technical personnel to supervise coating spraying by intelligent robots to ensure an efficient and high-quality coating supply.

COSCO Kansai Companies completed the coating of all steel shells over six years. They ensured the durability of the coating with a fined construction approach to help the smooth opening of the Link in 2024, thereby gaining recognition from many parties. By providing high-performance and low-emission anti-corrosion solutions, COSCO Kansai Companies have demonstrated their leadership in the field of green infrastructure and contributed Chinese wisdom and strength to global sustainable development.

8.3 Customer care

8.3.1 Customer satisfaction

The Group believes that customer feedback is essential for driving continuous business improvement. We place considerable emphasis on monitoring all areas of the customer experience, including the service quality of our sales and technical service staff, delivery process, order placement procedures, invoicing, and the overall experience of engaging with us. We closely monitor and evaluate these areas through surveys to ensure that our customers enjoy a superior experience.

We have implemented the complaint handling procedure to effectively respond to consumer concerns regarding our products and services. COSCO Kansai Companies and Jotun COSCO have developed the "Administrative Procedure for Customer Feedback" to ensure fair, consistent and prompt resolution of complaints. Upon receipt of a complaint, the designated officer investigates the incident and takes appropriate action to avoid recurrence. In addition, our "Process for Paint Return" stipulates that management should be aware of the recall of non-conforming products and the necessary measures to be taken to resolve the problem. We timely understand customer satisfaction with the resolution of complaints, strengthen the follow-up of complaints and feedback, and improve the responses to customer complaints. We also conduct a detailed analysis of the causes of complaints and promptly address any product or service quality issues. Moreover, we use complaint cases for publicity, education and training for relevant departments.

During the reporting period, we did not have any outstanding complaints related to our services, nor did we have any products that had to be recalled for safety or health reasons.

We strive to build and maintain close relationships with our customers and better understand their needs to provide products and services that generate positive responses. In 2024, we continued our high-frequency customer interview program to conduct technical exchanges on multiple topics with strategic and key customers, share technical knowledge with them and showcase new products. In addition, we took advantage of the rapid communication speed of new media and regularly held technical lectures through webcast platforms to introduce our products and their applications. This measure aimed to facilitate technical exchanges among industry stakeholders.

Case: Jotun COSCO featured at the Green Shiptech China Congress 2024

On 26 September, Jotun COSCO participated in the 13th Green Shiptech China Congress 2024. Mr. Nikos Markakis, the general manager, delivered a keynote speech titled "Clean Hulls, Cleaner Operations," highlighting the firm commitment of the company to sustainability. In his speech, Mr. Nikos Markakis emphasised the crucial role of ship coatings in enhancing the sustainability and operational efficiency of the shipping industry and introduced how the company used advanced ship coating technology to reduce fuel consumption, lower emissions and mitigate environmental impact. Jotun COSCO showcased several innovative products and solutions at the congress, demonstrating its determination to support the transition of the shipping industry to a green future.

Adhering to the customer-centric approach, we are dedicated to offering quality coating solutions that meet customer needs and expectations and enhance service quality and customer satisfaction on an ongoing basis, which earn us the trust and praise of customers. In 2024, Jotun COSCO was honoured with the "Golden Supplier" award from China State Shipbuilding Corporation and named the "Excellent Supplier" for the year by Guangzhou Shipyard International. These awards recognised the deep cooperation between Jotun COSCO and its customers and highlighted its ongoing efforts in technological innovation, product quality and comprehensive service provisions.

Jotun COSCO won the "Golden Supplier" award from China State Shipbuilding Corporation

Jotun COSCO was named the "Excellent Supplier" for the year by Guangzhou Shipyard International

During the reporting period, the Group continuously rolled out new service models. It formed a cross-divisional service team to tailor insurance solutions to clients' diverse and personalised needs. For instance, the CPI team was established for the reinsurance business of China Shipowners Mutual Assurance Association ("China P&I") to cater to its different reinsurance needs. As a long-term partner of China P&I, the Group is dedicated to providing top-notch reinsurance services. During the 2024 renewal, we successfully offered reinsurance services from three international protection and indemnity associations — Gard, UK and West of England — to China P&I, covering 813 vessels with a record-high total tonnage of 37.6 million tonnes. These achievements not only demonstrated the Group's professional strength in reinsurance but also deepened the cooperation and friendship between the two parties.

8.3.2 Customer Privacy

The Group prioritizes customer privacy protection in all business operations and strictly adheres to relevant local, national and international laws and regulations, such as the "Personal Data (Privacy) Ordinance" of Hong Kong. In addition, Jotun COSCO complies with the "EU General Data Protection Regulation" (GDPR) and implements the "Binding Corporate Rules" (BCR) to ensure that employees follow the same privacy protection framework.

We have implemented various internal procedures in strict accordance with international and domestic legal requirements to ensure information confidentiality and prevent leakage of stakeholders' sensitive information. Our information dissemination strategy, known as the "Information Management Method", emphasises four core values: "truthfulness, accuracy, completeness and timeliness". To protect trade secrets, we formulated the "Administrative Measures on the Protection of Trade Secrets" in compliance with the "Law Against Unfair Competition of the People's Republic of China", the "Interim Provisions on the Protection of Commercial Secrets of Central Enterprises" issued by the State-owned Assets Supervision and Administration Commission of the State Council, and the "Administrative Measures on the Protection of Trade Secrets" promulgated by China COSCO Shipping Corporation Limited. We have also implemented the "Employee Management Measures" to prevent employees from disclosing customer data and strategic cooperation agreements to third parties.

In July 2024, the Group organised a "Digital Literacy Skills Enhancement and Cybersecurity Training" session to raise employees' awareness of data privacy and protection. The training covered the basics of cybersecurity, security awareness development, cybersecurity threat and countermeasures, introduction to cryptography, response and management principle of cybersecurity incidents, emerging cybersecurity technologies and future development trends, cyberattack and defence demonstrations, as well as case studies. This not only met the requirements of the Bureau of Scientific and Technological Innovation of the State-owned Assets Supervision and Administration Commission for launching the "2024 National Digital Literacy and Skills Enhancement Month", but also improved employees' understanding and skills in digital technology application and their cybersecurity awareness. We will continue to strengthen cybersecurity promotion to enhance employees' risk identification and prevention capabilities for the Company's stable development.

Additionally, the subsidiaries enhanced staff training on trade secret confidentiality through national security video viewings and phishing email prevention training. Our staff also updated their strong passwords regularly and participated in group drills. To ensure data confidentiality, integrity and availability, the Group invited all employees to attend the phishing email prevention training in batches organised by COSCO SHIPPING (Hong Kong) on 8 and 9 April.

During the reporting period, the Group received no complaints regarding consumer privacy breaches or customer data loss.

8.4 Anti-corruption

8.4.1 Anti-corruption policy

We always adhere to the highest standards of integrity and compliance and strictly abide by the "Criminal Law of the People's Republic of China", the "Anti-Unfair Competition Law of the People's Republic of China" and the "Bidding Law of the People's Republic of China." Recognising the significance of business ethics and anti-corruption measures, we have incorporated business ethics and code of conduct into the Group's risk management framework and closely monitored their implementation.

The Group has formulated the "Professional Ethics and Code of Conduct for the Staff of COSCO SHIPPING International" (the "Code") to ensure that employees understand and follow these principles and maintain high standards of integrity and ethics. The Code offers guidance on appropriate employee behaviour across various situations. Specifically, it prohibits employees from exploiting their positions of authority for bribery or accepting improper benefits, seizing the Group's business opportunities, using the Group's assets for personal gain, and engaging in other activities that may harm the Group's interests. Moreover, employees are expected to maintain long-term and trustworthy relationships with customers, contractors and suppliers. Any employee who breaches the Code will face disciplinary action, including termination of employment. The Group has the responsibility to report any suspected incompliance or illegal acts to the authorities and cooperate with the investigations. The Company formulated anti-bribery policies and regulations on gift registration and administration.

8.4.2 Whistleblowing Policy

During the reporting period, the Group revised the "Whistleblowing Policy", specifying that employees, and those who deal with the Company can report details of suspected corruption through anonymous channels. This aims to promote integrity, transparency, and accountability. The "Whistleblowing Policy" safeguards confidentiality by ensuring that the identity of the whistleblower remains undisclosed and inaccessible without proper authorisation. The Board oversees the effective implementation and execution of the policy to uphold a high standard of corporate justice. Any attempt to obstruct the investigation will be deemed a serious disciplinary offence. The Discipline Inspection Commission of COSCO Kansai Companies holds work meetings quarterly to discuss supervision measures based on specific circumstances. The Group has broadened the reporting channels, established a dedicated grievance mailbox.

8.4.3 Anti-Corruption Supervision

The Group explicitly prohibits all forms of corrupt practices, including but not limited to accepting benefits or kickbacks from suppliers and colluding in fraud and false sales reporting. We follow the "Whoever Takes Charge Should Be Responsible" principle, which holds employees and managers involved in such acts accountable. Upon discovering any transfer of benefits, we will launch a comprehensive investigation covering the individuals involved and the entire business division. Based on the "Performance Assessment and Management Measures for Directly-Managed Companies", we closely monitor and assess binding indicators governing business transactions, risks, internal control and other ethical and anti-corruption requirements of staff in business evaluation.

The responsible division and each business division strictly implement the anti-corruption policy and make tremendous efforts to eliminate immoral business practices. The Audit & Supervision Division at the Group's headquarters oversees the related matters at the group level. According to the "Special Affiliated Enterprises Management Measures," the Audit & Supervision Division also manages special affiliated businesses through regular and irregular special inspections, effectiveness supervision and audits. Representatives of each business division implement the anti-corruption plan, while the Audit & Supervision Division supervises and assesses the execution. Our business divisions guide suppliers to provide goods and services in accordance with the procurement and supply chain management policies of the Group. In addition, our subsidiaries are responsible for reporting on employees who violated the Company's policy to the Audit & Supervision Division. In April 2024, COSCO Kansai Companies organised the signing of integrity responsibility agreements for all cadres. In August, 49 middle-level cadres signed the "Undertaking Letter on Business Operation, Enterprise Establishment, and Related-Party Transaction", which enhanced their integrity awareness and stepped up their commitment to compliance responsibilities.

To deepen employees' understanding of ethical business practices, we aim to conduct annual employee self-assessment surveys across divisions and subsidiaries. The survey covers various aspects of the Code, including integrity and fairness, declaration and disclosure of interests, conflict of interests, protection of confidentiality and company assets, and relationships with customers, suppliers and contractors. During the reporting period, all employees completed the self-assessment survey.

During the reporting period, the Group complied with all relevant standards, laws and regulations. The Group faced no litigation in relation to corruption.

8.4.4 Anti-corruption training

Anti-corruption training is no doubt the most important preventive measure to strengthen employees' awareness against corrupt practices.

In June 2024, the directors, management and staff of COSCO SHIPPING International joined the second round of the "Professional Anti-corruption Training for Corporate Senior Executives" held by the Hong Kong Chinese Enterprises Association and the Independent Commission Against Corruption of Hong Kong. The training helped participants better grasp the latest anti-corruption policies and legal requirements in Hong Kong, which is conducive to building a culture of integrity and enhancing anti-corruption management. In 2024, we organised the Hong Kong-based employees to study the "Prevention of Bribery Ordinance" and complete the questionnaires.

9. COMMUNITY INVESTMENT

We are committed to supporting and investing in the development of the communities in which we operate. Established in 2014, the Group's "Donation Policy" addresses the rights and local needs of different communities. This policy outlines our collaboration strategies with regional NGOs and charitable organisations and our approach to managing philanthropic initiatives. It also specifies details regarding annual budgets of charitable donation and the precise criteria for determining the amounts and methods of community investments or donations.

In 2024, upholding the spirit of "Being Rooted in Hong Kong and Serving Hong Kong," the Group actively organised and participated in various charitable and public welfare activities. Our focus areas included charitable donations, supporting disadvantaged groups, funding student education and environmental protection initiatives, through which we conveyed messages of caring for society and serving the community to contribute to sustainable social development.

We have established a volunteer team comprising employees who are passionate about supporting local charities to work with us in extending compassion and assistance to those in need. To encourage active employee participation in volunteer activities and acknowledge their long-term support and enthusiasm, we offer half-day paid leave to staff who contributing 2–4 hours on volunteer days, while those participating in 4 hours or more of volunteer activities are eligible for a full-day paid leave.

9.1 Contribution to Community

The Group adopts "Dedicated Service, Enriching the Community" as the team motto, emphasising our unwavering commitment to community investment through participation in various volunteer programs. The Group also regularly reviews its community investment initiatives to optimise its utilisation of resources and time allocation. Our social contributions primarily focus on five key areas: charitable donation, environmental conservation, educational support, assistance for vulnerable groups and community support.

9.1.1 Charitable Donation

The table below lists the specific organisations to which the Group made direct donations during the reporting period to benefit the community:

Charitable Organisations	Donation Amount (HK$)
World Wide Fund for Nature Hong Kong ("WWF")	100,000
The Neighbourhood Advice-Action Council	23,000
Hong Kong Committee for UNICEF ("UNICEF")	50,000
Sowers Action	232,640
Total Donations	**405,640**

9.1.2 Environmental Public Welfare

As a shipping service provider, the Group recognises that our primary environmental responsibility starts from the oceans and extends far beyond them. Realising the growing societal concern over environmental issues such as marine pollution, we are committed to minimising the negative impact of human activities on the environment.

The Group continued to support WWF by donating HK$100,000 and upgrading to Gold Member during the reporting period. Under the Corporate Membership Programme, we maintained the collaboration with WWF on its environmental conservation initiatives, including the protection of Mai Po and the marshes, ocean, wildlife, local biodiversity, sustainable finance, and public engagement and education efforts, so as to support Hong Kong to become a more sustainable city. Beyond financial contributions, we organised outreach activities to promote the importance of environmental protection and conservation. Centring around the concepts of energy saving, carbon reduction and green development, local labour unions of COSCO Kansai Companies launched a themed campaign titled "Embarking on a New Journey, Leading the Way in Green and Low-Carbon Action" in April 2024. The campaign featured events such as group hiking and online knowledge competitions. These initiatives not only strengthened communication and cooperation among union members but also actively promoted the concepts of green and low-carbon development, energy conservation and environmental protection.

9.1.3 Education

The youth are the backbone of the future society. We firmly believe that equal access to education is a fundamental right for all. The Group actively fulfils social responsibilities by consistently investing in youth education and development initiatives and providing children with more financial and spiritual support, so that they can thrive and pursue their dreams.

In September 2024, Jotun COSCO held the First Outstanding Graduates Award Ceremony for the "Spring Bud Class" and Freshman Enrolment Ceremony 2024 at the Jindun Middle School in Heqing County, Yunnan Province. Mr. Nikos Markakis, the general manager of Jotun COSCO, attended the event with others and encouraged students to study hard, explore bravely and strive for excellence. After three years of relentless effort, students of the Spring Bud Class achieved remarkable results and all of them advanced to higher-level schools. Among them, four students ranked top 100 in the county. In 2024, Jotun COSCO donated RMB240,000 as study subsidies, awarded RMB10,000 to outstanding students, and gifted ten used computers to support the Spring Bud Class.

9.1.4 Assistance to the Elderlies, Underprivileged Children and Grassroots Families

We respect the uniqueness of every individual and recognise the diverse challenges that people face in their daily lives. By actively collaborating with local NGOs, we allocate resources effectively to address the needs of different community groups. Through various forms of volunteer services, we convey the messages of caring for society and serving the community while fostering social integration and community inclusion.

During the reporting period, we partnered with the Neighbourhood Advice-Action Council to organise a series of community initiatives:

Care to Elderlies

As the Chinese New Year approached, our volunteer team of 42 members participated in the "Passing Love to Sham Shui Po: Spreading Warmth in Winter" care visit organised by the Neighbourhood Advice-Action Council on 27 January 2024. The activity aimed to deliver gift packs containing rice, cooking oil, scarves and other essentials, along with festive blessings, to singleton and doubleton elderly persons living in the Shek Kip Mei public housing estates in Sham Shui Po. The elderly people expressed gratitude for the volunteers' visit, the generous gifts and the warmth and care from their community.

Ahead of the Mid-Autumn festival, our volunteer team joined the "Passing Love to Sham Shui Po: Mid-Autumn Festival Home Visit" organised by the Neighbourhood Advice-Action Council on 14 September 2024. A total of 79 volunteers visited elderly residents of Chak On Estate in Shek Kip Mei with gift packs containing mooncakes and other festive foods. The volunteers had warm talks with the elderly people by reminding them to stay healthy and happy in daily life and extended heartfelt festive greetings. The event visited 110 singleton and doubleton elderly persons living in Chak On Estate. Beyond providing material support, the visit offered an emotional boost that allowed them to experience the festive atmosphere of the Mid-Autumn Festival and the care and warmth of the community. This also underscored the Group's dedication to social responsibility.

On 7 December 2024, we organised 15 volunteers to accompany 29 seniors on the "Travel with the Elderly: Discover Sha Tau Kok" trip. This event, co-hosted by the Company and the Shamshuipo District Elderly Community Centre of the Neighbourhood Advice-Action Council, is part of our continuous sponsorship of the "Travel with the Elderly" series since 2017, which has been well-received and praised by the elderly. Our enthusiastic volunteer team arranged a day tour tailored for the elderly. They visited the Hong Kong Railway Museum in Tai Po, the Wun Chuen Sin Kwoon Taoist Temple and Sha Tau Kok, and enjoyed an exciting and fulfilling day out.

Caring for vulnerable groups

In November 2024, COSCO Kansai Companies organised young employees to participate in the Shanghai volunteer project "Holding Hands with Love, You and Me Together," where they accompanied visually impaired people on a tour of Guyi Garden in Jiading District, Shanghai. Volunteers were paired with their visually impaired friends to visit the garden. They gave special reminders and assisted their partners carefully when crossing streets, going up and down stairs, or getting around obstacles. Under the theme of "Let me be your eyes and accompany you in seeing the world", the event allowed participants to experience the profound joy of helping others. Through their actions, our employees opened a window for the visually impaired to get in touch with the world and feel the care and warmth in society. In the future, we will continue to focus on vulnerable groups in society and provide them with more assistance, demonstrating our corporate responsibility and commitment.

Support to Underprivileged Children and Grassroots Families

In 2024, we also donated HK$50,000 to UNICEF to support children's rights and well-being. The donation will fund UNICEF's efforts to ensure children have access to safe water and quality education and protect them from exploitation, violence, and preventable diseases. As children are the future pillars of society, every child should receive equal care and opportunity. In the future, we will continue to make greater contributions to protecting underprivileged children.

On 31 August 2024, the Company dispatched 10 volunteers to participate in the "Make the Most of Summer Vacation" volunteer activity. Our volunteers accompanied 29 children from low-income families to play at Tai Po Waterfront Park and Wadakiyama Plantation in Sha Tau Kok, so that the children could play and relax before the start of school and prepare for the new semester, bringing the summer vacation to a perfect end. Through participation in various outdoor activities, the children could get closer to nature, challenge themselves, and develop better communication and practical capabilities.

In October 2024, the Company sent a team of 109 members, consisting of our employees, their family members and guests, to join the 3 km family event, 14 km individual event and team event at the "Sowers Action Challenging 12 Hours" charity cross-country marathon. The activity aimed at raising funds for local grassroots families and other sponsored projects. On the day of the event, before the start of the 14 km race at Shing Mun Reservoir Main Dam, the Company was presented with a commemorative trophy by Sowers Action. Our team and over 1,300 other participants experienced the hardships of long journeys to school for children living in mountainous areas through walking. While enjoying the beautiful scenery of Hong Kong's natural trails, we raised funds for student assistance projects of Sowers Action. COSCO SHIPPING International has always been committed to public welfare activities. Since 2008, it has sponsored the "Sowers Action Challenging 12 Hours" fundraising activity for 16 years in a row, raising over HK$3 million for more than 2,900 students in Hong Kong, Sichuan, Yunnan, Gansu and other regions.

PERFORMANCE DATA SUMMARY — ENVIRONMENTAL

Indicator	Unit	2024	2023	2022
Greenhouse gas emissions				
Scope 1[Note 1]				
Total emissions	metric tonnes	**682**	412	470
Petrol[Note 2]		**188**	76	70
Diesel[Note 2]		**154**	101	117
Natural gas[Note 2]		**340**	235	283
Scope 2				
Total emissions	metric tonnes	**3,625**	3,479	3,970
Electricity[Note 3]		**3,625**	3,479	3,970
Scope 3[Note 4]				
Total emissions[Note 4, 5]	metric tonnes	**4,487,755**	824	202
Purchased goods and services[Note 5]		**71,004**[Note 5]	65	97
Fuel and energy-related activities (not included in Scope 1 and Scope 2)		**4,416,201**	Note 11	Note 11
Upstream transportation and distribution		**2.22**	Note 11	Note 11
Waste from operations		**144**	Note 11	Note 11
Business travel		**320**	759	105
Employee commuting		**84**	Note 11	Note 11
Total greenhouse gas emissions				
Scope 1, 2 and 3 emissions	metric tonnes	**4,492,062**	4,715	4,642
Greenhouse gas emissions per m^2 of floor area (Scope 1, 2 and 3 emissions)	metric tonnes/m^2	**96**	0.10	0.10
Greenhouse gas emissions per employee (Scope 1, 2 and 3 emissions)	metric tonnes/employee	**5,553**	5.48	5.52
Air emissions				
VOCs and benzene	metric tonnes	**2.46**	2.37	4.14
Toluene[Note 6]		**0.06**	0.20	0.25
Xylene[Note 6]		**0.15**	0.19	0.33
Particulate matter		**0.48**	0.17	0.20
Other exhaust gas emissions		**0**	0	0.36
Total energy consumption[Note 7]				
Direct energy consumption				
Diesel	litre	**58,129**	38,185	44,342
Petrol	litre	**70,722**	28,608	25,752
Natural gas	m^3	**157,033**	108,719	131,091
Indirect energy consumption				
Power consumption	kWh	**6,800,110**	4,372,681	4,897,969
Power consumption density per m^2 of floor area	kWh/m^2	**146.03**	95.46	106.92
Power consumption density per employee	kWh/employee	**8,405.57**	5,084.51	5,803.28
Water consumption[Note 8]				
Total water consumption	metric tonnes	**43,992**	31,713	33,971
Water consumption density	metric tonnes/m^2	**1.20**	0.87	0.93
Waste management[Note 9]				
Solid waste (hazardous)	metric tonnes	**2,734**	1,016	1,063
Solid waste (non-hazardous)		**259.81**	229.7	212.2
Wastewater				
Wastewater	metric tonnes	**17,181**	15,769	16,626
Packaging materials[Note 10]				
Coating packaging materials	metric tonnes	**7,046**	3,691	4,205

Notes:

1 The emission factors and the Global Warming Potential (GWP) of Scope 1 greenhouse gas emissions were applied in accordance with those provided in "Appendix 2: Reporting Guidance on Environmental KPIs" of the Stock Exchange.

2 In 2024, as the production line of each of the plant of COSCO Kansai (Zhuhai) and COSCO Kansai Paint (Shanghai) operated at full capacity. As such the petrol, diesel, natural gas emissions significantly increased, resulting in an increase in the relevant Scope 1 emissions in aggregate.

3 The emission factors for Scope 2 greenhouse gas emissions were classified by region. For Hong Kong, China the carbon emission intensity of electricity generation from the "Sustainability Report 2023 of HK Electric Investments" was applied. For Mainland China, the carbon emission factor of electricity generation from the "2022 Electricity Carbon Emission Factor" was applied. Meanwhile, owing to the update of the electricity generation factors, the Scope 2 greenhouse gas emission intensity did not grow significantly in the context of increased electricity consumption in 2024.

4 The calculation of Scope 3 greenhouse gas emissions refers to various standards such as the "Greenhouse Gas Protocol Corporate Accounting and Reporting Standard", "Corporate Value Chain (Scope 3) Accounting and Reporting Standard", "Appendix 2: Reporting Guidance on Environmental KPIs" of the Stock Exchange, the "China Products Carbon Footprint Factors Database" and "US Environmentally-Extended Input-Output Models (USEEIO) Supply Chain Greenhouse Gas Emission Factors".

5 The significant increase in Scope 3 greenhouse gas emissions was mainly due to the expansion of the statistical scope in accordance with the new requirements of the Listing Rules, we included emissions from purchased goods and services, fuel and energy-related activities (excluding those in Scope 1 and Scope 2), upstream transportation and distribution, waste from operations and employee commuting. Paper consumption for the reporting period has been included in the purchase of goods and services.

6 Toluene and Xylene decreased because the plant of COSCO Kansai (Tianjin) ceased production, resulting in zero emission.

7 The noticeable increase in total energy consumption was mainly due to the increase in the annual production capacity of COSCO Kansai Companies, which led to the surge in its electricity consumption in COSCO Kansai Companies.

8 The water consumption and intensity increased as COSCO Kansai Companies operated at full capacity.

9 The change in its waste was mainly attributed to COSCO Kansai Companies' growth of production and sales.

10 The increase of packaging materials for coating consumed was mainly due to the increase of production volume of COSCO Kansai Companies.

11 According to the relevant requirements of the Listing Rules, the paper consumption and emissions from business trips have been disclosed in the annual reports in previous years. We have identified and quantified six categories of Scope 3 emissions in accordance with the new requirements. In the future, the Group will continue to strive for full coverage of indirect emission targets, including those relating to supply chain and product life cycle.

PERFORMANCE DATA SUMMARY — SOCIAL

Indicator	Unit	2024	2023	2022
Employee				
Total workforce	number	**809**	**860**	**851**
Employee by employment type				
Full-time	number	**808**	859	850
Contract or short-term employment		**1**	1	1
Employee by gender				
Male	number	**565**	615	629
Female		**244**	245	222
Employee by region				
Hong Kong	number	**201**	195	179
Mainland China		**580**	638	642
Overseas		**28**	27	30
Employee by age group				
Below or equal to 30	number	**79**	62	55
31 to 50		**548**	585	606
Over 50		**182**	213	190
Overall turnover rate of employee				
Turnover rate	%	**4**	4	4
Turnover Rate by gender				
Male	%	**4**	4	5
Female		**4**	5	4
Turnover Rate by region				
Hong Kong	%	**9**	12	3
Mainland China		**2**	2	5
Overseas		**0**	0	7
Turnover Rate by age group				
Below or equal to 30	%	**4**	6	7
31 to 50		**4**	4	4
Over 50		**2**	4	4
Employee development and training				
Total training hours received	hours	**70,342**	75,063	86,342

PERFORMANCE DATA SUMMARY — SOCIAL (Continued)

Indicator	Unit	2024	2023	2022
Percentage of workforce trained by gender [Note a]				
Male	%	**99**	91	96
Female		**97**	99	94
Percentage of workforce trained by employment category [Note a]				
Senior management	%	**94**	73	89
Middle-level management		**92**	94	93
General employee		**100**	100	99
Average training hours by gender				
Male	hours/person	**98**	98	107
Female		**66**	68	81
Average training hours by employment category				
Senior management	hours/person	**95**	92	144
Middle-level management		**97**	101	127
General employee		**86**	87	91
Supply chain management				
Total number of suppliers	number	**1,734**	1,589	1,613
Number of suppliers by geographical region				
Mainland China	number	**817**	841	823
Hong Kong		**395**	232	247
Overseas		**522**	516	543
Employee health and safety				
Work-related fatalities (person)	number	**Nil**	Nil	Nil
Work injury cases (case)	number	**Nil**	Nil	Nil
Lost day(s) due to work injury	day	**Nil**	Nil	Nil
Community investment				
Corporate charitable donations & sponsorships	HK$	**405,640**	375,800	265,000
Volunteer participation				
Participants	number	**255**	320	28
Service hours	hours	**1,128**	1,304	168
Beneficiaries				
Number of beneficiaries	number	**1,526**	747	124

Note:

a Employee training rate by category (in percentage) = number of employees trained in the relevant category/total workforce of the category at the end of the reporting period x 100%

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This report has been prepared in accordance with the latest disclosure requirements of the "Environmental, Social and Governance Reporting Code" set out in the Appendix C2 of the Listing Rules. Even though the KPI A1.2 has been repealed, the Company still collected and disclosed the KPI A1.2: Direct (Scope 1) and indirect energy (Scope 2) greenhouse gas emissions and intensity. Such data has been included in the "Metrics and Targets" section under "Part D. Climate-related Disclosures".

Directors' Report

The board of directors of the Company (the "Director(s)" or the "Board") presents this Directors' Report (the "Report") together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company's principal activity is investment holding. The principal activities of the Group include shipping services and general trading. The activities of the principal subsidiaries are set out in note 35 to the financial statements. An analysis of the revenue and segment information of the Group for the year is set out in note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated income statement on page 151 of this annual report. The Board has recommended the payment of a final dividend of 21.5 HK cents (2023: 17.5 HK cents) per share for the year ended 31 December 2024. Subject to the approval of the shareholders of the Company (the "Shareholders") in the annual general meeting to be held on 30 May 2025 (the "AGM"), approximately HK$315,184,000 will be paid on 25 June 2025 to the Shareholders whose names appear on the register of members of the Company on 13 June 2025. The proposed final dividend together with the interim dividend of 26.5 HK cents per share, total dividends per share for the year 2024 are 48.0 HK cents (2023: 40.0 HK cents).

BUSINESS REVIEW

The Group is principally engaged in the provision of shipping services and general trading. The shipping services business, the core business of the Group which includes ship trading agency services, insurance brokerage services, supply of marine equipment and spare parts, production and sales of coatings and intelligent shipping services. The Group is committed to promoting green operation and actively implementing energy saving, emission reduction and recycling by implementing practices such as turning off all non-essential lights. In addition, the Group's coatings business reflects the significant environmental impacts among other business and therefore the coatings manufacturing subsidiaries of the Company in Mainland China strictly comply with the relevant laws and regulations in the People's Republic of China (the "PRC"). Being people-oriented, the Group ensures that all staff is reasonably remunerated and maintains a good relationship with its customers and suppliers. Further discussion and analysis of the Group's activities as required by Schedule 5 to the Companies Ordinance of Hong Kong (Cap.622), including a fair review of the Group's business, a description of the principal risks and uncertainties facing by the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2024, an indication of possible future development in the Group's business, an analysis using financial key performance indicators, a discussion on the Group's environmental policies and performance and the compliance with the relevant laws and regulations that have a significant impact on the Group, and an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends, are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Prospects", "Corporate Governance Report", "Environmental, Social and Governance Report" and "Five-Year Financial Summary" of this annual report. Also, the financial risk management objectives and policies of the Group can be found in note 3 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 7 to the financial statements.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2024 calculated under Companies Act of Bermuda amounted to HK$6,422,583,000 (2023: HK$6,514,654,000).

BORROWINGS

Borrowings repayable on demand or within one year are classified under current liabilities. As at 31 December 2024, the Group's total borrowings were nil.

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in note 19 and note 34 to the financial statements respectively.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 18 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Incentive Scheme" on pages 136 to 141 and any outstanding share options granted thereunder, no equity-linked agreements which may result in the Company issuing share was entered into or existed during the year.

DONATIONS

Donations made by the Group during the year amounted to approximately HK$405,640 (2023: HK$375,800).

FIVE-YEAR FINANCIAL SUMMARY

A five-year financial summary of the Group is set out on pages 227 to 228.

DIRECTORS

The Directors during the year ended 31 December 2024 (the "Reporting Period") and up to the date of the Report were:

Executive Directors

Mr. Zhu Changyu *(Chairman and Managing Director)*
Mr. Wang Yong (appointed on 24 January 2025)
Ms. Meng Xin (resigned on 24 January 2025)

Non-executive Directors

Mr. Ma Xianghui (appointed on 26 June 2024)
Ms. Zhang Xueyan (appointed on 24 January 2025)
Mr. Chen Dong (retired on 31 May 2024)

Independent Non-executive Directors

Mr. Tsui Yiu Wa, Alec
Mr. Jiang, Simon X.
Mr. Kwong Che Keung, Gordon

In accordance with bye-law 99 of the Company's bye-laws, every Director shall be subject to retirement by rotation at least once every three years and a retiring Director shall be eligible for re-election at such annual general meeting of the Company. In accordance with bye-law 102(B) of the Company's bye-laws, any Director appointed to fill a causal vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at the meeting. Pursuant to bye-laws 99 and 102(B) of the Company's bye-laws, Mr. Zhu Changyu, Mr. Ma Xianghui, Ms. Zhang Xueyan, Mr. Wang Yong, Mr. Tsui Yiu Wa, Alec and Mr. Kwong Che Keung, Gordon shall retire from office at the forthcoming annual general meeting of the Company and be eligible for re-election.

Mr. Chen Dong retired as Non-executive Director on 31 May 2024 due to change in job arrangement and Ms. Meng Xin resigned as Executive Director on 24 January 2025 due to work arrangement. Each of them confirmed that there was no disagreement with the Board needed to be brought to the attention of the Shareholders.

DIRECTORS' SERVICE CONTRACTS

Mr. Zhu Changyu, being the Executive Director, has entered into a letter of appointment with the Company on 17 April 2023 for a term commencing from 17 April 2023 to the conclusion of the 2025 annual general meeting. Mr. Ma Xianghui, being the Non-executive Director, had entered into a letter of appointment with the Company on 26 June 2024 for a term commencing from 26 June 2024 to the conclusion of the 2026 annual general meeting of the Company. Each of Ms. Zhang Xueyan, being the Non-executive Director and Mr. Wang Yong, being the Executive Director, had entered into a letter of appointment with the Company on 24 January 2025 for a term commencing from 24 January 2025 to the conclusion of the 2027 annual general meeting. Each of Mr. Tsui Yiu Wa, Alec, Mr. Jiang, Simon X. and Mr. Kwong Che Keung, Gordon, being the Independent Non-executive Director, has entered into a letter of appointment with the Company on 31 May 2024 for a term commencing from 31 May 2024 to the conclusion of the 2026 annual general meeting of the Company. Ms. Meng Xin, being the ex-Executive Director, has entered into a letter of appointment with the Company on 31 May 2024 for a term commencing from 31 May 2024 to the conclusion of the 2026 annual general meeting. Mr. Chen Dong, being the ex-Non-executive Director, has entered into a letter of appointment with the Company on 31 May 2022 for a term commencing from 31 May 2022 to the conclusion of the 2024 annual general meeting of the Company.

Each of the above letters of appointment is subject to termination by either party giving one month's prior notice in writing or such other shorter notice period as may be agreed by both parties.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with any members of the Group which is not determinable within one year by respective member of the Group without the payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws, Directors for the time being shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices pursuant to the Company's bye-laws. In addition, the Company has maintained appropriate directors and officers liability insurance coverage for the directors of the Group.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed under the section headed "Directors' Interests in Securities", at no time during the year was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year and up to the date of the Report, the current Directors, namely Mr. Zhu Changyu, Mr. Ma Xianghui, Ms. Zhang Xueyan, Mr. Wang Yong and the ex-Director, namely Mr. Chen Dong and Ms. Meng Xin held directorships or senior management positions in COSCO SHIPPING and/or its associates which have interests in shipping services business.

The Board is of the view that the Group is capable of carrying on its businesses independently of the interests referred to in the paragraph above. When making decisions on the shipping services business of the Group, the relevant Directors, in the performance of their duties as Directors, have acted and will continue to act in the best interest of the Group. Other than as disclosed above, none of the Directors and their respective associates has interests in the businesses which competes or was likely to compete, whether directly or indirectly, with the businesses of the Group.

CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the following connected transactions and/or continuing connected transactions of the Group are required to be disclosed in this annual report:

A. Continuing Connected Transactions

1. (a) A master supply agreement was entered into between the Company and COSCO SHIPPING (Hong Kong) Co., Limited, the immediate holding company of the Company, being the connected person of the Company ("COSCO SHIPPING (Hong Kong)") on 18 October 2022 in relation to (1) provision of marine and general insurance brokerage services and other services by the relevant member(s) of the Group to the relevant member(s) of 中國遠洋海運集團有限公司 (China COSCO Shipping Corporation Limited*), the ultimate holding company of the Company ("COSCO SHIPPING") and its subsidiaries and associates (other than the Group), being connected persons of the Company ("COSCO SHIPPING Group"); and (2) provision of shipping services, sale of shipping related materials and products and sale of other materials and products in connection with the general trading business of the Group by the relevant member(s) of the Group to the relevant member(s) of COSCO SHIPPING Group, including without limitation: (a) the provision of ship agency services in relation to shipbuilding, ship trading, chartering businesses and the sale and purchase of marine equipment and other related services; (b) the provision of supply and installation, repair, logistics and agency services in relation to (i) ship facilities and accessories, which include equipment, materials, spare parts for vessels, oil drills, projects at sea or on land and ports, (ii) radio communication, satellite communication, navigation equipment and other materials, and (iii) construction materials and facilities, chemicals and information management systems; and (c) the sale of coatings (collectively the "Supply Continuing Connected Transactions") for the three financial years ending 31 December 2025 (the "Master Supply Agreement"). The amount of service fees payable by COSCO SHIPPING Group under the Master Supply Agreement would be mainly determined by pre-determined formulae adopted by the Group (for example, insurance brokerage services and shipping agency services will be charged at certain fixed percentages of the value of the subject matter with reference to the relevant fixed percentages at which the provision of comparable services to independent third party customers will be charged). The prices offered to COSCO SHIPPING Group for services provided by the Group and the sale of shipping related materials and products and sale of other materials and products in connection with the general trading business of the Group shall be at market rates or rates no less favourable to the relevant member(s) of the Group than those available to independent third party customers for comparable services and similar materials and products (based on similar amount and similar specifications) respectively. For the purpose of determining the market rates for services fees and the prices for sale of materials and products, the Group will consider the certain fixed percentages of the value of the subject matter and prices offered to independent third party customers of comparable services and similar materials and products (based on similar amount and similar specifications) respectively and compare to those offered to COSCO SHIPPING Group. In particular, the relevant sales department of the related companies within the Group will compare (for services fees) the fixed percentages of the value of the subject matter and (for prices for sale of materials and products) the selling price, in each case, offered to different customers (including COSCO SHIPPING Group and at least three independent third party customers) in respect of comparable service and a similar type of materials or products (based on similar amount and similar specifications) (as the case may be) respectively. The aggregate amount of the Supply Continuing Connected Transactions for each of the financial years ending 31 December 2023, 2024 and 2025 would not exceed the relevant cap amounts set out in the table headed "Caps with COSCO SHIPPING Group" (the "Supply Caps").

* *for identification purposes only*

(b) A financial services master agreement was entered into between the Company and 中遠海運集團財務有限責任公司 (COSCO SHIPPING Finance Co. Limited*), a subsidiary of COSCO SHIPPING, being a connected person of the Company ("COSCO SHIPPING Finance") on 18 October 2022 in relation to the provision of a range of financial services, including the deposit services, loan services (except for loans to be secured by the assets of the relevant member(s) of the Group), settlement services, remittance services, entrusted loan services (as lending agent in entrusted loan arrangements among members of the Group), acceptance bill issuance services, foreign exchange services, and other services which may be provided by COSCO SHIPPING Finance as approved by China Banking and Insurance Regulatory Commission, by COSCO SHIPPING Finance to the Group (collectively the "Financial Services Continuing Connected Transactions") for the three financial years ending 31 December 2025 (the "Financial Services Master Agreement"). The transactions contemplated under the Financial Services Master Agreement shall be conducted on normal commercial terms and negotiated on arm's length basis and the terms of the transactions (including the interest receivable by the Group and the fees (including the service fees and handling charges) payable under the financial services to COSCO SHIPPING Finance) shall be at market rates or rates no less favourable than those offered by COSCO SHIPPING Finance to independent third parties or those offered to the relevant member(s) of the Group by independent third parties (as appropriate). It was agreed that the interest payable to or receivable by the Group (as appropriate) or service fees payable by the Group for the services are (a) the interest rate for the deposit services shall be no lower than: (i) the floor rate for the same category of deposit services stipulated by the People's Bank of China from time to time; (ii) the rate for the same category of deposit services offered by independent commercial banks in the PRC; and (iii) the rate for the same category and same term(s) of deposit services offered by COSCO SHIPPING Finance to other member company(ies) of COSCO SHIPPING Group; (b) the interest rate for the loan and entrusted loan services shall be no higher than: (i) the cap rate for the same category of loan services stipulated by the People's Bank of China from time to time; and (ii) the rate for the same category of loan services charged by independent commercial banks in the PRC of the same period; and (c) service fees of services other than deposits and loan services shall be determined in accordance with the following pricing principles: (i) the price to be complied with the fee standards prescribed by the People's Bank of China or China Banking and Insurance Regulatory Commission; (ii) no higher than those charged by independent commercial banks in the PRC for services of similar nature; and (iii) no higher than those charged by COSCO SHIPPING Finance to other member company(ies) of COSCO SHIPPING Group for similar services. The aggregate amount of the Financial Services Continuing Connected Transactions for each of the financial year ending 31 December 2023, 2024 and 2025 would not exceed the relevant cap amounts set out in the table headed "Caps with COSCO SHIPPING Group" (the "Financial Services Caps").

(c) A master purchase agreement was entered into between the Company and COSCO SHIPPING (Hong Kong) on 18 October 2022 in relation to the provision of shipping and other services, sale of shipping related materials and products and sale of other materials and products in connection with the general trading business of the Group by the relevant member(s) of COSCO SHIPPING Group to the relevant member(s) of the Group, including without limitation: (a) the provision of agency services, technical services and ancillary services, including the collection of market information, technical advisory, promotion and marketing, coordination with suppliers and customers, purchase of raw materials and products from suppliers, the provision of assistance in collecting sale proceeds and the procurement or provision of certain after-sale services; (b) the provision of logistics, transportation services and business travel services; (c) the sale of other materials and products including construction materials and chemicals; (d) the solicitation and referral of businesses by COSCO SHIPPING Group to the Group, including recommending products manufactured by the Group to the customers and manufacturers of COSCO SHIPPING Group; and (e) the sale of shipping related materials and products (collectively the "Purchase Continuing

* *for identification purposes only*

Connected Transactions") for the three financial years ending 31 December 2025 (the "Master Purchase Agreement"). Different pricing policies will be used for different types of services to be provided by COSCO SHIPPING Group to the Group under the Master Purchase Agreement. Part of the services provided by COSCO SHIPPING Group will be charged by adopting pre-determined formulae (for example, provision of agency services, technical services and ancillary services and solicitation and referral of businesses will be charged at certain fixed percentages of the value of the subject matter with reference to market price of comparable services) and the remaining services will be charged by COSCO SHIPPING Group at fixed per unit consideration (for example, provision of logistics, transportation and business travel services will be charged at a fixed per unit price based on the quantity of the subject matter involved and the distance of the destination and location). The prices offered by COSCO SHIPPING Group for services provided to the Group and sale of other materials and products including construction materials and chemicals to the Group shall be at market rates or rates no less favourable to the relevant member(s) of the Group than those available from independent third party suppliers for comparable services and similar materials and products (based on similar amount and similar specifications) respectively. In particular, the relevant purchasing department of the related companies within the Group will obtain quotations from different suppliers (including COSCO SHIPPING Group and at least three independent third party suppliers) in respect of comparable services and a similar type of materials or products (based on similar amount and similar specifications) respectively for comparison. In case the service fees charged by COSCO SHIPPING Group at fixed per unit consideration (including premium (if any)), quotations of the fixed per unit consideration (including premium (if any)) in respect of comparable services from at least three independent third party suppliers will be obtained for comparison. The quoted fixed per unit considerations (including premium (if any)) so obtained will then be used to determine the fixed per unit consideration (including premium (if any)) at which the relevant services will be charged. The aggregate amount of the Purchase Continuing Connected Transactions for each of the financial years ending 31 December 2023, 2024 and 2025 would not exceed the relevant cap amounts set out in the table headed "Caps with COSCO SHIPPING Group" (the "Purchase Caps").

(d) A management services master agreement was entered into between the Company and COSCO SHIPPING (Hong Kong) on 18 October 2022 in relation to the provision of administrative services including information technology and office communication network support, business management and manpower resources (including without limitation manpower resources with expertise and experience in the business carried on by the Group from time to time and management of human resources), technical support and other administrative and ancillary support (including without limitation sharing of office premises, office equipment, network and communication system, information technology, other technical support, system management, financial system and maintenance) by the relevant member(s) of COSCO SHIPPING Group to the relevant member(s) of the Group and sharing of office premises by the relevant member(s) of the Group for the three financial years ending 31 December 2025 (the "Management Services Master Agreement") with the annual caps of HK$14,000,000, HK$15,000,000 and HK$16,000,000 for each of the financial years ending 31 December 2023, 2024 and 2025 respectively (the "Management Services Caps"). In addition, a supplemental management services master agreement was entered into between the Company and COSCO SHIPPING (Hong Kong) on 12 September 2024 (the "Supplemental Management Services Master Agreement") to revise the annual caps for the financial years ending 31 December 2024 and 2025 from HK$15,000,000 to HK$31,000,000 and from HK$16,000,000 to HK$32,000,000 respectively (collectively the "Management Services Revised Caps"). The transactions contemplated under the Management Services Master Agreement and the Supplemental Management Services Master Agreement are collectively called the Management Services Continuing Connected Transactions. The management fee shall be calculated based on either (aa) the Group's prorated share of the common administrative costs which shall be determined based on the statistics of time-sharing of the workload of staff members shared by the Group and

COSCO SHIPPING Group or the utilisation rate of the office support functions and network systems (depending on the type of management services which are provided) and the actual costs, expenses and disbursements incurred by COSCO SHIPPING Group in the course of its provision of the administrative services to the Group; or (bb) fixed per unit consideration. This shall take into account the historical usage of administrative services by the Group provided by COSCO SHIPPING Group in the past two to three years with reference to the statistics of time-sharing of the workload of staff members shared by the Group and the utilisation rate of the office support functions and network systems and sharing of office premises (depending on the type of management services which are provided) and the actual costs, expenses and disbursements incurred by COSCO SHIPPING Group in the course of its provision of the administrative services to the Group. The fixed per unit consideration (subject to annual adjustment by inflation rate depending on the type of management services which are provided) will then be used to determine the annual services fees to be paid by the Group. The Group will consider the fees offered to be charged by independent third parties of similar services and compare to those offered by COSCO SHIPPING Group. In particular, the relevant department of the related companies within the Group will obtain quotations from different service providers (both COSCO SHIPPING Group and at least three independent third parties) in respect of similar services for comparison. The aggregate amount of the Management Services Continuing Connected Transaction for each of the financial year ending 31 December 2023, 2024 and 2025 would not exceed the relevant cap amounts set out in the table headed "Caps with COSCO SHIPPING Group".

(e) A master tenancy agreement was entered into between the Company and COSCO SHIPPING (Hong Kong) on 18 October 2022 in relation to the leasing or sub-leasing of any of the properties owned by or leased to COSCO SHIPPING Group from time to time by the relevant member(s) of COSCO SHIPPING Group to the relevant member(s) of the Group at any time during the period from 1 January 2023 to 31 December 2025 (the "Master Tenancy Agreement") with the annual caps of HK$36,000,000, HK$38,000,000, HK$39,000,000 for each of the financial years ending 31 December 2023, 2024 and 2025 respectively (the "Tenancy Caps"). In addition, a supplemental master tenancy agreement was entered into between the Company and COSCO SHIPPING (Hong Kong) on 12 September 2024 (the "Supplemental Master Tenancy Agreement") to revise the annual caps for the financial years ending 31 December 2024 and 2025 from HK$38,000,000 to HK$42,000,000 and from HK$39,000,000 to HK$46,000,000 respectively (collectively the "Tenancy Revised Caps"). The transactions contemplated under the Master Tenancy Agreement and the Supplemental Master Tenancy Agreement are collectively called the Tenancy Continuing Connected Transactions. The rent and other fees and charges payable by the Group to COSCO SHIPPING Group will be determined based on fixed per unit consideration and the Group will consider the rental offered to be charged by independent third parties of similar properties (based on similar location and similar area) and compare to those offered by COSCO SHIPPING Group. In particular, the relevant department of the related companies within the Group will obtain quotations from different parties (including COSCO SHIPPING Group and at least three independent third parties) in respect of similar properties (based on similar location and similar area) for comparison. The aggregate amount of the Tenancy Continuing Connected Transactions for each of the financial years ending 31 December 2023, 2024 and 2025 would not exceed the relevant cap amounts set out in the table headed "Caps with COSCO SHIPPING Group".

The Master Purchase Agreement, the Management Services Master Agreement, the Master Tenancy Agreement, the Purchase Caps, the Management Services Caps and the Tenancy Caps were exempt from shareholders' approval requirement under Chapter 14A of the Listing Rules, details of which were disclosed in the announcements of the Company dated 18 October 2022 and 8 November 2022. The Supplemental Management Services Master Agreement, the Supplemental Master Tenancy Agreement, the Management Services Revised Caps and the Tenancy Revised Caps were exempt from shareholders' approval requirement under Chapter 14A of the Listing Rules, details of which were disclosed in the announcements of the Company dated 12 September 2024. The Master Supply Agreement, the Financial Services Master Agreement, the Supply Caps and the Financial Services Caps were approved by the independent shareholders at the special general meeting of the Company held on 5 December 2022, details of which were disclosed in the announcements dated 18 October 2022 and 8 November 2022 and circular of the Company dated 14 November 2022 respectively.

Caps with COSCO SHIPPING Group

	Caps for the year ending 31 December 2023	**Caps for the year ending 31 December 2024**	Caps for the year ending 31 December 2025
Aggregate amount receivable by the Group for transactions contemplated under the Master Supply Agreement	HK$2,513,000,000	**HK$2,723,000,000**	HK$2,950,000,000
Amount of daily cash balance(s) of all cash deposits accounts of member(s) of the Group maintained with COSCO SHIPPING Finance (together with interests accrued thereon) and all fees (including service fees and handling charges for the settlement services, remittance services, entrusted loan services, acceptance bill issuance services, foreign exchange services, and other services which may be provided by COSCO SHIPPING Finance as approved by China Banking and Insurance Regulatory Commission) payable by the Group to COSCO SHIPPING Finance for transactions (except transactions in connection with the provision of loan services) contemplated under the Financial Services Master Agreement	RMB716,000,000	**RMB721,000,000**	RMB726,000,000
Amount of daily outstanding balance(s) of all loan accounts of the member(s) of the Group maintained with COSCO SHIPPING Finance (together with interests accrued thereon) and all service fees and handling charges for the loan services payable by the Group to COSCO SHIPPING Finance for loan transactions contemplated under the Financial Services Master Agreement*	RMB150,000,000	**RMB150,000,000**	RMB150,000,000
Aggregate amount payable by the Group for transactions contemplated under the Master Purchase Agreement	HK$63,000,000	**HK$66,000,000**	HK$68,000,000
Aggregate amount payable by the Group to COSCO SHIPPING Group for transactions contemplated under the Management Services Master Agreement and the Supplemental Management Services Master Agreement	HK$14,000,000	**HK$31,000,000**	HK$32,000,000
Aggregate amount payable by the Group to COSCO SHIPPING Group (being the annual aggregate maximum amount of rent and other fees and charges payable by the Group to COSCO SHIPPING Group) for transactions contemplated under the Master Tenancy Agreement and the Supplemental Master Tenancy Agreement	HK$36,000,000	**HK$42,000,000**	HK$46,000,000

* As the loan transactions under the Financial Services Master Agreement would be conducted on normal commercial terms or terms better to the Group and they would not be secured by the assets of the Group, pursuant to Rule 14A.90 of the Listing Rules, the loan transactions contemplated under the Financial Services Master Agreement are fully exempt from shareholders' approval and annual review requirements.

The amount of the Supply Continuing Connected Transactions, the Financial Services Continuing Connected Transactions, the Purchase Continuing Connected Transactions, the Management Services Continuing Connected Transactions and the Tenancy Continuing Connected Transactions (collectively called the "Continuing Connected Transactions with COSCO SHIPPING Group") for the financial year ended 31 December 2024 were as follows:

Aggregate amount receivable by the Group for transactions contemplated under the Master Supply Agreement	HK$2,119,739,711
Amount of daily cash balance(s) of all cash deposits accounts of the member(s) of the Group maintained with COSCO SHIPPING Finance (together with interests accrued thereon) and all fees (including service fees and handling charges for the settlement services, remittance services, entrusted loan services and acceptance bill issuance services, foreign exchange services, and other services which may be provided by COSCO SHIPPING Finance as approved by China Banking and Insurance Regulatory Commission) payable by the Group to COSCO SHIPPING Finance for transactions (except transactions in connection with the provision of loan services) contemplated under the Financial Services Master Agreement	Not exceeded RMB721,000,000 with highest daily balance of RMB709,677,441
Amount of daily outstanding balance(s) of all loan accounts of the member(s) of the Group maintained with COSCO SHIPPING Finance (together with interests accrued thereon) and all service fees and handling charges for the loan services payable by the Group to COSCO SHIPPING Finance for loan transactions contemplated under the Financial Services Master Agreement*	Not exceeded RMB150,000,000 with highest daily balance of nil
Aggregate amount payable by the Group for transactions contemplated under the Master Purchase Agreement	HK$33,417,794
Aggregate amount payable by the Group to COSCO SHIPPING Group for transactions contemplated under the Management Services Master Agreement and Supplemental Management Services Master Agreement	HK$19,765,824
Aggregate amount payable by the Group to COSCO SHIPPING Group (being the annual aggregate maximum amount of rent and other fees and charges payable by the Group to COSCO SHIPPING Group) for transactions contemplated under the Master Tenancy Agreement and Supplemental Master Tenancy Agreement	HK$32,793,876

* As the loan transactions under the Financial Services Master Agreement were conducted on normal commercial terms or terms better to the Group and they would not be secured by the assets of the Group, pursuant to Rule 14A.90 of the Listing Rules, the loan transactions contemplated under the Financial Services Master Agreement were fully exempt from shareholders' approval and annual review requirements.

2. On 30 December 2022, a COSCO SHIPPING HK management services master agreement was entered into by the Company, COSCO SHIPPING (Hong Kong) and COSCO SHIPPING (the "COSCO SHIPPING HK Management Services Master Agreement") in relation to the provision of management services by the Company regarding the day-to-day business operations and management of COSCO SHIPPING (Hong Kong) and its subsidiaries and its associates (other than those relating to the Group and Piraeus Port Authority S.A.) ("COSCO SHIPPING (Hong Kong) Group") (collectively the "COSCO SHIPPING HK Management Services Continuing Connected Transactions") for the three financial years ending 31 December 2025. The management fee to be received by the Company shall be negotiated at arm's length

by the Company and the relevant member of COSCO SHIPPING (Hong Kong) Group and at a price determined upon the basis of the principle of "cost-plus" which is based on the costs arising recurrently in the course of entrustment (including the costs of human resources, expertise and resources) plus a mark-up rate as agreed after arm's length negotiations between the Company and the relevant members of COSCO SHIPPING (Hong Kong) Group. The costs of provision of management services will depend on the resources required to be devoted by the Company, including business management and human resources (including but not limited to human resources with the expertise and experience in the businesses conducted by the Company from time to time and human resource management), technical support and other administrative and related supporting administrative services. The apportionment of such costs between the COSCO SHIPPING (Hong Kong) Group and the Company will depend on the division(s) of the Company incurring the costs. In practice, the costs will in general be apportioned in the following manner: (a) if a certain division provides services exclusively for a member of the COSCO SHIPPING (Hong Kong) Group, all costs incurred by that division will be apportioned to that member; (b) if, based on the main responsibilities of the division and the nature of the services provided, the COSCO SHIPPING (Hong Kong) Group and the Company expect that the workload of a division will be attributable to the COSCO SHIPPING (Hong Kong) Group and the Company in a certain proportion such that they agree to apportion the costs incurred by that division between the COSCO SHIPPING (Hong Kong) Group and the Company according to such proportion, then the costs incurred by that division will be apportioned accordingly; and (c) in any other case, the costs incurred by a division will be apportioned between the COSCO SHIPPING (Hong Kong) Group and the Company according to the proportion of the respective average consolidated revenues of the COSCO SHIPPING (Hong Kong) Group and the Group (each deducting the revenue generated from the transactions between the COSCO SHIPPING (Hong Kong) Group and the Group) in the most recent five consecutive financial years before the signing of the COSCO SHIPPING HK Management Services Master Agreement in the average total consolidated revenue of COSCO SHIPPING (Hong Kong) in the same period. Based on factors such as the inflation rate most recently published by the National Bureau of Statistics of China and the changes in the remuneration level of the Company's employees and other management costs, the Company is entitled to make corresponding adjustments to the management fees regularly, such adjustments to be determined through negotiation between the COSCO SHIPPING (Hong Kong) Group and the Company. In determining the mark-up rate, the Company will, upon research, take into account the market's affordability and/or the rates generally accepted by tax authorities and/or transfer pricing rules and the scopes, types and scales of the services. The mark-up rate shall be determined after arm's length negotiation between the Company and the relevant members of the COSCO SHIPPING (Hong Kong) Group based on normal commercial terms and the rates generally accepted by tax authorities and/or transfer pricing rules. The Company will compare, among other things, the terms of the provision of similar services in the same or nearby areas by independent third parties in the ordinary course of business to ensure that the fees which the Company charges the COSCO SHIPPING (Hong Kong) Group will be calculated in accordance with the actual market circumstances (such as through conducting transfer pricing comparability analysis to calculate the arm's length range of mark-up rates using the mark-up rates adopted by independent third parties, so as to ensure that the mark-up rate adopted will be within such range). The aggregate amount of COSCO SHIPPING HK Management Services Continuing Connected Transactions for each of the financial years ending 31 December 2023, 2024 and 2025 would not exceed HK$130,000,000, HK$140,000,000 and HK$150,000,000 respectively (the "COSCO SHIPPING HK Management Services Caps"). The COSCO SHIPPING HK Management Services Master Agreement and the COSCO SHIPPING HK Management Services Caps were exempt from shareholders' approval requirement under Chapter 14A of the Listing Rules, details of which were disclosed in the announcement of the Company dated 30 December 2022.

The amount of the COSCO SHIPPING HK Management Services Continuing Connected Transactions for the financial year ended 31 December 2024 was HK$94,570,241.

The price and the terms of the Continuing Connected Transactions with COSCO SHIPPING Group have been determined in accordance with the pricing policies disclosed in the announcements of the Company dated 18 October 2022, 8 November 2022 and 12 September 2024 and the circular of the Company dated 14 November 2022. The price and the terms of the COSCO SHIPPING HK Management Services Continuing Connected Transactions have been determined in accordance with the pricing policies disclosed in the announcement of the Company dated 30 December 2022. As set out in notes 33(a)(i), 33(a)(ii), 33(a)(iii), 33(a)(iv), 33(a)(v), 33(a)(vi), 33(a)(vii), 33(a)(viii), 33(b)(i), 33(b)(ii), 33(b)(iii), 33(b)(iv), 33(b)(v) and 33(b)(vii) to the financial statements, certain related party transactions of the Group also constituted continuing connected transactions of the Group as disclosed above.

The Independent Non-executive Directors had reviewed (1) the Supply Continuing Connected Transactions; (2) the Financial Services Continuing Connected Transactions; (3) the Purchase Continuing Connected Transactions; (4) the Management Services Continuing Connected Transactions; (5) the Tenancy Continuing Connected Transactions; and (6) the COSCO SHIPPING HK Management Services Continuing Connected Transactions (collectively the "Group's Continuing Connected Transactions") and were of the opinion that the Group's Continuing Connected Transactions for the financial year ended 31 December 2024 had been entered into:

(i) in the ordinary and usual course of business of the Group;
(ii) on normal commercial terms or better; and
(iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For the purposes of Rule 14A.56 of the Listing Rules in relation to the Group's Continuing Connected Transactions, the Board engaged the auditor of the Company to report on the Group's Continuing Connected Transactions for the year ended 31 December 2024 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued an unqualified letter containing the findings and conclusions in respect of the Group's Continuing Connected Transactions for the year ended 31 December 2024 in accordance with Rule 14A.56 of the Listing Rules. A copy of aforesaid auditor's letter has been provided by the Company to the Stock Exchange.

B. Connected Transactions

1. Acquisition of Entire Issued Share Capital of Helen Insurance Brokers Limited

On 10 November 2023, the Company entered into a share transfer agreement with COSCO SHIPPING Development (Hong Kong) Co., Limited ("COSCO SHIPPING Development HK") (the "Share Transfer Agreement"), pursuant to which the Company agreed to purchase and COSCO SHIPPING Development HK agreed to sell the entire issued share capital of Helen Insurance Brokers Limited ("Helen Insurance Brokers") at a consideration of HK$270,980,600 (the "Acquisition"). As COSCO SHIPPING, the ultimate holding company of the Company together with its associates were interested in approximately 45.85% equity interest in 中遠海運發展股份有限公司 (COSCO SHIPPING Development Co., Ltd.*) ("COSCO SHIPPING Development"), both COSCO SHIPPING Development and COSCO SHIPPING Development HK (a direct wholly-owned subsidiary of COSCO SHIPPING Development) were therefore associates of COSCO SHIPPING and also connected persons of the Company as defined in the Listing Rules. Accordingly, the Acquisition also constituted a connected transaction of the Company and was subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Acquisition was approved by the independent shareholders at the special general meeting of the Company held on 28 December 2023, details of which were disclosed in the announcement of the Company dated 10 November 2023 and the circular of the Company dated 6 December 2023. The Acquisition was completed in January 2024. Upon completion, Helen Insurance Brokers has become a direct wholly-owned subsidiary of the Company.

* *for identification purposes only*

2. Acquisition of 49% Equity Interests in Yuan Hua Technical & Supply Corporation

On 30 December 2024, Yuantong Marine Service Co. Limited ("Yuantong"), a wholly-owned subsidiary of the Company, held 51% equity interests in Yuan Hua Technical & Supply Corporation ("Yuan Hua") entered into a share purchase agreement with COSCO SHIPPING (North America) Inc. ("COSCO SHIPPING (North America"), pursuant to which Yuantong agreed to acquire the remaining 49% equity interests in Yuan Hua from COSCO SHIPPING (North America) at the consideration of US$292,524 (the "49% Acquisition"). As COSCO SHIPPING (North America) is a wholly-owned subsidiary of COSCO SHIPPING, the ultimate holding company of the Company, COSCO SHIPPING (North America) is therefore an associate of COSCO SHIPPING and also a connected person of the Company as defined in the Listing Rules. Accordingly, the 49% Acquisition also constituted a connected transaction of the Company, details of which were disclosed in the announcement dated 30 December 2024. The 49% Acquisition was completed on 31 December 2024. Upon completion, Yuan Hua has become a wholly-owned subsidiary of the Company.

RELATED PARTY TRANSACTIONS

Material related party transactions of the Group are set out in note 33 to the financial statements. In relation to those related party transactions that also constituted connected transactions or continuing connected transactions of the Group as defined in the Listing Rules, the relevant disclosure requirements in accordance with Chapter 14A of the Listing Rules had been complied with.

SHARE OPTION INCENTIVE SCHEME

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

On 28 April 2020, the Board was of the view that all the conditions of the grant of options had been fulfilled, and determined to grant an aggregate of 23,830,000 share options to 71 eligible participants, and had handled all necessary issues regarding the grant of share options.

Subsequent to the abovementioned grant of share options, the Company had granted an aggregate of 2,460,000 share options to 8 eligible participants on 6 October 2020 and an aggregate of 1,370,000 share options to 5 eligible participants on 7 April 2021, and had handled all necessary issues regarding the grant of share options.

For details of the Share Option Scheme and each grant, please refer to the circular of the Company dated 24 March 2020 and announcements of the Company dated 28 April 2020, 6 October 2020 and 7 April 2021 respectively.

Summary of the Share Option Incentive Scheme disclosed in accordance with the Listing Rules is as follows:

1. Purposes of the Share Option Incentive Scheme

The purposes of the Share Option Incentive Scheme are, among other things,

(a) to further refine the Company's corporate governance structure, unify the interest-balancing mechanism among the Shareholders, decision-makers and executives of the Company and closely bind the remuneration income of senior management personnel and key personnel of the Company with the performance of Shareholders' value so as to make the behaviour of the Participants consistent with the strategic objectives of the Company, maximise Shareholders' value and preserve and increase the value of state-owned assets;

(b) to establish and improve the long-term incentive and control system of the Company and, through linking the Company's long-term performance, strengthen the sense of mission and responsibility of the senior management and key personnel in achieving the sustainable and healthy development of the Company, and focus on and carry forward the Company's mid-to-long term strategic orientation to promote the implementation of the long-term development strategies of the Company; and

(c) to further strengthen cohesion of the Company, enhance the Company's competitive position in the labour market, and attract, retain and incentivise senior management and key personnel of the Company required for achieving the strategic targets of the Company, promote the realisation of the long-term strategic targets of the Company and serve as a driving force for the Company's long-term development.

2. Participants of the Share Option Incentive Scheme

(a) the senior management who plays a leading role in the mid-to-long term performance development of the Company;

(b) the middle management who plays an important role in improving the specific business development and internal management efficiency of the Company; and

(c) core management and key personnel in business operations who have direct impact on the operating performance and sustainable development of the Company.

3. Total number of Shares available for issue under the Share Option Incentive Scheme

The total number of ordinary shares of the Company (the "Shares") which may be issued upon exercise of all share options to be granted under the Share Option Incentive Scheme approved on 9 April 2020 is 30,660,000, being approximately 2% of the issued share of the Company as at the said date.

As at the date of the Report, a total of 8,278,490 Shares representing approximately 0.56% of the issued share of the Company may be issued upon exercise of all share options which had been granted and yet to be exercised under the Share Option Incentive Scheme.

As at the date of the Report, no further share option could be granted under the Share Option Incentive Scheme.

4. Maximum entitlement of each participant under the Share Option Incentive Scheme

The total number of Shares issued and which may fall to be issued upon exercise of the share options under the Share Option Incentive Scheme and other share option incentive schemes of the Company (including both exercised and outstanding options) to each Participant shall not exceed 1% of the Shares in issue. The number of Share Options to be granted to each Participant shall be determined on the basis that the estimated value of the Share Options granted will not exceed 40% of his/her total annual emoluments when the Share Options are granted (inclusive of the estimated value of the Share Options granted).

The number of Share Options to be granted to each Participant may be adjusted according to the need for corporate management and the performance appraisal result of such Participant. The number of Share Options to be granted to each Participant and their exercise price are subject further to any adjustments so as to comply with the relevant regulations and rules then in force.

5. Period within which option may be exercised by the grantee under the Share Option Incentive Scheme

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

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

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

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

6. Vesting period of options granted under the Share Option Incentive Scheme

The vesting period of the share option under the Share Option Incentive Scheme shall be regarded as the period during which the share options are exercisable subsequent to the date of grant, details of which were disclosed in item 5 above.

7. Amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

The share option shall be deemed to have been accepted when the duplicate letter duly signed by the grantee. To the extent that the offer is not accepted within specific period of time in the manner aforesaid, it will be deemed to have been irrevocably declined.

8. Basis of determining the exercise price of options granted

The exercise price is determined based on the principle of fair market value. The exercise price shall be the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (c) the nominal value of Share.

9. Remaining life of the Share Option Incentive Scheme

The Share Option Incentive Scheme shall be valid and effective for a period of 10 years from the date it becomes effective. The period within which the underlying Shares must be taken up under the Share Options is 6 years from the relevant date of grant.

Share Options

Details of the movements of the share options granted under the Share Option Incentive Scheme during the year are set out below:

Category	Exercise Price (HK$)	Outstanding as at 1 January 2024	Granted during the Year	Category changed during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year	Date of grant	Outstanding as at 31 December 2024	Approximate percentage of total number of issued Shares as at 31 December 2024	Exercise period	Notes
Ex-Director												
Ms. Meng Xin*	2.26	156,510	–	–	–	(156,510)	–	28/4/2020	–	–	28/04/2023–27/04/2024	1, 4, 5,10
	2.26	156,980	–	–	–	–	–	28/4/2020	156,980	0.01%	28/04/2024–27/04/2026	1, 4, 5
		313,490	–	–	–	(156,510)	–		156,980			
Continuous contract employees and others	2.26	6,486,840	–	–	–	(6,486,840)	–	28/4/2020	–	–	28/04/2023–27/04/2024	1, 4, 5,10
	2.26	6,506,320	–	–	–	–	–	28/4/2020	6,506,320	0.44%	28/04/2024–27/04/2026	1, 4, 5
	2.184	699,300	–	–	–	(699,300)	–	6/10/2020	–	–	06/10/2023–05/10/2024	2, 4, 5, 10
	2.184	701,400	–	–	–	–	–	6/10/2020	701,400	0.047%	06/10/2024–05/10/2026	2, 4, 5
	2.72	456,210	–	–	–	(456,210)	–	7/4/2021	–	–	07/04/2023–06/04/2024	3, 4, 5, 10
	2.72	456,210	–	–	–	–	–	7/4/2021	456,210	0.03%	07/04/2024–06/04/2025	3, 4, 5
	2.72	457,580	–	–	–	–	–	7/4/2021	457,580	0.03%	07/04/2025–06/04/2027	3, 4, 5
		16,077,350	–	–	–	(7,798,860)	–		8,278,490			

* Ms. Meng Xin resigned as Executive Director on 24 January 2025

Notes:

1 The share options were granted on 28 April 2020 under the Share Option Incentive Scheme at an exercise price of HK$2.26 per Share. Subject to the fulfilment of the relevant vesting conditions, share option will be vested in batches after the expiry of the respective restriction period, i.e. (a) 33.3% of the share options be vested on 28 April 2022; (b) 33.3% of the share options be vested on 28 April 2023; (c) 33.4% of the share options be vested on 28 April 2024.

2 The share options were granted on 6 October 2020 under the Share Option Incentive Scheme at an exercise price of HK$2.184 per Share. Subject to the fulfilment of the relevant vesting conditions, share option will be vested in batches after the expiry of the respective restriction period, i.e. (a) 33.3% of the share options be vested on 6 October 2022; (b) 33.3% of the share options be vested on 6 October 2023; (c) 33.4% of the share options be vested on 6 October 2024.

3 The share options were granted on 7 April 2021 under the Share Option Incentive Scheme at an exercise price of HK$2.72 per Share. Subject to the fulfilment of the relevant vesting conditions, share option will be vested in batches after the expiry of the respective restriction period, i.e. (a) 33.3% of the share options be vested on 7 April 2023; (b) 33.3% of the share options be vested on 7 April 2024; (c) 33.4% of the share options be vested on 7 April 2025.

4 Pursuant to the Share Option Incentive Scheme, these share options are exercisable subject to the fulfilment of the relevant conditions in batches and each batch of such share options is exercisable within the periods stated as follows: (a) 33.3% of the share options will be exercisable commencing on the first trading day after the expiration of the 24-month period (the second anniversary) from the respective dates of grant and ending on the last trading day of the 36-month period from the respective dates of grant; (b) 33.3% of share options will be exercisable commencing on the first trading day after the expiration of the 36-month period (the third anniversary) from the respective dates of grant and ending on the last trading day of the 48-month period from the respective dates of grant; and (c) 33.4% of the share options will be exercisable commencing on the first trading day after the expiration of the 48-month period (the fourth anniversary) from the respective dates of grant and ending on the last trading day of the 72-month period from the respective dates of grant.

5 These share options represent personal interests held by the participant(s) as beneficial owner(s).

6 During the year ended 31 December 2024, no share options were exercised under the Share Option Incentive Scheme.

7 Save as disclosed above, no share options were lapsed or cancelled under the Share Option Incentive Scheme during the year ended 31 December 2024.

8 The fair values of the share options granted are estimated based on the Binomial Option Pricing Model, and such fair values and significant inputs into the model are as follows:

	Fair value of share options (HK$)	**Share price at date of grant (HK$)**	**Exercise price (HK$)**	**Standard deviation of expected share price return**	**Expected life of share options**	**Expected dividend payout ratio**	**Risk-free interest rate**
Share options granted on 28 April 2020	4,372,286	2.26	2.26	21.0%–23.2%	3–6 years	5.5%	0.38–0.41%
Share options granted on 6 October 2020	472,891	2.18	2.184	22.3%–24.2%	3–6 years	5.5%	0.19–0.28%
Share options granted on 7 April 2021	298,722	2.72	2.72	22.5%–24.6%	3–6 years	6.65%	0.34–0.89%

The volatility measured at the standard deviation of expected share price return is based on the historical share price movement of the Company prior to the relevant date of grant. Changes in the subjective input assumptions could materially affect the fair value estimation. The Group recognises the fair value of share options as expenses in the consolidated income statement over the vesting period. The fair value of the share options is measured at the date of grant.

9 The closing prices of the Share immediately before the dates on which the share options were granted on 28 April 2020, 6 October 2020 and 7 April 2021 were HK$2.26, HK$2.18 and HK$2.69 respectively.

10 The abovementioned lapsed share options were resulted from the expiry of exercise period.

11 Throughout the year ended 31 December 2024 (including the beginning and the end of the year), there were no further share options available for grant under the Share Option Scheme.

12 At the beginning of the Reporting Period, the total number of shares which may be issued under the Share Option Scheme was 16,077,350 Shares, representing approximately 1.01% of the weighted average number of the Shares in issue during the Reporting Period. Among them, 7,798,860 share options were lapsed due to the expiry of exercise period during the Reporting Period and 8,278,490 share options were not exercised at the end of the Reporting Period representing 0.53% and 0.56% of the weighted average number of the Shares in issue during the Reporting Period, respectively.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2024, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

1. Long positions in the underlying shares of equity derivative of the Company

Details are set out in the sub-section headed "Share Options" of "Share Option Incentive Scheme" above.

2. Long positions in the shares of associated corporations

Name of Director	Name of associated corporation	Capacity	Nature of interest	Total number of ordinary shares of associated corporation held	Approximate percentage of the relevant class of total issued shares of associated corporation
Mr. Kwong Che Keung, Gordon	COSCO SHIPPING Ports Limited	Beneficial Owner	Personal	250,000	0.0075%

Save as disclosed above and in the sub-section headed "Share Options" of "Share Option Incentive Scheme", none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange as at 31 December 2024.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, the following persons and entities, other than Directors or chief executives of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Name of Shareholder	Capacity	Nature of interest	Total number of ordinary shares of the Company held	Approximate percentage of total issued shares number of the Company
COSCO SHIPPING	Interest of controlled corporation	Corporate interest	1,051,183,486	71.70%
中國海運集團有限公司 (China Shipping Group Company Limited*) ("China Shipping")	Interest of controlled corporation	Corporate interest	1,051,183,486	71.70%
COSCO SHIPPING (Hong Kong)	Beneficial owner	Beneficial interest	1,051,183,486	71.70%

Note: COSCO SHIPPING (Hong Kong) has beneficial interest in 1,051,183,486 shares of the Company. Since COSCO SHIPPING (Hong Kong) is a wholly-owned subsidiary of China Shipping which is in turn a wholly-owned subsidiary of COSCO SHIPPING, the interests of COSCO SHIPPING (Hong Kong) are deemed to be the interests of China Shipping and in turn the interests of China Shipping are deemed to be the interests of COSCO SHIPPING under the SFO.

* *for identification purposes only*

Save as disclosed above, as at 31 December 2024, the Company has not been notified by any person or entity who had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

PUBLIC FLOAT

As at the date of the Report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in Bermuda being the jurisdiction in which the Company is incorporated.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

INDEPENDENT AUDITOR

The financial statements for the year have been audited by PricewaterhouseCoopers. The Company did not change its auditor in the preceding three years.

On 26 March 2025, the Board announced that PricewaterhouseCoopers would retire and would not offer themselves for re-appointment upon expiration of its current term of office at the conclusion of the forthcoming AGM.

With the recommendation of the audit committee of the Company (the "Audit Committee"), the Board resolved to propose at the AGM a resolution to appoint SHINEWING (HK) CPA Limited as the new auditor of the Company. Such proposed appointment is subject to the approval of the Shareholders at the AGM. Details were disclosed in the announcement of the Company dated 26 March 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

CORPORATE GOVERNANCE

Maintaining high standards of corporate governance has always been one of the Company's priorities. This is achieved through an effective, timely disclosure of information by the Board and a proactive investor relations programme. The Company will continue to implement measures in order to further strengthen its corporate governance and overall risk management. The Board believed that the Company has complied with the code provisions of the Corporate Governance Code ("CG Code") set out in Appendix C1 to the Listing Rules during the year ended 31 December 2024, except that (A) Mr. Zhu Changyu, the Chairman and Mr. Chen Dong, the then Non-executive Director were unable to attend the annual general meeting of the Company held on 31 May 2024 (the "2024 AGM") due to other business engagement, which deviated from the code provisions F.2.2 and C.1.6 of the CG Code respectively and (B) the roles of Chairman and Managing Director are currently performed by the same individual, Mr. Zhu Changyu, which deviated from the code provision C.2.1 of the CG Code. Regarding the deviation from code provisions F.2.2 and C.1.6 of the CG Code, despite the absence of the Mr. Zhu Changyu and Mr. Chen Dong at the 2024 AGM, Ms. Meng Xin, the then Executive Director and the chairmen of the other relevant committees attended the 2024 AGM. Those Board members presented at the 2024 AGM were available to answer questions from the Shareholders to ensure an effective communication with the Shareholders. Regarding the deviation from code provision C.2.1 of the CG Code, although the roles of the Chairman and the Managing Director of the Company are performed by the same individual, the Board believes that the roles of Chairman of the Board and the Managing Director being performed by the same individual will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) all the Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among others, that he/she acts for the benefit and in the best interests of the Company; (ii) the balance of power and authority is ensured by the operations of the Board; and (iii) the overall strategy and other key business, financial and operational policies of the Company are made collectively after thorough discussion at both the Board and senior management of the Company. Save as mentioned above, there is no other matter deviated from the CG Code. The Company aims to continually review and enhance its corporate governance practices in light of best practices.

The Audit Committee is comprised of three Independent Non-executive Directors and the chairman of which is a certified public accountant. The main duties of the Audit Committee include reviewing the accounting policies and the Company's financial reporting; monitoring the performance of both the internal and external auditors; reviewing and examining the effectiveness of the financial reporting, the risk management and internal control systems; ensuring compliance with applicable statutory accounting and reporting requirements. The Audit Committee has discussed the internal controls and financial reporting matters with management of the Company and reviewed the results announcement and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

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

The Company has adopted a code of conduct regarding securities transactions of Directors and employees (the "Securities Code") no less exacting than the required standard set out in the Model Code. In order to ensure the Directors' dealings in the securities of the Company are conducted in accordance with the Model Code and the Securities Code, a committee was set up to deal with such transactions. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code and the Securities Code during the year ended 31 December 2024, all Directors confirmed that they had complied with the required standards set out in the Model Code and the Securities Code during the year.

All references above to other sections, reports or notes to the financial statements in this annual report form part of the Report.

On behalf of the Board

Zhu Changyu
Chairman and Managing Director

26 March 2025

pwc

羅兵咸永道

To the Shareholders of COSCO SHIPPING International (Hong Kong) Co., Ltd.
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of COSCO SHIPPING International (Hong Kong) Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 150 to 225, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independence

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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

The key audit matter identified in our audit is related to impairment assessment of trade receivables.

Key Audit Matter	**How our audit addressed the Key Audit Matter**
Impairment assessment of trade receivables *Refer to notes 2(j), 4(a) and 16 to the consolidated financial statements.*	
At 31 December 2024, the Group had gross trade receivables of HK\$549.1 million (2023: HK\$606.0 million), against which a provision for impairment of HK\$25.1 million (2023: HK\$54.3 million) was made. Provision for impairment of trade receivables reflects management's best estimate to determine the expected credit losses. Trade receivables have been grouped based on shared credit risk characteristics and ageing profile. The expected loss rates are based on the historical credit losses experienced in the past. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. This is a Key Audit Matter because of the magnitude of the trade receivables balance and the significant judgement applied in assessing the allowance for expected credit losses.	Our audit procedures in relation to the impairment assessment of trade receivables included: • Understood, evaluated and tested management's internal controls over credit control process and its basis and methodology of estimation of the amount of impairment provision required for trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • Assessed the appropriateness of the expected credit loss provisioning methodology; • Tested, on a sample basis, the key data inputs including the ageing schedule of trade receivables; • Challenged the assumptions, including both historical and forward-looking information, used to determine the expected credit losses with the involvement of our in-house valuation experts; • Tested, on a sample basis, the post-year end settlements of trade receivables by agreeing the receivables to the bank receipts as applicable; and • Assessed the adequacy of the disclosures related to the impairment assessment of trade receivables in the context of HKFRS disclosure requirements. Based on the procedures performed above, we considered that management's impairment assessment of trade receivables is supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of 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.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE 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 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible 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. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, 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 HKSAs 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 HKSAs, we exercise professional judgment 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.

- Conclude on the appropriateness of the 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Pong Fei Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2025

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Intangible assets	6	**359,764**	106,843
Property, plant and equipment	7	**195,902**	208,363
Right-of-use assets	8	**42,257**	48,155
Investment properties	9	**136,367**	145,933
Investments in joint ventures	10	**759,695**	668,448
Investments in associates	11	**166,139**	159,961
Financial assets at fair value through other comprehensive income	13	**84,772**	64,949
Deferred income tax assets	14	**25,131**	33,100
		1,770,027	1,435,752
Current assets			
Inventories	15	**401,734**	298,333
Trade and other receivables	16	**1,213,271**	1,205,971
Current income tax recoverable		**5,061**	3,797
Restricted bank deposits	17	**5,399**	5,517
Current deposits and cash and cash equivalents	17	**5,938,078**	6,255,859
		7,563,543	7,769,477
Total assets		**9,333,570**	9,205,229
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	18	**146,597**	146,597
Reserves	19	**7,725,989**	7,692,858
		7,872,586	7,839,455
Non-controlling interests		**336,753**	347,944
Total equity		**8,209,339**	8,187,399
LIABILITIES			
Non-current liabilities			
Lease liabilities	8	**11,808**	15,197
Deferred income tax liabilities	14	**77,334**	64,035
		89,142	79,232
Current liabilities			
Trade and other payables	20	**807,372**	705,489
Contract liabilities	20	**203,303**	212,739
Current income tax liabilities		**20,619**	17,956
Lease liabilities	8	**3,795**	2,414
		1,035,089	938,598
Total liabilities		**1,124,231**	1,017,830
Total equity and liabilities		**9,333,570**	9,205,229

Zhu Changyu
Director

Wang Yong
Director

The notes on pages 156 to 225 form an integral part of these audited consolidated financial statements.

Consolidated Income Statement

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Revenue	5	**3,627,126**	3,341,729
Cost of sales		**(2,781,557)**	(2,678,095)
Gross profit		**845,569**	663,634
Management fee income	33(a)	**94,570**	82,954
Other income and (losses) — net	21	**(14,943)**	(6,346)
Selling, administrative and general expenses	22	**(732,862)**	(594,371)
Operating profit		**192,334**	145,871
Finance income	25	**273,980**	266,716
Finance costs	25	**(2,213)**	(1,832)
Finance income — net	25	**271,767**	264,884
Share of profits of joint ventures	10	**303,111**	237,582
Share of profits of associates	11	**16,670**	14,426
Profit before income tax		**783,882**	662,763
Income tax expenses	26	**(67,605)**	(54,157)
Profit for the year		**716,277**	608,606
Profit attributable to:			
Equity holders of the Company		**709,211**	593,673
Non-controlling interests		**7,066**	14,933
		716,277	608,606
Earnings per share attributable to equity holders of the Company			
— basic and diluted, HK cents	27	**48.38**	40.33

The notes on pages 156 to 225 form an integral part of these audited consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Profit for the year	**716,277**	608,606
Other comprehensive (losses)/income		
Items that may be reclassified subsequently to profit or loss:		
Share of currency translation differences of joint ventures	**(11,519)**	(9,916)
Share of statutory reserves of subsidiaries, a joint venture and an associate, net of tax	**4,751**	397
Currency translation differences	**(50,142)**	(23,496)
Items that will not be reclassified to profit or loss:		
Fair value gains on financial assets at fair value through other comprehensive income, net	**19,823**	11,100
Other comprehensive losses for the year	**(37,087)**	(21,915)
Total comprehensive income for the year	**679,190**	586,691
Total comprehensive income attributable to:		
Equity holders of the Company	**678,158**	577,118
Non-controlling interests	**1,032**	9,573
	679,190	586,691

The notes on pages 156 to 225 form an integral part of these audited consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Note	Attributable to equity holders of the Company				Non-controlling interests	Total equity
		Share capital	Other reserves	Retained profits	Total		
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2024		146,597	578,451	7,114,407	7,839,455	347,944	8,187,399
Profit for the year		—	—	709,211	709,211	7,066	716,277
Other comprehensive (losses)/income							
Share of currency translation differences of joint ventures	19	—	(11,519)	—	(11,519)	—	(11,519)
Share of statutory reserves, net of tax, of:							
— subsidiaries	19	—	2,335	—	2,335	—	2,335
— a joint venture	19	—	618	—	618	—	618
— an associate	19	—	461	—	461	—	461
— non-controlling interests		—	—	—	—	1,337	1,337
Currency differences on translation of:							
— subsidiaries	19	—	(36,342)	—	(36,342)	—	(36,342)
— joint ventures	19	—	(2,839)	—	(2,839)	—	(2,839)
— associates	19	—	(3,590)	—	(3,590)	—	(3,590)
— non-controlling interests		—	—	—	—	(7,371)	(7,371)
Fair value gains on financial assets at fair value through other comprehensive income, net	19	—	19,823	—	19,823	—	19,823
Total comprehensive (losses)/income for the year ended 31 December 2024		—	(31,053)	709,211	678,158	1,032	679,190
Transactions with owners							
Transfer between reserves	19	—	9,294	(9,294)	—	—	—
Acquisition of non-controlling interests of a subsidiary		—	—	—	—	(2,277)	(2,277)
Dividends paid	19	—	—	(645,027)	(645,027)	(9,946)	(654,973)
Total transactions with owners		—	9,294	(654,321)	(645,027)	(12,223)	(657,250)
Balance at 31 December 2024		146,597	556,692	7,169,297	7,872,586	336,753	8,209,339

The notes on pages 156 to 225 form an integral part of these audited consolidated financial statements.

		Attributable to equity holders of the Company				Non-controlling interests	Total equity
	Note	Share capital HK$'000	Other reserves HK$'000	Retained profits HK$'000	Total HK$'000	HK$'000	HK$'000
Balance at 1 January 2023		148,169	608,858	7,045,560	7,802,587	318,993	8,121,580
Profit for the year		—	—	593,673	593,673	14,933	608,606
Other comprehensive (losses)/income							
Share of currency translation differences of joint ventures	19	—	(9,916)	—	(9,916)	—	(9,916)
Share of statutory reserves of an associate, net of tax	19	—	397	—	397	—	397
Currency differences on translation of:							
— subsidiaries	19	—	(14,083)	—	(14,083)	—	(14,083)
— joint ventures	19	—	(1,795)	—	(1,795)	—	(1,795)
— associates	19	—	(2,258)	—	(2,258)	—	(2,258)
— non-controlling interests		—	—	—	—	(5,360)	(5,360)
Fair value gains on financial assets at fair value through other comprehensive income, net	19	—	11,100	—	11,100	—	11,100
Total comprehensive (losses)/income for the year ended 31 December 2023		—	(16,555)	593,673	577,118	9,573	586,691
Transactions with owners							
Transfer between reserves	19	—	25,809	(25,809)	—	—	—
Capital contribution from non-controlling interests of a subsidiary		—	—	—	—	27,776	27,776
Dividends paid	19	—	—	(499,017)	(499,017)	(8,398)	(507,415)
Repurchases and cancellation of shares	19	(1,572)	(39,661)	—	(41,233)	—	(41,233)
Total transactions with owners		(1,572)	(13,852)	(524,826)	(540,250)	19,378	(520,872)
Balance at 31 December 2023		146,597	578,451	7,114,407	7,839,455	347,944	8,187,399

The notes on pages 156 to 225 form an integral part of these audited consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Cash generated from operations	29(a)	**139,696**	575,950
Income tax paid		**(71,891)**	(52,833)
Net cash from operating activities		**67,805**	523,117
Cash flows from investing activities			
Decrease in cash deposits with maturity over three months		**2,777,887**	605,672
Interest received		**292,592**	248,626
Dividends received from financial assets at fair value through other comprehensive income		**7,272**	2,541
Dividends received from joint ventures		**196,567**	85,319
Dividends received from associates		**11,217**	7,320
Net proceeds from disposal of property, plant and equipment		**3,295**	2
Purchases of intangible assets	6	**(4,335)**	(166)
Purchases of property, plant and equipment	7	**(12,281)**	(7,584)
Net cash used in acquisition of a subsidiary	32	**(162,442)**	—
Net cash used in formation of an associate	11	**(3,854)**	—
Net cash used in acquisition of non-controlling interests of a subsidiary		**(2,277)**	—
Net cash from investing activities		**3,103,641**	941,730
Cash flows from financing activities			
Capital contribution from non-controlling interests of a subsidiary		**—**	27,776
Payments for repurchases of shares		**—**	(41,233)
Principal elements of lease payments		**(4,719)**	(12,907)
Finance costs paid		**(1,488)**	(1,359)
Dividends paid to the Company's equity holders	34(a)	**(645,027)**	(499,017)
Dividends paid to non-controlling interests		**(9,946)**	(8,398)
Net cash used in financing activities		**(661,180)**	(535,138)
Net increase in cash and cash equivalents		**2,510,266**	929,709
Cash and cash equivalents at the beginning of the year		**1,938,284**	1,016,836
Exchange losses on cash and cash equivalents		**(34,996)**	(8,261)
Cash and cash equivalents at the end of the year	17(g)	**4,413,554**	1,938,284

The notes on pages 156 to 225 form an integral part of these audited consolidated financial statements.

Notes to the Financial Statements

1 GENERAL INFORMATION

COSCO SHIPPING International (Hong Kong) Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") are principally engaged in the provision of shipping services and general trading.

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

The ultimate holding company of the Company is China COSCO Shipping Corporation Limited ("COSCO SHIPPING"), a state-owned enterprise established in the People's Republic of China (the "PRC").

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

These consolidated financial statements have been approved for issue by the board of directors on 26 March 2025.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) Adoption of amendments to existing standards

In 2024, the Group has adopted the following amendments to existing standard issued by the HKICPA, which are relevant to its operations:

		Effective for accounting periods beginning on or after
Amendments to Hong Kong Accounting Standard ("HKAS") 1	Classification of Liabilities as Current or Non-current	1 January 2024

The adoption of the above amendments to existing standard did not have any significant impact on the Group's accounting policies and had no significant impact on the results and the financial position of the Group.

(ii) New standard and amendments to existing standards those are not yet effective

The following new standard and amendments to existing standards have been published by the HKICPA and are relevant to the Group's operations. They are not yet effective for accounting periods beginning on 1 January 2024 and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(b) Consolidation

(i) Subsidiaries

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

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The excess of the consideration transferred and the fair value of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired and liabilities assumed is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When necessary amounts reported by subsidiaries have been adjusted to conform with the policies adopted by the Group.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(c) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations that each investor has, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined that they are joint ventures. Investments in joint ventures are accounted for using the equity method of accounting.

Under the equity method of accounting, investments in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of joint ventures' post-acquisition profits or losses in the consolidated income statement, and the Group's share of joint ventures' post-acquisition movements in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investments in joint ventures.

Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the joint venture's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the joint venture's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in joint ventures equals or exceeds its interest in the joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and the joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of investments in joint ventures is tested for impairment in accordance with note 2(h).

In the Company's statement of financial position, investments in joint ventures are stated at cost less provision for impairment losses, if any. The results of joint ventures are accounted for by the Company on the basis of dividend received and receivable.

Gains or losses on dilution of equity interest in joint ventures are recognised in the consolidated income statement.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method of accounting, investments in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of associates' post-acquisition profits or losses in the consolidated income statement, and the Group's share of associates' post-acquisition movements in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investments in associates.

Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in associates equals or exceeds its interest in the associates, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of investments in associates is tested for impairment in accordance with note 2(h).

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(e) Intangible assets

(i) Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which goodwill arose and identified according to operating segment. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives from three to five years on a straight-line basis.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(iii) Customer relationships

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(f) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property is measured initially at cost, including related transaction cost and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are performed in accordance with, as applicable, the guidance issued by the Hong Kong Institute of Surveyors and the International Valuation Standards Committee. These valuations are reviewed annually by external valuers.

Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Changes in fair values are recognised in the consolidated income statement.

If an owner-occupied property becomes an investment property that will be carried at fair value, the Group depreciates the property and recognises any impairment losses that have occurred up to the date of change in use. The Group treats any difference at that date between the carrying amount of the property and its fair value in the same way as a revaluation of property, plant and equipment.

Any resulting decrease in the carrying amount of the property is recognised in the consolidated income statement. However, to the extent that an amount is included in property revaluation reserve for that property, the decrease is charged against that revaluation reserve.

Any resulting increase in the carrying amount is recognised in the consolidated income statement to the extent that the increase reverses a previous impairment loss for that property. The amount recognised in the consolidated income statement does not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised. Any remaining part of the increase is credited directly to equity in property revaluation reserve. On subsequent disposal of the investment property, the revaluation reserve is transferred to retained earnings without going through the consolidated income statement.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment

Properties comprise buildings. Property, plant and equipment is stated at historical cost less accumulated depreciation, amortisation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Depreciation on other assets are calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives as follows:

Buildings	30 years or remaining lease terms (whichever is shorter)
Machinery	5–10 years
Equipment and motor vehicles	3–5 years
Leasehold improvement	3–5 years
Furniture and fixtures	3–5 years

No depreciation is provided for construction in progress.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated income statement.

All direct and indirect costs relating to the construction of property, plant and equipment, including financing costs and foreign exchange differences on the related borrowed funds during the construction period are capitalised as costs of the asset.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(h) Impairment of investments in subsidiaries, joint ventures, associates and non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of investments in subsidiaries, joint ventures or associates in the separate financial statements is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, joint venture or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis for asphalt and the weighted average basis for other inventories. Cost of finished goods and work in progress comprises direct materials, direct labour and an appropriate proportion of all production overhead expenditure. It excludes borrowing costs. Net realisable value is estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at FVOCI; and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For investments in equity instruments that are not held for trading, gains and losses is recorded in other comprehensive income since the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(j) Financial assets (Continued)

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(k) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include, as applicable, the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the leases, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the leases. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(k) Leases (Continued)

Right-of-use assets are measured at cost comprising the following where applicable:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as expenses in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Short-term leases and low-value assets comprise motor vehicles, office furniture and equipment.

(l) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with banks and a fellow subsidiary. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with maturity less than three months from the date of placement.

(n) Trade and other payables

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

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(o) Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(q) Current and deferred income tax

The tax expenses for the period comprise current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company, its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(q) Current and deferred income tax (Continued)

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

Deferred income tax is provided on deductible temporary differences arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liabilities where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

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

(r) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the Company's functional and presentation currency. The directors consider that presentation of the consolidated financial statements in Hong Kong dollars will facilitate analysis of the financial information of the Group.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualified cash flow hedges.

Foreign exchange gains and losses are presented in the consolidated income statement within "Other income and (losses) — net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as securities classified as financial assets at fair value through other comprehensive income are recognised in other comprehensive income.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(r) Foreign currency translation (Continued)

(iii) Group companies

On consolidation, the results and financial position of all of the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at closing rate at the reporting date of the statement of financial position.

(s) Employee benefits

(i) Pensions and retirement benefits

The Group pays contributions to publicly or privately administered defined contribution plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are expensed as incurred. The assets of the plans are held separately from those of the Group in independently administered funds.

The Group also contributes to employee pension schemes established by municipal government in respect of certain subsidiaries in the PRC. The municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees of the Group. Contributions to these schemes are charged to the consolidated income statement as incurred.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(s) Employee benefits (Continued)

(ii) Share-based compensation

The Group operates certain equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share options that are expected to become exercisable. At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to become exercisable. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(t) Revenue and income recognition

(i) Sale of coatings, marine equipment and spare parts, asphalt and other products

Income from sale of coatings, marine equipment and spare parts, asphalt and other products is recognised on the transfer of control of the products, which generally coincides with the time the goods are delivered to customers according to the sales agreements and titles have passed.

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the majority of sales are on credit terms from 30 days to 120 days, which are consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Contract liabilities are recognised when payment from customers is received prior to revenue recognition.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(t) Revenue and income recognition (Continued)

(ii) Commission income from ship trading agency and insurance brokerage

The Group provides ship trading agency services and insurance brokerage services. Revenue from providing services is recognised in the accounting period in which the services are rendered. Customers of some contracts concurrently receive and consume the benefits of the services.

Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(iii) Rental income

Rental income from investment properties is recognised on a straight-line basis over the terms of the respective leases.

(iv) Dividend income

Dividends are received from financial assets at FVOCI. Dividends are recognised in profit or loss when the right to receive payment is established.

(v) Government subsidy income

Government subsidy income is recognised at their fair value where there is a reasonable assurance that it will be received and the Group will comply with all attached conditions. Government subsidy income relating to costs is deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(vi) Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of finance income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments. The executive directors that make strategic decisions have been identified as the chief operating decision-makers.

(v) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors where appropriate.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(w) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. During the year, the Group entered into derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the management under policies approved by the board of directors. The management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board of directors provides written policies covering specific areas, such as foreign currency risk and interest rate risk.

(i) Market risk

(1) Foreign currency risk

The Group operates in Hong Kong, the PRC and overseas and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States ("US") dollars. Foreign exchange risk arises mainly from future commercial transactions, recognised assets and liabilities denominated in US dollars for (a) operations whose functional currency is Hong Kong dollars; and (b) operations whose functional currency is Renminbi.

(a) Foreign currency risk arising from operations whose functional currency is Hong Kong dollars

At 31st December 2024, if Hong Kong dollars had weakened/strengthened by 0.25% (2023: 0.25%) against the US dollars with all other variables held constant, post-tax profit for the year would have been HK$9,736,000 (2023: HK$9,839,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollars-denominated trade and other receivables, deposits and cash and cash equivalents and foreign exchange losses/gains on translation of US dollars-denominated trade and other payables.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

(1) Foreign currency risk (Continued)

(b) Foreign currency risk arising from operations whose functional currency is Renminbi

At 31 December 2024, if Renminbi had weakened/strengthened by 5% (2023: 5%) against the US dollars with all other variables held constant, post-tax profit for the year would have been HK$348,000 (2023: HK$894,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollars-denominated trade and other receivables, deposits and cash and cash equivalents and foreign exchange losses/gains on translation of US dollars-denominated trade and other payables.

Management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure by using foreign exchange forward contracts when the need arises.

(2) Interest rate risk

Other than deposits and cash and cash equivalents (collectively the "Interest Bearing Assets"), the Group has no other significant interest bearing assets.

With all other variables held constant, if the interest rate had increased/decreased by 50 basis points, the corresponding increase/decrease in net finance income (representing interest income on the Interest Bearing Assets) will result in a net increase/decrease in the Group's post-tax profit by HK$28,696,000 (2023: HK$30,072,000).

(3) Price risk

The Group is exposed to equity securities price risk because certain of the Group's investments are classified as financial assets at FVOCI, which are required to be stated at their fair values (see fair value estimation below).

The Group's equity investments in equity of other entities are publicly traded. These investments have been chosen based on their long-term growth potential and are monitored regularly for performance against expectation and changes in market conditions. The table below summarises the impact of increases/decreases of the market price of the Group's equity investments by 5%:

	Increase/decrease in post-tax profit		**Increase/decrease in investment revaluation reserve**	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
5% increase/decrease in market price	**–**	–	**4,239**	3,247

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(ii) Credit risk

Credit risk mainly arises from trade and other receivables, balances due from group and related companies and deposits with financial institutions. The Group has limited its credit exposure from bank balances and deposits by restricting its selection of financial institutions with acceptable credit rating, as rated by external credit agencies, and most of the Group's bank balances as at 31 December 2024 were placed with state-owned and listed banks. Management considers these balances are subject to low credit risk.

The Group's trade and other receivables are subject to the expected credit loss model.

Trade and other receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and ageing profile. The expected loss rates are based on the historical credit losses experienced in the past. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

For all other receivables, expected credit losses are measured as either 12-month expected loss allowance or lifetime expected loss allowance, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of other receivables has occurred since initial recognition, then impairment is measured as lifetime expected loss allowance.

On that basis, the expected loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows for trade receivables:

	Expected loss rate	Gross carrying amount HK$'000	Expected loss allowance HK$'000
Ageing analysis as at 31 December 2024			
Current–90 days	**0.1%**	**364,084**	**291**
91 days–180 days	**1.9%**	**89,624**	**1,705**
181 days–365 days	**3.3%**	**68,006**	**2,259**
Over 1 year	**75.9%**	**27,419**	**20,798**
		549,133	**25,053**
Ageing analysis as at 31 December 2023			
Current–90 days	0.1%	386,558	496
91 days–180 days	0.9%	86,792	809
181 days–365 days	3.5%	56,304	1,979
Over 1 year	66.8%	76,303	51,002
		605,957	54,286

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

As at 31 December 2024, the Group's provision for impairment of trade and other receivables amounted to HK$25,053,000 and HK$22,332,000 respectively (2023: HK$54,286,000 and HK$19,173,000 respectively). During the year, net reversal of provision for impairment of trade receivables and provision for impairment of other receivables amounted to HK$28,649,000 and HK$3,637,000 respectively (2023: net provision of HK$29,135,000 and provision of HK$143,000 respectively).

(iii) Liquidity risk

The Group adopts prudent liquidity risk management which includes maintaining sufficient bank balances and cash, having available funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year HK$'000	More than 1 year HK$'000
Group		
At 31 December 2024		
Trade and other payables	**807,372**	**—**
Lease liabilities	**4,364**	**12,358**
At 31 December 2023		
Trade and other payables	705,489	—
Lease liabilities	3,100	16,317

3 FINANCIAL RISK MANAGEMENT (Continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to equity holders, issue or repurchase the Company's shares.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the Group's total borrowings divided by total assets. The Group's strategy, which was unchanged from prior year, is to maintain a low gearing ratio. The gearing ratios at 31 December 2024 and 2023 were as follows:

	2024 **HK$'000**	2023 HK$'000
Total borrowings	**—**	—
Total assets	**9,333,570**	9,205,229
Gearing ratio	**—**	—

(c) Fair value estimation

The table below analyses financial instruments and investment properties that are carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

The following table presents the Group's financial assets and investment properties that are measured at fair value at 31 December 2024.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Financial assets at FVOCI				
— equity securities	84,772	—	—	84,772
Investment properties				
— commercial — Hong Kong	—	—	29,600	29,600
— commercial — Overseas	—	—	34,478	34,478
— residential — Hong Kong	—	—	23,900	23,900
— residential — PRC	—	—	48,389	48,389
	84,772	—	136,367	221,139

The following table presents the Group's financial assets and investment properties that are measured at fair value at 31 December 2023.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Financial assets at FVOCI				
— equity securities	64,949	—	—	64,949
Investment properties				
— commercial — Hong Kong	—	—	29,700	29,700
— commercial — Overseas	—	—	35,602	35,602
— residential — Hong Kong	—	—	27,200	27,200
— residential — PRC	—	—	53,431	53,431
	64,949	—	145,933	210,882

There were no transfers among Level 1, Level 2 and Level 3 during the year.

The fair values of financial instruments traded in active markets are based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments classified as financial assets at FVOCI.

3 FINANCIAL RISK MANAGEMENT (Continued)

(d) Valuation techniques used to derive Level 2 fair values

Level 2 comprises other observable inputs which are not included within Level 1 of the fair value hierarchy or market-corroborated inputs based on or supported by observable market data.

There were no Level 2 financial and non-financial assets in 2024 and 2023.

(e) Fair value measurements using significant unobservable inputs (Level 3)

At the end of each reporting period, the management updates their assessment of the fair value of each property, taking into account the most recent independent valuations. Valuation techniques adopted is the direct comparison approach and the unobservable inputs being the price per gross floor area. The range of unobservable input at 31 December 2024 was from HK$4,322 to HK$15,000 per square foot (2023: from HK$4,171 to HK$19,740 per square foot). There is a positive correlation between the fair value price per square foot and the fair value of the investment properties.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(f) Valuation process

The Group's finance department manages the valuations of financial assets and financial liabilities required for financial reporting purposes, including Level 3 fair values and presents the results of valuations to the management for review and approval on a half-yearly basis. Changes in Level 2 and Level 3 fair values are analysed where appropriate and reported with reasons for the fair value movements to the management.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates, assumptions and judgements in applying the Group's accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Provision for impairment of trade receivables

Provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting periods. Details are disclosed in note 3(a)(ii).

5 REVENUE AND SEGMENT INFORMATION

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

	2024	2023
	HK$'000	HK$'000
Sale of coatings	**1,344,147**	826,045
Sale of marine equipment and spare parts	**1,814,163**	1,725,018
Commission income from ship trading agency	**107,053**	86,782
Commission income from insurance brokerage	**220,994**	139,707
Intelligent shipping services	**1,325**	97
General trading	**139,444**	564,080
	3,627,126	3,341,729

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

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

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

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

5 REVENUE AND SEGMENT INFORMATION (Continued)

	Year ended and as at 31 December 2024									
	Shipping services						General trading	Others	Inter-segment elimination	Total
	Coatings	Marine equipment and spare parts	Ship trading agency	Insurance brokerage	Intelligent shipping services	Total				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Profit or loss items:										
Segment revenue	1,344,147	1,814,163	107,053	221,936	3,425	3,490,724	139,444	–	(3,042)	3,627,126
Inter-segment revenue	–	–	–	(942)	(2,100)	(3,042)	–	–	3,042	–
Revenue from external customers	1,344,147	1,814,163	107,053	220,994	1,325	3,487,682	139,444	–	–	3,627,126
Segment operating profit/(loss)	27,884	100,670	60,909	133,121	(23,706)	298,878	(16,615)	5,827	–	288,090
Finance income	2,499	12,108	3,741	9,119	278	27,745	5,088	2,237	–	35,070
Finance costs	(630)	(1,065)	(5)	(324)	–	(2,024)	(146)	(9)	–	(2,179)
Share of profits of joint ventures	299,998	2,401	712	–	–	303,111	–	–	–	303,111
Share of profits/(losses) of associates	–	–	90	–	–	90	16,599	(19)	–	16,670
Segment profit/(loss) before income tax	329,751	114,114	65,447	141,916	(23,428)	627,800	4,926	8,036	–	640,762
Income tax expenses	(8,927)	(20,982)	(12,535)	(25,508)	–	(67,952)	(279)	–	–	(68,231)
Segment profit/(loss) after income tax	320,824	93,132	52,912	116,408	(23,428)	559,848	4,647	8,036	–	572,531
Balance sheet items:										
Total segment assets	1,902,744	1,183,879	260,184	776,361	28,965	4,152,133	575,715	138,790	(787)	4,865,851
Total segment assets include:										
– Joint ventures	742,194	11,107	6,394	–	–	759,695	–	–	–	759,695
– Associates	–	–	1,810	–	–	1,810	160,569	3,760	–	166,139
Total segment liabilities	391,526	283,916	49,016	287,218	1,388	1,013,064	34,536	1,071	(787)	1,047,884
Other items:										
Depreciation and amortisation, net of amount capitalised	(15,608)	(1,850)	(764)	(13,064)	(63)	(31,349)	(4,059)	–	–	(35,408)
(Provision)/reversal of provision for impairment of trade receivables, net	(5,360)	231	–	–	–	(5,129)	33,778	–	–	28,649
Provision for impairment of other receivables	–	–	–	–	–	–	(3,637)	–	–	(3,637)
Provision for impairment of inventories, net	(5,473)	–	–	–	–	(5,473)	(4,318)	–	–	(9,791)
Government subsidy income	2,180	511	–	18	–	2,709	141	–	–	2,850
Additions to non-current assets (other than financial assets at FVOCI and deferred income tax assets)	6,437	3,369	1,481	5,156	96	16,539	150	–	–	16,689

5 REVENUE AND SEGMENT INFORMATION (Continued)

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

5 REVENUE AND SEGMENT INFORMATION (Continued)

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

	2024 HK$'000	2023 HK$'000
Profit before income tax for reportable segments	632,726	469,398
Profit before income tax for others	8,036	4,385
Profit before income tax for all segments	640,762	473,783
Elimination of segment income from corporate headquarters	(659)	(626)
Corporate finance income	238,910	241,949
Corporate finance costs	(34)	(24)
Corporate net exchange (losses)/gains	(30,978)	12,404
Corporate expenses, net of income	(64,119)	(64,723)
Profit before income tax for the Group	783,882	662,763
Income tax expenses for all segments	(68,231)	(55,615)
Corporate income tax credit	626	1,458
Profit after income tax for the Group	716,277	608,606

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

	2024 HK$'000	2023 HK$'000
Total assets for reportable segments	4,727,848	4,316,456
Total assets for others	138,790	114,349
Elimination of inter-segment receivables	(787)	(547)
Total assets for all segments	4,865,851	4,430,258
Corporate assets (mainly deposits and cash and cash equivalents)	4,816,568	5,012,267
Elimination of receivables between corporate headquarters and segments	(348,849)	(237,296)
Total assets for the Group	9,333,570	9,205,229

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

	2024 HK$'000	2023 HK$'000
Total liabilities for reportable segments	1,047,600	933,949
Total liabilities for others	1,071	210
Elimination of inter-segment payables	(787)	(547)
Total liabilities for all segments	1,047,884	933,612
Corporate liabilities	425,196	321,514
Elimination of payables between corporate headquarters and segments	(348,849)	(237,296)
Total liabilities for the Group	1,124,231	1,017,830

5 REVENUE AND SEGMENT INFORMATION (Continued)

The Company is domiciled in Hong Kong. The Group's revenue from external customers derived from Hong Kong and places other than Hong Kong (principally in the PRC) are HK$1,344,424,000 (2023: HK$1,146,831,000) and HK$2,282,702,000 (2023: HK$2,194,898,000) respectively.

The total of non-current assets, other than financial assets at FVOCI and deferred income tax assets, located in Hong Kong and places other than Hong Kong are HK$1,066,631,000 (2023: HK$738,665,000) and HK$593,493,000 (2023: HK$599,038,000) respectively.

6 INTANGIBLE ASSETS

	Goodwill HK$'000	Computer software HK$'000	Customer relationships HK$'000	Total HK$'000
Cost:				
At 1 January 2023	105,884	24,244	—	130,128
Currency translation differences	67	(224)	—	(157)
Additions	—	166	—	166
At 31 December 2023	**105,951**	**24,186**	**—**	**130,137**
Currency translation differences	**(558)**	**(396)**	**—**	**(954)**
Acquisition of a subsidiary (note 32)	**96,352**	**981**	**163,741**	**261,074**
Additions	**—**	**4,335**	**—**	**4,335**
Disposals	**—**	**(1,105)**	**—**	**(1,105)**
At 31 December 2024	**201,745**	**28,001**	**163,741**	**393,487**
Accumulated amortisation and impairment:				
At 1 January 2023	5,984	15,423	—	21,407
Currency translation differences	—	(141)	—	(141)
Amortisation (note 22)	—	2,028	—	2,028
At 31 December 2023	**5,984**	**17,310**	**—**	**23,294**
Currency translation differences	**—**	**(152)**	**—**	**(152)**
Amortisation (note 22)	**—**	**2,110**	**9,576**	**11,686**
Disposals	**—**	**(1,105)**	**—**	**(1,105)**
At 31 December 2024	**5,984**	**18,163**	**9,576**	**33,723**
Net book amount:				
At 31 December 2024	**195,761**	**9,838**	**154,165**	**359,764**
At 31 December 2023	99,967	6,876	—	106,843

6 INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units under shipping services business segment as follows:

	2024 HK$'000	2023 HK$'000
Agency service in respect of shipbuilding, ship trading and bareboat charter business	**46,739**	46,983
Provision of insurance brokerage services	**131,397**	35,046
Trading of marine equipment and spare parts	**17,625**	17,938
	195,761	99,967

The recoverable amounts of the above business units are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period and thereafter with long-term growth rate of 3% (2023: 3%). Management determined forecast profitability based on past performance and its expectation for market development. Future cash flows are discounted at 12% (2023: 12%) per annum. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments. These assumptions have been used for the analysis of each cash generating unit within the operating segment. Management determined the long-term growth rate and discount rate for each business unit covering over the five-year forecast period to be key assumptions.

The Group has performed a sensitivity analysis on key assumptions used for the annual impairment test for goodwill. A reasonably possible change in key assumptions used in the impairment test for goodwill would not cause any cash generating units' carrying amount to exceed its respective recoverable amount.

7 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Machinery, equipment and motor vehicles HK$'000	Leasehold improve-ment HK$'000	Furniture and fixtures HK$'000	Construction in progress HK$'000	Total HK$'000
Cost:						
At 1 January 2023	285,667	159,788	19,335	35,773	—	500,563
Currency translation differences	(3,259)	(1,939)	3	(500)	—	(5,695)
Additions	—	4,217	1,621	1,746	—	7,584
Disposals	—	(6,792)	—	(427)	—	(7,219)
At 31 December 2023	**282,408**	**155,274**	**20,959**	**36,592**	**—**	**495,233**
Currency translation differences	**(6,269)**	**(2,942)**	**(190)**	**(534)**	**(6)**	**(9,941)**
Acquisition of a subsidiary (note 32)	**—**	**142**	**—**	**—**	**—**	**142**
Additions	**—**	**6,093**	**3,823**	**1,939**	**426**	**12,281**
Disposals	**(456)**	**(17,749)**	**(676)**	**(16,616)**	**—**	**(35,497)**
At 31 December 2024	**275,683**	**140,818**	**23,916**	**21,381**	**420**	**462,218**
Accumulated depreciation:						
At 1 January 2023	99,402	128,323	18,419	32,581	—	278,725
Currency translation differences	(1,192)	(1,609)	11	(462)	—	(3,252)
Depreciation (note 22(a))	8,923	7,957	470	1,247	—	18,597
Disposals	—	(6,779)	—	(421)	—	(7,200)
At 31 December 2023	**107,133**	**127,892**	**18,900**	**32,945**	**—**	**286,870**
Currency translation differences	**(2,496)**	**(2,432)**	**(145)**	**(471)**	**—**	**(5,544)**
Depreciation (note 22(a))	**8,825**	**8,913**	**746**	**1,750**	**—**	**20,234**
Disposals	**(444)**	**(17,568)**	**(676)**	**(16,556)**	**—**	**(35,244)**
At 31 December 2024	**113,018**	**116,805**	**18,825**	**17,668**	**—**	**266,316**
Net book amount:						
At 31 December 2024	**162,665**	**24,013**	**5,091**	**3,713**	**420**	**195,902**
At 31 December 2023	175,275	27,382	2,059	3,647	—	208,363

The Group's interests in properties at their net book value are analysed as follows:

	2024 HK$'000	2023 HK$'000
Leasehold properties held outside Hong Kong		
— on leases of between 10 years and 50 years	**162,119**	174,629
— on leases of less than 10 years	**546**	646
	162,665	175,275

8 LEASES

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2024 HK$'000	2023 HK$'000
Right-of-use assets		
Leasehold land and buildings	16,263	20,765
Machinery, equipment and motor vehicles	13	144
Prepaid premium for land leases	25,981	27,246
	42,257	48,155
Lease liabilities (note 12)		
Current	3,795	2,414
Non-current	11,808	15,197
	15,603	17,611

During the year, addition to the right-of-use assets was HK$2,673,000 (2023: HK$18,296,000), in which HK$1,603,000 was added upon acquisition of a subsidiary (note 32).

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	2024 HK$'000	2023 HK$'000
Depreciation of right-of-use assets (note 22(b))		
— Leasehold land and buildings	6,335	8,632
— Machinery, equipment and motor vehicles	130	163
— Prepaid premium for land leases	693	702
	7,158	9,497
Interest expense (included in finance costs) (note 25)	725	473
Expenses related to short-term leases	35,880	30,538

The total cash outflow for lease liabilities for the year ended 31 December 2024 was HK$4,719,000 (2023: HK$12,907,000), which included payments of lease liabilities to fellow subsidiaries of HK$1,303,000 (2023:HK$3,863,000). The total cash outflow for short-term leases for the year ended 31 December 2024 was HK$35,880,000 (2023: HK$30,538,000).

(iii) The Group's leasing activities and how these are accounted for

The Group leases various buildings, machinery, equipment and motor vehicles. Rental contracts are typically made for fixed periods of 1 year to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

9 INVESTMENT PROPERTIES

	Completed commercial properties — Hong Kong HK$'000	Completed commercial properties — Overseas HK$'000	Completed residential properties — Hong Kong HK$'000	Completed residential properties — PRC HK$'000	Total HK$'000
At 1 January 2023	30,700	33,364	31,200	56,041	151,305
Currency translation differences	—	776	—	(788)	(12)
Fair value (losses)/gains (note 21)	(1,000)	1,462	(4,000)	(1,822)	(5,360)
At 31 December 2023	**29,700**	**35,602**	**27,200**	**53,431**	**145,933**
Currency translation differences	**—**	**(1,124)**	**—**	**(1,083)**	**(2,207)**
Fair value losses (note 21)	**(100)**	**—**	**(3,300)**	**(3,959)**	**(7,359)**
At 31 December 2024	**29,600**	**34,478**	**23,900**	**48,389**	**136,367**

The Group's interests in investment properties are analysed as follows:

	2024 HK$'000	2023 HK$'000
Held in Hong Kong		
— on leases of over 50 years	**53,500**	56,900
Held outside Hong Kong		
— on leases of between 10 years and 50 years	**48,389**	53,431
— on freehold land	**34,478**	35,602
	136,367	145,933

Valuation processes of the Group

The Group measures its investment properties at fair value.

The investment properties in Hong Kong were revalued by Landscope Surveyor Limited and Cushman & Wakefield Limited, independent qualified valuers not related to the Group, who hold the recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, at 31 December 2024 and 2023 respectively.

The investment properties in the PRC were revalued by Landscope Surveyor Limited, an independent qualified valuer not related to the Group, who holds the recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued, at 31 December 2024 and 2023 respectively.

9 INVESTMENT PROPERTIES (Continued)

Valuation processes of the Group (Continued)

The overseas investment property was revalued by Pioneer Property Consultants LLP, an independent qualified valuer not related to the Group, who holds the recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued, at 31 December 2024 and 2023 respectively.

The Group's finance department includes a team that reviews the valuations performed annually by the independent valuers for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and the independent valuers at least annually.

At each financial year end, the finance department:

- verifies all major inputs to the independent valuation reports;
- assesses property valuations movements when compared to the prior year valuation report; and
- holds discussions with the independent valuers.

Valuation techniques

Fair value measurements using significant unobservable inputs (Level 3)

Fair values of completed commercial and residential properties are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

10 INVESTMENTS IN JOINT VENTURES

	2024 HK$'000	2023 HK$'000
At 1 January	**668,448**	527,896
Currency translation differences (note 19)	**(2,839)**	(1,795)
Share of profits	**303,111**	237,582
Share of other comprehensive losses (note 19)	**(10,901)**	(9,916)
Dividends received	**(198,124)**	(85,319)
At 31 December	**759,695**	668,448

Particulars of the joint ventures of the Group as at 31 December 2024 are set out in note 36 to the financial statements.

10 INVESTMENTS IN JOINT VENTURES (Continued)

Summarised financial information for a material joint venture of the Group

Set out below are the summarised financial information for Jotun COSCO, a material joint venture.

Summarised statement of financial position

	2024 HK$'000	2023 HK$'000
Non-current assets	**233,667**	243,029
Current assets		
Cash and cash equivalents	**587,023**	406,076
Other current assets	**1,730,872**	1,714,802
Total current assets	**2,317,895**	2,120,878
Current liabilities		
Financial liabilities (excluding trade and other payables and provisions)	**(164,444)**	(247,871)
Other current liabilities	**(1,151,668)**	(1,051,461)
Total current liabilities	**(1,316,112)**	(1,299,332)
Non-current liabilities		
Deferred income tax liabilities	**(34,229)**	(26,318)
Other non-current liabilities	**(3,055)**	(3,528)
Total non-current liabilities	**(37,284)**	(29,846)
Net assets	**1,198,166**	1,034,729

Summarised statement of comprehensive income

	2024 HK$'000	2023 HK$'000
Revenue	**4,235,892**	3,907,763
Depreciation and amortisation	**42,431**	47,465
Interest income	**13,126**	4,614
Interest expense	**427**	3,821
Profit before income tax	**762,361**	603,719
Income tax expenses	**(185,714)**	(139,209)
Profit for the year	**576,647**	464,510
Other comprehensive losses	**(21,501)**	(19,396)
Total comprehensive income	**555,146**	445,114

The information disclosed above reflects the amounts presented in the financial statements of the joint venture prepared under HKFRSs.

10 INVESTMENTS IN JOINT VENTURES (Continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Jotun COSCO.

	2024 HK$'000	2023 HK$'000
Opening net assets at 1 January	**1,034,728**	756,702
Profit for the year	**576,647**	464,510
Dividends	**(391,708)**	(167,088)
Other comprehensive losses		
Currency translation differences	**(21,501)**	(19,396)
Closing net assets at 31 December	**1,198,166**	1,034,728
Interest in joint venture (50%)	**599,083**	517,364
Goodwill	**7,097**	7,097
Carrying amount	**606,180**	524,461

The aggregate carrying amounts of individually insignificant joint ventures, perceived by management, are HK$153,515,000 (2023: HK$143,987,000). The aggregate amounts of the Group's share of these insignificant joint ventures' profits for the year and other comprehensive losses are HK$14,787,000 (2023: HK$5,327,000) and HK$150,000 (2023: HK$218,000) respectively.

11 INVESTMENTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
At 1 January	**159,961**	154,716
Currency translation differences (note 19)	**(3,590)**	(2,258)
Formation of an associate	**3,854**	—
Share of profits	**16,670**	14,426
Share of other comprehensive income (note 19)	**461**	397
Dividends received	**(11,217)**	(7,320)
At 31 December	**166,139**	159,961

No summarised financial information for associates has been set out, as there were no individually significant associates, perceived by management, in 2024 and 2023.

In May 2024, an initial capital contribution of RMB3,500,000 was paid in relation to the formation of Shanghai JOYFuel Green Energy, an associate in which the Company holds 35% equity interest.

Particulars of the associates of the Group as at 31 December 2024 are set out in note 36 to the financial statements.

12 FINANCIAL INSTRUMENTS BY CATEGORY

The Group has categorised its financial instruments as follows:

	Financial assets at amortised cost HK$'000	Financial assets at FVOCI HK$'000	Total HK$'000
Assets as per consolidated statement of financial position			
At 31 December 2024			
Financial assets at FVOCI (note 13)	**—**	**84,772**	**84,772**
Trade and other receivables excluding prepayments (note 16)	**1,213,271**	**—**	**1,213,271**
Restricted bank deposits, deposits and cash and cash equivalents (note 17)	**5,943,477**	**—**	**5,943,477**
Total	**7,156,748**	**84,772**	**7,241,520**
At 31 December 2023			
Financial assets at FVOCI (note 13)	—	64,949	64,949
Trade and other receivables excluding prepayments (note 16)	1,205,971	—	1,205,971
Restricted bank deposits, deposits and cash and cash equivalents (note 17)	6,261,376	—	6,261,376
Total	7,467,347	64,949	7,532,296

	Financial liabilities at amortised cost HK$'000
Liabilities as per consolidated statement of financial position	
At 31 December 2024	
Trade and other payables excluding non-financial liabilities (note 20)	**807,372**
Lease liabilities (note 8)	**15,603**
Total	**822,975**
At 31 December 2023	
Trade and other payables excluding non-financial liabilities (note 20)	705,489
Lease liabilities (note 8)	17,611
Total	723,100

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK$'000	2023 HK$'000
Market value of listed equity securities in Hong Kong, denominated in Hong Kong dollars	**84,772**	64,949

14 DEFERRED INCOME TAX

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

The movement on the net deferred income tax liabilities during the year is as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**(30,935)**	(26,805)
Currency translation differences	**785**	(65)
Acquisition of a subsidiary (note 32)	**(27,049)**	—
Transferred to current income tax liabilities	**9,121**	1,291
Charged to the consolidated income statement, net (note 26)	**(4,125)**	(5,356)
At 31 December	**(52,203)**	(30,935)

Deferred income tax assets are recognised for tax losses carried-forward to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2024, the Group has unrecognised tax losses of HK$82,792,000 (2023: HK$70,544,000) to carry forward against future taxable profits, of which HK$11,276,000 (2023: HK$11,337,000) can be carried forward indefinitely. The remaining tax losses have an expiry date of up to 5 years.

Deferred tax assets and liabilities are offset when the deferred income taxes relate to the same fiscal authority and when there is a legally enforceable right to offset current tax assets against current tax liabilities. The following amounts, determined after appropriate offsetting within a tax jurisdiction, are shown in the consolidated statement of financial position:

	2024 HK$'000	2023 HK$'000
Deferred income tax assets	**25,131**	33,100
Deferred income tax liabilities	**(77,334)**	(64,035)
Deferred income tax liabilities, net	**(52,203)**	(30,935)

14 DEFERRED INCOME TAX (Continued)

The gross differences between book and tax accounting, before netting were as follows:

	2024 **HK$'000**	2023 HK$'000
Gross deferred income tax assets	**29,171**	38,278
Gross deferred income tax liabilities	**(81,374)**	(69,213)
	(52,203)	(30,935)

The recoverability of the deferred tax assets and liabilities was as follows:

	2024 **HK$'000**	2023 HK$'000
Gross deferred income tax assets:		
— to be recovered after more than 12 months	**26,120**	24,426
— to be recovered within 12 months	**3,051**	13,852
	29,171	38,278
Gross deferred income tax liabilities:		
— to be settled after more than 12 months	**(80,419)**	(67,943)
— to be settled within 12 months	**(955)**	(1,270)
	(81,374)	(69,213)
	(52,203)	(30,935)

14 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(a) Deferred income tax assets

	Accrued liabilities HK$'000	Impairment losses and others HK$'000	Tax losses HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2023	14,709	15,827	10,019	1,069	41,624
Currency translation differences	(204)	(186)	(175)	(35)	(600)
(Charged)/credited to the consolidated income statement	(1,018)	(9,886)	4,837	3,321	(2,746)
At 31 December 2023	**13,487**	**5,755**	**14,681**	**4,355**	**38,278**
Currency translation differences	**(270)**	**(178)**	**(142)**	**(89)**	**(679)**
Credited/(charged) to the consolidated income statement	**1,261**	**1,997**	**(11,298)**	**(388)**	**(8,428)**
At 31 December 2024	**14,478**	**7,574**	**3,241**	**3,878**	**29,171**

(b) Deferred income tax liabilities

	Accelerated tax depreciation HK$'000	Fair value gains and others HK$'000	Withholding tax HK$'000	Right-of-use assets HK$'000	Total HK$'000
At 1 January 2023	(1,829)	(27,791)	(37,716)	(1,093)	(68,429)
Currency translation differences	(20)	385	103	67	535
Transfer to current income tax liabilities	—	—	1,291	—	1,291
Credited/(charged) to the consolidated income statement	—	1,831	(289)	(4,152)	(2,610)
At 31 December 2023	**(1,849)**	**(25,575)**	**(36,611)**	**(5,178)**	**(69,213)**
Currency translation differences	**29**	**496**	**844**	**95**	**1,464**
Acquisition of a subsidiary (note 32)	**—**	**(27,049)**	**—**	**—**	**(27,049)**
Transfer to current income tax liabilities	**—**	**—**	**9,121**	**—**	**9,121**
Credited/(charged) to the consolidated income statement	**—**	**4,930**	**(1,670)**	**1,043**	**4,303**
At 31 December 2024	**(1,820)**	**(47,198)**	**(28,316)**	**(4,040)**	**(81,374)**

15 INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	**49,682**	47,696
Work in progress	**803**	1,713
Finished goods	**351,249**	248,924
	401,734	298,333

The cost of inventories recognised as expense and included in cost of sales amounted to HK$2,781,557,000 (2023: HK$2,678,095,000).

As at 31 December 2024, inventories of HK$56,630,000 (2023: HK$30,020,000) were carried at net realisable value.

16 TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables		
— third parties	**343,999**	374,945
— fellow subsidiaries (note (d))	**193,409**	220,792
— related companies (note (d))	**5,639**	4,593
— joint ventures (note (d))	**5,623**	5,414
— an associate (note (d))	**89**	—
— non-controlling interests (note (d))	**374**	213
	549,133	605,957
Less: provision for impairment (note (b))	**(25,053)**	(54,286)
Trade receivables — net (note (a))	**524,080**	551,671
Bills receivable		
— third parties	**156,354**	156,103
— fellow subsidiaries (note (d))	**36,653**	3,230
— non-controlling interests (note (d))	**363**	662
Prepayments	**225**	896
Deposits and other receivables		
— third parties	**441,649**	463,434
— fellow subsidiaries (note (d))	**18,322**	6,754
— related companies (note (d))	**32,173**	22,319
Amounts due from fellow subsidiaries (note (d))	**3,452**	902
	1,213,271	1,205,971

16 TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) As at 31 December, the ageing analysis of trade receivables (net of provision for impairment) based on invoice date is as follows:

	2024 HK$'000	2023 HK$'000
Current–90 days	**363,793**	386,062
91 days–180 days	**87,919**	85,983
Over 180 days	**72,368**	79,626
	524,080	551,671

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

(b) The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables, and it was assessed an amount of HK$25,053,000 of the receivable balance was impaired as at 31 December 2024 (2023: HK$54,286,000).

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

	2024 HK$'000	2023 HK$'000
At 1 January	**54,286**	26,461
Currency translation differences	**(568)**	(524)
(Reversal of provision)/provision for impairment, net (note 21)	**(28,649)**	29,135
Amount written off	**(16)**	(786)
At 31 December	**25,053**	54,286

(c) The carrying amounts of trade and other receivables approximate their fair values and are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
Renminbi	**661,858**	605,401
Hong Kong dollars	**79,480**	73,689
United States dollars	**364,155**	186,616
Others	**107,778**	340,265
	1,213,271	1,205,971

(d) Balances with fellow subsidiaries, related companies, joint ventures, an associate and non-controlling interests are unsecured, interest-free and have no fixed terms of repayment except for the trade related balances and bills receivable, which are repayable according to the respective credit terms.

(e) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. As at 31 December 2024 and 2023, the Group does not hold any collateral as security.

17 RESTRICTED BANK DEPOSITS, CURRENT DEPOSITS AND CASH AND CASH EQUIVALENTS

	2024 HK$'000	2023 HK$'000
Restricted bank deposits (note (a))	**5,399**	5,517
Current deposits with a fellow subsidiary (note (b))	**698,788**	753,028
Current bank deposits	**4,341,964**	4,631,928
Cash at bank and on hand	**897,326**	870,903
Current deposits and cash and cash equivalents	**5,938,078**	6,255,859
Total deposits and cash and cash equivalents	**5,943,477**	6,261,376

Notes:

(a) Restricted bank deposits represent deposits placed to meet statutory requirement for insurance brokerage business in the PRC.

(b) Deposits with a fellow subsidiary, which is a financial institution in the PRC, bear interest at prevailing market rates.

(c) As at 31 December 2024, the Group has fiduciary funds of HK$201,973,000 (2023: HK$105,761,000) which represent clients' money kept for payment of insurance premiums to the underwriters and settlement of claims to the policyholders of insurance brokerage business. They are not available for general corporate purpose.

(d) The carrying amounts of total deposits and cash and cash equivalents approximate their fair values and are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
Renminbi	**740,929**	884,780
Hong Kong dollars	**182,367**	321,716
United States dollars	**4,927,538**	4,939,628
Others	**92,643**	115,252
	5,943,477	6,261,376

(e) The Group's cash and cash equivalents denominated in Renminbi are mainly deposited with banks and a fellow subsidiary in the PRC. The conversion of these Renminbi denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

(f) The maximum exposure to credit risk at the reporting date is the carrying amount of the balances mentioned above.

17 RESTRICTED BANK DEPOSITS, CURRENT DEPOSITS AND CASH AND CASH EQUIVALENTS (Continued)

Notes: (Continued)

(g) The Group's cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	2024	2023
	HK$'000	HK$'000
Total deposits and cash and cash equivalents	**5,943,477**	6,261,376
Less: restricted bank deposits	**(5,399)**	(5,517)
cash deposits with maturity more than three months from date of placement	**(1,524,524)**	(4,317,575)
Cash and cash equivalents	**4,413,554**	1,938,284

18 SHARE CAPITAL

	2024		2023	
	Number of Shares	**HK$'000**	Number of shares	HK$'000
Issued and fully paid:				
At 1 January	**1,465,971,429**	**146,597**	1,481,693,429	148,169
Repurchased and cancelled (note)	**—**	**—**	(15,722,000)	(1,572)
31 December	**1,465,971,429**	**146,597**	1,465,971,429	146,597

Note:

During the year ended 31 December 2023, the Company repurchased and cancelled 15,722,000 ordinary shares on market. The repurchases and cancellation were approved by shareholders at the annual general meetings, and the payments were made out of the Company's distributable profits. The shares were acquired at an average price of HK$2.613 per share, with prices ranging from HK$2.48 to HK$2.71. The total amount of HK$41,233,000 paid to acquire the shares, including transaction costs of HK$153,000, has been deducted from share capital and share premium within shareholders' equity (note 19).

18 SHARE CAPITAL (Continued)

Share options

On 9 April 2020, a share option incentive scheme (the "Share Option Incentive Scheme") was adopted at the special general meeting of the Company. The purpose of the Share Option Incentive Scheme is to, inter alia, attract, retain and incentivise senior management and key personnel of the Company, promote the realisation of the long-term strategic targets of the Company, and serve as the driving force for the long-term development of the Company.

Particulars and movements of the share options granted by the Company during the year are as follows:

			Year ended 31 December 2024 Number of share options					
Date of grant	Exercisable year	Exercise price	Outstanding as at 1 January 2024	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 December 2024
28 April 2020	Note (a)	HK$2.26	13,306,650	—	—	(6,643,350)	—	6,663,300
6 October 2020	Note (b)	HK$2.184	1,400,700	—	—	(699,300)	—	701,400
7 April 2021	Note (c)	HK$2.72	1,370,000	—	—	(456,210)	—	913,790
			16,077,350	—	—	(7,798,860)	—	8,278,490

Notes:

(a) On 28 April 2020, the Company granted an aggregate of 23,830,000 share options at an exercise price of HK$2.26 per share to 71 eligible directors of the Company and employees of the Group to subscribe for a total of 23,830,000 shares of HK$0.10 each in the capital of the Company under the Share Option Incentive Scheme.

(b) On 6 October 2020, the Company granted an aggregate of 2,460,000 share options at an exercise price of HK$2.184 per share to 8 eligible employees of the Group to subscribe for a total of 2,460,000 shares of HK$0.10 each in the capital of the Company under the Share Option Incentive Scheme.

(c) On 7 April 2021, the Company granted an aggregate of 1,370,000 share options at an exercise price of HK$2.72 per share to 5 eligible employees of the Group to subscribe for a total of 1,370,000 shares of HK$0.10 each in the capital of the Company under the Share Option Incentive Scheme.

18 SHARE CAPITAL (Continued)

Share options (Continued)

Under the Share Option Incentive Scheme, the exercises of the share options of three batches are subject to two-year, three-year and four-year vesting periods respectively during which participant is not allowed to exercise any share option granted. After the expiration of each of the vesting periods, the participant may exercise the share options in three batches commencing from the third, fourth and fifth year after the relevant dates of grant.

The fair values of the share options granted are estimated based on the Binomial option pricing model, and such fair values and significant inputs in the model are as follows:

	Fair value of share options (HK$)	Share price at date of grant (HK$)	Exercise price (HK$)	Standard deviation of expected share price return	Expected life of share options	Expected dividend payout ratio	Risk-free interest rate
Share options granted on 28 April 2020	4,372,286	2.26	2.26	21.0%–23.2%	3–6 years	5.5%	0.38%–0.41%
Share options granted on 6 October 2020	472,891	2.18	2.184	22.3%–24.2%	3–6 years	5.5%	0.19%–0.28%
Share options granted on 7 April 2021	298,722	2.72	2.72	22.5%–24.6%	3–6 years	6.65%	0.34%–0.89%

Expected volatility measured at the standard deviation of expected share price is based on the historical share price movement of the Company prior to the date of the grant.

There was no employee share options benefit expenses recognised during the year (2023: Nil).

As at 31 December 2024, 8,278,490 share options of the Company were outstanding (2023: 16,077,350), of which 7,820,910 outstanding share options were vested. However, the conditions of exercise of the particular batch of the share options were not fulfilled, no outstanding share options were exercisable. The Company has no legal or constructive obligation to repurchase or settle the share options in cash.

During the year, no share option was exercised or cancelled (2023: Nil), whereas 7,798,860 share options were lapsed (2023: 7,522,650 share options were lapsed) under the Share Option Incentive Scheme.

19 RESERVES

	Share Premium HK$'000	Statutory reserves (note (b)) HK$'000	Contributed surplus (note (c)) HK$'000	Exchange reserve HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2024	13,958	174,093	676,218	(52,773)	34,942	(267,987)	7,114,407	7,692,858
Transfer to statutory reserves (note (b))	–	9,294	–	–	–	–	(9,294)	–
Share of currency translation differences of joint ventures (note 10)	–	–	–	(11,519)	–	–	–	(11,519)
Share of statutory reserves, net of tax, of:								
— subsidiaries	–	2,335	–	–	–	–	–	2,335
— a joint venture (note 10)	–	618	–	–	–	–	–	618
— an associate (note 11)	–	461	–	–	–	–	–	461
Currency differences on translation of:								
— subsidiaries	–	–	–	(36,342)	–	–	–	(36,342)
— joint ventures (note 10)	–	–	–	(2,839)	–	–	–	(2,839)
— associates (note 11)	–	–	–	(3,590)	–	–	–	(3,590)
Fair value gains on financial assets at FVOCI, net	–	–	–	–	–	19,823	–	19,823
Profit attributable to equity holders of the Company (note (a))	–	–	–	–	–	–	709,211	709,211
Dividends paid	–	–	–	–	–	–	(645,027)	(645,027)
Balance at 31 December 2024	13,958	186,801	676,218	(107,063)	34,942	(248,164)	7,169,297	7,725,989
Representing:								
Reserves	13,958	186,801	676,218	(107,063)	34,942	(248,164)	6,854,113	7,410,805
2024 proposed final dividend	–	–	–	–	–	–	315,184	315,184
	13,958	186,801	676,218	(107,063)	34,942	(248,164)	7,169,297	7,725,989

19 RESERVES (Continued)

	Share Premium HK$'000	Statutory reserves (note (b)) HK$'000	Contributed surplus (note (c)) HK$'000	Exchange reserve HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2023	53,619	147,887	676,218	(24,721)	34,942	(279,087)	7,045,560	7,654,418
Transfer to statutory reserves (note (b))	—	25,809	—	—	—	—	(25,809)	—
Share of currency translation differences of joint ventures (note 10)	—	—	—	(9,916)	—	—	—	(9,916)
Share of statutory reserves of an associate, net of tax (note 10)	—	397	—	—	—	—	—	397
Currency differences on translation of:								
— subsidiaries	—	—	—	(14,083)	—	—	—	(14,083)
— joint ventures (note 10)	—	—	—	(1,795)	—	—	—	(1,795)
— associates (note 11)	—	—	—	(2,258)	—	—	—	(2,258)
Fair value gains on financial assets at FVOCI, net	—	—	—	—	—	11,100	—	11,100
Profit attributable to equity holders of the Company (note (a))	—	—	—	—	—	—	593,673	593,673
Dividends paid	—	—	—	—	—	—	(499,017)	(499,017)
Repurchases and cancellation of shares	(39,661)	—	—	—	—	—	—	(39,661)
Balance at 31 December 2023	13,958	174,093	676,218	(52,773)	34,942	(267,987)	7,114,407	7,692,858
Representing:								
Reserves	13,958	174,093	676,218	(52,773)	34,942	(267,987)	6,857,862	7,436,313
2023 proposed final dividend	—	—	—	—	—	—	256,545	256,545
	13,958	174,093	676,218	(52,773)	34,942	(267,987)	7,114,407	7,692,858

Notes:

(a) Profit attributable to equity holders of the Company of HK$709,211,000 (2023: HK$593,673,000) includes net profits of HK$303,111,000 (2023: HK$237,582,000) attributable to joint ventures and net profit of HK$16,670,000 (2023: HK$14,426,000) attributable to associates.

(b) Statutory reserves represent the PRC statutory reserves of certain subsidiaries, joint ventures and associates.

(c) In 2004, part of the amount standing to the credit of the share premium account of the Company was offset against the entire accumulated losses as at 31 December 2003 of HK$1,680,335,000 and the remaining credit of the share premium account of HK$676,218,000 was transferred to contributed surplus.

20 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2024 HK$'000	2023 HK$'000
Trade payables		
— third parties	**419,697**	283,104
— fellow subsidiaries (note (b))	**69,618**	50,317
— joint ventures (note (b))	**1,452**	3,108
— an associate (note (b))	**—**	2
— non-controlling interests (note (b))	**4,069**	—
	494,836	336,531
Bills payable		
— third parties	**22,284**	21,085
Other payables		
— third parties	**241,834**	286,609
— fellow subsidiaries (note (b))	**18,351**	24,727
— a joint venture (note (b))	**8,380**	8,437
— non-controlling interests (note (b))	**—**	2,681
Accrued liabilities	**10,890**	14,818
Amounts due to immediate holding company (note (b))	**10,797**	9,278
Amounts due to fellow subsidiaries (note (b))	**—**	1,323
	807,372	705,489
Contract liabilities — sales of goods (note (d))		
— third parties	**88,742**	57,521
— fellow subsidiaries (note (b))	**93,741**	139,825
— related companies (note (b))	**20,820**	15,393
	203,303	212,739
	1,010,675	918,228

20 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (Continued)

Notes:

(a) As at 31 December, the ageing analysis of trade payables based on invoice date is as follows:

	2024 HK$'000	2023 HK$'000
Current–90 days	**423,110**	267,282
91 days–180 days	**40,441**	16,949
Over 180 days	**31,285**	52,300
	494,836	336,531

(b) Balances with immediate holding company, fellow subsidiaries, related companies, joint ventures, an associate and non-controlling interests are unsecured, interest-free and have no fixed terms of repayment except for the trade related balances and bills payable, which are repayable according to the respective credit terms.

(c) The carrying amounts of trade and other payables approximate their fair values and are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
Renminbi	**451,957**	387,443
Hong Kong dollars	**80,188**	102,602
United States dollars	**256,718**	134,156
Others	**18,509**	81,288
	807,372	705,489

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

	2024 HK$'000	2023 HK$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**211,324**	301,430

21 OTHER INCOME AND (LOSSES) — NET

	2024 HK$'000	2023 HK$'000
Other income/(expenses):		
— Rental income	3,024	3,717
— Direct operating expenses for generating rental income	(73)	(68)
— Dividend income from financial assets at FVOCI	7,272	2,541
Other income — net	10,223	6,190
Other gains/(losses):		
— Net gains/(losses) on disposal of property, plant and equipment	3,042	(17)
— Fair value losses on investment properties (note 9)	(7,359)	(5,360)
— Reversal of provision/(provision) for impairment of trade receivables, net (note 16(b))	28,649	(29,135)
— Provision for impairment of other receivables	(3,637)	(143)
— Provision for impairment of inventories, net	(9,791)	(3,537)
— Net exchange (losses)/gains	(42,122)	13,987
— Government subsidy income	2,850	6,112
— Others	3,202	5,557
Other (losses) — net	(25,166)	(12,536)
Other income and (losses) — net	(14,943)	(6,346)

22 SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

	2024 HK$'000	2023 HK$'000
Selling expenses	187,004	148,298
Depreciation of property, plant and equipment (note 22(a))	3,025	4,487
Amortisation of intangible assets (note 6)	11,686	2,028
Depreciation of right-of-use assets (note 22(b))	6,691	8,449
Expenses related to short-term leases	33,582	28,221
Employee benefit expenses included in administrative expenses	383,252	325,599
Research and development expenses	61,902	33,275
Auditors' remuneration (note)	5,441	5,379
Others	40,279	38,635
	732,862	594,371

(a) Depreciation of property, plant and equipment

	2024 HK$'000	2023 HK$'000
Charge for the year (note 7)	20,234	18,597
Charged to cost of sales	(13,657)	(9,849)
Charged to selling expenses	(986)	(1,567)
Capitalised in inventories	(2,566)	(2,694)
	3,025	4,487

(b) Depreciation of right-of-use assets

	2024 HK$'000	2023 HK$'000
Charge for the year (note 8)	7,158	9,497
Charged to cost of sales	(293)	(820)
Charged to selling expenses	(174)	(228)
	6,691	8,449

Note:

Included in the above auditors' remuneration, HK$2,700,000 (2023: HK$3,187,000) is paid or payable to the Company's auditor.

23 EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses, which were included in cost of sales, selling, administrative and general expenses, are as follows:

	2024 HK$'000	2023 HK$'000
Wages, salaries and other short-term benefits, including directors' emoluments (note 24(a))	**475,425**	411,718
Retirement benefits costs — defined contribution plans (note)	**32,045**	33,624
Termination benefits	**14,800**	808
	522,270	446,150

Included in:

	2024 HK$'000	2023 HK$'000
Cost of sales	**44,984**	41,478
Selling, administrative and general espenses	**477,286**	404,672
	522,270	446,150

Note:

There were no forfeited contributions (2023: Nil) utilised during the year and no forfeited contributions were available at the year-end to reduce future contributions (2023: Nil). There were no contributions (2023: Nil) payable to the funds at the year-end.

23 EMPLOYEE BENEFIT EXPENSES (Continued)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2023: one) director whose emoluments are reflected in the note 24(a). The emoluments of the remaining four (2023: four) individuals during the year are as follows:

	2024 HK$'000	2023 HK$'000
Basic salaries, allowances and benefits-in-kind	8,994	7,270
Discretionary bonuses	—	—
Retirement benefits costs — defined contribution plan	1,253	905
	10,247	8,175

The emoluments of the individuals fell within the following bands:

	Number of individuals	
Emolument band	2024	2023
HK$2,000,001 — HK$2,500,000	1	4
HK$2,500,001 — HK$3,000,000	3	—

(b) Emoluments of senior management

Other than the emoluments of directors disclosed in note 24(a), the emoluments of senior management fell within the following bands:

	Number of individuals	
Emolument band	2024	2023
Below HK$1,000,000	1	2
HK$1,000,001 — HK$1,500,000	—	—
HK$1,500,001 — HK$2,000,000	—	—
HK$2,000,001 — HK$2,500,000	1	1

24 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

Details of the emoluments of directors of the Company for the year ended 31 December 2024 are as follows. Executive directors were also key management personnel of the Company.

Name of directors	**Fees** **HK$'000**	**Basic salaries, allowances and benefits-in-kind** **HK$'000**	**Total** **HK$'000**
Executive Director:			
Mr. Zhu Changyu	**—**	**3,510**	**3,510**
Ms. Meng Xin (resigned on 24 January 2025)	**—**	**—**	**—**
Independent Non-executive Directors:			
Mr. Tsui Yiu Wa, Alec	**320**	**—**	**320**
Mr. Jiang, Simon X.	**320**	**—**	**320**
Mr. Kwong Che Keung, Gordon	**320**	**—**	**320**
	960	**3,510**	**4,470**

Details of the emoluments of directors who were also the key management personnel of the Company for the year ended 31 December 2023 are as follows:

Name of directors	Fees HK$'000	Basic salaries, allowances and benefits-in-kind HK$'000	Total HK$'000
Executive Director:			
Mr. Zhu Changyu (appointed on 17 April 2023)	—	1,618	1,618
Mr. Zhu Jianhui (resigned on 17 April 2023)	—	2,671	2,671
Ms. Meng Xin	—	—	—
Independent Non-executive Directors:			
Mr. Tsui Yiu Wa, Alec	320	—	320
Mr. Jiang, Simon X.	320	—	320
Mr. Kwong Che Keung, Gordon	320	—	320
	960	4,289	5,249

Note:

The above amounts represented the emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking.

There were no contributions to pension schemes for directors or past directors of the Company for the year (2023: Nil).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director 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.

25 FINANCE INCOME — NET

	2024 HK$'000	2023 HK$'000
Interest income from:		
— a fellow subsidiary (note 33(a))	**12,532**	10,042
— bank deposits	**261,448**	256,674
Total finance income	**273,980**	266,716
Interest expenses on lease liabilities (note 8)	**(725)**	(473)
Other finance charges	**(1,488)**	(1,359)
Total finance costs	**(2,213)**	(1,832)
Finance income — net	**271,767**	264,884

26 INCOME TAX EXPENSES

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

The PRC enterprise income tax has been calculated on the estimated assessable profit derived from the Group's operations in the PRC for the year at 25% (2023: 25%). Except, for 2023, a subsidiary was taxed at a reduced rate of 15% based on different local preferential policies on income tax and approval by relevant tax authorities.

Other overseas taxation has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. These rates range from 17% to 35% (2023: 17% to 35%) during the year.

In December 2021, the Organisation for Economic Co-operation and Development published Tax Challenges Arising from the Digitalisation of the Economy — Global Anti-Base Erosion Model Rules ("Pillar Two"): Inclusive Framework on Base Erosion and Profit Shifting ("Pillar Two Model Rules"). The Group is within the scope of the Pillar Two Model Rules. Pillar Two legislation was enacted in Germany and Japan, the jurisdictions in which Hanyuan Technical Service Center GmbH and Shin Chung Lin Corporation are incorporated, and came into effect from 1 January 2024 and 1 April 2024 respectively. Whereas the Pillar Two Model Rules were not effective in those other countries at the reporting date of the Group incorporated. The Group is in the process of assessing its exposure to the Pillar Two Model Rules for when it comes into effect. Due to the complexities in applying the legislation, the quantitative impact is not yet reasonably estimable. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

26 INCOME TAX EXPENSES (Continued)

	2024 HK$'000	2023 HK$'000
Current income tax		
— current year		
— Hong Kong profits tax	**30,890**	21,369
— PRC enterprise income tax	**25,092**	22,793
— other overseas taxation	**7,758**	7,475
— (over-provision)/provision in prior years		
— Hong Kong profits tax	**(673)**	(538)
— PRC enterprise income tax	**371**	(2,349)
— other overseas taxation	**42**	51
Deferred income tax charge — net (note 14)	**4,125**	5,356
Income tax expenses	**67,605**	54,157

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the profits tax rate of Hong Kong where the Company operates and the difference is set out below:

	2024 HK$'000	2023 HK$'000
Profit before income tax (excluding share of profits of joint ventures and associates)	**464,101**	410,755
Calculated at a tax rate of 16.5% (2023: 16.5%)	**76,577**	67,774
Effect of different tax rates in the PRC and other overseas countries	**13,232**	6,114
Income not subject to income tax	**(42,499)**	(43,418)
Expenses not deductible for tax purposes	**18,798**	10,946
Tax losses not recognised	**13,410**	5,364
Utilisation of previously unrecognised tax losses	**(9,398)**	—
Over-provision in prior years, net	**(260)**	(2,836)
Reversal of tax losses recognised	**—**	840
Reversal of temporary differences recognised	**278**	8,024
Temporary differences not recognised	**2,086**	9,097
Withholding tax		
— interest income	**—**	28
— dividend income	**5,237**	53
— unremitted earnings of subsidiaries, joint ventures and associates	**(5,312)**	289
Land appreciation tax on the PRC investment properties	**(2,959)**	(1,834)
Special tax credit	**(1,585)**	(6,284)
Income tax expenses	**67,605**	54,157

27 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to equity holders of the Company of HK$709,211,000 (2023: HK$593,673,000) and the weighted average number of ordinary shares outstanding during the year, adjusted for shares repurchased and cancelled during the year, of 1,465,971,429 shares (2023: 1,472,160,717 shares).

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

28 DIVIDENDS

	2024 HK$'000	2023 HK$'000
Interim dividend paid of HK$0.265 (2023: HK$0.225) per ordinary share	388,482	329,844
Final dividend proposed of HK$0.215 (2023: HK$0.175) per ordinary share	315,184	256,545
	703,666	586,389

At the board meeting held on 26 March 2025, the directors of the Company proposed a final dividend of HK$0.215 per ordinary share for the year ended 31 December 2024. These proposed dividends have not been recognised as a liability in the 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.

29 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to cash generated from operations

	2024 HK$'000	2023 HK$'000
Operating profit	**192,334**	145,871
Amortisation of intangible assets	**11,686**	2,028
Depreciation of property, plant and equipment, net of amount capitalised	**17,668**	15,903
Depreciation of right-of-use assets	**7,158**	9,497
Net (gains)/losses on disposal of property, plant and equipment	**(3,042)**	17
Fair value losses on investment properties	**7,359**	5,360
(Reversal of provision)/provision for impairment of trade receivables, net	**(28,649)**	29,135
Provision for impairment of other receivables	**3,637**	143
Provision for impairment of inventories, net	**9,791**	3,537
Dividend income	**(7,272)**	(2,541)
Operating profit before working capital changes	**210,670**	208,950
(Increase)/decrease in inventories	**(118,745)**	1,311
Decrease in trade and other receivables	**3,561**	456,759
(Increase)/decrease in amounts due from fellow subsidiaries	**(2,550)**	5,880
Increase/(decrease) in trade and other payables	**101,526**	(5,547)
Decrease in contract liabilities	**(55,480)**	(92,745)
Increase in amounts due to immediate holding company	**1,519**	574
(Decrease)/increase in amounts due to fellow subsidiaries	**(805)**	768
Cash generated from operations	**139,696**	575,950

29 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) The reconciliation of liabilities arising from financing activities is as follows:

	Lease liabilities HK$'000	Total HK$'000
At 1 January 2023	15,911	15,911
Currency translation differences	(209)	(209)
Principal elements of lease payments	(12,907)	(12,907)
Additions of lease	14,343	14,343
Finance cost on lease liabilities	473	473
At 31 December 2023	**17,611**	**17,611**
Currency translation differences	**(351)**	**(351)**
Principal elements of lease payments	**(4,719)**	**(4,719)**
Acquisition of a subsidiary (note 32)	**1,752**	**1,752**
Additions of lease	**1,070**	**1,070**
Termination of lease	**(485)**	**(485)**
Finance cost on lease liabilities	**725**	**725**
At 31 December 2024	**15,603**	**15,603**

30 CAPITAL COMMITMENTS

(a) The Group had capital commitments for capital expenditure as follows:

	2024 HK$'000	2023 HK$'000
Contracted but not provided	**6,215**	811

(b) The Group's share of capital commitments of a joint venture in respect of fixed assets investment is as follows:

	2024 HK$'000	2023 HK$'000
Contracted but not provided	**4,292**	6,292

31 LEASE COMMITMENTS

(a) The aggregate future minimum lease payments under non-cancellable short-term leases in respect of land and buildings and equipment are HK$25,633,000 (2023: HK$15,504,000).

(b) The aggregate future minimum rental receivables under non-cancellable operating leases are as follows:

	2024 **HK$'000**	2023 HK$'000
Within 1 year	**1,722**	2,652
Between 1 and 2 years	**843**	764
Between 2 and 3 years	**52**	108
	2,617	3,524

The Group's operating leases were for terms ranging from one to three years.

32 BUSINESS COMBINATION

On 10 November 2023, the Company entered into a share transfer agreement with COSCO SHIPPING Development (Hong Kong) Co., Limited in relation to the acquisition of entire 100% equity interest of Helen Insurance Brokers at a consideration of HK$270,980,600 subject to the fulfilment of conditions as stated in the share transfer agreement. Helen Insurance Brokers is a company incorporated in Hong Kong with limited liability and its principal business is provision of marine insurance brokerage services. On 15 January 2024, the conditions as stated in the share transfer agreement were satisfied, the acquisition was completed and Helen Insurance Brokers has become a directly wholly-owned subsidiary of the Company.

Consideration paid for, and goodwill arising from, the acquisition are as follows:

	HK$'000
Purchase consideration paid in cash	270,980
Fair values of identifiable net assets acquired	(174,628)
Goodwill (note 6)	96,352

32 BUSINESS COMBINATION (Continued)

Recognised amounts of identifiable assets acquired and liabilities assumed are as follows:

	Fair Value HK$'000
Intangible assets (note 6)	164,722
Property, plant and equipment (note 7)	142
Right-of-use assets (note 8)	1,603
Trade and other receivables	23,621
Current deposits and cash and cash equivalents	108,538
Trade and other payables	(94,168)
Current income tax liabilities	(1,029)
Lease liabilities (note 29(b))	(1,752)
Deferred income tax liabilities (note 14)	(27,049)
Total identifiable net assets	174,628

Net outflow of cash and cash equivalents on acquisition:

	HK$'000
Purchase consideration paid in cash	270,980
Cash and cash equivalents acquired	(108,538)
Net cash used in acquisition of a subsidiary	162,442

Notes:

(a) The acquired business contributed revenues of HK$12,275,000 and net profit of HK$807,000 to the group for the period from 15 January 2024 to 31 December 2024. If the acquisition had occurred on 1 January 2024, consolidated pro-forma revenue and profit for the year would have been HK$3,629,489,000 and HK$718,120,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had been applied from 1 January 2024, together with the consequential tax effects.

(b) Acquisition-related costs were not material and had been expensed.

(c) For the purpose of related party transactions disclosure, total consideration paid to COSCO SHIPPING Development (Hong Kong) Co., Limited was HK$270,980,600.

(d) The fair value of the acquired customer relationships amounted to HK$163,741,000. The Group recognised related deferred income tax liabilities amounting to HK$27,017,000.

(e) Goodwill is attributable to cost synergies expected to arise as a result of the acquisition of Helen Insurance Brokers. Goodwill has been allocated to the Insurance brokerage segment. Goodwill is not tax deductible.

33 MATERIAL RELATED PARTY TRANSACTIONS

The Group is controlled by COSCO SHIPPING (Hong Kong) Co., Limited ("COSCO SHIPPING (Hong Kong)"), a company incorporated in Hong Kong, which owns 71.70% of the Company's shares as at 31 December 2024. The remaining 28.30% of the Company's shares is widely held. The ultimate holding company of COSCO SHIPPING (Hong Kong) is COSCO SHIPPING.

COSCO SHIPPING itself is a state-owned enterprise established and controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 (Revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include COSCO SHIPPING, its subsidiaries (other than the Group) and associates, other state-owned enterprises and their subsidiaries directly or indirectly controlled by the PRC government, and other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and COSCO SHIPPING as well as their close family members.

For the years 2024 and 2023, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government mainly include most of its bank deposits and the corresponding interest income and part of sales and purchases of goods and services. The price and other terms of such transactions are set out in the agreements governing these transactions or as mutually agreed.

33 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

Apart from the above-mentioned transactions with the government-related entities and the related party information shown elsewhere in the financial statements, the following is a summary of the significant related party transactions carried out in the normal course of the Group's business during the year:

(a) Sale of goods and provision of services to holding companies, fellow subsidiaries, related companies and other related parties

	Note	2024 HK$'000	2023 HK$'000
Sale of coatings to:	(i)		
— fellow subsidiaries		**482,681**	157,859
— related companies		**3,598**	4,343
— non-controlling interests		**4,392**	4,339
— a joint venture		**20,039**	3,377
Sale of marine equipment and spare parts to:	(ii)		
— fellow subsidiaries		**1,391,229**	1,325,698
— related companies		**49,860**	40,783
— joint ventures		**6,212**	2,510
— an associate		**175**	685
Commission income in relation to the provision of ship trading agency services to:	(iii)		
— fellow subsidiaries		**53,096**	56,639
— a joint venture		**4,975**	6,616
Commission income in relation to the provision of insurance brokerage services to:	(iv)		
— fellow subsidiaries		**123,469**	88,232
— related companies		**3,715**	1,710
— a holding company		**950**	705
— a joint venture		**2**	4
Sale of ship supplies and other products to:	(v)		
— fellow subsidiaries		**48**	20
— a related company		**—**	848
— a holding company		**—**	33
— an associate		**—**	289
Service fee income in relation to the provision of green, low-carbon and digital intelligent solutions to:	(vi)		
— fellow subsidiaries		**371**	51
— an associate		**10**	—
Interest income from a fellow subsidiary (note 25)	(vii)	**12,532**	10,042
Management fee income in relation to the provision of management services to:	(viii)		
— fellow subsidiaries		**24,435**	22,170
— a holding company		**70,135**	60,784

33 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Sale of goods and provision of services to holding companies, fellow subsidiaries, related companies and other related parties (Continued)

Notes:

(i) Sale of coatings to fellow subsidiaries, related companies, non-controlling interests and a joint venture was conducted on terms as set out in the agreements governing these transactions.

(ii) Sale of marine equipment and spare parts to fellow subsidiaries, related companies, joint ventures and an associate was conducted on terms as set out in the agreements governing these transactions.

(iii) Certain subsidiaries of the Company acted as agent of fellow subsidiaries and a joint venture relating to (a) sale and purchase of new and second hand vessels; (b) bareboat charter businesses; and (c) sale and purchase of marine equipment for new shipbuilding projects. According to the terms of the relevant engagement/commission agreements, the Group received commission income from vendors, ship-owners and equipment makers with respect to the transactions mentioned above. The commissions were charged based on terms as set out in the agreements governing these transactions.

(iv) Commission income in relation to the provision of insurance brokerage services to fellow subsidiaries, related companies, a holding company and a joint ventures was calculated on terms as set out in the agreements governing these transactions.

(v) Sale of ship supplies and other products to fellow subsidiaries, a related company, a holding company and an associate was conducted on terms as set out in the agreements governing these transactions.

(vi) Service fee income in relation to the provision of green, low-carbon and digital intelligent solutions to fellow subsidiaries and an associate was conducted on terms as set out in the agreements governing these transactions.

(vii) Interest income was received from cash deposits placed with a fellow subsidiary and was calculated at prevailing market rates.

(viii) Management fee income is derived from provision of management services to fellow subsidiaries and a holding company and was conducted on terms as set out in the agreements governing these transactions.

(b) Purchase of goods and services from fellow subsidiaries, related companies and other related parties

	Note	2024 HK$'000	2023 HK$'000
Expenses related to short-term leases to fellow subsidiaries in relation to lease contracts for land and buildings	(i)	**31,270**	23,354
Commission expenses in relation to the sale of coatings paid to fellow subsidiaries	(ii)	**12,154**	1,442
Commission expenses in relation to the sale of marine equipment paid to a related company	(iii)	**5,257**	1,858
Purchase of raw materials from:	(iv)		
— a fellow subsidiary		**27**	25
— non-controlling interests		**2,656**	659
— a joint venture		**25,936**	11,488
Purchase of marine spare parts from a fellow subsidiary	(iv)	**9,825**	12,076
Transportation costs paid to fellow subsidiaries	(v)	**3,232**	6,443
Technology usage fee paid to non-controlling interests	(vi)	**1,746**	1,513
Service fees paid to fellow subsidiaries	(vii)	**22,688**	10,397

33 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Purchase of goods and services from fellow subsidiaries, related companies and other related parties (Continued)

Notes:

(i) During the year, the Group leased certain office premises and other properties in Hong Kong, the PRC and other overseas countries from fellow subsidiaries on terms as set out in the agreements governing these transactions.

(ii) Commission paid to fellow subsidiaries was based on a certain percentage of sales amounts in accordance with terms as set out in the agreements governing these transactions.

(iii) A related company was appointed as agent to provide agency services in relation to the sale of marine equipment in the PRC. Commission paid was based on a certain percentage of sales procured by the related company.

(iv) Purchase of raw materials and marine spare parts from fellow subsidiaries, non-controlling interests and a joint venture was conducted on terms as set out in the agreements governing these transactions.

(v) Transportation costs paid to fellow subsidiaries were based on terms as set out in the agreements governing these transactions.

(vi) Technology usage fee paid to non-controlling interests was made based on a certain percentage of the net sales amount in accordance with terms as set out in the agreements governing these transactions.

(vii) Service fees were paid to fellow subsidiaries in relation to their provision of administrative services, manpower resources, technical support and other ancillary support to the Group and sharing of office premises by the Group and were conducted on terms as set out in the agreements governing these transactions.

34 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Note	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,435**	2,357
Investments in subsidiaries		**1,414,346**	1,143,365
Investments in joint ventures		**249,248**	249,248
Investments in associates		**5,944**	2,090
		1,670,973	1,397,060
Current assets			
Amounts due from subsidiaries		**535,518**	613,132
Other receivables		**58,666**	71,511
Current deposits and cash and cash equivalents		**4,748,210**	4,912,978
		5,342,394	5,597,621
Total assets		**7,013,367**	6,994,681
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**146,597**	146,597
Other reserves	(a)	**690,176**	690,176
Retained earnings	(a)	**5,746,365**	5,838,436
Total equity		**6,583,138**	6,675,209
LIABILITIES			
Current liabilities			
Amounts due to immediate holding company		**10,797**	9,278
Amounts due to subsidiaries		**368,382**	240,602
Other payables		**51,050**	69,592
Total liabilities		**430,229**	319,472
Total equity and liabilities		**7,013,367**	6,994,681

The statement of financial position of the Company was approved by the Board of Directors on 26 March 2025 and was signed on its behalf.

Zhu Changyu
Director

Wang Yong
Director

34 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Statement of financial position of the Company (Continued)

Note:

(a) Reserve movement of the Company

	Other reserves HK$'000	Retained earnings HK$'000
At 1 January 2023	729,837	5,838,171
Profit for the year	—	499,282
Dividends paid	—	(499,017)
Repurchases and cancellation of shares	(39,661)	—
At 31 December 2023	**690,176**	**5,838,436**
Profit for the year	**—**	**552,956**
Dividends paid	**—**	**(645,027)**
At 31 December 2024	**690,176**	**5,746,365**

35 PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries of the Group as at 31 December 2024 are as follows:

Name	Place of incorporation/ operation and type of legal entity	Issued share capital/ registered capital	Principal activities	Attributable equity interest held 2024	Attributable equity interest held 2023
Beijing COSCO SHIPPING Ship Trading Co., Ltd.#	PRC, wholly foreign-owned enterprise	US$1,300,000	Provision of agency services in ship trading business	100%	100%
COSCO Kansai Paint & Chemicals (Shanghai) Co., Ltd.#	PRC, Sino-foreign equity joint venture enterprise	US$7,000,000	Sale of coatings	63.07%	63.07%
COSCO Kansai Paint & Chemicals (Tianjin) Co., Ltd.#	PRC, Sino-foreign equity joint venture enterprise	US$5,000,000	Production and sale of coatings	63.07%	63.07%
COSCO Kansai Paint & Chemicals (Zhuhai) Co., Ltd.#	PRC, foreign equity joint venture enterprise	US$10,000,000	Production and sale of coatings	64.71%	64.71%
COSCO Kansai Paint (Shanghai) Co., Ltd.#	PRC, foreign equity joint venture enterprise	US$25,600,000	Production and sale of coatings	63.07%	63.07%
COSCO SHIPPING (Hong Kong) Insurance Brokers Limited#	Hong Kong, limited liability company	HK$5,000,000 ordinary share capital	Provision of insurance brokerages and related services	100%	100%
COSCO Shipping (Hong Kong) Ship Trading Company Limited (formerly known as YUAN XIANG (HONG KONG) CO., LIMITED)#	Hong Kong, limited liability company	HK$500,000 ordinary share capital	Provision of agency services in ship trading business	100%	100%
Graceful Nice Limited#	British Virgin Islands, limited liability company	1 ordinary share of US$1	Investment holding	100%	100%
Helen Insurance Brokers Limited#	Hong Kong, limited liability company	HK$3,000,000 ordinary share capital	Provision of insurance brokerages and related services	100%	–
Raycle Match Development Ltd.#	British Virgin Islands, limited liability company	1 ordinary share of US$1	Investment holding	100%	100%
Yuantong Marine Service Co. Limited#	Hong Kong, limited liability company	HK$208,352,000 ordinary share capital	Trading of marine equipment and spare parts	100%	100%
COSCO SHIPPING Green Digital Intelligence Ship Services Co., Ltd.#	PRC, Sino-foreign equity joint venture enterprise	RMB50,000,000	Providing green, low-carbon and digital intelligent solutions for the full-life cycle of the shipping industry	51%	51%

35 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation and type of legal entity	Issued share capital/ registered capital	Principal activities	Attributable equity interest held 2024	2023
COSCO SHIPPING International Trading Company Limited	PRC, wholly foreign-owned enterprise	RMB480,633,044.22	Trading of asphalt, ship equipment and accessories	100%	100%
Hanyuan Technical Service Center GmbH	Germany, limited liability company	EUR102,259	Trading of marine equipment and spare parts	100%	100%
Jingzhou Federal Reserve Logistics Trading Co., Ltd.	PRC, limited liability company	RMB500,000	Storage and handling of asphalt and processing of modified asphalt	100%	100%
Shenzhen COSCO Insurance Brokers Limited	PRC, Sino-foreign equity joint venture enterprise	RMB50,000,000	Provision of professional services of insurance brokerages	55%	55%
Shin Chung Lin Corporation	Japan, limited liability company	1,600 ordinary shares of JPY237,500 each	Trading of marine equipment and spare parts	100%	100%
Sinfeng Marine Services Pte. Ltd.	Singapore, limited liability company	7,000,000 ordinary shares of US$1 each	Trading of marine fuel and other related products	100%	100%
Xing Yuan (Singapore) Pte. Ltd.	Singapore, limited liability company	100,000 ordinary shares of S$1 each	Trading of marine equipment and spare parts	100%	100%
Yuan Hua Technical & Supply Corporation	United States of America, limited liability company	US$400,000	Materials and spare parts supply and service support for vessels	100%	51%
Yuantong Marine Trade (Shanghai) Co., Ltd.	PRC, wholly foreign-owned enterprise	US$3,200,000	Trading of marine equipment and spare parts	100%	100%

Shares held directly by the Company.

36 JOINT VENTURES AND ASSOCIATES

Particulars of joint ventures and associates of the Group as at 31 December 2024 are as follows:

Name	Place of incorporation/ operation and type of legal entity	Issued share capital/ registered capital	Principal activities	Attributable equity interest held 2024	2023
(a) Joint ventures					
COSCO SHIPPING (Tianjin) Ship Technology Services Co., Ltd. (formerly known as Cosbulk International Trading Co. Ltd. (Tianjin))#	PRC, Sino-foreign equity joint venture enterprise	RMB1,500,000	Vessel and equipment trade consultant	49%	49%
Jotun COSCO Marine Coatings (HK) Limited#	Hong Kong/PRC, limited liability company	HK$2,400 ordinary share capital	Investment holding and sale of coatings	50%	50%
Nasurfar Biomaterial Technology (Changshu) Co., Ltd.#	PRC, Sino-foreign equity joint venture enterprise	RMB182,907,725	Research and development, production and sales of biochemical products	33%	33%
COSCO SHIPPING (Dalian) Electronic Technology Co., Ltd.	PRC, Sino-foreign equity joint venture enterprise	RMB1,000,000	Provision of marine electronic engineering services	40%	40%
Shanghai Ocean Radio Co., Ltd.	PRC, Sino-foreign equity joint venture enterprise	US$250,000	Trading of marine equipment and provision of repair and maintenance	25%	25%
Tianjin Marine Electronic Co., Ltd.	PRC, Sino-foreign equity joint venture enterprise	US$200,000	Provision of marine electronic engineering services	25%	25%
(b) Associates					
COSCOSHIP (QINGDAO) CO., LTD.#	PRC, Sino-foreign equity joint venture enterprise	RMB3,000,000	Vessel engineering and technical support	20%	20%
COSCO SHIPPING SUPPLY (GUANGZHOU) CO., LTD.	PRC, limited liability company	RMB30,442,100	Supply and storage of related materials of cargo transportation	20%	20%
German Lashing (Nanjing) Co., Ltd.	PRC, Sino-foreign equity joint venture enterprise	US$663,000	Manufacture, sale and provision of after-sale service of container software and related products	20%	20%
Shanghai JOYFuel Green Energy Co., Ltd.#	PRC, Sino-foreign equity joint venture enterprise	RMB10,000,000	Investment platform specializing in renewable fuels including green methanol	35%	—
Zhejiang Four Brothers Rope Co., Ltd.	PRC, Sino-foreign equity joint venture enterprise	RMB63,076,923	Manufacturing of synthetic ropes (for marine and fishing)	48%	48%

Shares held directly by the Company.

List of Major Properties

As at 31 December 2024

Description	Existing use	Approximate area	Lease term	% of interest attributable to the Group
Properties held for own use				
(1) Economic Zone, Gaolan Port, Zhuhai, the PRC	Industrial	Site area 67,882.00 sq.m.	From 18 April 2006 to 17 April 2056	64.71
(2) No. 2, Industry Park, Jinshan District, Shanghai, the PRC	Industrial	Site area 61,097.30 sq.m.	From 5 July 2013 to 4 July 2063	63.07
(3) No. 9 Basement 1, No. 188 Tongzhou Road, Shanghai, the PRC	Carparking	1 car parking space	From 28 June 1998 to 27 June 2068	100
(4) Room 201, No. 8 Building, No. 188 Tongzhou Road, Shanghai, the PRC	Residential	Gross floor area 228.29 sq.m.	From 28 June 1998 to 27 June 2068	100
Property held for investment				
(1) 19th Floor, Nan Dao Commercial Building, 359–361 Queen's Road Central, Hong Kong	Commercial	Gross floor area 320.51 sq.m.	999 years from 7 February 1852	100
(2) 207 Henderson Road, #01-03/#03-03 Henderson Industrial Park, Singapore 159550	Commercial	Saleable area 782 sq.m.	Freehold	100

Five-Year Financial Summary

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**3,627,126**	3,341,729	3,962,539	4,533,549	3,442,894
Operating profit	**192,334**	145,871	202,831	277,545	132,500
Finance income — net	**271,767**	264,884	96,351	40,807	132,696
Share of profits of joint ventures	**303,111**	237,582	117,529	63,711	108,807
Share of profits/(losses) of associates	**16,670**	14,426	8,647	(40,889)	31,022
Profit before income tax	**783,882**	662,763	425,358	341,174	405,025
Income tax expenses	**(67,605)**	(54,157)	(58,461)	(37,568)	(57,489)
Profit for the year	**716,277**	608,606	366,897	303,606	347,536
Profit attributable to:					
Equity holders of the Company	**709,211**	593,673	347,062	288,341	338,523
Non-controlling interests	**7,066**	14,933	19,835	15,265	9,013
	716,277	608,606	366,897	303,606	347,536

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS					
Non-current assets					
Intangible assets	**359,764**	106,843	108,721	107,664	109,044
Property, plant and equipment	**195,902**	208,363	221,838	255,817	279,908
Right-of-use assets	**42,257**	48,155	43,815	41,412	45,459
Investment properties	**136,367**	145,933	151,305	158,545	144,543
Investments in joint ventures	**759,695**	668,448	527,896	499,999	562,668
Investments in associates	**166,139**	159,961	154,716	237,786	167,403
Financial assets at fair value through other comprehensive income	**84,772**	64,949	53,849	62,621	57,590
Deferred income tax assets	**25,131**	33,100	40,531	42,810	37,931
	1,770,027	1,435,752	1,302,671	1,406,654	1,404,546
Current assets	**7,563,543**	7,769,477	7,931,822	8,335,570	8,534,148
Total assets	**9,333,570**	9,205,229	9,234,493	9,742,224	9,938,694
CAPITAL AND RESERVES					
Share capital	**146,597**	146,597	148,169	153,296	153,296
Reserves	**7,725,989**	7,692,858	7,654,418	7,907,721	7,959,747
Total shareholders' equity	**7,872,586**	7,839,455	7,802,587	8,061,017	8,113,043
Non-controlling interests	**336,753**	347,944	318,993	333,579	314,671
Total equity	**8,209,339**	8,187,399	8,121,580	8,394,596	8,427,714
LIABILITIES					
Non-current liabilities					
Lease liabilities	**11,808**	15,197	6,969	4,738	6,194
Deferred income tax liabilities	**77,334**	64,035	67,336	63,308	83,233
	89,142	79,232	74,305	68,046	89,427
Current liabilities					
Short-term borrowings	**—**	—	—	42,807	89,111
Other current liabilities	**1,035,089**	938,598	1,038,608	1,236,775	1,332,442
	1,035,089	938,598	1,038,608	1,279,582	1,421,553
Total liabilities	**1,124,231**	1,017,830	1,112,913	1,347,628	1,510,980
Total equity and liabilities	**9,333,570**	9,205,229	9,234,493	9,742,224	9,938,694

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