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中遠海運國際(香港)有限公司

COSCO SHIPPING INTERNATIONAL (HONG KONG) CO., LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 00517)

2024 ANNUAL RESULTS AND PROPOSED CHANGE OF AUDITOR

RESULTS AND OPERATION HIGHLIGHTS

- Revenue increased by 9% to HK\$3,627,126,000, mainly due to the increase in revenues from coatings segment and the increase in commission income from insurance brokerage segment.
- Gross profit increased by 27% to HK\$845,569,000, mainly due to the increase in gross profit margin of coatings segment and the increase in revenue from insurance brokerage segment.
- Gross profit margin increased to 23%, mainly due to the increase of revenue contribution from higher-gross profit margin segments.
- Profit before income tax from core business of shipping services increased by 25% to HK\$627,800,000.
- Profit attributable to equity holders of the Company increased by 19% to HK\$709,211,000, mainly due to the increase in revenue and the share of profit of a joint venture.
- Basic and diluted earnings per share was increased by 20% to 48.38 HK cents (2023: 40.33 HK cents). The Board has recommended the payment of a final dividend of 21.5 HK cents per share. 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. The dividend payout ratio is approximately 99%.
- The Group had net cash (represented by total restricted bank deposits and current deposits and cash and cash equivalents) of HK\$5,943,477,000 as at 31 December 2024.

The board of directors (the “Board” or the “Director(s)”) of COSCO SHIPPING International (Hong Kong) Co., Ltd. (the “Company” or “COSCO SHIPPING International”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2024.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

| | | 2024 | 2023 |
|---|------|-----------------------|-----------------------|
| | Note | HK\$'000 | HK\$'000 |
| Revenue | 3 | 3,627,126 | 3,341,729 |
| Cost of sales | | <u>(2,781,557)</u> | <u>(2,678,095)</u> |
| Gross profit | | 845,569 | 663,634 |
| Management fee income | | 94,570 | 82,954 |
| Other income and (losses) — net | 4 | (14,943) | (6,346) |
| Selling, administrative and general expenses | 5 | <u>(732,862)</u> | <u>(594,371)</u> |
| Operating profit | | 192,334 | 145,871 |
| Finance income | 6 | 273,980 | 266,716 |
| Finance costs | 6 | (2,213) | (1,832) |
| Finance income — net | 6 | 271,767 | 264,884 |
| Share of profits of joint ventures | | 303,111 | 237,582 |
| Share of profits of associates | | <u>16,670</u> | <u>14,426</u> |
| Profit before income tax | | 783,882 | 662,763 |
| Income tax expenses | 7 | <u>(67,605)</u> | <u>(54,157)</u> |
| Profit for the year | | <u>716,277</u> | <u>608,606</u> |
| Profit attributable to: | | | |
| Equity holders of the Company | | 709,211 | 593,673 |
| Non-controlling interests | | <u>7,066</u> | <u>14,933</u> |
| | | <u>716,277</u> | <u>608,606</u> |
| Earnings per share attributable to equity holders of the Company | | | |
| — basic and diluted, HK cents | 8 | <u>48.38</u> | <u>40.33</u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|------------------|------------------|
| Profit for the year | <u>716,277</u> | <u>608,606</u> |
| 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 | <u>19,823</u> | <u>11,100</u> |
| Other comprehensive losses for the year | <u>(37,087)</u> | <u>(21,915)</u> |
| Total comprehensive income for the year | <u>679,190</u> | <u>586,691</u> |
| Total comprehensive income attributable to: | | |
| Equity holders of the Company | 678,158 | 577,118 |
| Non-controlling interests | <u>1,032</u> | <u>9,573</u> |
| | <u>679,190</u> | <u>586,691</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

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

NOTES

1 GENERAL INFORMATION

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

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

The ultimate holding company of the Company is 中國遠洋海運集團有限公司 (China COSCO Shipping Corporation Limited*) (“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.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

(i) Adoption of amendments to existing standards

In 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.

3 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 |
| | <u>3,627,126</u> | <u>3,341,729</u> |

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

| Reportable segments | Business activities |
|----------------------------------|---|
| Coatings | Production and sale of coatings, and holding of investments in joint ventures, namely Jotun COSCO Marine Coatings (HK) Limited (“Jotun COSCO”) and 常熟耐素生物材料科技有限公司 (Nasurfar Biomaterial Technology (Changshu) Co., Ltd.*) (“Nasurfar Changshu”) |
| Marine equipment and spare parts | Trading and supply of marine equipment and spare parts, and holding of investments in joint ventures |
| Ship trading agency | Provision of agency services relating to shipbuilding, ship trading and bareboat charter business, and holding of investments in a joint venture and an associate |
| Insurance brokerage | Provision of insurance brokerage services |
| Intelligent shipping services | 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 浙江四兄繩業有限公司 (Zhejiang Four Brothers Rope Co., Ltd.*) (“Zhejiang Four Brothers Rope”) |

Others mainly comprise the holding of the Group's financial assets at FVOCI, and the results of Sinfeng Marine Services Pte. Ltd. (“Sinfeng”) and 上海吉遠綠色能源有限公司 (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.

| | Year ended and as at 31 December 2024 | | | | | | | | | |
|---|---------------------------------------|--|---------------------------------|---------------------------------|---|-------------------|-----------------|--------------|---------------------------|------------------|
| | Shipping services | | | | | | General trading | Others | Inter-segment elimination | Total |
| | Coatings HK\$'000 | Marine equipment and spare parts HK\$'000 | Ship trading agency HK\$'000 | Insurance brokerage HK\$'000 | Intelligent shipping services HK\$'000 | Total HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| 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 | <u>1,344,147</u> | <u>1,814,163</u> | <u>107,053</u> | <u>220,994</u> | <u>1,325</u> | <u>3,487,682</u> | <u>139,444</u> | <u>—</u> | <u>—</u> | <u>3,627,126</u> |
| 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 | <u>320,824</u> | <u>93,132</u> | <u>52,912</u> | <u>116,408</u> | <u>(23,428)</u> | <u>559,848</u> | <u>4,647</u> | <u>8,036</u> | <u>—</u> | <u>572,531</u> |
| 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 | <u>391,526</u> | <u>283,916</u> | <u>49,016</u> | <u>287,218</u> | <u>1,388</u> | <u>1,013,064</u> | <u>34,536</u> | <u>1,071</u> | <u>(787)</u> | <u>1,047,884</u> |
| 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) | <u>6,437</u> | <u>3,369</u> | <u>1,481</u> | <u>5,156</u> | <u>96</u> | <u>16,539</u> | <u>150</u> | <u>—</u> | <u>—</u> | <u>16,689</u> |

Year ended and as at 31 December 2023

| | Shipping services | | | | | Total | General trading | Others | Inter-segment elimination | Total |
|---|-------------------|----------------------------------|---------------------|---------------------|-------------------------------|------------------|-----------------|--------------|---------------------------|------------------|
| | Coatings | Marine equipment and spare parts | Ship trading agency | Insurance brokerage | Intelligent shipping services | | | | | |
| | 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 | <u>826,045</u> | <u>1,725,018</u> | <u>86,782</u> | <u>139,707</u> | <u>97</u> | <u>2,777,649</u> | <u>564,080</u> | <u>—</u> | <u>—</u> | <u>3,341,729</u> |
| 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 | <u>254,890</u> | <u>85,652</u> | <u>36,498</u> | <u>79,069</u> | <u>(3,446)</u> | <u>452,663</u> | <u>(38,880)</u> | <u>4,385</u> | <u>—</u> | <u>418,168</u> |
| 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 | <u>283,916</u> | <u>360,239</u> | <u>85,819</u> | <u>142,078</u> | <u>532</u> | <u>872,584</u> | <u>61,365</u> | <u>210</u> | <u>(547)</u> | <u>933,612</u> |
| 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) | <u>22,868</u> | <u>469</u> | <u>20</u> | <u>1,799</u> | <u>157</u> | <u>25,313</u> | <u>244</u> | <u>—</u> | <u>—</u> | <u>25,557</u> |

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

| | 2024 | 2023 |
|---|-----------------|-------------|
| | HK\$'000 | HK\$'000 |
| Profit before income tax for reportable segments | 632,726 | 469,398 |
| Profit before income tax for others | 8,036 | 4,385 |
| | <hr/> | <hr/> |
| 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) |
| | <hr/> | <hr/> |
| 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 |
| | <hr/> | <hr/> |
| Profit after income tax for the Group | 716,277 | 608,606 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | 2024 | 2023 |
|--|------------------|-------------|
| | HK\$'000 | 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) |
| | <hr/> | <hr/> |
| 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) |
| | <hr/> | <hr/> |
| Total assets for the Group | 9,333,570 | 9,205,229 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Total liabilities for reportable segments | 1,047,600 | 933,949 |
| Total liabilities for others | 1,071 | 210 |
| Elimination of inter-segment payables | <u>(787)</u> | <u>(547)</u> |
| Total liabilities for all segments | 1,047,884 | 933,612 |
| Corporate liabilities | 425,196 | 321,514 |
| Elimination of payables between corporate headquarters and segments | <u>(348,849)</u> | <u>(237,296)</u> |
| Total liabilities for the Group | <u><u>1,124,231</u></u> | <u><u>1,017,830</u></u> |

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.

4 OTHER INCOME AND (LOSSES) — NET

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| 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 | <u>7,272</u> | <u>2,541</u> |
| Other income — net | <u>10,223</u> | <u>6,190</u> |
| Other gains/(losses): | | |
| — 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) |
| — Net exchange (losses)/gains | (42,122) | 13,987 |
| — Government subsidy income | 2,850 | 6,112 |
| — Others | <u>3,202</u> | <u>5,557</u> |
| Other (losses) — net | <u>(25,166)</u> | <u>(12,536)</u> |
| Other income and (losses) — net | <u><u>(14,943)</u></u> | <u><u>(6,346)</u></u> |

5 SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Selling expenses | 187,004 | 148,298 |
| Depreciation of property, plant and equipment | 3,025 | 4,487 |
| Amortisation of intangible assets | 11,686 | 2,028 |
| Depreciation of right-of-use assets | 6,691 | 8,449 |
| Expenses related to short-term leases | 33,582 | 28,221 |
| Employee benefit expenses included in administrative and general expenses | 383,252 | 325,599 |
| Research and development expenses | 61,902 | 33,275 |
| Auditors' remuneration | 5,441 | 5,379 |
| Others | 40,279 | 38,635 |
| | <u>732,862</u> | <u>594,371</u> |

6 FINANCE INCOME — NET

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Interest income from: | | |
| — a fellow subsidiary | 12,532 | 10,042 |
| — bank deposits | 261,448 | 256,674 |
| | <u>273,980</u> | <u>266,716</u> |
| Total finance income | -----273,980 | -----266,716 |
| Interest expenses on lease liabilities | (725) | (473) |
| Other finance charges | (1,488) | (1,359) |
| | <u>(2,213)</u> | <u>(1,832)</u> |
| Total finance costs | -----2,213 | -----1,832 |
| Finance income — net | <u>271,767</u> | <u>264,884</u> |

7 INCOME TAX EXPENSES

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

| | 2024 <i>HK\$’000</i> | 2023 <i>HK\$’000</i> |
|---|-------------------------|-------------------------|
| 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 | <u>4,125</u> | <u>5,356</u> |
| Income tax expenses | <u><u>67,605</u></u> | <u><u>54,157</u></u> |

8 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to equity holders of the Company of HK\$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.

9 DIVIDENDS

| | 2024 <i>HK\$’000</i> | 2023 <i>HK\$’000</i> |
|---|-------------------------|-------------------------|
| 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 | <u>315,184</u> | <u>256,545</u> |
| | <u><u>703,666</u></u> | <u><u>586,389</u></u> |

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.

10 TRADE AND OTHER RECEIVABLES

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--|-------------------------|-------------------------|
| Trade receivables | 549,133 | 605,957 |
| Less: provision for impairment (<i>note (b)</i>) | <u>(25,053)</u> | <u>(54,286)</u> |
| Trade receivables — net (<i>note (a)</i>) | 524,080 | 551,671 |
| Bills receivable, prepayments, other receivables and amounts due from related parties, net of provision for impairment | <u>689,191</u> | <u>654,300</u> |
| | <u><u>1,213,271</u></u> | <u><u>1,205,971</u></u> |

Notes:

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

| | 2024 HK\$'000 | 2023 HK\$'000 |
|--------------------|-----------------------|-----------------------|
| Current – 90 days | 363,793 | 386,062 |
| 91 days – 180 days | 87,919 | 85,983 |
| Over 180 days | <u>72,368</u> | <u>79,626</u> |
| | <u><u>524,080</u></u> | <u><u>551,671</u></u> |

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

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

| | 2024 HK\$'000 | 2023 HK\$'000 |
|---|----------------------|----------------------|
| At 1 January | 54,286 | 26,461 |
| Currency translation differences | (568) | (524) |
| (Provision)/reversal of provision for impairment, net | (28,649) | 29,135 |
| Amount written off | <u>(16)</u> | <u>(786)</u> |
| At 31 December | <u><u>25,053</u></u> | <u><u>54,286</u></u> |

11 TRADE AND OTHER PAYABLES, CONTRACT LIABILITIES AND LEASE LIABILITIES

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Trade payables (<i>note (a)</i>) | 494,836 | 336,531 |
| Bills payable, other payables, accrued liabilities and amounts due to related parties | <u>312,536</u> | <u>368,958</u> |
| | 807,372 | 705,489 |
| Contract liabilities (<i>note (b)</i>) | 203,303 | 212,739 |
| Lease liabilities (<i>note (c)</i>) | <u>15,603</u> | <u>17,611</u> |
| | <u><u>1,026,278</u></u> | <u><u>935,839</u></u> |

Notes:

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

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|--------------------|-------------------------|-------------------------|
| Current – 90 days | 423,110 | 267,282 |
| 91 days – 180 days | 40,441 | 16,949 |
| Over 180 days | <u>31,285</u> | <u>52,300</u> |
| | <u><u>494,836</u></u> | <u><u>336,531</u></u> |

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

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Revenue recognised that was included in the contract liabilities balance at the beginning of the year | <u><u>211,324</u></u> | <u><u>301,430</u></u> |

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

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Within one year | 3,795 | 2,414 |
| From the second to fifth year inclusive | <u>11,808</u> | <u>15,197</u> |
| | <u><u>15,603</u></u> | <u><u>17,611</u></u> |

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 Limited ("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) Co., Limited ("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 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.*) (“Green Intelligence Ship Services”).

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.

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 of the Company (“Shareholders”) owning more than 5% of the Company’s shares had interests in the five largest customers and suppliers.

EMPLOYEES

As at 31 December 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.

FINAL DIVIDEND

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. The proposed final dividend will be payable on 25 June 2025 to Shareholders whose names appear on the register of members of the Company (the “Register of Members”) on 13 June 2025 subject to the Shareholders’ approval in annual general meeting of the Company to be held on 30 May 2025 (the “AGM”). The proposed final dividend together with the interim dividend of 26.5 HK cents per share (2023: 22.5 HK cents), total dividends per share for the year 2024 are 48.0 HK cents (2023: 40.0 HK cents).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders’ right to attend and vote at the AGM, the Register of Members will be closed from 27 May 2025 to 30 May 2025, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited (the “Branch Share Registrar”) at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 26 May 2025.

For the purpose of ascertaining shareholders’ entitlement to the proposed final dividend, the Register of Members will be closed from 10 June 2025 to 13 June 2025, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify the proposed final dividend for the year ended 31 December 2024, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Branch Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 9 June 2025.

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 Paint & Chemicals (Tianjin) Co., Ltd. (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 Marine Service Co. Limited ("Yuantong"), a wholly-owned subsidiary of the Company (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 sale 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.

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 dead weight tonnages ("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).

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.

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.

1.4 Production and Sales of Coatings

The coatings business of the Group primarily includes the production and sale of container coatings, industrial heavy-duty anti-corrosion coatings and marine coatings. COSCO Kansai Paint & Chemicals (Zhuhai) Co., Ltd. ("COSCO Kansai (Zhuhai)"), 中遠關西塗料(上海)有限公司(COSCO Kansai Paint (Shanghai) Co., Ltd.*) ("COSCO Kansai Paint (Shanghai)") and 中遠關西塗料化工(上海)有限公司 (COSCO Kansai Paint & Chemicals (Shanghai) Co., Ltd.*) ("COSCO Kansai (Shanghai)") (collectively "COSCO Kansai Companies") 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.

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.

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.

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 (AI) 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 online and offline provider and 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.

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.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary results announcement.

PROPOSED CHANGE OF AUDITOR

PricewaterhouseCoopers has been the auditor of the Company since 1998. The Board is of the view that, as a good corporate governance measure, the Company should consider rotation of its auditor after an appropriate period of time which would be in the best interests of the Company and its Shareholders as a whole.

After the Company communicated with PricewaterhouseCoopers, the Board announces that PricewaterhouseCoopers will retire and will 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 ("Audit Committee") on 26 March 2025, 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.

The Audit Committee has considered a number of factors when recommending SHINEWING (HK) CPA Limited as the new auditor of the Company to the Board, including but not limited to: i) its proposals of audit services ; ii) its professional expertise, technical competence and relevant resources, including its experience in providing audit work for companies listed on the Stock Exchange and its familiarity with the requirements under the Listing of Securities on the Stock Exchange (the "Listing Rules") and the HKFRSs; iii) its independence and objectivity; iv) its reputation in the market and performance in the past; v) its resources and capabilities for completing audit work within a stipulated schedule; vi) its audit fees; and vii) the guidelines issued by the Accounting and Financial Reporting Council of Hong Kong. Based on the above, the Audit Committee has assessed and considered that SHINEWING (HK) CPA Limited is independent, competent and capable (including manpower, expertise, time and other resources) to perform a high-quality audit and is suitable to act as the new auditor of the Company.

The Company is incorporated under the laws of Bermuda. To the knowledge of the Board, there is no requirement under the laws of Bermuda for the retiring auditor to confirm to the Shareholders whether there are any circumstances in connection with its retirement. PricewaterhouseCoopers has therefore not issued any confirmation on whether there are any circumstances in connection with its retirement that need to be brought to the attention of the Shareholders.

The Board and the Audit Committee have confirmed that there is no disagreement between PricewaterhouseCoopers and the Company, and there is no matter in respect of the retirement of PricewaterhouseCoopers that need to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its sincere gratitude to PricewaterhouseCoopers for its professional services provided to the Group in the past.

A circular containing, among other things, information of the proposed change of auditor will be issued and despatched to Shareholders in due course.

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 of 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 ("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 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 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 strategic and other key business, financial and operational policies of the Company are made collectively after thorough discussion at both the Board and senior management of the Company, there is no other matter deviated from the CG Code. In addition to complying with applicable statutory requirements, the Company aims to continually review and enhance its corporate governance practices in 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 standards set out in the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") contained in Appendix C3 to the Listing Rules. In order to ensure the Directors' dealings in the securities of the Company are conducted in accordance with the Model Code and the Securities Code, a committee was set up to deal with such transactions. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code and the Securities Code during the year ended 31 December 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.

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

Hong Kong, 26 March 2025

As at the date of this announcement, the Board comprises seven Directors with Mr. Zhu Changyu¹ (Chairman and Managing Director), Mr. Ma Xianghui², Ms. Zhang Xueyan², Mr. Wang Yong¹, Mr. Tsui Yiu Wa, Alec³, Mr. Jiang, Simon X.³ and Mr. Kwong Che Keung, Gordon³.

¹ *Executive Director*

² *Non-executive Director*

³ *Independent Non-executive Director*

* *for identification purposes only*